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PRIME MINISTER'S PRESS CONFERENCE
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PRIME MINISTER: I haven't any announcements to make to you. You had quite a number given to you by my colleagues after the Cabinet meeting yesterday. There are some others to be announced but they require notification to Premiers and meetings of the Executive Council so I can't do those yet. Are there any questions?

QUESTION: I quote from a very penetrating article in today's "Age" which I believe is part of your Bible. It concerns President Nyerere's.. and it says that Nyerere holds some political prisoners and I want to ask you whether you will now give an undertaking on behalf of the press people of the world that you will raise the question of political prisoners with President Nyerere?

PRIME MINISTER: I raise, with any Head of Government or State, matters which affect the relations between Australia and his country. Obviously, this is one of the things which affect relations. I understand that whenever I go to any country where there are, or are thought to be, political prisoners that I will be asked questions about it. As you know I do not go into details about discussions I have with Heads of State or Heads of Government. No Head of State or Head of Government does so. I would say this, however, that Tanzania is one of the most admirable states in the continent of Africa in the way it is governed. I notice there is a question on notice and there was also a question without notice from a man whose consistent scrutiny or even ill-will towards Tanzania are known to you all. Now the fact is that President Nyerere is the senior member of the Commonwealth after President Makarios. He was the senior member of the Commonwealth present at the last Commonwealth Heads of Government Meeting in Ottawa, last August. In Tanzania there is more freedom than there is in practically any country in Africa, north, south, east or west.

QUESTION: Last week after his talks with you, Mr Tonkin was very confident about the outcome of the Alwest project. Can you say what reasons he may have had for feeling confident at that stage and what may have happened in between to change the Government's decision?

PRIME MINISTER: The Government had made no decision on the matter until yesterday. You will remember that about a month ago we decided that we would call for reports from the Interdepartmental Committee on Foreign Takeovers, from the Minister for the Environment and Conservation and the Minister for Urban and Regional Development on the Alwest project. It was quite clear in view of the strong report from the Interdepartmental Committee on Foreign Takeovers that the Government couldn't, I don't believe any Government could have waived the variable deposit requirement. The variable deposit requirement has never been waived yet. This was far from being the most meritorious application, and there were other features in the environmental field which gave great misgivings. The Alcoa project is possibly damaging to Perth's water supply. One could not, without very great safeguards, be party to permitting an expansion of such projects. You know the requirement that we made there. We say that the agreement between the Western Australian Government and the joint venture it should be amended to provide the detailed environmental investigations

to be carried out under the supervision of the Department of the Environment and Conservation at the joint venturers expense and the cost of any steps necessary to arrest and/or correct significant environmental degradation revealed by continuing investigations be met by the joint venturers. There is a generally accepted principle now that the polluter pays. If there is no pollution then no payments are required. Nevertheless, we know that close to Canberra here the evil that can flow and the expense to the taxpayers that can arise from failure by Governments to supervise mining operations. Captains Flat was mined by a company which left a very great number of slag heaps there; they are now poisoning Canberra's water supply but the Company that did it has gone into liquidation. That means the Australian taxpayer will now have to pay to clean up the mess left by the company which did its work, made its profits, and then disappeared. Now Alcoa's operations in Western Australia are causing misgivings about Western Australia's water supply. Water is the most precious resource that Western Australia has. I don't believe that the Australian Government, without whose permission no export can take place from Australia, can lend itself light-heartedly or without proper consideration to a further degradation or possible degradation of the environment. The report of the Department of the Environment and Conservation has been tabled in the library. There are not enough copies to distribute to you yet but I guess the West Australian could get one.

QUESTION: He was so confident after his talks with you that....

PRIME MINISTER: I surely don't have to repeat to you that the Government has considered this twice. The first time was to set these inquiries in train. The second time was when those inquiries came in, and the two reports which it is proper to release have been released.

QUESTION: Would you also consider releasing the IDC report on foreign takeovers and tabling it in the Library.

PRIME MINISTER: No.

QUESTION: Why not?

PRIME MINISTER: I would have thought that more than any newspaper yours would realise why. The reason is that companies seeking exemption from the variable deposit requirement give confidential information to the Interdepartmental Committee on Foreign Takeovers. The information which they give is of very great interest to their competitors. Quite obviously, therefore, one wouldn't without their positive approval release that information. This is not the first time that two of the joint venturers, BHP and Reynolds have sought a lease over bauxite deposits. They combined in making application for Gove; another combination won, but nobody has suggested, certainly nobody from any financial paper has hitherto suggested that the information given in those circumstances should be released.

QUESTION: Could not an abridged edition of the Interdepartmental Committee report be produced to eliminate the confidential information. If not, what can the Government do to inform investors, both overseas and Australian, what its general policies are on matters of this sort?

PRIME MINISTER: This can be seen from the decision by the Government. The Government's decision incorporates the recommendation of the Interdepartmental Committee on Foreign Takeovers. These were the words of the Government decision, in effect, which has been conveyed to the West Australian Government and also to BHP on behalf of the joint venturers. "The Australian Government agrees that the project should go ahead providing that the parties, other possible participants, and the Western Australian Government are able to agree upon arrangements which ensure"....and then I will just now read the requirements which concern ownership and management. I have already given you one about the environmental aspects. The ones about foreign ownership are these: "That the mining operation remains at all times at least 51 per cent Australian-owned and managed by an Australian shareholder". And, then, in respect to the refinery aspects - the refinery operations: "That Reynolds invite the Australian Development Corporation to organise further Australian participation in the alumina refinery on the basis that any Australian participants in the refinery would be admitted to the venture on terms and conditions no less favourable than those applying to prospective overseas participants and on the basis that Australian participation would be given preference over foreign participation in the event that known bauxite reserves prove to be insufficient to support the expansion of capacity that would be required to accommodate both Australian and foreign requests for participation." And secondly "that if BHP waives its ten year option over the refinery or if BHP fails to exercise the option within 10 years of the date of commencement of the operation of the refinery, Reynolds transfer the option to the AIDC or to an interest or group nominated by the AIDC and that the option so transferred remain current until the expiration of 12 years after the date of the commencement of the operation of the refinery." Now those are the recommendations of the Interdepartmental Committee on Foreign Takeovers and the Government accepted those strong recommendations word for word. But we can't obviously give the commercial data upon which the recommendation was made.

QUESTION: Will the next taxation concessions on housing interest apply to the gross or net incomes of those eligible and could you estimate the cost to the Government of this concession?

PRIME MINISTER: The proposal flows from the following sentences in my policy speech, and then I will give the particular answer which you want, that particular section. "We propose that a limited tax deductibility be available for interest payments. This tax concession will be concentrated amongst the groups which bear the greatest burden. All taxpayers whose actual income is \$4000 or below will be entitled to deduct 100 per cent of their interest rate payments. The percentage of total interest payments which is deductible will be reduced by 1 per cent for every \$100 of income in excess of \$4000." Now you ask what will be the income. It will be the actual net income.

QUESTION: Cost to the Government?

PRIME MINISTER: Ask the Treasurer that. I think it's here but it will take a bit of time to look it up.

QUESTION: Will you support any diplomatic moves made by the new United Kingdom Government that may be opposed to the build up of the American base at Diego Garcia.

PRIME MINISTER: Yes. It is in the context, as Senator Willesee said when you and I were in Burma, that we don't believe that it helps the littoral States of the Indian Ocean for there to be great power rivalry. We would hope that there would be an agreement between the United States and the Soviet Union to restrict their build-up.

QUESTION: Have you made any representation to the United States on this matter, Sir?

PRIME MINISTER: No. I have discussed it with their representatives here. I haven't raised the subject but it has come up in conversation.

QUESTION: Did you put this point of view to the new British Government?

PRIME MINISTER: No.

QUESTION: Did Cabinet receive a report on the Superphosphate Bounty from the joint Caucus committee and, if so, was any action taken on this?

PRIME MINISTER: You know what the....I haven't got the text of it here, but you would know the resolution that was passed by the joint Caucus committees on this subject. The only change which has been recommended by the Cabinet is that the facilities....I think the original resolution was that any industry which thought itself disadvantaged by the expiry of the Phosphate Fertilizers Bounty Act at the end of this calendar year could ask that the Industries Assistance Commission consider forms of assistance appropriate to its needs, and that the facilities of the Bureau of Agricultural Economics and other departments be made available to any such industry to help it prepare its case to the Industries Assistance Commission. The Cabinet believes that that should be the facilities of the BAE or through it of relevant departments should be made available to any industry to help it prepare its case. We believe that it is appropriate for the BAE, an economic body, to be the appropriate body for members of the public to approach rather than departments which have to advise ministers.

QUESTION: This will in fact rule out the Superphosphate Bounty as such though?

PRIME MINISTER: I hope so.

QUESTION: Two questions on the housing interest deductibility scheme - two points on that. Many houses, of course, are owned jointly by married couples both of whom are working. In that case how will the interest be deducted, will it be deducted from say just the main breadwinners net income or will it be split. And the second point, will it apply just to the first house people own or to the house in which they are living at the time?

PRIME MINISTER: It will apply to the aggregated actual incomes of a couple. It will apply to whatever residence is their principal residence or a loan to extend the accommodation at their principal residence.

QUESTION: Is actual net income...is that different from net taxable income?

PRIME MINISTER: Yes.

QUESTION: Quite apart from the merits of whether or not the Superphosphate Bounty should be retained, how do you reconcile your attitude towards it with what appears to be a contradiction in the party platform which says the provision of fertilizer subsidies or words to that effect.

PRIME MINISTER: The provision in the party policy is in general terms. It does not purport to say in what years or in what amounts there will be bounties or subsidies. It might be appropriate to point out that no Government has done more in a rational sense to assist the primary industries. This year's Budget spends \$15 million more on primary industries than last year's Budget. The changes in expenditure are in two fields in particular. First of all we believe that money should be spent on promoting markets where it is possible to sell goods. Our predecessors did it the other way around. They said, if you produce anything we will try and find a market for it. We say, we try to ascertain the markets which are available and then let the public know, the producers in particular know, where those markets are, what size they are. And my Government, through Dr Patterson and Dr Cairns, has found more markets - ones we never had before or bigger entry to ones we already had than any other Government before. We have done more trade agreements in our fifteen months in office than our predecessors did in the last fifteen years. Secondly, where welfare criteria are involved, i.e. where the taxpayers are being asked to subsidise people because otherwise they are suffering hardship we are concentrating the assistance on those who need the assistance most. We are helping people to get proper sized farms or if they can't get a proper sized farm or if they don't believe there is a future for them in the industry, we are helping them to get out of the industry. Our predecessors, by contrast, followed the practice of giving a subsidy or a bounty per unit of production. Therefore, the bigger the producer was the more subsidy he got, so that it meant that people who needed it least or not at all got most. Those who needed it most, got least or sometimes nothing. Now we are bringing about a rational allocation of resources and our attitude towards tariffs, for instance, in the secondary industry has been a very enlightened one and the primary industries who were always complaining about the featherbedding which Country Party leaders used to give to secondary industry are now finding that they have a Government which heeds their pleas where those pleas are rational. We have done more in the rational way - a responsible way - for producers, primary and secondary, than any Government in Australia's history.

QUESTION: Are you concerned that companies like AMP may be influenced by the abolition of the bounty to decrease the amount of investment they make in primary production?

PRIME MINISTER: My heart bleeds for the A.M.P. and its sufferings at the end of the Superphosphate Bounty. I agree with what Sir John McEwen said when the Superphosphate Bounty was cancelled previously. You will remember that the Labor Party introduced the Superphosphate Bounty in 1941, just before the Pacific War. And during the wartime there was price control, there was a loss of overseas markets and there were also, in the middle forties, some very bad climatic conditions and the industries needed assistance, but in the three postwar years incomes in primary industry rose by an average of 38 per cent a year. That was the case in 1949/50, 1948/49, 1947/48, and relying on this the new Liberal/Country Party Government with Sir John McEwen, as he now is, as Minister for Commerce and Agriculture, brought in a bill to cancel the Superphosphate Bounty. He brought it in in November 1950; he made it retrospective to the end of June 1950 and he pointed out that there was no purpose now in continuing the bounty for the two purposes for which it had been introduced. One, to educate people into the advantages of fertilizers. The other was to help them in lean times. He pointed out that everybody knew the advantages of fertilizers and things had never been so prosperous. Now relying on the same arguments, strengthened as they have been, we are allowing the Phosphate Fertilizers Bounty Act to expire at the end of this calendar year because in the last three financial years the average income of primary producers has risen not by 38 per cent as it had when Sir John McEwen cancelled it previously, but by 48 per cent. And if we were to extend it for another three years, we would be committing the taxpayer to find \$200 million. Now our taxes can be spent for better purpose than that. Our Government has found markets which our predecessors lost or never acknowledged and we are helping people in the primary sector who need it most.

QUESTION: In Opposition, Prime Minister, we were familiar with your criticisms of inequities in taxation deductions. We heard you point out that your driver paid, in fact, twice as much for health insurance as you did.

PRIME MINISTER: The disparity is even greater now because my income has gone up more than his has since we came into Government.

QUESTION: Now that you are in Government, what are you going to do about this in such matters as child endowment that have been brought to your attention by Professor Ronald Henderson's report.

PRIME MINISTER: The Government hasn't considered Professor Henderson's first report.

QUESTION: Will the Indian Ocean play an important part in your talks with the President?

PRIME MINISTER: I would expect so, I don't think necessarily a predominant part. As you will realise, President Nyerere and I saw quite a lot of each other during the 10 days we were in Ottawa at the Commonwealth Heads of Government Meeting and he was very happy to visit us. One of the first Foreign Ministers to visit Australia after the change of Government was the Foreign Minister of Tanzania, Mr Malecela. He is coming with the President on this occasion. Of course, the Indian Ocean will be one of the things which we will be discussing. I think I can say without any qualification whatever that every littoral State in the Indian Ocean hopes that there will be no escalation or great power rivalry in the Indian Ocean. The Indian Ocean has been mercifully free of it. We don't want to launch it now.
