PRIME MINISTER'S PRESS CONFERENCE
PARLIAMENT HOUSE, CANBERRA
WEDNESDAY 12 JUNE 1974

PRIME MINISTER: Ladies and gentlemen, I am sorry to keep you waiting but I have been out at Government House with the rest of the ministers for the swearing-in of the new minister and the swearing in of ministers who have new portfolios or changed portfolios. The significance of the ministerial changes is briefly that two departments have been abolished and one department has been quite transformed, immensely exalted. I don't know whether you noticed that a great amount of the work which has hitherto been done by the Department of Supply, which has now been abolished, will be done by the proposed Australian Government Purchasing Commission which Sir Walter Scott's committee recommended. Yesterday we asked the Parliamentary Draftsman to prepare the general framework for that bill - to establish the Australian Government Purchasing Commission and also the Australian Postal Commission and the Australian Telecommunications Commission, both of which were recommended by Sir James Vernon's Royal Commission; and then a new statistics bill which has been recommended by Professor Crisp's committee.

Is the Western Australian representative here? I thought I might give a message to you. Yesterday, on page 3, there was an article - "Delay seen on Eyre sealing" - and it comprised a report of remarks by the Premier of Western Australia, Sir Charles Court, concerning the Eyre highway....

Interjection: We published your reply this morning.

PRIME MINISTER: I believe it was published on page 5. You are doing pretty good for me in the West Australian; the trouble is not at this end. But there are two particular comments which I might make to this wider audience. One concerns this statement:

"The attitude of the Prime Minister, Mr Whitlam, to the Eyre Highway could further delay the sealing of the road" also:

"Sir Charles said: 'It was obvious Mr Whitlam believed that Australia finished at Adelaide'..."

In fact, my Government is the only one which has produce a plan to see that the Eyre Highway is trafficable end-to-end. Up till now it has been a very clear case of wasted government funds. The old Commonwealth Aid Grants have been spent by Western Australia in sealing the Western Australian part of the Eyre Highway but there has not been any comparable expenditure on the South Australian part. I don't criticise the South Australian Government for that because the Eyre Highway, is clearly very much less important to South Australia than it is to Western Australia. It is, however, a road which the Australian Government can build and maintain under the Constitution. The very first paragraph, of Section 51 of the Constitution, which lists the Australian Parliament's responsibilities, says: "...trade and commerce with other countries and among the States". It's in that context that my Government proposed to the Premiers last Friday - and also it was in accordance with what I put in the Government's policy speech a month ago - that we would build and maintain the principal roads between the capitals. We are

entitled to do so; they are inter-state roads, they are part of trade and commerce among the States. And accordingly, the definite proposal was made for this and other national roads in South Australia and proposals were made to all the Premiers for national roads - the other national roads being those to and from ports and airports and between the Territories and the surrounding States.

I notice that Sir Charles Cutler, the Acting Premier of New South Wales - both the Sir Charles's seem to have been a bit excited after Friday - commented on the Hume Highway: "This is another example of the futility of continuing the arrangements which have hitherto prevailed for our principal roads." The Hume Highway is seventy miles too long, and it is too circuitous, too steep, too narrow in many parts; there again, we have promised in particular between Goulburn and Holbrook to see that the road is adequate. There is no prospect, as things used to apply, of having a decent road between Sydney and Melbourne. I believe the whole of Sir Charles Cutler's remarks were not published, but I will be interested to receive a reply to a letter I sent on this subject before the end of April to the Premier of New South Wales - that was before he went away - actually, 28 April. We have suggested that there should be co-operation in locating the new road.

Any questions?

QUESTION: I quote from the first paper you are believed to read each morning, "The Age". Sir, on 15 May you are reported to as having said: "There will be no increase in either direct or indirect taxes in this year's Federal budget". Sir, with all the economic problems facing the Government, will you be able to honour that election promise?

PRIME MINISTER: I will make no comments on budgetary matters. I am quite happy to discuss matters which flow from the Premiers Conference, of course, but I will not answer questions, as you know, about budgetary matters.

QUESTION: You were prepared to during the campaign, sir. What's changed?

PRIME MINISTER: The budget is imminent.

QUESTION: Do you regret that there are not more new members in the ministry?

PRIME MINISTER: I don't want to answer that question. The general situation is that the Caucus has endorsed the attitude which the people expressed, that the ministry should be given a fair go. And accordingly, every minister was returned who was still in the Parliament. I don't know what the odds would be against that. I don't think any of you who were pontificating on this matter would have ventured to believe that every minister would be returned.

QUESTION: May I remind you that several times in Parliament last year the Treasurer, Mr Crean, urged investors not to sell their shares, saying that the economy was sound and they would not lose out by keeping their shares? Over the last week or so, share prices have dropped to their lowest level for 7 years, although there has been some recovery. In one day nearly $800 million was lopped off the market value. How concerned are you about the falling share market and what steps will your re-elected Government take to restore confidence in the market?

PRIME MINISTER: The Australian economy is basically very sound, and any company which is engaged in useful occupation should have complete confidence as to its future.

QUESTION: In view of your remarks to the Premiers about risk-taking, restoring risk-taking to entrepreneurial activities, do you see a moral distinction between putting people into unemployment for reasons of economic management and putting people out of business for reasons of economic management?

PRIME MINISTER: My reference was to land speculation. My reference was not as wide as entrepreneurial activities overall. There are very many entrepreneurial activities which are very valuable to the community and they should prosper. There has been an unhealthy degree of land speculation. The States have permitted it and it appears that some of the speculators will burn their fingers.

QUESTION: Sir, is there any further development on the project, which was delayed or rejected by the Federal Government before, for an oil refinery by the Alwest group and bauxite mining? Can you give us an up-to-date statement of what your Government's position is on that project? And have you heard from Sir Charles the Second about that project?

PRIME MINISTER: Sir Charles has sent nothing in writing to me about it. I had a very general discussion with Sir Charles Court last Thursday afternoon in Canberra on the eve of the Premiers Conference about the general attitude of the Australian Government to the two issues which arose in the Alwest connection - namely overseas ownership or control and the environment. So there was a general discussion on those two matters. In the Premiers' Conference there was also discussion on an agenda item which the Australian government had listed concerning the environment. The proposal was that there should be joint environmental impact statements by the Australian Government would have to make a decision itself, such as projects which involved the expenditure of loan funds (where the Australian Government's responsibility flows from its membership of the Loan Council) and export projects in the private sector (where the Australian Government's responsibility arises from its constitutional jurisdiction over exports). There was also reference in the Premiers Conference under another agenda item to the Australian Government's responsibility as regards aboriginal lands. Some of those, of course, could be affected by exports such as minerals in the Northern Territory or in the neighbouring two States. But there's only been a general discussion between Sir Charles Court and me on this subject. There's been nothing specific about Alwest and there will, I expect, be further correspondence from the people involved in the project, but none has come yet.

QUESTION: Those environmental standards that were set when the project came up last time - do they still apply from the Commonwealth's point of view, the need for the study to be made at the expense of the participating company?

PRIME MINISTER: Yes, that's our general approach. We have been given no reasons to vary that approach. The West Australian Government hasn't examined, or hadn't examined, some of the environmental factors which we believe relevant, and the Australian Government didn't have sufficient time to determine all the environmental factors on Alwest to its satisfaction. Its preliminary view was that there were some unsatisfactory features environmentally in Alwest. But I know of no further correspondence.

QUESTION: Sir, if the New South Wales Government won't co-operate on the Hume Highway, will the Commonwealth go ahead and build it itself?

PRIME MINISTER: I won't assume that the New South Wales Government won't co-operation. All I am saying is that it has been very dilatory. But the highway will be built, I trust with the New South Wales Government's co-operation, because it would have a very great deal of the information concerning topography and geology; and also there was a joint Commonwealth/State inquiry on some of the route in the last seven years or so in studying what should be the nature of the access that Tumut in New South Wales has to its biggest market, Canberra.

QUESTION: How do you regard China's attempts to prevent the screening of the Antonioni film in Australia?

PRIME MINISTER: I'm surprised that there should have been any attempts to prevent the screening of any film. I haven't seen the film, but at all events it is being screened, I'm told. The only thing that comes within Australian Government juristiction by any stretch of the imagination would be the A.B.C. Well the A.B.C. under this government is free to do what it likes.

QUESTION: Sir, do you accept Dr Cairns' suggestion that the Caucus should have more say in economic matters, and how far would you be prepared to go in this direction?

PRIME MINISTER: Oh, this is not a view of Dr Cairns alone; it is a view which we all hold.

QUESTION: Have you given Dr Cairns any indication that sometime in the future he might have responsibility for the IAC? If so, is this a firm undertaking or not, and when will it happen?

PRIME MINISTER: You don't expect me to publish conversations that I have with any other individual, even so close an associate as Dr Cairns. As regards the IAC, it has been my responsibility from its inception it will remain so for quite some time; I would expect until Mr Rattigan's successor is appointed. I want to be sure that the IAC is well established in the very greatly expanded role that it now has. It's a much more important body than the Tariff Board. I want to see that it's given every encouragement to the wider range of activities it has compared with the Tariff Board.

QUESTION: In your statement last night explaining the ministerial changes, you referred to the need to absorb migrants in suitable jobs, but you didn't refer to the principle of migration according to family reunions. Does the absorption of Immigration into Labour mean any change of emphasis?

PRIME MINISTER: No, no, what you're referring to concerns assisted migration. I noticed my statement was paraphrased by some of the newspapers. They referred to migrants coming in. That's how it was represented. What I did say was that migrants are brought in where there are jobs. To get it fully: "Mr Cameron will hold the new portfolio of Labor and Immigration. To his existing functions as Minister for Labour will be added control of assisted migration. In this way, it will be possible to ensure that migrants are brought to Australia only when suitable jobs are available and in a way that will ensure welcome and understanding from unions and management. Other Immigration functions will also be undertaken for the time

being by Mr Cameron but will later be transferred to such Departments as Foreign Affairs, Education and Social Security." There are already some migrant functions which are with other departments, such as Commonwealth Hostels - an excellent board of directors - and the Department of Housing and Construction. Foreign Affairs will deal with admission visas. Education, of course and Social Security will make provision for particular aspects of migrants as well as other parts of our population who seek additional attention to those generally available. But the principle remains, as it has throughout our term of office, that we believe the best migrants, the migrants who are happiest and most successful in Australia, are those who are encouraged to come here, not by Government but by their friends and families. Family reunion is the biggest component in the Australian Government's migration policy.

QUESTION: In your statement this morning on foreign investment, you mentioned the creation of a new inter-departmental committee to look at foreign investment. Will this mean there are now two screening committees on foreign investment? And will the new one look at asset acquisition by foreign interests and land acquisition?

PRIME MINISTER: They are separate committees. One is the takeovers committee which has been operating since Mr McMahon was Prime Minister - that seems a long way back - and the other, this new one which will deal with investment. The existing committee, the takeovers committee doesn't of course deal with new investment; it only deals with investment in existing companies. It also has some deficiencies, as I pointed out during the election campaign, in that it doesn't deal, for instance, with the takeover of assets as distinct from the taking over of shares; and it doesn't deal with the taking over of minority Australian shareholdings even if they are quite important to the country.

QUESTION: In a radio interview in Melbourne during the election campaign, you seemed to express some doubts about the continuance of Qantas flights into South Africa. Could you expand upon that please?

PRIME MINISTER: I forget what I was asked and I forget what my response was to any question on it. I'm not sure I remember a reference to this. I didn't volunteer any remarks about it but I suppose the general attitude that we would have in mind is that Johannesburg is not the only, nor, maybe, the most appropriate point for Australia's national airline in Africa.

QUESTION: What are your personal feelings about losing Mr Barnard as your deputy?

PRIME MINISTER: You all know, you would expect, that I voted for Mr Barnard. You would not have expected anything else in view of our long association. Mr Barnard took the result as you all would expect him to take it - very well, promptly, well, nobly.

QUESTION: Will you protest again to the French Government over the resumption of nuclear tests in the Pacific area?

PRIME MINISTER: Senator Willesee will be making any comments. He already has.

QUESTION: Any comment sir on the Indian one?

PRIME MINISTER: Senator Willesee has made a comment on that, also.

QUESTION: Do you feel precluded by your statements during the election campaign from considering introducing option preferential voting?

PRIME MINISTER: No. I think optional preferential voting is all the more necessary. What I have said in the past, and it's still my view, is that first-past-the-post is not an appropriate voting system for Australia because we've become used to the preferential system for a couple of generations. Its quite clear, however, that the system has to be simplified and it would be appropriate, it would seem, to permit people to vote for one candidate only if that is their wish. At the moment you've got to vote for all candidates on the ballot paper even if it's 73, as it was in the New South Wales Senate ballot paper, or twelve, as it was in my own electorate of Werriwa for the House of Representatives. If you don't number every square in a proper sequence then your vote is invalid. It's wasted. The Department's education campaign was very successful indeed. The number of informals in New South Wales for the Senate was only 12%. That's a remarkable tribute to the application and interest of the Australian voters. But it's quite absurd that one has to number every square in those circumstances. It's the most complicated voting system in the world. And I believe our whole parliamentary system has been held up to ridicule by the fact that we will be without a Parliament in a parliamentary democracy, as we like to regard it, for three months or even longer. So my colleague, Mr Daly, the Minister for Services and Property, has in mind, I believe, to bring in legislation to simplify the electoral system to give people more choice than they have now. If you still want to number every square you would be free to do so. And your preference would be given full regard. It would be taken into account. But you wouldn't have to number everybody on the ballot paper if you were satisfied with indicating your support for one candidate only. It's your own lookout then if that candidate comes, say, third and you've missed the opportunity of having a second choice between those that are ahead of him or her. That is, it will simplify it and it will give people a choice. At the moment the Australian voters don't have a choice. You've got to number everyone even if, as would apply to all of us, we wouldn't know a fraction of them.

QUESTION: The Government intends to legislate on that in this session of Parliament?

PRIME MINISTER: I believe this is Mr Daly's intention. It's not come before Cabinet yet, but give us time. We're a pretty active ministry but we haven't been able to decide that one yet.

QUESTION: On the migration question, as far as unassisted migration is concerned, who will actually control the components of unassisted migration? There are family reunions and sponsorship and government recruitment? Now who is going to control unassisted migration?

PRIME MINISTER: Mr Cameron will have the same responsibilities for the time being as Mr Grassby had. The degree of relationship which gives you a priority for submission is the same.

QUESTION: So the categories will remain as such?

PRIME MINISTER: There has been no change in any of those matters. Quite obviously a closer relative will come here earlier than a distant one.

QUESTION: How long before the transfer of the various sections of immigration to the other departments?

PRIME MINISTER: I don't know. There may have to be legislation. I don't know.

QUESTION: In your opening address to the Premiers' Conference, Mr Whitlam, you stressed that the examples that you presented that day were only an example of the Government's attitude for the Budget. You said they would serve to demonstrate the stringency of the approach that the Government would be taking at that time. Does that stringency of approach apply to the government's collections as well as to its spending?

PRIME MINISTER: I am not going to give any more instances. I was able to give those instances in advance of the Budget because they had some relation to what the States are expected to do too. I wanted to demonstrate to the States that we were not asking them to do anything in respect to their business enterprises that we were not intending to do ourselves. There are some Government expenditures which are more important than others. There are some which are more readily deferred than others. There are business enterprises which should be paid for by the user instead of by the taxpayers. The proposition was put to us, in effect, that we should pick up the losses on the New South Wales Railways - $120 million. We are prepared to accept the railways if they will hand them over to us. I can imagine that with proper planning the Australian Railways could be a modestly successful enterprise. Certainly in the south-eastern part of this continent, the railways, with proper co-ordination - say, the whole area between Adelaide and Brisbane and to the south-east of that line - would be a very successful transport system. There is no other continental land mass of comparable area where you have so many different and less co-ordinated systems. I believe that we just have to be quite blunt about it. It is not the Australian Government's proper responsibility to the taxpayer to say that we have to pay for the losses any State railway system runs up. We aren't accountable for running the systems as things stand at the moment, but it is put to us that we should pick up the tab for the losses. Similarly, Sir Charles Cutler mentioned his hospitals, the charges there. Well, I reminded him that just as we were prepared to accept the railways we are also prepared to go halves in the cost of running the hospitals if the patients in standard wards are exempted from fees. That used to be the case when there was last a Labor Government in the Australian Parliament. It was a sensible arrangement; it ought to be restored.

QUESTION: At the Premiers' Conference you seemed to me to talk with a quite new seriousness about countering inflation and you talked about an economic freeze which would both break expectations, inflationary expectations, and drastically reduce the pressure on resources. Do you think the Australian community has to accept a higher rate of registered unemployed as a cost of getting inflation under control?

PRIME MINISTER: No, it certainly does not. And I didn't say that either. For instance, any diminution of commercial construction will certainly be picked up by an expansion of welfare housing. It's an absurd position that in the financial year ending this month a much greater amount has been made available to the States for welfare housing, housing commission, housing trust construction than ever before in our history, and yet fewer houses were built than for, I

think, fifteen years past. And my speech pointed out that there will be more money available for welfare housing this year and if more is required it will be found. I didn't say there would be more unemployment. I thank you for giving me the opportunity to repeat what should have been plain to anybody who was there or who read the text: that there was no suggestion for increased unemployment.

QUESTION: In your speech to the Canberra branch of the Labor Party on Saturday you spoke about the Premiers' Conference, that it was no longer dignified or effective and no mileage for Prime Ministers or Treasurers in dealing in one or two days with the Premiers to cut up the national cake. Can you give us some idea how next year you would imagine the Premiers Conference will be conducted. On Saturday you spoke of the discussions taking place over weeks or even possibly months?

PRIME MINISTER: There are three components of our financial arrangements with the States. One is the capital works, the loan funds. We agreed to an increase of just over 10 per cent in the loan funds for State Governments, for the larger semi-government authorities and no limit at all was placed on the borrowings by the smaller authorities, those that want to borrow up to half a million dollars. So that was the loan funds. There was an increase of 10 per cent in effect. Some of the States said they needed more, and one State, for instance, quoted the case that to build an identical school today - with a school for which a tender was let seven months before - the price had gone up 40 per cent. We saw no excuse for accepting a tender 40 per cent higher than one seven months before. There ought to be better management than that. The next component with our financial relations with the States concerns the revenue assistance, and that's under a formula. The Act states what the increase should be there. The increase in the coming financial year under the formula will be about 18 per cent - a very considerable increase. Inflation has produced a still larger percentage increase in the amount of that revenue assistance. I made it plain this year - I thought I made it plain 12 months before - that the formula would be applied, that I would not be a party to haggling with no preparation about increases in the formula. If the formula is deficient, then it ought to be amended; and the present formula is the subject of legislation expiring at the end of next year. If any variations are sought in the formula they can be considered and may be made before the end of next June. But the formula was applied and it involved an increase of 18 percent. There have been offsets for tertiary education for which the Australian Government finds the whole of the cost now. The remaining component is the special purpose grants - the tied grants as the States like to refer to them. There have never been such large sums made available in special purpose grants as have been made available by my Government, and the prospective increase in those this year will receive 28 percent more than in the year just ending - 28 per cent more. We find it is much more satisfactory to have specific purpose grants because only in that way will one overcome the mis-government which we inherited from our predecessors, which they were prepared to condone and which we are not.

I've given you the examples of the interstate roads. Now here we are entitled under the Constitution to build and maintain those roads ourselves. It's a complete waste to have the Eyre Highway half surfaced and half unsurfaced. One State does it; the other State doesn't. Neither can compel the other to do it or to leave it undone. The Australian Government could have done the lot.

It now will. Similarly the Hume Highway. We all know the way they were messing about ever since the war. There was no chance of getting it before the end of this century. The Australian Government can do it, and it will embark upon it in this coming Parliament. There are very many instances like this. If my Government hadn't made specific purpose grants or offered them there would have been no prospect of having reasonable public transport systems in the State capitals. There would have been no prospect of getting the State capitals completely sewered. There would have been no possibility of getting adequate services in the post-war suburbs or reviving the suburbs which were developed 100 years ago. Now in all these things improvements could only be done if there are specific purpose grants. The States have always been able, for instance, to go ahead with a bridge across the Brisbane River to link South Brisbane and Roma Street. Nobody did a thing about it until we made the offer, and since the election they've decided to accept the offer. And in Melbourne nobody ever did anything about having the same number of tracks all the way between Melbourne and Footscray - they used to vary; there's no purpose in having more than the minimum number - or to put the third track in from Caulfield to Mordialloc. It's now being done, and quadrupling the railway the whole way from Penrith to Sydney. We are making specific purpose grants and as we have told the Premiers there would probably be 28 per cent more funds this year than last year. But because of our interest in the spending of it, it will be better spent.

QUESTION: Is it your intention, or have you offered, a job to Mr Grassby?

PRIME MINISTER: I have not been in touch with Mr Grassby in any way on this subject.

QUESTION: At the Premiers' Conference you listed on the agenda the question of control over prices. We understand in your private talks the Premiers raised the question of control over incomes, it seemed to get to nowhere. Can the public now accept that the question of control over prices by the Federal Government is dead?

PRIME MINISTER: Until New South Wales and Victoria act in this matter, I think it must be accepted as dead. About incomes, the fact is, of course, I think the Premiers realise this, that they can't refer any matter to the Federal Parliament which they themselves cannot exercise at the moment. And no State Parliament can exercise power over incomes which come within the purview of the Australian Conciliation and Arbitration Commission. They can only refer the question of incomes outside Commonwealth awards. Now none of them were prepared to do that, but I think they accept that Commonwealth awards can override, within the constitutional limits of the Australian Conciliation and Arbitration Commission, any State law. So it could only be a partial reference which they could make.

QUESTION: Prime Minister, I represent New York and Israeli Yiddish magazines which represent an opposing philosophy in Jewish life to the philosophy of Zionism....(unclear) long history Jews have always lived between non-Jews although they have suffered persecution, they have continued the development of the nation....(unclear) to build a new human society based on justice and equality. Could I say that you achieved with that attitude?

PRIME MINISTER: I think it's rather too wide a subject for me to venture an opinion at this notice or within the scope of this conference. What I would like to say is that my Government is delighted that the prospects for the survival of the State of Israel and for peaceful relations between all the nations of the Middle East - and, one would hope, the future of refugees in the Middle East - are now much brighter than the last time we had a conference such as this. Dr Kissinger worked wonders between Egypt and Israel and now seems to have done so between Syria and Israel, and I would like to point out that the Australian Government has had some effect, obviously only marginal, in bringing about this improved relationship. We have been blackguarded amply for having kept our heads and tried to contribute, but things are very much more hopeful than we had ventured to believe they could be last time we had one of these conferences.

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