



PRIME MINISTER

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NATIONAL PRESS CLUB

In July last year, I addressed the National Press Club.

In that speech I put the view that Australia desperately needed a new direction in Government policy. The Liberal Party was deeply concerned at what was happening to Australia. What Australia could become was being squandered by incompetence, inefficiency, and an entirely inappropriate philosophy of Government.

Any country, but especially a small nation like Australia, needs special qualities to advance and prosper in the kind of world we live in. It must be a major function of Government policy to encourage those qualities.

We need to encourage a clear-sighted recognition of facts as they are - at home and abroad - facts which are often unwelcome and difficult to face. We must not pretend that there is an easy road to security and a better life.

We need to encourage people to achieve the best of which they are capable and ensure that they retain the means to express their talents. We must avoid at all costs forcing people into a mould of bureaucratically regulated conformity.

We need to encourage imagination and enterprise, not destroy incentives and make everyone dependent on the State. Unless we encourage these qualities everyone will be the poorer and we will be less able to help effectively those who are in real need of assistance.

To make a start - to set a new course for Australia - in the last election, we presented a far ranging programme of responsible Liberal reform to the Australian people.

The principal objectives of this programme can be summarised briefly. They were:

- * to rein in the rapidly increasing Government spending and free desperately needed resources to individuals and business enterprise.
- * to provide incentives to investment and job creation.

- * to begin an effective decentralisation of Government decision-making through the most radical reforms to the Federal system since Federation.
- * to institute firm protection for individuals against growing unlegislated claims on their earnings.
- * to help those families who had been hurt most by the Government fueled inflation and other policies of the previous three years.
- * to expand the protection for individual rights against an increasingly powerful and intrusive state.
- * replace an approach which set one section of the community against another with one which emphasised consultation and co-operation in the solution of problems which concerned all Australians.
- * And finally, of course, to institute sound and responsible management of Australia's affairs.

All of these objectives have found expression in specific policy initiatives - many of them path breaking reforms which set a new course for Australian public policy.

Many people it seems try to fit this Government into some mental image they carry with them of what they think is a standard conservative Government.

The achievements of the first six months of this Government - and the course we have set - should give the lie to that image.

The challenges Australia now faces demand a positive and constructive thrust in policy.

The times are such that a Government must be prepared actively to seek solutions - at times radical solutions in the best sense of the word - to the difficult problems we face. We cannot simply hope that they will go away by themselves.

If we are to advance freedom and concern at home, and security abroad, we must look our problems in the face as a nation and determine to overcome them.

Solving our economic problems is not just a job for the Government. The Government can play a part and has played a part, not only by reining in its own expenditure by providing incentives to enterprise, and by pursuing responsible monetary policies, but also by speaking out responsibly on such issues as the relationship between excessive wage increases and inflation.

The Government's whole strategy is based on fostering a climate of national responsibility in which all people will act in a spirit of national responsibility and recognise their over-riding common interests in reducing inflation and unemployment.

Taking a stand on the full passing on of C.P.I. increases was, I believe, essential to the moderation in wage increases which has taken place.

Full tax indexation and protection for wage earners with large families near the minimum income have long concerned the trade union movement.

The stand which the Government has taken on these issues was a major element in the context in which the Arbitration Court made its last decision. This decision improves Australia's capacity to control inflation. I would also like to give credit to Mr Hawke and the union movement for the stand they took yesterday in relation to wage restraint.

We said that tax indexation would be introduced over three years. But due to the economies the Government has made, tax indexation has already been introduced.

Tax indexation will stop the erosion of real wages due to inflation caused tax increases. It will bring long term benefits as it is an ongoing commitment. It will make Governments accountable - if they feel strongly about the need to expand functions, programmes, they will have to legislate for tax increases. It should contribute to breaking the inflationary spiral by making possible wage restraint.

The family allowance scheme has been hailed as the major reform in the Australian social welfare system since Federation. It removes inequities in past schemes of assistance to families. It also benefits 300,000 families and 800,000 children - many of whom are below the poverty line - the majority of whom did not benefit from the system of taxation rebates for children.

The only drawback to the scheme was the effect it had on the self images of some members of the self-styled "party of social reform."

Our federalism reforms are returning power and responsibility to the States. They will ensure that the States have access to a flexible and expanding source of revenue and give local government an assured source of revenue.

Despite the ritualistic complaints of some State Premiers about the Commonwealth not giving them enough money, the States in important areas got 16.4% more money from the Commonwealth this year.

I believe that most States have reason to be satisfied with the monies they received. Certainly only those Premiers who have promised more than they responsibly could, have - in the sense - grounds for complaint.

The reforms to the federal system will make a significant contribution to the maintenance and expansion of the citizens ability to influence the decisions that affect his life.

Only if Governments are responsible will they be truly responsive to their citizens.

The Government believes that there are many features of Australian society which need reform.

The Government recognises that some problems need the expenditure of money. But unwise, unrestricted expenditures exacerbate many of the problems they seek to solve as Professor Henderson has so ably pointed out.

One of the Government's major objectives is to create institutions which are responsible to individual needs, which will not stifle but foster and develop individual initiative and creativity.

The Government is moving to increase the effectiveness of Parliament by establishing a Committee of the House of Representatives to review expenditure. At times that may be uncomfortable for governments. At times it may be uncomfortable for premiers but it is a role Government must fulfil. The Government has introduced legislation for the establishment of a Federal Ombudsman into the Parliament. The Government is committed to legislate for the protection of privacy. The Government will act to ensure that citizens have adequate rights to appeal and recourse with respect to the decisions of Government officers by bringing the Administrative Appeals Tribunal Act into operation in the very near future.

The Government has introduced legislation to secure land rights for Aborigines.

I have asked for a report on access to information which will lead to legislation.

The Government has extensively consulted with groups concerned with Government decisions. This is one of the hallmarks of our approach.

We have for instance had unprecedented wide-ranging discussions with both unions and business on the current state of the economy.

Unions and business have in turn given the Government their perceptions of the problems and their solution.

There has been extensive consultation with the trade unions over the P.J.T. secret ballots for unions and Medibank.

The Government has modified its position on a number of matters to take into account the perspectives and concerns of the trade union movement and of other people.

Dogmatism and an unwillingness to move from fixed positions has as its consequence bad government and decisions which may not be entirely appropriate for the circumstances.

Only if a government is willing to consult fully and widely, and accept reasonable advice can decisions emerge which are in the best interests of the Australian people.

But a lack of dogmatism, a capacity to be flexible in order to achieve the best result is not expediency. Taking all factors into account in the interests of Australia is good Government. Being undogmatic is not only a necessity for Government but for powerful groups in the community.

These groups must recognise that the Government elected by the Australian people is the Government. The Government will not accept the viewpoints of powerful pressure groups if these viewpoints are unreasonable.

There can be no compromise on the best interests of the Australian people. This is what is at issue in Medibank,

In the election the Government gave a commitment that Medibank would be maintained and improved. That commitment stands absolutely.

Our proposals will improve Medibank. Everyone will be included in comprehensive and high quality medical and health care. Medical and health cover for all Australians will remain compulsory. Those on lowest income will make no payment under the Medibank arrangement.

They are fully protected and fully covered. Medibank cover includes bulk billing for medical costs and high quality standard ward treatment as under the Labor scheme.

Medibank offers and will offer the lowest cost quality health care for all Australians. To this point there is no difference in what we propose and what Labor has enacted. This system however, is certainly capable of improvement and this is the objective of our proposals.

Medibank was and is a new expensive benefit. Because we want to avoid the recognised abuse of the U.K. scheme it must not only be paid for but in our view be seen to be paid for, in a way that will prevent abuse, gain the willing co-operation of all providers of health care and counter increasingly rising costs.

That is what we are doing. The A.L.P., the A.C.T.U. agree that Medibank must be paid for. They have agreed that a special tax or levy is required. The A.L.P. originally proposed a ceiling on their levy just as we propose one now.

The difference with the A.C.T.U. is not whether or not Medibank should be paid for, but how it should be paid for.

Unlike the Government and the A.L.P., they want a levy with no ceiling. Contrary to the considered judgement of the two Governments they are attempting to force an utterly undesirable system on the Australian people. Their proposal would do nothing for the lowest income families who pay nothing in any case.

It would damage a large section of two-income families who would pay twice. With no ceiling many people and many two income families would pay more than Medibank costs. Because this is a specific payment for a particular service, we do not believe that people should pay more than the cost.

Very many of the A.C.T.U.'s own constituents and members would pay more under the A.C.T.U.'s proposal than under ours.

Our proposal provides choice. As a result of our very significant modifications, Medibank will now offer private insurance in competition with health funds for intermediate and private ward treatment. This will enable you to have your own doctor in hospital. It will also keep costs down. It will provide more choice for the 70% of people now covered for intermediate and private ward treatment.

The ACTU also proposed that Medibank offer intermediate and private ward cover for an additional charge, but they would not allow a fund to compete fully with it. They would not allow a fund to offer more than hospital-only cover. This would remove cost restraints. There are many doctors who want to maintain a doctor/patient relationship and many patients who also want to retain that relationship. They have an incentive to moderate fees so insurance costs would not go too high.

If they do, more and more people would move to standard ward treatment only where salaried doctors, but not the doctor of your choice, attend to patients. The A.L.P. proposals provided a \$60 million subsidy in 1975/76 for the chronically ill.

To lessen the taxpayers' burden we are dropping that figure to \$50 million. The A.C.T.U., with little concern for the chronically ill who must include many people from their own membership, demand that that subsidy be abolished altogether. It is the chronically ill with long stays in hospital who often take out intermediate insurance to gain greater coverage in hospital.

The A.C.T.U. proposal is quite impracticable and shows great lack of feeling for the chronically ill. The real difference is that the A.C.T.U. will not accept a ceiling in the levy; nor will they accept a subsidy for the chronically ill; nor will they allow people to insure fully with private funds.

At this point, it is not possible to indicate the precise costs of intermediate and private cover. It was necessary to wait for state decisions about bed charges. These have now been made and the experts should have the figures for Medibank (Private Insurance) in two weeks. Our proposals have guaranteed the cooperation of the states and the profession.

The states have agreed that joint Commonwealth and State committees should be established in each state to oversee the rising costs of hospitals. These joint committees will eliminate waste and extravagance. Further the medical profession has agreed to establish what they call Peer Review Committees in each state to oversee professional and hospital standards of medical care. That also should also counter costs. Under the A.C.T.U. proposal this would not happen.

The government proposals are designed to achieve a fair distribution of the costs of medical and hospital charges across the community, with those on higher incomes being asked to meet themselves a higher proportion of their medical costs. Those who have Medibank cover through payment of the full levy are meeting an average of 18% of the total cost of services. Those who take out hospital cover only, will be meeting an average of 14%. Those who take out full private cover will be meeting an average 70% of their costs through their premiums.

In addition of course, taxpayers paying an additional \$1120-million to subsidise Medibank cover through their general tax payments. Here the progressive tax system ensures that the burden will fall progressively on those with higher incomes.

What then is this national strike all about? The A.C.T.U. or rather Mr Hawke, has so far made it plain that, despite two days of discussion, he could give no assurance of industrial peace until all the A.C.T.U. proposals were accepted. Lack of capacity to control the left wing militants was indicated by the damaging strike in Victoria on the last day on which we in fact negotiated with Mr Hawke. My government believes that what we propose is very much in the interests of all Australia, that it is fair and equitable and that it should not be changed further. The militant left is challenging the elected government. 200 delegates meeting in Sydney decided that 2 million should strike not really over Medibank, but on a determination of left wing militant power.

The militant left wing unions have been looking for an issue and have been seeking confrontation. They chose this false issue in a damaging and nationally destructive way. Mr Hawke and those who were with him know that the A.C.T.U. has had more far reaching discussions with their government than they ever had before with any other government. He knows we have been responsive to their views. It is a national tragedy that in this issue, he has thrown in his lot with the militant left. On this issue he is their voice. The case is tragic because our proposals are just, equitable, and fair.

It is some trade union leaders who have forced this issue in order to break democratic government in Australia. In all areas of policy, the government is actively and constructively pursuing policies which we believe meet the real concerns of Australia. This is also true of our Foreign Policy.

Yesterday Mr Hawke said he was waiting for someone to ring him up. It is Mr Hawke's organisation that has caused the strike. He knows how to use a telephone. He could easily have rung me up.

Let me conclude by making a few remarks on foreign policy matters. In foreign policy we do not accept the view that Australia should withdraw into silence or that Australian independence means a fearful abstention from every foreign policy issue, even where our interests are involved. Our policies must not be merely reactive to world events. Australia must not merely go along with any of the major powers, regardless of Australia's own interests.

What may have surprised people is that the views Australia is expressing are at the forefront instead of lagging behind. The catch-cry in the past has been - why hasn't Australia got this view. Because of assessments of the current situation that have been made - not only by Australia but by the NATO powers and other authorities - the government has not accepted the strategic assessment prepared for the last administration. These assessments did not go into many world questions in sufficient depth to provide an accurate assessment of their impact on Australia.

Wider questions are now being asked. More information is now available; the assessments of the past are in our view, not adequate for the formulation of defence policy today. They do not represent the present assessments of this government, which basically accepts the conclusion reached by all the NATO powers. We have asked for the assessment to be broadened and we have asked additional questions. At this stage, my speech of 1 June represents the considered assessment of the government.

On both foreign and domestic policy, the government is seeking actively constructive approaches to major issues facing Australia. The problems we face will not be solved easily or quickly. But if we are prepared to deal with them realistically as a people - free from dogmatism - there is no doubt that they can be overcome. This is a time when we have to ask ourselves fundamental questions about the kind of people we are and the qualities we will need to show in surviving and prospering in an uncertain world. Australians have demonstrated the kind of qualities needed in building this country. Realism, independence, imagination, enterprise, concern for others, and a capacity to work together. These qualities are needed now, more than ever. We as a government will seek to foster, develop and encourage the expression of these qualities. Our policies will be directed to that end.

PRIME MINISTER, MR. FRASER ADDRESSES NATIONAL
PRESS CLUB LUNCHEON. 7 JULY, 1976.

ROB CHALMERS: (Australian Press Services):

Mr. Prime Minister, earlier in your speech you gave credit to Mr. Hawke and the A.C.T.U. for the stand they took yesterday on wage indexation. Are you also congratulating the Left Wing militants in the A.C.T.U. for their support of wage indexation or are you saying that they only control Mr. Hawke on Medibank?

MR. FRASER: Quite obviously the alignments within the union movement are different on different issues.

BRUCE MERCHANT:

Prime Minister, comments you have made recently both here and in China regarding the site and priority for a new and permanent Parliament House seem to be at odds with some government departments and authorities. For example, an (unclear) exists sighting the building on Capitol Hill, and a Joint Parliamentary Committee has already met four times to start compiling material which will be the basis of a designed brief, and the National Capital Development Commission has said that a new Parliament will take up to 15 years to build and design. What is the Government's attitude to a new Parliament House and what sort of time scale are you considering?

MR. FRASER: The Government's attitude would be that there are more important financial requirements before Australia.

MR. ALAN REID: The Bulletin:

Mr. Prime Minister, if rolling strikes develop as is indicated by the resolution of the A.C.T.U., how can you possibly deal with that situation in a way that won't bring the community into discomfiture.

MR. FRASER: I think in that particular kind of contest to say how you are going to deal with the situation would make those who want to promote rolling strikes a good deal easier.

ANDREW POTTER: A.B.C.

Prime Minister, this morning Mr. Hawke issued you a public challenge, a challenge to debate on the efficiency of the Medibank scheme. Will you accept that challenge to a debate, a debate that Mr. Hawke says will show you to be an apologist for the doctors.

MR. FRASER: I think what I have said today quite adequately answers the question in relation to that.

BRIAN TOOHEY: (The Australian Financial Review):

Mr. Prime Minister, would you please outline in some detail for us the sorts of conclusions reached by the NATO powers which differ so apparently from the conclusions as relates to our strategic situation which was produced by the Offensive Committee, senior Australian defence personnel last November?

MR. FRASER: Thank you very much Mr. Toohey for that question. At the NATO Ministerial Council Meeting on the 21 May, 1976 they issued a communique which unfortunately wasn't printed I think in Australia in any great depth and I could read it if I may, some parts of it - "accordingly Ministers felt that they must once again voice their concern at the sustained growth in the Warsaw Pact countries' military power on land, at sea, and in the air, beyond levels apparently justified for defensive purposes. Should this trend continue it could lead to an arms race of dangerous dimensions." The NATO Offence Planning Committee, which is the meeting of Defence Ministers, the other meeting was the meeting of Foreign Ministers, had this to say on 11 June, 1976 - . "Ministers were then given a briefing on recent increases in the military strength of the Warsaw Pact and voiced their concern that this continues to grow beyond levels justified for defensive

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MR. FRASER cont'd:

purposes. They devoted particular attention to the implications of the increased emphasis on offensive capabilities - if I could read that again - they devoted particular attention to the implications of the increased emphasis on offensive capabilities in the Pact forces, especially air forces.

The statement by the chairman of the Military Committee followed on the current state of NATO defences emphasising once again the continuing change in the balance of forces in favour of the Warsaw Pact. Ministers took note with concern of the substantial advances in size and effectiveness achieved during recent years in every sector of Soviet military capabilities, confirming a clear potential to use military force directly or indirectly or the threat of such force world wide -

You might like me to read that last sentence again -

- Well there are other authorities also but they are the two authoritative statements, public communiques, not private communiques, public communiques, from the Warsaw Pact and I would - I said the Warsaw Pact - the NATO Pact - and I would think that the essence of what they are saying is precisely the same as the essence of what I was saying in that speech of the 1st June.

JOHN LOMBARD: (Melbourne Sun):

Prime Minister, will you honour the commitment given by your predecessor to grant Sir John Kerr a second term as Governor General.

MR. FRASER: That's a very interesting question. (applause)

JOHN LOMBARD: It was intended as a question that will be considered in the proper manner at the appropriate time (?)

MR. FRASER: I have nothing to add to the answer ..

STEWART SIMPSON: (Financial Review):

How do you reconcile Mr. Lynch's May 20 statement that the Government would use its protection policies in an anti-inflationary way, with the Government's increasing move for protection of major industries, for instance the textile, steel and car industries, and also may I ask, what is your own philosophy towards protection of Australian industries, given your plea in your foreign policy statement of June 1 that developed countries give greater access to imports from the under-developed nations.

MR. FRASER: Well I am afraid this is one of the areas where I must differ with the economic writers of the Financial Review. There are always people who will believe on some hands that there is too much protection and others who will believe there is too much free trade and in the conduct of the nation's business it is clearly necessary to strike a proper balance. I believe that the Government is striking that proper balance. The Financial Review has a perfect right to differ. They would wish to have a greater degree of free trade and that would result in the present circumstances as we believe in a much greater level of unemployment. We're not prepared to see that happen.

MAX HAWKINS: (Brisbane Telegraph):

In view of the continuing speculation, even since last Sunday, that you might re-shuffle your Ministry at some time, and apart from last Sunday's change, are you dissatisfied with your Ministry?

MR. FRASER: I am very satisfied with the way the Ministry works as a Ministry, individually and as a whole.

ALAN FITZGERALD: (2CA):

Prime Minister in your recent statement about foreign policy you have implicitly read a requiem over detente. You have suggested that it is a failure, yet the principle articulator or architect of detente in recent years, Henry Kissinger, has suggested its a continuing process, that one shouldn't expect it to be other than a means to an ultimate end. What is the alternative then, in your opinion, to detente. Do you suggest that only strategic and military alliances are the answer to what you see as a one-way street.

MR. FRASER: It's the extension of the meaning put to the word detente that the Government objects to. The use of that word had led many people to believe that all problems were solved between the United States and the Soviet Union and that no problems remained. I think on nearly every occasion in which there has been criticism of detente it has always been repeated that we support strongly the fabric of negotiation just as we support strongly the development further of bi-lateral relations between the Soviet Union and ourselves and many, many other countries. But the view that many people have of detente, that because of it, and how the word got this sort of mystical understanding or meaning is difficult to know perhaps, that therefore there were no problems left, is a false view

MR. FRASER: and lulled people into a position of complacency. Its worth noting I think that as late as the 25 June, 1976 Dr. Kissinger himself expressed a view which again expressed some concerns. While not mentioning the word detente, he has clearly made it plain that he believes it necessary to maintain one's vigilance and maintain one's strength and it was the use of the word detente which tempted people to think that that wasn't necessary, that has been so misleading and which my Government has wished to dispel. I would like to read what Dr. Kissinger said on the 25 June if I may, this year - "Beneath the nuclear umbrella, the temptation to probe with regional forces or proxy wars increases. The steady growth of Soviet conventional military and naval power and its expanding global reach cannot be ignored. In the nuclear age, once a change from the geo-political balance has become unambiguous it's too late to do anything about it. However great our strength, it will prove empty if we do not resist seemingly marginal changes whose cumulative impact can undermine our security. "

Again, I can't think of a better way of expressing that view. The United States is of course one of the NATO powers and was obviously a party to the other remarks that I read out earlier.

ALAN BARNES: "The Age":

Prime Minister in your policy speech of last November, and I quote from page seven, you gave a firm undertaking - "in the next budget we will make the first major move towards adoption of the stock valuation provisions of the Mathews Report. We will introduce the report in full over three years." In the interests of the businessmen who saw you last week, is that firm promise still operative?

MR. FRASER: I think you might well be interested to know, and the Treasurer has made an announcement about this that on Thursday of this week he and I and other senior Ministers will be present at a meeting with Taxation and Treasury technical officials and technical experts from the accountancy professions, business, the outside world, will be discussing the implications of the Mathews proposals for companies. Now this particular meeting has been arranged and it might also be of interest to note, which many of you will not know, that Professor Mathews has come back to participate in these discussions.

ALAN BARNES:

Mr. Lynch said that was a technical meeting Prime Minister, he said it was not a policy matter. I was after a policy undertaking from you Sir.

MR. FRASER: Well I think that what's been said in relation to those discussions would obviously not be taking place. The discussions wouldn't if we were not serious.

LAURIE OAKES: (Melbourne Star):

Prime Minister, do you regard the Soviet Union as posing a military threat to Australia?

MR. FRASER: I have nothing to say about the Soviet Union beyond that which I have already said publicly.

PAUL KELLY: (National Times)

Prime Minister, in your answer to Mr. Hawkins you said you were quite happy with your present Ministry. Can you tell us just why you are happy having as Defence Minister a man who can say that Australia faces a direct military threat from the Soviet Union and then changes his mind three hours later.

MR. FRASER: I am going to adopt one of the practices of one of my predecessors, a practice that he did not always follow, but one which he espoused when it was to his advantage to follow. Its one that I will follow at all occasions, and not comment on individual Ministers.

IAN MATHEWS:

Prime Minister in the latter part of your speech you mentioned foreign policy matters and you said that Australia must not merely be reactive and that Australia is at the forefront not lagging behind. In this context what is your Government's intention with regard to the recognition of the Transkei when it becomes independent of South Africa in October this year?

MR. FRASER: When I was saying the Government was in the forefront and not lagging behind I was referring to the international interpretations as I think the context should make clear of changes in the world balance of power in those particular matters. On the question that you in fact mentioned quite obviously there would need to be discussions and will be with Andrew Peacock and Departments appropriately concerned, and also our views on apartheid

MR. FRASER cont'd:

and majority rule in both Rhodesia and South Africa have been made very clear and very plainly known on a number of occasions.

TONY WALKER:

Prime Minister, on the Bland appointment - Sir Henry Bland as chairman of the A.B.C., do you think it is the A.B.C. bureaucrats who should be nervous about the appointment or the A.B.C. performers who should be feeling some concern.

MR. FRASER: I wouldn't have thought anyone should be feeling some concern because Sir Henry Bland is the most vigorous advocate and defender of anyone who does his job well. (applause)

KEN RANDALL: (Financial Times):

I would like to go back to some of your remarks on business and the ones that you made in your address on the processes of consultation which you had. You did suggest at one stage that you saw quite strong objections to the process of 200 union delegates this week making decisions for 2 million union members. Several of your Ministers have been enjoining the business community to stop the fragmented approach that they take to consultation with government and have formed something rather like the ACTU - a blanket voice - for business interests in this country. Do you think its really - do you support those efforts, do you think it is really practical that there can be for such a diverse varied private sector as we have, that there can be a unified voice of those people and if you do support those efforts broadly is there really an essential difference in principle between the type of responsibility, advocacy, which the A.C.T.U. claims and the type of advocacy which an organisation that would claim?

MR. FRASER: Well I think that there is a significant difference in quality about the different things that you are talking about. I think it will be difficult to get business to speak with one voice in its consultations with government because businesses have many differing interests at times and this sometimes comes out quite clearly in the economic consultations that we have. There are on the other hand some matters in which all business has over-riding and common interests and in many cases its the common interest that I believe ought to be shared with their own employees but whether or not they can form one voice in relation to matters concerning consultation, that's one thing, but a body that uses its

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MR. FRASER cont'd:

one voice to suggest that 2 million people should go on strike is, in my view, just as irresponsible as business if they one voice and suggested that all businesses should establish a lock out and I'd condemn that with equal vigour or greater vigour, so its a quality of the act. Being able to consult with one group in relation to the problems of that group is certainly useful. It's also worth noting that the Australian Council of Trade Unions is not a completely - or the Trade Union Movement is not completely monolithic. While the ACTU does represent most, it doesn't represent quite all.

BRUCE JUDDERY: (Canberra Times):

Sir, you expressed your interest in access to information - government information, and you initiated an inquiry into this. Will you take the lead, Sir, by making available to the public, and the Public Service, the reports of the Bland Committee, of the Administrative Review Committee, so that people will be able to judge on what criteria various administrative rank has been made in the Public Service area and Sir, will you release the individual departmental ceilings on staff over the next year which you have approved on the advice of the inter-departmental committee and thus relieve the serious damage to morale in many parts of the Public Service following from the decisions you have announced. perhaps

MR. FRASER: Well I don't really believe there is that damage to morale in the Public Service because when the first staff ceilings were announced many people said, you won't possibly get to those figures by the 30 June without retrenchments and sackings and all the rest. The figures were in fact reached with the exceptions of one or two departments about two months before that time and by the 30 June the figure was significantly below the figure that had in fact been set and by voluntary action - resignation and retirement, and I would have thought that the present staff ceilings in total are also reasonably based. The Public Service Board and Ministers and statutory authorities have been asked in the firmest possible terms to advise me if there any particular difficulty in reaching ceilings, any indication of a decision that would cause personal hardship in matters of that kind and one or two Ministers in relation to one or two areas have done that. At one point the National Capital Development Committee did that if one remembers back a little while. So I don't think that in view of that total

MR. FRASER cont'd:

situation there is any need for the concern in the public service in relation to these particular matters.

So far as the Bland Reports are concerned they were written for the Government, they were written as Sir Henry Bland obviously was a past public servant of great distinction, in a manner that was appropriate for the internal consumption of the government. Many of the recommendations were encompassed and over-taken by the decisions that were made and announced in May of last year and any administrative changes that flow from one department to another as a result of the Bland Reports will also be announced by myself at one particular time but I must regret that on this occasion those particular reports were not written for public consumption and it would be most unfair for many people if they were in fact published.

PETER BOWERS: (Sydney Morning Herald):

Prime Minister, you have repeatedly expressed your concern at the power imbalance in the Indian Ocean in favour of the Soviet Union's surface naval fleet. When you see President Ford in Washington later this month, will you be asking him to correct that imbalance. And switching to the Pacific on the same subject, is it your understanding that the United States cannot guarantee the security of the Pacific sea lanes west of Hawaii?

MR. FRASER: I think it would be quite inappropriate to indicate in advance what matters I was going to discuss with President Ford as a result of his invitation to me and so far as the latter matter is concerned I would obviously be in a much better position to comment if it were appropriate to comment after I had been further briefed by the Secretary of State for Defence in Washington.

RUSSELL SKELTON:

Prime Minister, does it concern you that Australia's top military experts gave inadequate advice to the previous government on the strategic forecast for our region and besides asking for wider terms of reference to be implemented, will you be taking other steps to rectify that this inadequate information doesn't occur again?

MR. FRASER: I think in many of these instances its a question of the questions that governments put. So far as the future is concerned, well that unfolds by itself.

ANDREW POTTER:

Prime Minister, in view of the governments raising \$300 million - around \$300 million from the IMF, can you now scotch speculation that the Government is preparing to devalue?

MR. FRASER: I think that the Treasurer's statement in relation to that particular matter made it quite plain that it was taking advantage of short-term shifts and changes and a right that we have in relation to the IMF, not related to the long-term situation at all. I have nothing to add to my own past statements and the Treasurer's past statements and Mr. Anthony's past statements on these particular subjects, which stand.

BILL D'ARCY:

Prime Minister, in relation to your June 1 speech. To what degree was that assessment made on deeply held personal beliefs? In rejecting the advice of the defence chiefs, was it only made on information that had been provided by NATO or was the government privy to other information which suggested that they were wrong? Is this government only going to accept advice that it wants to hear? And finally Sir, will you give consideration to using the considerable skills of Mr. Killen in another area?

MR. FRASER: This government will use all the advice available to it. It will make objective examination of the advice and the information contained in it and it will come to an objective conclusion as a result. It will not be bound in its conclusions by ideologies which are false and misleading and one of the assumptions in the question I think, in relation to rejection and all the rest, carries with it an imputation that really ought not to be there and that's not, I think, the questioners fault, it was in relation to the circumstances maybe in which past Governments might well have put questions. But certainly whatever might have been a deep conviction of mine, whether something was or not, as part of a government, its the government's view that is of importance and also having taken into account the full advice of people from the appropriate departments. In case anyone believes - there was an interesting story in one account about three people who had written that speech. I'm afraid I have got to say, and I hope I don't offend the author, that it was a somewhat fantastic story about the way the particular speech was compiled, as a number of people here in the room at the moment know.

MR. FRASER cont'd:

It was one that was written through many drafts and consultation with Foreign Affairs, Andrew Peacock, Defence and my own Department, with all proper consultation with the people involved and it was on the basis of that total advice that the speech was made as it was and accepted by the Cabinet as it was.

MIKE SECCARTI (Sydney Morning Herald):

The Premiers, Mr. Hawke, and many economists all agree that your economic policies will lead to increased unemployment. Do you accept that and how will that - if you do - how will that help fight inflation?

MR. FRASER: There are many other economists who take a different view and economists I suppose are like lawyers, it depends where you are trained or what your views are or you can get people on both sides of the fence. So just because economists have one particular view, doesn't necessarily mean to say that that particular view is right. Somehow people have to make up their own minds, having taken again what facts are available to them into account. The sort of view that - I don't think it would be unfair to him - that Mr. Hawke would have been putting, is that the Government ought to spend more money to pump prime the economy in the Keynesian sense. Now it is the Government's view, and a very strong view that when you have high inflation, high interest rates, coupled with high employment, you can't buy your way out of trouble by spending more of other people's money and that there has to be a transfer of resources to the private sector in a way which will engender private sector growth. Now if you had a situation of high unemployment, coupled with very low inflation or low inflation and low interest rates, then the sort of solution proposed by Mr. Hawke, the sort of solutions tried and which failed by the past government, might well have been the appropriate ones, but they're not the circumstances in which we live and if we try to spend our way out of trouble I believe Australia is only going to land in more trouble. And that's not only based on the experience of Australia over the last two or three years, it is also based on the experience of other O.E.C.D. countries and the way in which they in fact have started to improve their economies.

I think there is one, in terms of deficit financing, there is one factor that is not widely understood. In the United States, for example, if their administration wishes to deficit finance they are not allowed to go to their Reserve Bank and print money as people

MR. FRASER:

are allowed to under the various financing arrangements in Australia and many other countries. In the United States there is a positive requirement that under those circumstances the government must go on the open market and compete for the funds that it wants and that (slight pause in tape)

- I believe that potentially the statement that came from China in relation to these matters carried very great significance, not only for South East Asia but for other areas.

MAX HAWKINS:

Prime Minister could I just ask you a further question. Yesterday the Papua New Guinea Defence Foreign Minister, etc. Sir Maori Kiki was here and he is reported to have said that Papua New Guinea expected not simply a sea border between the tip of Cape York and their country but an air and apparently sea line border. When do you expect this matter to be settled?

MR. FRASER: I can't give a time scale on that because I haven't had a report over the last few days about the processes of negotiations but it is my understanding that they have been moving forward reasonably well and with a reasonable degree of understanding on both sides, but the broad principles of what both countries would wish to have I think are understood and I think our negotiators are making progress.

PAUL KELLY (National Times):

Prime Minister, you talk about returning power and responsibility to the states. Can you tell us whether you believe there is a valid argument that the states should accept an increase in direct financial responsibility for the tertiary education sector?

MR. FRASER: Its a question of the responsibilities that they have and the capacity to meet the responsibilities in relation to their financial resources. As part of the federalism policy we will later this year be examining those areas which the Commonwealth now finances which we might regard as being appropriate for absorption in the general purpose grants thus increasing those general purpose grants and the base which goes to the states so that they could carry out the responsibilities for themselves. That's the general proposition. I don't want anyone to assume from that that the Commonwealth will cease to

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MR. FRASER CONT'd:

be actively interested and involved in financing the tertiary sector. It obviously will be.

MR. HAWKINS:

Prime Minister, we are running out of time and I think if we could close it, we have three or four more questions. If I could just call Laurie Oakes first and there's about three others.

LAURIE OAKES:

Prime Minister, in the interests of reducing waste and extravagance I would like to ask two questions at once. The first one is, if you are not worried about giving offense to people, why wont you tell us if the Soviet Union in, your view is a military threat to Australia and my second question is this - the Remunerations Tribunal has recommended increases in salaries and allowances for Ministers. Has Cabinet considered this. If so, with what result. If not, when will Cabinet consider the question, and what's your personal view? Do you think that in the present climate you should get a pay rise?

MR. FRASER: I had thought Mr. Oakes that you could read - I've said that I have said on June 1 that I'd stated attitude to the Soviet Union, that I had nothing to add to it, and I thought that's plain enough. No. It's on the record. And it was quite a long speech. And secondly, in relation to the Tribunal, that has not been considered by Cabinet. I don't have personal views in relation to these matters. I have Government views when the Government has formed its views.

ALAN FITZGERALD: (2CA):

Prime Minister, there seems to be some doubt about your Government's intentions to implement its promise to introduce self government to the Australian Capital Territory. After all, this year you are visiting the United States where part of the justification for that revolution was the cry of no taxation without representation! Here in Canberra residents have been subjected to some fairly savage imposts and rate increases at a local level in the implementation of a national strategy. Now we have no control, our local government has no executive responsibilities. Do you intend to grant some executive responsibility in local government in the A.C.T. or are we to continue with a situation where the national government can impose

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ALAN FITZGERALD cont'd:

its taxes without due process of representation?

MR. FRASER: There are moves that are being undertaken which I think you would be well aware of, examining these particular matters and there is however one difference between the situation in relation to the A.C.T. and the Northern Territory for example which I think has to be recognised. The fact that the national capital is in the A.C.T. does alter the relationship to the form of local government that develops in the A.C.T. compared to that to the Northern Territory and I think that that would have to be recognised but the Minister is pursuing this matter, there are examinations under way and moves will be made. I've got no doubt that this one of the areas where those actively involved in pressing, such as yourself, would want us to hasten quicker, well I take note of what you say.

MICHAEL FOSTER (Canberra Times):

You define participants in talks up coming as being quite definite and others as being from the outside world. Would you mind defining so that those of us who are in or out, or vica versa, would you mind defining the outside world.

MR. FRASER: Look, could you repeat the question please?

MICHAEL FOSTER: I would have thought you could hear sir.

In an earlier answer you defined participants in particular talks which are up coming as being quite specific and otherwise from the outside world. So that those of us who are in or out know exactly where we are at, could you define the outside world?

MR. FRASER: Look I am still I'm afraid at a loss. I apparently don't understand and maybe I am at one with Mr. Oakes in relation to these matters - his fault is in one direction, my fault is in another - If you would like to have a go at rephrasing the question I'll see if I can understand it properly so I can answer it.

MICHAEL FOSTER: I decline Sir, and accept your apology.

MAX HAWKINS: Well we have got three questions. I couldn't see under the lights - I'm sorry, but you know you should advise me about these things - there's a question under the lights, I still can't see who wants it.

QUESTION (?) :

Prime Minister you said today that you'd like - perhaps you invited Mr. Hawke to get on the telephone and have a chat to you. Are you suggesting that you might be willing to make some compromise before next Monday and do you accept that if a compromise is worked out, I mean, that it has to be compromise not just a solution? And to add to that question I would just like to quote from a statement issued by you yesterday in which you say - "If Mr. Hawke had been able to negotiate and had had the power to say to us that if a change is made and there will be no strike then the discussions with him could have been real. You do seem to be suggesting there that if the A.C.T.U. had been willing to give a bit, you would have been willing to give a bit too.

MR. FRASER: Well I don't believe that the proposals we have, and I think I made this plain earlier today, can in fact be changed, but there is never any harm in talking with people. It is Mr. Hawke's organisation that has called the strike. It has been reported that he was sitting at the end of a telephone waiting for a call but you know, he is capable of lifting up the receiver as well, and dialling, if that's what he wants, and I'd be delighted to talk with him at any time. I believe that the kind of change that we have in fact made is the most significant change that we could make and probably the only real one of substance and that is to allow Medibank to insure and compete with the private funds for intermediate and private ward treatment. One of the problems was in the discussions that it was said time and time again that it just wasn't possible to give any guarantee of what the outcome would be unless the totality of the ACTU demands were met and the Government believed that that would not be in the best interests of health care for Australians and that it ought not to be a demand that should be acceded to.

QUESTIONER: If I might take one more point Mr. Prime Minister, what did you mean then in that statement yesterday when you said that if a change, and I presume you mean a change to Medibank, is made, if Mr. Hawke had been able to have the power to say to us, that if a change is made, the discussion would have been real.
(traffic noise)

MR. FRASER: Oh there are very great differences in a situation in which there are initial discussions and discussions under threat of a national strike.

MAX HAWKINS: Finally Rob Chalmers and then Brian Toohy.

ROB CHALMERS: (Australian Press Services):

Sir, do you agree with the Melbourne Age that one of the more disastrous aspects of your visit to Peking is that you and apparently your Foreign Affairs advisers assumed that the break between Moscow and Peking was permanent. Did you consider the possibility of a rapprochement between Moscow and Peking, perhaps following the death of Mao or perhaps following a change in style in the Kremlin. If the axis should be re-established where would we now stand?

MR. FRASER: Well of course the question is based on an assumption, and I think it is based on an article that might have been written while we were still in Peking - if I'm wrong about that I'd apologise to its author - but while we were still there, obviously the people who were writing were not having the full background of what had in fact taken place, what was taking place and permanency in international relations is something that is most unlikely. Permanency in any particular relationship was not assumed in any sense, shape or form, but it is worth noting I think that there have been certain drives about the policy of some major powers and the Soviet Union included, that are historical, that have continued for a long time, that haven't vastly changed when the regime radically changed somewhat earlier this century.

BRIAN TOOHEY (Financial Review):

Mr. Fraser, in answer to one question on tariff protection policy you said that you differed from the point of view of some economic commentators and you had to strike a balance and in this case you struck the balance that unemployment might occur if tariffs were to cut off - quotas were further lifted, even though you tacitly admitted that the protection increases priced this - (question a little unclear).

In an answer to another question you said that the Keynesian approach of increasing government spending in an attempt to get around unemployment was no good because it really led to increased inflation. Well if you didn't want to increase government spending because of increased inflation, even though your Treasurer said in a major statement to Parliament that cuts in government spending at least in the short term increased unemployment. Why do you have this different stand, given that your advisers will be saying that in the long term reductions in tariff, just as

BRIAN TOOMEY:

reductions in government spending need not lead to increased unemployment? Why the different emphasis on unemployment versus inflation between the two elements?

MR. FRASER: They are different questions about different things and I think you are trying to draw a conclusion that they were being treated in different time scales. I do not believe they were being treated in different time scales and if you did some studies of comparative basis of costs and comparative wage rates between Australia and her major trading partners I think you might well be surprised at the results.

MAX HAWKINS: And finally Laurie Power. I'm sorry Laurie I didn't get your message stick.

LAURIE POWER:

I appreciate the derriere thrust Mr. Chairman. I would like to add as an addendum to a question asked earlier by a newspaper cousin Mr. Oakes about whether Russia posed a threat to Australia. Your reply I believe Mr. Prime Minister was that your position on that was what you had stated publicly, and I ask this - whether the leaked transcripts of the discussions on the first day with Premier Hua was in fact a public position by you, with regards to Russia.

MR. FRASER: I've got no intention I'm afraid of commenting on leaked transcripts, their accuracy or inaccuracy. The published statements I was talking about were the statements on June 1.