

SCHILDBERGER: Prime Minister do you think that people of Australia want a change of Government?

PRIME MINISTER: At the moment they do. When our Budget is passed and commences to work, they will want to keep the present one.

SCHILDBERGER: Why don't you think they should have the right of having a change now?

PRIME MINISTER: Because a Government is entitled to last out its full term. For the second time the Opposition is trying to cut our term off half way.

SCHILDBERGER: You've made promises before, like the one that you've just made now, that when the Budget works things will get better. You made those promises in May 1974; they didn't come true. Are you concerned?

PRIME MINISTER: No, I think things have improved in many respects. But we have had an immense amount of obstruction, as you know.

SCHILDBERGER: You think that now the promises that you make can be kept?

PRIME MINISTER: Yes. That's what the Opposition is frightened of. They realise that this is the best Budget for years.

SCHILDBERGER: Why can these promises be kept now and they weren't before?

PRIME MINISTER: Well why do they want to prevent the Budget taking effect. Their judgement and mine is the same in each case, that this is a good Budget.

SCHILDBERGER: Don't they believe also that there have been other problems with the Government, changing of acting Prime Ministers and Deputy Prime Ministers, Loans Affairs?

PRIME MINISTER: So what? I demand the top standards in my Ministers; they didn't. Their Ministers misled Parliament; they covered up. Where mine have misled Parliament, they've gone.

SCHILDBERGER: Do you feel yourself in anyway negligent about what your Ministers have done behind your back?

PRIME MINISTER: I'm disappointed. But nobody knew it; nobody could have known it.

SCHILDBERGER: Do you think that it is partially your fault that you didn't know?

PRIME MINISTER: No I don't. Everybody was misled.

SCHILDBERGER: What do you mean by that?

PRIME MINISTER: Well nobody knew; nobody knew that Dr Cairns and Mr Connor weren't telling the truth.

SCHILDBERGER: Shouldn't you have known, though, what was going on?

PRIME MINISTER: They should have told me.

SCHILDBERGER: Does this mean that there's not enough involvement between you and your Ministers?

PRIME MINISTER: No, no. They concealed it from me, as from the Parliament. They've paid the penalty. But as I say, I demand top standards from my Ministers. But look at Mr Fraser, look at Mr Lynch: they were Ministers for the Army during the Vietnam involvement. Did they tell the truth? Their Prime Ministers covered up for them. Look at the VIP planes affair. A Prime Minister then covered up for the Ministers concerned; he might have been part of it. My standards are severe.

SCHILDBERGER: Why would your Ministers be disloyal to you?

PRIME MINISTER: It's not just disloyal to me; they're disloyal; they've let the Government down.

SCHILDBERGER: There must be a reason?

PRIME MINISTER: Well, I won't speculate what faults of nature there may be. They were experienced parliamentarians; they've paid the penalty.

SCHILDBERGER: Could it be that you misled them?

PRIME MINISTER: Certainly not. Are you making any suggestion that I misled them?

SCHILDBERGER: I'm suggesting that possibly they believed that they were doing the right thing?

PRIME MINISTER: Well they weren't. There is no excuse for telling other than the truth, and the whole truth, to Parliament. Liberal Prime Ministers have covered up for Ministers, but failed, by that test. I will not cover up.

SCHILDBERGER: Prime Minister, of the four politicians who signed that Executive Minute last December about the Loans Affair, three are gone, one is left, and that's you?

PRIME MINISTER: Yes.

SCHILDBERGER: Does that feel a bit eerie?

PRIME MINISTER: No, no. It's astonishing that no charges have been made in Parliament, where they could be made. See, you would hesitate to say anything now, because I could sue you. But in Parliament people can say things under privilege. And nobody in Parliament over months has ever made a charge of impropriety or illegality by any of those Ministers or by me. Why those Ministers went, was not because of illegality or impropriety, it was because they misled the Parliament.

SCHILDBERGER: Have you considered resigning?

PRIME MINISTER: Never.

SCHILDBERGER: Not at all...

PRIME MINISTER: Well, only last Thursday, the House of Representatives by a very considerable majority, expressed its confidence in my Government.

SCHILDBERGER: That's a matter of numbers; you had them?

PRIME MINISTER: Of course I did. And I shall until the middle of 1977, when the next House of Representatives election is due. And when it will be held.

SCHILDBERGER: You've threatened to Caucus on a couple of occasions that you might resign?

PRIME MINISTER: No I haven't.

SCHILDBERGER: We've been led to believe that you...

PRIME MINISTER: Well you were misled, because I have no intention of resigning.

SCHILDBERGER: Has it come into your mind at all in the last twelve months?

PRIME MINISTER: Never.

SCHILDBERGER: No dissatisfaction on your part with what the Labor Government of today is doing?

PRIME MINISTER: I've been disappointed at the difficulties but on balance it's well worth while. I have a duty to give good government to this country and only a Labor Government can do it.

SCHILDBERGER: When a managing director of a company gets his company into disarray, a situation that Australia is at the moment...

PRIME MINISTER: The share holders are very well satisfied with the present managing director.

SCHILDBERGER: Are you sure?

PRIME MINISTER: Certainly.. You saw the way they cheered him last week.

SCHILDBERGER: That's a limited number...

PRIME MINISTER: No. It's the largest combination of members of Parliament in the Federal Parliament or anywhere in Australia. And they are very satisfied with the managing director.

SCHILDBERGER: What about the people of Australia who are also the shareholders?

PRIME MINISTER: When the Budget is passed and takes effect, they for a third time, will endorse the Whitlam Government. Because you'll notice that the Liberals don't put up any better proposals. They don't say what Budget they would pass. They know that this Budget is as good as the country can produce at this time and in the present circumstances.

SCHILDBERGER: Prime Minister, you are at present accusing the Opposition of taking unprecedented steps.

PRIME MINISTER: Certainly.

SCHILDBERGER: Could it be said that you are taking an unprecedented step in not facing the people?

PRIME MINISTER: No. There never has been an occasion when an Opposition has threatened to reject a Budget or, in fact, a Money Bill. Mine is not the first Government which has not had a majority in the Senate. But never, before my Government was in office, had an Opposition threatened to reject Supply or a Budget.

SCHILDBERGER: But it did happen in May 1974?

PRIME MINISTER: No it didn't.

SCHILDBERGER: There was a threat of the rejection of a Money Bill?

PRIME MINISTER: Not a Budget

SCHILDBERGER: Not a Budget?

PRIME MINISTER: No, not a Budget.

SCHILDBERGER: So basically the principle...

PRIME MINISTER: There was some argument about this, but you notice that in the Senate it was not rejected.

SCHILDBERGER: But it didn't need to be, because you went to the people.

PRIME MINISTER: No, no we didn't. The election was at the end of 1972.

SCHILDBERGER: In 1974 there was an election?

PRIME MINISTER: I thought you said '70.

SCHILDBERGER: 1974.

PRIME MINISTER: On that occasion there was a threat. And on that occasion I asked the Governor-General to grant a double dissolution. Now if I do that again now, it will become a habit. I'm not going to fall for that again. That is, my first Government was cut off halfway through its term. My second Government will run its full term.

SCHILDBERGER: So therefore you admit that it was unprecedented perhaps in '74?

PRIME MINISTER: It was a threat; it was a threat as there is only a threat at this stage. You will notice that the Opposition hasn't yet rejected the Budget, they're fooling around with it. They moved an amendment and because a Labor Senator had died they were able to carry that amendment. The amendment was to defer the debate. Now if this Labor Senator hadn't died, there would have been as many people voting against the amendment as voting for it. And therefore it would not have been carried. As Senator Steele Hall said: The amendment to defer the debate on the Budget Bills, was carried over a dead man's corpse.

SCHILDBERGER: But if that dead man had been there the Opposition could still have been able to reject the Budget and presumably would have?

PRIME MINISTER: They in fact haven't moved to reject the Budget. That is, they know how unprincipled - not only unprecedented but unprincipled - it would be to reject a Budget. There have been a hundred and thirty-nine Money Bills in the history of the Federal Parliament passed by the Senate, passed - that is, getting a majority in the Senate although the Government of the day didn't have a majority in the Senate. No Money Bill has ever been rejected by the Senate before.

SCHILDBERGER: It's fair to say that the Constitution provides for what the Opposition is doing now. The Constitution doesn't provide for what you're doing?

PRIME MINISTER: No, that's not true. The Constitution may or may not say that the Senate can reject a Money Bill. The fact is the Senate never has rejected a Money Bill. The Constitution also says that an election for the House of Representatives takes place when the Governor-in-Council decides. That is, when the Government decides. I have a majority in the House of Representatives. I will not be advising the Governor-General to issue writs for the House of Representatives until towards the end of my term.

SCHILDBERGER: What about a half-Senate?

PRIME MINISTER: I may. But possibly not until it's due, which of course, must be before the end of next June.

SCHILDBERGER: You are giving thought to having it early?

PRIME MINISTER: I'm giving thought to it. But I don't want you to get any impression that I'm committed to it.

SCHILDBERGER: You're going to - between you and the Opposition leader, between the two of you - hurt a lot of people in the next coming weeks?

PRIME MINISTER: That is possible. If the Opposition persists in this unprecedented and reprehensible course of rejecting a Budget, many people will be hurt.

SCHILDBERGER: Do you want to continue that hurt or do you believe that in your position as Leader you should prevent the hurt?

PRIME MINISTER: No, I am determined to see that there will be stable Government in Australia. If I sell the pass on this occasion, there can never be stable government in Australia in the future. If I accept that the Senate can send the House of Representatives to the people, whenever it sees fit, then you can have governments in Australia going for six month periods only. I will not accept that. It's not just what my Government may think about it; it's what every future government also would think about it. When the people go to the polls, they expect to elect a House of Representatives, a government, for three years. They don't expect that the Senate-which will not be facing the people - can send the House of Representatives to the people at six month intervals.

SCHILDBERGER: Could it be said that you're doing this at the moment because you believe that you wouldn't win the election? In other words you're doing it for political reasons?

PRIME MINISTER: I would lose next Saturday. But when this Budget is passed, I would win an election.

SCHILDBERGER: So right now though, you're doing it for political reasons?

PRIME MINISTER: No. It's my duty to see that there is stable government in Australia. This sort of thing to which my government has been twice subjected, has never happened to any previous Australian government. If I let it happen a second time it will then become embedded in our political practice. And whenever a Government, that is, a Party or Parties with a majority in the House of Representatives doesn't have a majority in the Senate then there will not be stable government. It is my duty to see that stable government is preserved in Australia. And I shall.

SCHILDBERGER: Does the present situation worry you?

PRIME MINISTER: Of course it does. I have learnt from the experience of last year. That is, I'm not... the Opposition thought that by threatening to reject the Budget, this time, my reaction would be the same as it was in April last year, when they threatened to refuse Supply. They thought that I would then ask the Governor-General to have a double dissolution. I shan't.

SCHILDBERGER: Are you being stubborn?

PRIME MINISTER: No. I've learnt from experience last year. They haven't. Mr Fraser has made the same mistake as Mr Snedden.

SCHILDBERGER: You say it's a mistake, but it's causing a lot of hardship and can cause hardship?

PRIME MINISTER: It can cause hardship and he is responsible for it.

SCHILDBERGER: You won't take any of the responsibility?

PRIME MINISTER: None whatever. I was elected for three years. The House of Representatives has confidence in my Government. Governments are made or unmade in the House of Representatives. Last Thursday the House of Representatives expressed confidence again in my Government. And also asserted the right of the House of Representatives to determine money matters.

SCHILDBERGER: Is the Constitution wrong in making it possible to let the Opposition do what it is now doing?

PRIME MINISTER: Yes. But everybody had assumed that this would never happen. There's no other country in the world where what the Opposition is now threatening could happen, whether it is a Federal system or unitary system. This wouldn't happen anywhere else in the world. And I'm determined on this occasion to end for all time the Senate's power over Money Bills. I am going to see that what's threatened now for the second time will never be threatened again.

SCHILDBERGER: Only be establishing other precedents because you can't change the Constitution?

PRIME MINISTER: No. But everybody had assumed that no Senate would reject a Money Bill. I mean the Canadian Senate theoretically can but it doesn't; it never has. This would be unthinkable everywhere else in the world.

SCHILDBERGER: Won't you accept that it's in the Constitution for a reason?

PRIME MINISTER: No, it is not; it's not.

SCHILDBERGER: It doesn't make a specific mention of the fact that Money Bills can be rejected?

PRIME MINISTER: It doesn't expressly say that, that's true. But everybody had assumed that that was the situation.

SCHILDBERGER: Why do you say that?

PRIME MINISTER: Well it's never happened. And it couldn't happen anywhere else in the world.

SCHILDBERGER: If it shouldn't happen, then wouldn't it be specifically written into the Constitution?

PRIME MINISTER: It never has. People don't guard against unthinkable propositions. This had never been contemplated before. That is, nobody realised how obstructive the Senate could be. In the three years that my Government has been in office, the Senate has rejected more Bills than it had in the previous 71 years of its existence.

SCHILDBERGER: Is the Labor Government today the sort of Government that you hoped to lead?

PRIME MINISTER: In many ways, yes; in many other ways it's been more difficult.

SCHILDBERGER: In what ways?

PRIME MINISTER: There are two principal ways. One is that we are faced with a world-wide period of economic difficulty; every western country, every trading country, every industrialised country is going through this bad bout of inflation and unemployment. The second thing is that I didn't think the Senate would be as obstructive as it has been. You'll remember when we were elected in December 1972, the Senate still had 18 months to run. And nobody suggested during that campaign that the Senate would reject Bills which we've brought in to carry out our election promises. And in May last year, when we were re-elected, nobody suggested that if the Senate was evenly divided - which is what it was after the election - that it would reject Bills which we've brought up in performance of our election promises. Nobody expected that. Nobody said it in May last year. Nobody said it in December '72.

SCHILDBERGER: You've often been accused of finding scapegoats. Could it be said now that you are now looking at these as scapegoats, as well as the Connors, Cairns and Creans?

PRIME MINISTER: Well the figures show, don't they, that the Senate has rejected more Bills in the last three years than in all the years between 1901 and 1972.

SCHILDBERGER: But have they really done much to harm your progress?

PRIME MINISTER: But of course they have. Of course.

SCHILDBERGER: Yes, but to cause problems we now have?

PRIME MINISTER: Of course they have; of course they have. We have a very great number of economic and social pieces of legislation which we promised to bring in. And they have delayed them or rejected them.

SCHILDBERGER: But they wouldn't have helped you solve the unemployment problems or the inflation...

PRIME MINISTER: Of course they would; of course they would.

SCHILDBERGER: Well why?

PRIME MINISTER: Well look at the delay there was in passing - there still is - in passing the Trade Practices and Corporations Legislation. We promised that. It had been very thoroughly examined over years before we came in by Senate committees. When we put it up, it's delayed, it's shelved, it's even rejected.

SCHILDBERGER: One of the other reasons why your Government doesn't have such a good name at the moment is the loans affair. Was that a mistake?

PRIME MINISTER: In retrospect, in retrospect, yes.

SCHILDBERGER: It was?

PRIME MINISTER: It didn't succeed; to that extent yes. But I will point out that the country isn't a cent worse off. And Australia's overseas standing, its credit worthiness is the highest in the world. We have triple A rating.

SCHILDBERGER: Are you sorry that you don't have the \$8,000 million?

PRIME MINISTER: We could have used it very advantageously. 8,000?

SCHILDBERGER: Well, whatever figure it really was.

PRIME MINISTER: Yes, well we should be precise. No, it never was never 8,000 was it?

SCHILDBERGER: 8,000 million?

PRIME MINISTER: No it never was, was it?

SCHILDBERGER: I don't know.

PRIME MINISTER: Well it's all in Hansard. This has been common knowledge for months. Are you trying to mislead your viewers?

SCHILDBERGER: No, I would like you to tell me how much it really was?

PRIME MINISTER: It was 4,000 in December and January last. And then after that, for three months, it was 2,000. It was never 8,000. Now don't you try to mislead your viewers. You know what the figures were.

SCHILDBERGER: I find it hard to know.

PRIME MINISTER: There is no difficulty at all. Every question which has been asked has been answered. Every one. And nobody has challenged them.

SCHILDBERGER: Why did you keep it a secret in December of last year?

PRIME MINISTER: Because loan raisings are never bruited abroad.

SCHILDBERGER: But this was slightly different from the normal loans?

PRIME MINISTER: No, the same method. If there was anything improper, anything illegal, don't you think that somebody in Parliament would have made that allegation? Nobody has.

SCHILDBERGER: But they didn't know about it?

PRIME MINISTER: They've known every fact. For months they've brought Public Servants before the bar of the House, they've brought a migrant millionaire before a bar of the House. They could have brought Mr Khemlani, but didn't. That is, they know perfectly well all the facts that there are to be known. And there is no wrong-doing whatever. Now, isn't it amazing that if there were any wrong-doing, that Mr Fraser or Mr Lynch or these unknown Senators would not even... don't you think they would have made the allegations? But they haven't.

SCHILDBERGER: You told Parliament that you had never met Mr Khemlani. Did you ever speak to him on the telephone?

PRIME MINISTER: No. Now, go on, pursue this question? Are you suggesting that I've ever seen him, spoken to him, written to him?

SCHILDBERGER: I'm not suggesting that at all. I want to ask you....

PRIME MINISTER: Well you ask me? You ask me?

SCHILDBERGER: I would like to know why you didn't have involvement with Mr Khemlani?

PRIME MINISTER: Why should I?

SCHILDBERGER: Because he was our supersalesman out to raise a lot of money on Australia's behalf?

PRIME MINISTER: He wasn't our salesman at all. Michael, I don't know whether you are trying to mislead your viewers; he was never our intermediary; he was never our agent; he was never our salesman. Now this is quite clear from all the documents, from all the debates, from all the answers. There is no excuse for you not telling the facts. The country isn't a cent out of pocket.

SCHILDBERGER: Well, what involvement did he have then? Wasn't he given the authority to seek money on our behalf?

PRIME MINISTER: No, he was not.

SCHILDBERGER : By Mr Connor?

PRIME MINISTER: Mr Connor was given authority to enter into arrangements for loans if Mr Khemlani introduced people. But Mr Khemlani was not our agent. He would have been the agent for any prospective lender. He was not our agent.

SCHILDBERGER: Mr Khemlani now says he was able.....

PRIME MINISTER: No he doesn't, he doesn't.

SCHILDBERGER: ...I think...

PRIME MINISTER: Well if you're accurate, yes.

SCHILDBERGER: Well I'm quoting him accurately. That he provided the money, was able to provide the money on the terms and conditions requested by the Australian Government?

PRIME MINISTER: He never put up a proposition. He never put up a proposition.

SCHILDBERGER: Well he claims, of course, that he has...

PRIME MINISTER: Well he never did, he never did.

SCHILDBERGER: Why do you think he bothered coming to Australia now?

PRIME MINISTER: Well I presume that some of the media facilitated his visit.

SCHILDBERGER: Why do you think he would be saying this? What you are accusing him, of course, is being a liar?

PRIME MINISTER: Well I don't remember him saying this. But all I can say is he never put up a proposition. Never. Never.

SCHILDBERGER: Prime Minister what happens to Gough Whitlam if the Labor Party happens to be out of office in the next few months?

PRIME MINISTER: The Labor Government will not be out of office until the end of its three year term.

SCHILDBERGER: And at the end of that three year term if Labor is out of office, what happens to Gough Whitlam?

PRIME MINISTER: I think we will win the next election. You would have thought in April last year we wouldn't have won that election. We did. And we will win the next. And it's my responsibility to advise the Governor-General when the writs for the next House of Representatives election will be issued. And they won't be issued for at least a year.

SCHILDBERGER: What about the long term for Gough Whitlam? What does the future hold?

PRIME MINISTER: Oh I don't know. I haven't really thought ten years ahead.

SCHILDBERGER: Do you think you'll be in office that long?

PRIME MINISTER: No, I've said all along I'll get out when I'm 65. That gives me nearly six years.

SCHILDBERGER: You still holding office then...

PRIME MINISTER: I expect so.

SCHILDBERGER: Who will be the next leader of the Labor Party?

PRIME MINISTER: I don't know. The Party decides that. There are very many good prospects.

SCHILDBERGER: Who would you like to see as the next leader?

PRIME MINISTER: Oh no, I don't...it's not an immediate option is it?

SCHILDBERGER: No. Perhaps in six years?

PRIME MINISTER: Of course it ever be in six years.

SCHILDBERGER: Will Bob Hawke even be leader of the Party?

PRIME MINISTER: If he gets into Parliament he has a very good chance.

SCHILDBERGER: Would you like to see him as Leader of the Party?

PRIME MINISTER: I would like him to be in the Parliament.

SCHILDBERGER: As Leader?

PRIME MINISTER: Well, that's for the members to decide who are in the Party, in the Parliament, isn't it?

SCHILDBERGER: One last question. When does the present crisis, when do you believe that it will be resolved?

PRIME MINISTER: Within a month.

SCHILDBERGER: What will happen at the end of that month?

PRIME MINISTER: The Senate will pass the Budget. And it will begin to work. And we will soar in public estimation again.

SCHILDBERGER: Have you been too confident over the years and perhaps are now being too confident?

PRIME MINISTER: I've never been so certain of anything in my life as I am, that the Senate's money power will be broken as a result of this crisis. No future Australian Government will ever be threatened by the Senate again, with a rejection of its Budget or a refusal of Supply. Never again.

SCHILDBERGER: And you won't feel guilty if in the meantime there is fighting in the streets...

PRIME MINISTER: No, no I...- "fighting in the streets", don't throw that in! Who said there'll be fighting in the streets? There won't be fighting in the streets. People are incensed about what the Liberals are doing, a second grab, Fraser doing a Snedden. They are incensed but there will not be violence. But I am determined to see that stability of government in Australia is never again threatened in this unprecedented and reprehensible fashion.

SCHILDBERGER: Thank you Prime Minister.