

EMBARGO: AS DELIVERED ON
'THIS WEEK'
21 SEPTEMBER 1975

INTERVIEW WITH THE PRIME MINISTER ON HSV7's
"THIS WEEK" PROGRAM. REPLAY SUNDAY
21 SEPTEMBER 1975

QUESTION: A lot of speculation about whether there's going to be an election before the Labor Government ends its term in 1977. If an election is held before May next year, what would your reaction be to that? Would you welcome it?

PRIME MINISTER: I think there ought to be an election for the House of Representatives at the end of the proper term, that is, in the middle of 1977. There must be an election for half the Senate before the middle of next year.

QUESTION: Would you welcome an election if the Opposition saw fit to refuse Supply? How do you think the Labor Government would go in that case?

PRIME MINISTER: Well, obviously the polls show that we would be in great difficulty. But it has to be remembered that this would only come about, an election for the House of Representatives, if the Opposition were again to do what it threatened to do in April last year, that is, to reject funds to carry on the business of Government. If that was the issue I believe there would be an immense increase in support for the Labor Party as there was in May last year. Furthermore, if the Opposition objected to the Budget, refused to pass the Budget, the election would be on the propriety the merits of our Budget. And accordingly, the Opposition would have to give up mere negative criticism. It would have to propose a Budget of its own. And I'm certain that in any contest between our Budget, which is there, and any Budget which they then produced, we would win.

QUESTION: Prime Minister, you seem to be taking a softer line - if I may say so. You were quoted the other day as saying, "If Mr Fraser refused to pass, approve, the Budget in the Senate, then you would tough it out."

PRIME MINISTER: I don't think I ever used the word 'tough it out'. What I did say was this, That there is no law on this subject, there is no rule on this subject, there is no precedent on this subject and since there had never been any discussions on the possibility of the Australian Senate rejecting a Budget from the House of Representatives there wasn't even a convention. A great number of people assume that if the Senate were to reject a Budget or to refuse Supply then the Prime Minister would have to advise the Governor General to dissolve the House of Representatives. There is no such law, rule, precedent, or in fact, convention.

QUESTION: And if Mr Fraser does decide to reject the Budget in

the Senate, then you would not advise the Governor-General, you would tough it out.

PRIME MINISTER: That's one of the options. I'm not using the words 'tough it out'. That's your words. But I want to point out that the holding of a House of Representatives election under the Constitution is decided by the Governor-General-in-Council, those are the words of the Constitution. That means the Governor General can only dissolve the House of Representatives if he is advised to do so by his Government. The Government is composed of that party which has a majority in the House of Representatives. My Party has that majority.

QUESTION: It is the apparent indecision of Mr Fraser to make up his mind one way or the other, which is causing all the speculation at the moment, and an editorial says, "that Mr Fraser should come out once and for all and say is he going to accept the Budget or not". Do you agree with that?

PRIME MINISTER: Oh yes. I think that is very clearly the case. Mr Fraser hides behind the formula, "Well I'm not promoting speculation on this; I've never said, as Bill Snedden was always saying, that, we will refuse Supply in the Senate. But of course he is well aware that everybody, including Mr Anthony his Opposition colleague, Mr Lynch his Deputy and a very great number of other people are saying things like that. They always say, "But, of course, this is finally a decision for Mr Fraser himself". Now if Mr Fraser wants to kill this speculation he only has to say "no, there will be no rejection of the Budget." That is, he knows the speculation is going on, he refuses to do anything to kill it. He's apparently thinking that this must be to his advantage to appear to be driven to this course which he's always said up till now, when he's been cornered, would be an improper course.

QUESTION: Do you think he's lost his opportunity for forcing an election?

PRIME MINISTER: Well, I don't know whether I'd put it in exactly those terms. As I say, there is no certainty that there would be an election if the Senate were to reject the Budget. But I think Mr Fraser must now be coming to realise that he'll have to 'put up or shut up'. If there is an election on the Budget then there has to be an alternative Budget. He has to say in any election what expenditures he would increase or reduce; what taxes he would increase or reduce. And he's never been specific.

QUESTION: Do you think it's his inability to come up with a good alternative Budget that's holding him back?

PRIME MINISTER: I think that he's being very coy about it. He's enjoying the speculation and in a negative way he's encouraging the speculation. I think it may be that, cynically, he believes that all such speculation undermines confidence in the business community. And it impedes the processes the Budget. People feel uncertain.

QUESTION: This might be hypothetical, it's looking a long way into the future, but say the Labor Government does survive till 1977?

PRIME MINISTER: Yes.

QUESTION: Can you say now what you think your chances would be in 1977 of being returned?

PRIME MINISTER: Oh, well, obviously we think—and Mr Fraser, those around him and behind him, must also think—that with the passage of time our chances improve. This was a very good Budget, it is bound to bring about an improvement in Australia's economy.

QUESTION: There's no doubt in your mind that you'd win in 1977?

PRIME MINISTER: Oh yes, that would be my expectation. Admittedly the polls show that we'd do very badly at the moment. I believe that in an election campaign where people were voting for real, where they weren't just making criticisms of the Government and where they had to choose whether they wanted the present Government and the present Budget or an alternative hypothetical and, obviously in many cases, unpalatable Budget, they'd choose the one that there is there now.

QUESTION: There is a lot of popularity obviously to be gained from the business community as a whole and a poll conducted by the Age newspaper in Melbourne a short time ago, showed that something like 90% of the chief executives of a cross section of Australia's biggest companies believe that the Government must change if business conditions are to improve. So obviously business confidence is still down despite all..(interjection)

PRIME MINISTER: I think a poll conducted among business leaders at any time, this year, five years ago, five years to come, would tend to favour the Liberals. But you noticed that poll, although it wasn't in the Age heading, was that 60% of those people said that the Budget, Bill Hayden's Budget, was a responsible one. So when it comes to the..(interjection)

QUESTION: But they still predict a gloomy future, these same business people. What do you say to them about the future?

PRIME MINISTER: That things will steadily, but not quickly, improve. So what I think we've got to realise is that every country, like Australia, is having bad economic conditions - every country, like Australia, has far too high unemployment and far too high inflation.

QUESTION: Isn't that just too easy, to pass it off on to what's happening in the rest of the world when we perhaps could be finding some solution to the problems here?

PRIME MINISTER: Well, none of us have been able to find a solution. I mean none of the other countries have been able to find a quick or an easy solution. If there was one it's certain that such a solution would have been tried, because there is a difference of political philosophy in all those countries, North America and Europe and Japan, Australia, New Zealand. And there's no easy solution.

QUESTION: Slowing down inflation, do you agree, would be the key to electoral success at the next election?

PRIME MINISTER: I think this is the biggest component in electoral success. Yes.

QUESTION: And if you've admitted that you can't do that, that Australia can't find the answer, how does that leave you when the next election comes up?

PRIME MINISTER: I think you will find that inflation is steadily declining. It won't decline rapidly. But our inflation is not very much out of gear with the inflation in comparable countries. We all have much worse inflation than any of us would have thought possible or tolerable back in the '60's - all of us.

QUESTION: Can we just come down to the 'State of the Nation'. And I'd like to quote Mrs Margaret Thatcher, of all people. She said the other day that "the persistent (interjection, P.M. - "You don't hear much of her now, No but she has just been to America and there she said, "the persistent expansion of the role of the State and the relentless pursuit of equality has caused and is causing damage to our economy in a number of ways". Now isn't this exactly the situation that we've got in Australia at the moment?

PRIME MINISTER: It's one of the criticisms which is made of us. But we make no apologies for wanting to give everybody equal opportunities. It's true enough that if you have the traditional inequalities which there have been in Australia, then Governments don't have to spend so much. If you accept inequalities then obviously Governments can save money. But we don't accept inequalities you must give people more access to good schools, hospitals, transport etc.

QUESTION: Yes, but many of the valuable social reforms that your Government has introduced are being grossly misused by bludgers, let's face it; what comment do you have about these bludgers?

PRIME MINISTER: There are some bludgers. Obviously private bodies like St. Vincent De Paul, Red Cross, Salvation Army, will tell you that there is an irreducible minimum of bludgers. And I suppose this is the experience of all Government welfare agencies too. It becomes finally a choice between employing a very great number of public servants to weed all the bludgers out or accepting the universal experience of private as well as Government welfare agencies that there are a number of immoral types who pole on charitable people and on taxpayers.

QUESTION: The public is saying though that there are so many of these bludgers around and they're paying their taxes to keep them having a pleasant time. Do you see...

PRIME MINISTER: Well, it would cost an immense amount, let's face it to expand the public service to detect or punish all the bludgers there are. Mind you I do think this can be exaggerated. Clearly there are some people in the hinterland of Cairns or on the Gold Coast who are bludging but I don't believe that most people willingly or knowingly bludge on the community, but I don't believe that most people are like that.

QUESTION: Would you agree that there are people who have taken advantage of the NEAT scheme, there are people who have taken advantage of the RED scheme, there are people who have taken advantage of various schemes that you have introduced, Medibank is the latest one I see that it...

PRIME MINISTER: Well, I'm not sure about the Medibank thing but there again in the NEAT scheme and the RED scheme overwhelmingly there has been merit and virtue in them. There's been a very great number of individuals and families who've benefited and communities. The RED scheme is supported by a great number of people, such as the N.S.W. and Victorian Governments, who are challenging it in the High Court. You've got the extraordinary position, they're challenging our right to have the RED scheme but at the same time they want in to be expanded.

QUESTION: The Victorians are challenging your right to administer money. They say they can administer the money better and this is one of the big things in Victoria, I think, that has Mr Hamer upset. He says under section No. 96 that the Commonwealth is going too far under these tied grants; you're trying to insist that you tell the States how to spend the money. Why can't the States decide for themselves?

PRIME MINISTER: I think Mr Hamer's objection and the objection of a very great number of other State parliamentarians is to the fact that my Government has had direct relationships with local Government bodies in Australia. The State Governments want to centralise relations with the local government bodies in the State capitals, and they don't like direct...

QUESTION: Mr Hamer accuses you of centralisation and you are accusing him of centralisation.

PRIME MINISTER: Well the States are much more centralised in their administration than my Government or any previous federal Government. That's a fact.

QUESTION: But isn't it true that one of the things that has cost the country a fortune is the establishment of a new army of public servants in Canberra to administer State functions. And we already have those public servants here in the State.

PRIME MINISTER: Well, if you look at the figures the increase in the numbers of public servants in the time I've been Prime Minister has been much smaller federally than in the State administrations or in local government. The federal public service has expanded much less than any of the State public services or than local government employment. That's the figures, there's no question of that.

QUESTION: What gives you the impression that Mr Bjelke-Petersen is a 'Bible bashing bastard'?

PRIME MINISTER: Well I used that in the context of saying that he'd acted in his unprincipled immoral way in stacking the Senate and I said it was all the more nauseating since he was a Bible bashing bastard. That is, I didn't use it in isolation, I wanted to highlight the fact that he is a hypocrite. Which, of course, he is.

QUESTION: Bible bashing hardly seems a term that one would expect a Prime Minister to use though in referring to a State Premier - bastard either, I suppose.

PRIME MINISTER: I would have thought that any of us would use those words about a blatant hypocrite as Mr Bjelke-Petersen is. Nobody will support, I don't think anybody would come on your program and support what Mr Bjelke-Petersen did. Now they mightn't use the words that I used when some of your people asked me for an opinion on the kerbside and so on. But they would all agree that it was nauseating hypocrisy.

QUESTION: It was on the kerb; was it just a slip? Did you regret the statement?

PRIME MINISTER: Oh, it was a bit strong I suppose but he is a hypocrite and I'm entitled to say it.

QUESTION: Do you regret it now, saying that?

PRIME MINISTER: I suppose it'd be better if I hadn't because it distracts attention from the rest of what I said.

QUESTION: In relation to Senator Field and the bluff and counter bluff about elections and also the Senator Gair affair and Mr Bunton: What's happening to the ethic of Parliament? Is good Government in jeopardy because of the politicking?

PRIME MINISTER: Yes obviously. The things that Mr Bjelke-Petersen has now done and which Mr Lewis did earlier are quite unconscionable. That is, they're gone against the principles which had been followed by every State parliament under governments of both sides of politics without deviation throughout the 1950's and the 1960's. Until this year there had been a quarter of a century of obedience to, acceptance of, the convention, that if a Senator's position became vacant he'd be replaced by a Senator of the same Party.

QUESTION: But how is it affecting good government? What effect is it having in the running of the country?

PRIME MINISTER: Well, the whole of the political basis of Government in Britain and accordingly in Australia, which has adopted British practices, depends overwhelmingly on conventions. In Britain totally on conventions. In Australia on conventions except where the Constitution makes some specific provision. And you know, there's no provision in the Constitution for things which we all accept, such as, Cabinet Government and so on .

QUESTION: Can we talk about Mr Hawke for a moment? He says that the Labor Party is facing its gravest crisis and you bear him out on that. Has the ACTU contributed to this crisis by its failure to control union wage demands?

PRIME MINISTER: Well the ACTU, one has to realise is a body to which well over a hundred separate unions belong. And those unions all have a separate legal identity when it comes to proceedings before arbitration tribunals. So it's quite wrong to suggest that the ACTU, whoever is the President of it, can have a monolithic attitude to every possible subject and you can't expect it.

QUESTION: But surely the ACTU has a duty to control union wage demands?

PRIME MINISTER: No I don't think you should - it's always assumed that employee organisations are there to discipline their members. Well we don't seem to accept the same thing when it comes to employers, disciplining their associates when it comes to when it comes to pricing of goods and services. There's always a balance in these things. Clearly the amount of wage increases last financial year was excessive and it could not be allowed to continue - that was quite obvious. You can't just blame the ACTU only, because under the laws as they are - and the States have resisted the Arbitration Commission's pleas six or more years ago to coordinate and standardise their laws - under these State laws, Every union is a separate legal body and you can have the same union which is a separate legal identity in the four States which have compulsory Arbitration as well as federally. And it makes an extraordinarily difficult situation in which to deal with wages or conditions of any sort.

QUESTION: Well at this week's Congress the ACTU has accepted the principle of wage indexation, they've also left themselves a loophole for collective bargaining. But the ACTU has also urged the Government to adopt tax indexation and your Treasurer has successfully avoided this; why?

PRIME MINISTER: Well, I don't think you're correctly putting what the Treasurer has said. Bill Hayden has brought in the most sweeping tax reform, income tax reform, that's ever been brought in the federal parliament.

QUESTION: In place of indexation?

PRIME MINISTER: No, as a matter of fact, it's better than indexation. What Bill Hayden has done in this year's Budget will produce a much better deal for income tax payers than would have been produced by applying indexation to the present tax scales. My Government has reduced income tax on three occasions and the percentage of income that people have to pay in income tax is lower now than it was. And what we've done makes it lower still.

QUESTION: Prime Minister could just comment quickly on the fact that the Opposition parties have apparently accepted the proposition - that if returned to power some personal income taxation powers may be handed back to the States. What do you think this would do to the Australian economy?

personal income tax powers for the States

PRIME MINISTER: It just wouldn't work. The simple fact is that there are some States which would be able to get as much income as they get now, through arrangements with the Federal Government - even if they were to raise income tax themselves - that applies to Victoria certainly and New South Wales is 50 - 50. But the other 4 states, if they were to raise income tax themselves would have to levy the tax at a much higher rate than it is at present levied. This is because the taxability of the 4 smaller States is much less than the taxability of Victoria and New South Wales. Now I thought we all accepted that the States which are richer, longer settled, more industrialised, like Victoria and New South Wales should help to pay for services provided by the other States. That's what uniform taxation does. But it's inevitable that you have uniform taxation and that should be raised by the Federal Government alone, in Australia. And a lot of Liberals accept that situation.

QUESTION: But a lot of Liberals don't accept the way that your Government makes the grants to the States and then wants to control the way those grants are spent.

PRIME MINISTER: Well that's not completely true. The States this year will be receiving 34%, I think it is, more money from the Federal Government than they received last year. And they can spend that as they see fit.

QUESTION: But the conditions have changed.

PRIME MINISTER: No, No, this is as they see fit.

QUESTION: Our education Minister, Mr Thompson, is very upset because against the recommendations of the Schools Commission, which suggested that there should be a triennial payout in education, Mr Hayden is now giving grants on a six-monthly basis.

PRIME MINISTER: No, No, that's not true. Every educational grant by the Federal Government to the State Governments is indexed. That is, if there is inflation the value of the grant is adjusted to maintain its value. We are committed to the triennial business; we haven't been able to bring in as many new programs as we were hoping this financial year. But we are committed to the triennial concept and what the States get this year will in every respect be of the same value as or greater value than they got last year for education. Now you mention Mr Thompson, but Mr Beazley has exposed, in the Parliament, I need't repeat it, the Victorian Government's failure to maintain it's share of educational expenditure. A lot of the State Governments are saying that, where as in schools and in hospitals and public transport, my Government has stepped in to raise the standards, because the States were obviously allowing them to decline, that for some reason we should then

do the lot. Now we don't believe that we should run the schools or the hospitals or the public transport, but we do believe that each of those should be improved. We are helping to improve them but we do say the States at least should maintain the commitment that they had always had. We don't mind topping them up, but we don't think that when we come in they should then be able to relax and diminish their contributions.

QUESTION: What is Australia's current position in regard to Portuguese Timor? Are we merely following Indonesia's wishes in our behaviour towards this part of our near North, or what is our policy exactly now?

PRIME MINISTER: Well, we say it is a Portuguese colony and the Portuguese Government ought to accept responsibility instead of just clearing out and dropping their bundle. Secondly,...

QUESTION: What happens if they do clear out?

PRIME MINISTER: Well then we're saying—and we've provided a very great amount of transport and communications to help—that the contending forces in Timor should get together and settle their differences.

QUESTION: Would we be prepared to recognise a Fretelin-controlled East Timor?

PRIME MINISTER: Fretelin hasn't got to its present position as any result of self-determination. They got the Portuguese Army's weapons, and they then tried to clean up their opponents. That's not an act of self-determination.

QUESTION: ... If they did take control, and in fact were running the country, would we recognise them?

PRIME MINISTER: Well, are they in control? Our position is quite clear: that there are three contending parties, they've all emerged in less than 2 years. They ought to get together. We have supported all along the idea of self-determination, that Portuguese ought to help in that process and the Timorese parties ought to get together and help it.

QUESTION: But currently we support the pro-Indonesian party, do we?

PRIME MINISTER: No, we don't support any of the parties there. We never have and I don't think that has been alleged. We don't support any of the parties. We think that the parties ought to get together. That's why we spent a lot of time, a fair amount of money, a lot of effort, Air Force and communications equipment to help the Portuguese envoy get the parties together.

QUESTION: Mr Whitlam a lot of people have asked me to ask you this one. Why does Australia want to take over the Cocos Islands why can't you leave those people alone?

PRIME MINISTER: Well we took them over from Britain. We took the islands over from Britain in the 1950's and they are living in conditions which the rest of the world will not accept.

QUESTION: Some parts of the world envy their conditions.

PRIME MINISTER: Well, maybe they do, but these people haven't got any choice. That is, they're all employed by the one man, who pays them in tokens and they can cash those tokens only in his stores. Now it might look idyllic from our distance but it's a very paternal attitude for us to say that that's good enough for them. Nobody else in the world would accept it. And Cocos is important to us; if we are to retain jurisdiction — which we sought 20 years ago, and, this is a territory a fair distance from us, — then obviously we have to see that acceptable standards apply; they're entitled to education, they're entitled to proper employment conditions and they haven't been getting them.

QUESTION: They won't inherit inflation?

PRIME MINISTER: I don't know how you inflate tokens at the Clunies-Ross store. He prints them, he cashes them, he sells things for them, you've got no option.
