

INTERVIEW ON MIKE WALSH SHOW

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Walsh:

Good to see you again. It's about 12 months since you last did our programme and in that time I think not a day has gone by in my life without someone saying to me, 'as Malcolm Fraser said, life wasn't meant to be easy'. Do you ever regret saying that? It's become the great quote of all time I think.

Prime Minister:

I don't think so because it is a fact of life. If people want to do things well it's not easy, it's hard. You've got to work at it. You work at this show. An Olympic athlete works and trains at that. When the family were up camping at Birdsville and travelling south to Anaminka the only sign they had on the store, and I don't know if they knew I was going to be turning up or not, was 'life wasn't meant to be easy'.

Walsh:

I just want to talk about a few things that have happened recently and some of the issue. First of all, as you are very well aware, that Mr. Neville Wran in NSW has got a new phrase coined for him now, its a "Wranslide", because he absolutely and utterly had a resounding successful win at the polls here in NSW. How much of a rebuff is that to your Government.

Prime Minister:

I think it's a great personal victory for Neville Wran. I don't know that it's all that much of a rebuff to the Federal Government because he fought it on State issues. I don't try and say that other things didn't impinge upon that but you've only got to speak to people in this city; Neville Wran is a popular Premier, who is a moderate Premier and I hope with the large majority that remains.

Walsh:

But the recent Federal Budget -- even amongst your own people they are saying that that definitely was a factor in the fact that the Liberals lost so many votes in the State.

Prime Minister:

Some do, but there were polls taken long before the Budget which we'd undertaken, the Liberal Party had, which had indicated about the same kind of change in NSW.

Walsh:

So you weren't surprised at the outcome?

Prime Minister:

No, I wasn't surprised at all I'm afraid. The Liberal Party had been through some difficulties also. Peter Coleman hadn't been there all that long and I think he is a very good man but he hadn't really had time to make his mark felt. The Liberal Party had had some trouble in the Branches and that had been in the press too much. Now, I think those things are behind us. But quite apart from his own performance, in the State scene there were some things happening that were bound to reinforce it. But can I just quote one of the things and why I think Neville Wran is very skillful. I saw him on television in a prepared broadcast just a short -- maybe a week before the election --- and he said while I differ with the Federal Government in some things I am at one in their policy of overcoming inflation and on another occasion he said that it had taken hard and courageous decisions and implying that we were basically on the right track in that. In that sort of statement, Neville Wran was embracing a large number of our own supporters at the same time and it was a great personal victory and I don't think anything should detract from that.

Walsh:

We'll leave that on at that. But I want to stay with the Budget on a couple of things. One was which - some of the things which seemed in that Budget to hit little people in ordinary everyday events. Like why bother taking away the maternity allowance? How much will that save the Government?

Prime Minister:

It doesn't save all that much. I do need to put it into perspective. Three or four decisions have probably hit the headlines and people have thought they are uncaring, thoughtless, insensitive. I think what I would like people to understand is that we had to have a Budget that was going to reinforce the general fight against inflation and get inflation down, get interest rates down so Australian factories can produce more, get a bigger share of our market, and get into exports as a number of people are now starting to. So, pre-eminently the Budget was aimed at that. Now, if you look at the whole thrust of the Budget, on the expenditure side and also in revenue, there are probably not just a half a dozen difficult decisions that have hit the headlines, but some tens of very difficult decisions. It might be in the amount of expenditure you have for a particular program and no one of those decisions by itself could be said to threaten the Budget strategy, but taken all together they meant getting to a responsible overall level of expenditure for the Commonwealth or not getting to a responsible level. And if it was judged by being irresponsible, then you've got inflation starting to go up and instead of being able to get them down, interest rates would go up again and I think that would be a tragedy for Australia. So many of the small decisions also contribute to the larger one, because take one out by itself and it doesn't but add it all together they do. Now, alright, the maternity allowance. It was decades ago that that was introduced.

free health scheme, there was no Medibank mark III which I believe is better, and I think it is being accepted by the whole community. So the sort of costs, the sort of problems, that the maternity allowance was originally designed to overcome just aren't there at the moment with modern health care. If you like, it was additional pocket money. And in addition to the health arrangements that we have there are family allowance arrangements, and these two things together really did make the maternity allowance outdated and irrelevant in the modern circumstances - certainly irrelevant to the needs for which it was originally introduced. Against the overall background which I mentioned therefore, if we had said "Right, it's not serving the kind of social need that it was designed to" - other things have come in and taken its place and are doing it much better, especially the health arrangements - and therefore it is abandoned.

Walsh:

What about the one on accumulated holiday pay? That's another one that worries the average person. Now, if you don't take your holidays this year, you take them next year because your boss says "can you stay around, we're going through a busy period" or something, the money that you had, which is your nice little nest egg until next year's holiday, suddenly becomes taxable.

Prime Minister:

It becomes taxable when you change your employment, or when you retire and when you've accumulated your holiday pay. If you are taking your holiday pay still with the same employer, the arrangements aren't really changed. So, it's when somebody leaves that job. What had happened in the past was that people leave their job, they have accumulated holiday pay for which they get a cash payment - and go and get another job. In a sense is defeating the purpose of holiday pay - defeating the purpose of holidays, because people are meant to take their annual holidays. They are meant to refresh themselves in doing it, and that's the basis on which it is structured. I can't see any real reason why people who don't take their holidays should have that addition to income without any tax at all, or minimal tax as it was. Now it will be taxed at the standard rate, which is in part a concession because many people would be on probably higher marginal rates of tax than that.

Walsh:

On the whole thing of the Budget - and I'm afraid I'm going to stay with it a little bit today because there are some things that really do need to be explained, - the expected Budget deficit, well it is, \$3,000 million. But the first quarterly deficit is already \$992 million. So if you put that four times you get between \$3,900 and \$4,000 million. So it's going to be a lot heavier than you thought.

Prime Minister:

You've just fallen into a good trap for young players.

Walsh:

Have I? This is why I'm not the Treasurer.

Prime Minister:

It wasn't for \$3,000 million anyway, it was a bit over \$2,800 million, and it sounds a lot better being under \$3,000. But if you look at the early payments in the year there are a lot of uneven payments that the Commonwealth had to make. We have self-government now in the Northern Territory - so instead of paying for the Northern Territory's services right throughout the year, as we have done in the past, there was a bulk payment to the Northern Territory that came in the early part of the year.

Walsh:

So, that first quarter is inflated compared to the rest of the year's?

Prime Minister:

For that and for various other reasons: extra pension payments and things of this of this kind have come in. The first quarter is an inflated quarter, and when I saw the figures as they came out I asked the question that you did. I was told that there was no reason to think that the Budget would be off-track in terms of its total result.

Walsh:

At the end of year it will even out?

Prime Minister:

Yes. The payments aren't even throughout the year.

Walsh:

What about the borrowings? One of the great criticisms of the Whitlam Government was the fact it was going to borrow so much money from overseas.

Prime Minister:

How?

Walsh:

Well, this is what I'd like to hear from you, because they planned to borrow \$2,000 million, and last year the Government that you head borrowed a total of \$1.955 million - a lot of it from Japan.

Prime Minister:

Yes.

Walsh:

Surely that defeats the arguments that were thrown up against the Whitlam Government's spending?

Prime Minister:

I don't think so, because Government borrowing - properly conducted - has a role to fill in the management of the country. But this was borrowing - under the previous administration - having nothing to do with Treasury advice, going to odd people from the Middle East, and trying to get money quite outside orthodox guidelines and for very unorthodox purposes. That obviously caused a great deal of furore and you have only got to mention the name Khemlani and all sorts of odd things are conjured up. Now the borrowing that we have undertaken has been for a specific purpose, and it's the Treasury officials who have done it with known and reputable people as Australia has borrowed. Not just this year or last year, but Australia has undertaken this kind of borrowing almost since the war. Not all the time, but when it has been necessary. I'm sorry for one or two technical terms, but we believe that the value of Australia's currency is right, but because of low world trade and because of economic problems in other countries as well as Australia, there hasn't been as much foreign investment as we would like coming into this country and helping develop, in partnership with Australians, Australia's resources. The borrowings we have undertaken on official account have been to protect the balance of payments against this period when general world trade is low and general investment in the world is therefore lower than it would otherwise be. This has been necessary to protect the value of the Australian dollar and it has been necessary to protect the balance of payments.

Walsh:

So what you are saying is that your move is justified. You are going through the correct channels, whereas the Labor government were going through the incorrect channels?

Prime Minister:

The purposes were different too. The Labor borrowing was going to be a temporary loan for something that was 20 years. Well, how you have a temporary loan for 20 years I'm not too sure. But for quite different purposes and for expenditure in Australia. These funds basically aren't for expenditure in Australia. They are basically to protect the balance of payments during a period when our own exports are slacker than they would otherwise be because world trade is slacker, and at the same time when foreign investment is less than it would be.

Walsh:

Which all leads us to the question of unemployment. We had Mr Street on the programme a few weeks ago, he explained that statement, it was reported widely and put into context. The fact remains that with increased technology we are going to face, inevitably, either a shorter working week or more unemployed people.

Prime Minister:

I don't believe that.

Walsh:

Well how do you see the way out of it.

Prime Minister:

Well go back to the beginning of the industrial revolution. You had the Luddites, and people who were frightened of machines and factories. In fact the industrial revolution led to more jobs being available than ever before in the history of mankind.

Walsh:

And do you believe the same thing will happen again?

Prime Minister:

I think basically modern technology is the same sort of thing - it's different a bit - but will work out in the same way. Let me take the example of Telecom. Telecom gave it's employees - and that particular union that was being difficult a few weeks ago - they had given them, a year ago, ten years guarantee against being sacked as a result of the introduction of new technology and new equipment. As I understand it Telecom were very relaxed about that guarantee, because they believe that with new technology they are going to be offering more services, better services, to businesses, to people, and that while you might have less man hours to produce one particular item of equipment, people are going to be producing more items of equipment and there will be more things to sell. You have only got to look at a modern home today, in 1978, compared to that same home 20 years ago. You have got all sorts of equipment and appliances in it which are designed to make living easier, make it easier for a housewife. I'm quite certain that over the next five and ten years there are going to be modifications and changes and adaptations of that equipment which people are going to want, because it will enable them to do things better, and I think that we really need to grasp modern technology and innovative technology, because this is what will make Australian industries competitive. This will enable Australian industry to get a bigger share of our own domestic market and get rid of imports

in places, and it will enable them also to get into exports. Now out of all of that I see there being more jobs. These things aren't well understood, I agree with that, but we have got to embrace modern technology and that will be good for Australia.

Walsh:

Just one other topic I'd like to cover with you while you are here, and of course it's the news of the day, about the raid on the ACTU Jetset offices on Saturday. All the papers commented on it in their editorials, the strange raid on ACTU Jetset, now do you think it was ill-advised?

Prime Minister:

I've only had a very brief discussion with Peter Nixon about that, and he tells me he's having a press conference this afternoon and that he will be putting it into perspective. Very briefly, he did tell me that on the advice of the Solicitor-General and the Crown Solicitor an investigation was warranted. Without pre-empting any part of what he will be saying, I'm advised that the investigation that was undertaken was exactly the same as what had occurred in half a dozen other cases - somebody went along and asked for certain information. That's subject to what my colleague says after lunch, but if it's the same as what has happened in half a dozen other cases it would seem to me that it's maybe Mr Hawke who is building this, or trying to build it up, into some melodramatic event which, on the basis of what I've been told, I don't think it is.

Walsh:

You claim it was something rather routine for those circumstances?

Prime Minister:

I'm told it's the same sort of investigation that has been undertaken half a dozen times, and nobody is worried about it at all.

Walsh:

With other travel companies?

Prime Minister:

So I'm advised. But what I've said is I had only a very hurried conversation to Peter, and what I have said is subject to what he is saying this afternoon, because he will be handling the matter on behalf of the Government, and I understand putting it all in perspective and correcting one or two, as I am advised, of the melodramatic reports this morning.

Walsh:

Right, because one of the hassles of any leader is the fact that he relies on a team of men, and his own image and that of his Government is inevitably affected by the Ministers. I'm harking back to Mr Phillip Lynch and the "Lands Scandal" some time back. Now, you removed him from the position of Treasurer. He's still of course an important part of your Government. Do you think that the Opposition is going to continue with the Lands thing, which is still very, very much alive in Victoria - Do you think they will continue to use that?

Prime Minister:

Two things. I think they probably will, because the Opposition likes this sort of thing. I don't think the lands thing is very much alive in Victoria at the moment. I think Mr Jennings' own credibility has been blown a bit by reports of some of his own activities and this last 60 or 70 page document. Everyone seems to understand that there is nothing much in that, and that in any case he would have many opportunities to put all his information before a Victorian Royal Commission. Now, the very unhappy thing is when all this was going on in Victoria about this time last year, and then whatever was said in relation to Phillip - one of the people who had been named in the inquiry - and while it had nothing to do with the Victorian inquiry it in part got linked up with it. I believe that there has been very great stress and strain, and Phillip Lynch and his family as a result of it have already - he has already in particular - paid a high price in terms of mental suffering and anguish that has been involved by himself and his family. It has been demonstrated, I believe, that there was nothing in the allegations made against Phillip Lynch. One of the unfortunate things is somebody gets up and repeats it all again in the Parliament, saying nothing new, and it then gets reported again as though it's a new allegation, when in fact it's the same one and has already been answered. Now, against that sort of background I would have thought that in decency it would be fair enough to let it rest, recognising that somebody has already paid a high price for all the publicity that has gone on in relation to it.

Walsh:

You don't expect anything new to come of it in other words? Do you think that they are raking but they won't find anything?

Prime Minister:

Our political opponents have been trying to find something new. They have asked questions and raised the matter many times through the question time and other avenues of Parliament. But on all the information available to me they haven't found anything new. But when they repeat a tired, sad allegation, I don't think it should get the sort of publicity it does as though it's a new allegation. I also believe that people need to treat very carefully allegations

made under the cover of Parliamentary privilege. Members of parliament can sometimes get up and say the most terrible things about their colleagues without any evidence at all, and when that allegation goes out under the cover of Parliamentary privilege, major headlines in this paper or that, major items on the news, I really think that the person who ought to be grilled is the person who makes the allegation without evidence. That says something.

Walsh:

It's one of the failings of Parliamentary coverage that's for sure. There is just one final question I want to ask you, and it's probably the most important. How is your prize bull? We were very sorry to hear about his accident.

Prime Minister:

I understand that you've pursued his accident and got an explanation from a vet about how this sort of thing can occur. Well, I suppose it's just as well that it doesn't occur to the human species in the same way that it can to bulls. Well the Semitals are going well, and the Herefords are going well, but unfortunately Franz is not of this world.

Walsh:

Just a sad note to add to things.

Prime Minister:

But you understand, you know the reasons.

Walsh:

We do, and our sympathies to Franz and his descendants.

Prime Minister:

Well I hope the same fate never befalls you.

Walsh:

Oh ditto. Thank you very much for joining us.