

19 JULY 1978

INTERVIEW -- BTV 6 BALLARAT

QUESTION: You've come to Ballarat within four weeks of the Budget being brought down. How do you begin to draft a Budget with a \$3,000 million deficit to cover from last year?

PRIME MINISTER: Well, you have to look at all your expenditures, all the programs of Government. You've got to look at obligations, payments to the States, you make sure that you are responsible as you can be in whatever expenditures you have to undertake and you've got to make decisions overall which are responsible and in the best interests of Australia. We are quite determined in what we have been doing over recent weeks to make sure that taxpayer's dollars are well spent. We are well aware that whatever Government's spend they've got to take from people and we are also quite determined that in its final result, the Budget will be seen as being responsible, one that will continue to get inflation down, interest rates continuing to move down in a steady and sustained manner and that is going to, by that means, help Australia.

QUESTION: You've already hinted that some indirect taxes will rise. What are some of these indirect taxes?

PRIME MINISTER: I don't think I did hint that indirect taxes would rise. I was asked once on another program about an inquiry Mr. Howard had initiated into broader-based indirect taxes. Now that inquiry will take several months, the Government will have to examine it, and Mr. Howard said at the time that the purpose of that inquiry was not to raise more money, but to put the Government in the better position to make sure that the money it did raise from people was equitably shared. I think it was against that context that I'd made remarks about indirect taxes.

QUESTION: You've also described the Budget as being austere and tough - it doesn't sound as if it is going to be one to gain your Government much popularity.

PRIME MINISTER: It will be an austere budget and I think everyone understands that it will have to be. But I have sufficient faith in all the people of Australia to believe that they respect a responsible budget and I do not believe that they any longer respect politicians who merely promise to spend more of other people's money because when politicians make promises to spend and spend up big, they are not promising anything of their own. They are promising something which they first have to take from people like you and people watching this program and indeed all the taxpayers of Australia and I believe that the overwhelmingly majority of Australians know that that kind of policy gets this country into a great deal of trouble and they don't want it any more.

QUESTION: Sir, you are not going to give much away about the Budget, so can we turn to...

PRIME MINISTER: On August 15, Mr. Howard will give it all away - he'll let it be know then.

QUESTION: Fair enough. Returning to employment. Now you saw some of Ballarat's unemployed here today and figures released this morning show that our unemployment rate is 9 percent of the work force. What is your answer to these people - say these people that demonstrated this morning?

PRIME MINISTER: There are a number of things that I would like to say about that. First, I understand that those who demonstrated this morning were not unemployed. They had shut down their factory for the day so they could come and demonstrate against me. I also understand that they've got work bans on the factory so that they won't work more than 35 hours a week and as a consequence the factory is having to turn away orders because orders that have to be filled within a certain time can't be filled under these bans. Now that is a classic example of union activity, which I wouldn't have thought the majority of the blokes support which...

QUESTION: I think these people were under retrenchment notices.

PRIME MINISTER: Well, some might have been, but the bans are still on the factory for the reasons that I have mentioned. Whether they are under retrenchment notices or not, I don't know, but that kind of action and the kind of action by the Builders Labourers in Melbourne, which has led to the cessation of work on a major building - I think about \$150 million worth - has led to a great deal of employment just not being created. In Melbourne many major projects have just been abandoned and hundreds of jobs lost because of the tactics of a number of union leaders. Now that is obviously not the only problem but I make those points to indicate that in getting back to a proper employment base, everyone in this country has got a role; Governments have got a role, trade unions have got a role, and employers. Now, for our part, we've got to go on getting inflation down. We've got to make sure there is stability in this country. We've got to get access to the maximum extent in markets overseas. Employers have got to show inventiveness, initiative, and they've got to work well with their own people, their employees. But we need to understand that our interests in this area are interests as Australian which we share; they are not competing interests. The sort of action which seeks to drive up wages too high, the tourist industry in many areas has been destroyed by penalty rates - now these are things that are only going to be solved if the trade unions, and the people in the industry, can get together and work out a way which allows an industry to operate profitably.

QUESTION: There appears to be a vicious circle at the moment; employers are reluctant to take on more staff because of high costs.

PRIME MINISTER: I think that's true. You see in one two-year period wage rates, hourly wage rates, went up by over 50% and that was much higher than our competitors, much higher than people overseas. Inflation in Australia at the same time went up much more than that of many other countries. Now we've got inflation down, it has in fact fallen in this country faster than in any other OECD country over the last couple of years and we will keep on getting it down and I think we will have it below the average of a number of our major trading partners - I think really our inflation rate is below the United States now and that will start to make Australian industry more competitive again. But these particular attempts are in part frustrated when unions go on wage claims outside the indexation process and they are also frustrated if the Arbitration Commission awards wage increases which are unreasonably high.

QUESTION: Now, we've already discussed the National Budget, local Governments too are working on their documents and many Municipal Councils are claiming that the ten percent increase in the General Purposes Grant is less adequate than the 1.52% of the share of income tax. Can you explain this?

PRIME MINISTER: Well, I think I can, yes. All Governments of Australia had got into a state of going on spending more year after year after year. Now the taxpayers of Australia, in the case of local government, ratepayers obviously can't afford to go on having their rates put up, especially in rural communities where many people were going through difficult times; drought, disastrously low beef prices, and other difficulties, and you know the idea that governments at any level - whether it is Federal or Local or State - can and should spend a larger share of Australia's resources year after year, is a view that I am quite certain the overwhelming majority of Australians reject and that applies to local government as much as it does to the Federal Government. We've sought to supplement the funds to local governments so they can make their own decisions. We enormously increased grants to local government in the first year of about \$70 million to \$80 million to \$140 million, that went to over \$160 million last year and that will go to over \$180 million this year. It is a 10% increase - it is much more than enough to cope with inflation that is running at maybe 7% in that sort of order and therefore gives them greater real resources coming from the Commonwealth. Now, against that background, I believe there is no justification for local governments saying that the sum is inadequate and I hope also that their ratepayers - and if I can speak as a ratepayer at a moment - will be putting their view to the local government that rates also ought to be held and not increased. We do have a commitment to move from 1.52% of income tax collections to 2% but against the budgetary circumstances that we knew we were facing, we said we couldn't do it this year and that still means that the significant increase which I mentioned, does flow to local government.

QUESTION: One councillor in your own electorate said he believes they have been sold a pup because you haven't increased the share of income tax.

PRIME MINISTER: We said we would do it over the life of the Parliament and we will, but at the same time there are substantial increases from a bit over \$160 million to around about \$180 million and if that's a pup, it's a very expensive pup.

QUESTION: Can I ask you now for some comments on one or two rural matters. First, the issue of the export of live merino rams. Now the Graziers Association has asked your Government to back its decision to lift this ban despite union interference. Do you expect union interference?

PRIME MINISTER: I would hope that there won't be and that common sense will prevail. I'm sure the rams will be exported.

QUESTION: On the matter of sheep and wool, can you update growers on what's happening to the submission made in 1974 by the Wool Corporation on their marketing plan?

PRIME MINISTER: The marketing plan was put forward, there were discussions with the industry that involved quite substantial changes from the present marketing, a further change towards, if you like centralised control and a year or so ago the Minister negotiated with the industry, the Marketing Corporation, to undertake an experiment to demonstrate whether they could by these means, handle wool more cheaply than is done through the sources presently used. But until we see the results of that the Government would be reluctant to take further steps. We need to understand in the wool industry, that we have a marketing operation that is working extraordinarily well. It has put a floor in the industry, that floor price has been steadily increased. It was increased two or three weeks ago for the opening of this season and at the same time the Corporation has been getting rid of surplus stocks. There is stability in the price, the price going to growers is a good price. The price of sheep is good and the system - I was one of the early advocates for change and back as early as 1960 or '61 was advocating substantial changes to the system of marketing. But what we've got now is quite different from the free and open unregulated auction system of older days and its working very well to the advantage of growers and therefore when we take further changes, we want to be cautious and make sure they are going to be successful and that they don't in any sense jeopardise the gains and the advances that have been made and again I believe that would be a view that would be shared by a majority of woolgrowers.

QUESTION: A matter closer to your own heart, being a beef breeder, the U.S.A. recently expressed interest in a \$90 million order of Australian beef. Are there any other orders of this magnitude in the pipeline?

PRIME MINISTER: Well, this is a particularly large order. I believe that the beef industry has turned through the bottom. Now I had hoped this would have arisen earlier, a year ago -- it didn't -- but the United States had had very severe drought over about half of America and in our terms about 25 states would have been declared drought areas. As a result, their own cattle numbers have come down about 20 million over the last two to three years; they have been selling enormous numbers of additional surplus stock breeders for their manufacturing meat which was competing directly with our Northern Queensland/Australian beef. Now, their droughts have broken, they are facing better seasons, as we are, they are going to want to build up their stock numbers again and over a period of years; and that means that there has been a substantial shortage of meat on the American market and that's the basic reason why they are importing more from us. While that additional quotas, imports, were to come into this United States by Christmas of this year, I don't believe we are in a short-term situation. They are going to need more meat, not just from now to Christmas, but I believe for years ahead and against the background that our own beef numbers are down about 4 million, I really do believe that the beef industry has turned the corner; prices are now much better, I have no reason to believe that those better prices won't be sustained. At the same time, of course, we are going for increased access to markets in Japan and in Europe, and in Japan we are having some success, and we are getting access into other markets also. So, for the beef industry I think the future is bright and I think this is already reflected in the great farming and pastoral communities of Australia because there is an optimism in the air in rural Australia with forecasts of up to 40% increase in rural incomes this coming year - now we haven't had forecasts of that kind for seven or eight years and that's not only good news for farmers and graziers, it's also good news for country towns that feel it very much when farmers themselves are in difficulty.

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