

INTERVIEW WITH THE PRIME MINISTER AND SIR CHARLES COURT - PERTH, 21 OCTOBER 1978

PRIME MINISTER:..very useful discussion. We have been assessing where we see Australia and Western Australia moving as we get into the 1980's. The meeting that will held - the Loan Council - in only a few days time now about infra-structure financing proposals is going to be a very historic meeting between the Premiers and the Commonwealth because it is going to make it possible for the States to borrow overseas in a way which will assist major resource projects and enable development to take place which might otherwise be held up. That is going to mean a good deal for activity - it will help to make Australia more competitive, I believe it will make Australia more attractive as a centre for major resource development in a world which tends to become increasingly competitive. Australia has got an edge- this will give us a better edge.

In this State the Premier has got a number of projects which are moving forward to the stage where the real activity is going to take place and in other States also a number of proposals have been put to us which could lead to a good deal more activity and help build up the resources and infra-structure and the basic strength of Australia. The initiative for this originally came from Sir Charles, and it is a matter on which there has been a great deal of work undertaken between the Commonwealth and the States and I believe it should lead to more activity of a very real kind. The Commonwealth welcomes it in particular because it will give projects access to overseas funds in a way which doesn't fall on our Budget and doesn't make our deficit financing problems worse might otherwise be the case, and therefore the proposals are particularly welcome from that point of view.

We discussed a number of matters, but the other thing that I would like to draw to attention again is that with inflation falling in Australia we are getting to a situation where Australian industries are becoming, and will continue, to become increasingly competitive. They are going to get a larger share of the domestic market, and now for the first time, for a long while, Australian industries are moving out into the export field in a very imaginative way. In this State, fishing vessels designed and built entirely in Western Australia are being exported to a number of countries overseas. This sort of thing is happening right around Australia, and again I believe augurs well for the future development of Australian industry, and getting back to something which concerns all of us - to establishing more jobs so that Australians who want to work are not going to be in the difficulty which we know quite well a number are at the moment.

QUESTION: Mr Premier, with regard to the Infra-structure financing what projects in particular are likely to benefit from that?

PREMIER: The most important one of course, from the national and the State point of view is the pipeline from the north to south - it is a major undertaking by anybody's standards - it is quite a dramatic thing to have a pipeline of 1000 miles built in any generation and whilst we don't need to have the money immediately we have to know very clearly that we will be able to borrow at the right time in the overseas market. This together, with the other projects such as the griding of the power scheme in the Pilbarra

and the assistance with backup for the Alwest project are the type of things that will be resolved on the 1 November. I felt it was a good time to have a talk to the Prime Minister while he was here to make sure that the particular needs, the particular reasons that the State has in the scheme would be understood by him personally because we have found that his personal knowledge and intervention carries a fair bit of weight.

QUESTION: Mr Prime Minister, you have mentioned the fishing boat export industry here. Is it possible that the Federal Government consider using West Australian built boats for coastal surveillance and minor Defence functions as has been argued by one of our boat builders?

PRIME MINISTER: I know they have. The patrol boats that are being developed in Australia at the moment are being built by an Australian firm - they are not being imported. So here it is a question of one Australian constructor as opposed to another. That particular Defence contract did go to a north Queensland boat builder in Cairns, but let me only say that for future Defence contracts, as that is the area that this falls in, that we will be examining any tender in Western Australia very closely. They cannot be commitments to one State in relation to that, you have got to look at all tenders on a fair basis. We certainly do intend to spend as much as the Defence equipment vote in Australian industry as possible - indeed that is the policy in the total area of Government spending on capital equipment. In a number of instances we give quite a substantial preference to Australian industry as against the imported product. I think that is the way it ought to be but it used not to be that way. We introduced that policy when we came into office.

QUESTION: It could be some years before industry recovers enough to alleviate the unemployment problem. Is it possible that the Government will introduce some interim spending measures of its own as a stop-gap measure?

PRIME MINISTER: This point needs to be very clearly understood. We are doing a great deal to help the unemployed at the moment. 110,000 Australians, many of them young Australians, are in various training programmes, specifically helped by the Commonwealth Government, a number of them working in cooperation with States and with State resources. These programmes are monitored, they are examined, they are extended, they will be improved and that process goes on - indeed, Tony Street has a major review of the programmes underway at the moment in a routine way and we will be looking at that in a few weeks time. These programmes are there, a very large number are being helped - 110,000 right at this moment, and many tens of thousands have gone through the programmes and are in permanent work as a result. We ask ourselves, can these programmes be improved, can they be extended. If they can be improved, they certainly will be.

On the other side of the coin, you said will be have special spending programmes designed to create jobs - we want to avoid the problems that a number of European countries have fallen into to, where they have subsidised jobs in particular industries and then capital, and labour and management have got locked into industries which are not competitive, which have required ever more subsidies to stay alive. Our programmes are quite different from that, I think they help just as many people, maybe more people, and I don't believe the sorts of employment creating schemes that Europe has pursued really end up with more people having jobs. We have found, from Australia's own experience, that Government spending runs away, if you have got more people on a Government payroll it can end up by more people being out of work because of the greater Government expenditure adds to inflation, and that disheartens private industry and they employ less. The preminent example of this was in 1973-74, when Government expenditure went up by 46% in one year. Obviously with many more on the Government payroll, but the total numbers unemployed in that one year rose by 200,000.

PREMIER: I think Mr Prime Minister, if I might mention another matter which is relevant to this employment thing on the positive side - that we did discuss the programme that is being developed in connection with Yalliri, because people get the idea that all the uranium is in the Northern Territory - in point of fact, of course, 3% of the known uranium in the world is at Yalliri. This is only beginning, and I wanted to make sure that the Prime Minister understood the programme we are following, which is unchanged. We want to get on with a pilot plant, starting in January, and get that built, get it into work, and then still working on the programme, of being able to export yellow-cake from Yalliri by mid-1984. This is another side of the programme which is important to the rest of the world, because if there is any hesitancy about the Ranger uranium, we want the world to know that there are other sources of uranium in Australia and they will be developed.

PRIME MINISTER: The Commonwealth certainly supports that. Of course, the infra-structure proposals themselves will lead to more activity, and real activity, related to real productive enterprises. They are the sorts of jobs we need in Australia for Australians.

QUESTION: The Government has been criticised for its failure to spend to create work, and its popularity has slumped as a result. That is what I was trying to get at earlier, Mr Prime Minister - interim government expenditure in industry, not in the long-term not to lock industry into it.

PRIME MINISTER: The training programmes do much of this, and the sums provided for the training programmes have increased by tens and tens of millions of dollars in this year's Budget. Much of this does help industry. But it is a question of where the training programmes are. If industry is prepared to provide positions, they get support under the programmes. Therefore, that is a very real and that sort of assistance will continue. What we seek to avoid, is specific subsidies to specific industries, whether it is a permanent subsidy for the labour or whatever, which locks people in in an unreal way. But again, let me get back for a moment to the total

position. You can look at a particular industry in that one question, but when you look at the Commonwealth's total Budget you sometimes have to take a different view. We have a deficit and we have to fund that deficit either by your borrowing programme - if the Government wants to borrow more, it tends to put up the rate of interest. If it puts up the rate of interest that is bad for industry, it is bad for home builders, we want the rate of interest to go down.

We don't want the Government's borrowing requirements to be too large. If you don't want to raise it by borrowing, you have got to raise it by increased taxes perhaps. People don't like paying increased taxes and there are many people who argue that taxes are too high. Your third way of funding it is just by printing money and that, of course, is highly inflationary. There are unfortunate consequences from whichever way you seek to fund a larger deficit - there are unfortunate consequences from it, and we want to avoid those consequences because we believe they would be bad for the Australian economy, bad for activity in private industry, and especially small businesses, amongst the home building industry, which is stifled sometimes by high interest rates. Therefore the policy of getting inflation down, of getting interest rates down is a very real one and a very important one and it is one that we intend to pursue. We don't want policies to be introduced that will cut across getting interest rates down and getting inflation down.

QUESTION: Are you saying that the Government's unpopularity will have an adverse effect on business and on public confidence in the Government?

PRIME MINISTER: I think the business world understand the basis of our policies and they know that we are providing the sound economic base and the stability in the economic climate which will enable them to plan for the future. I don't really believe, because every one knew that we had a difficult job at the time of the last Budget, but I think, by and large, when people stop to think there are many Australians who have given the Government credit for having the courage to introduce what they know is a responsible Budget. I know people don't like particular items in the Budget but at the same time I am quite certain that an overwhelming majority of Australians wanted a Government that was prepared to introduce the right Budget for getting Australia right, as opposed to a Budget that would have some immediate impact on the opinion polls. There is only one poll that I am really interested in and that is the one poll that I am really interested in and that is the one that will be conducted on the date of the next Federal election.

QUESTION: .. exports, you agree that they will go ahead in 1984, even if Ranger hasn't gone previous to that?

PRIME MINISTER: I don't want to say much about that because there are discussion taking place and it might be a little bit premature. But it is our intention that uranium mining will proceed - we made that decision - and that applies obviously to Commonwealth areas, but we also want the developments to go ahead in Western Australia, if there is anything that we can do, therefore, to support Sir Charles

in the development of Yalliri, we would want to do.

QUESTION: .. that particular priority Sir, it is just whichever is ready first?

PRIME MINISTER: We believe that Ranger should go first and I suspect that it still will. If it doesn't Sir Charles goes first.

PREMIER: The market is going to need the lot. 1985 is a crucial year, when everything that your Ranger can produce, everything that we can produce, and some other places can produce will have a market.

PRIME MINISTER: It is worth noting that a very socialist government in Sweden has just been reelected, a socialist government reelected, they threw out their opposition, and the main point in the election was the development of nuclear power. The socialist government wassaying nuclear power has got to be developed further - Sweden has got to be preminently dependent upon nuclear power because nothing else is available. On that, they won the election. I think there was a vote also on the development of nuclear power as a separate referendum issue and Sweden voted 2-1 in favour of the further development of nuclear power, which is an interesting side-light on the attitude that some members of the Labor Party take in Australia.

PREMIER: If they went to Europe today they would find that the unionmovement is right behind nuclear energy, because they have got the simply slogan - no energy, no jobs.

PRIME MINISTER: The British Labor Government is desperately wanting to sign contracts with us.

QUESTION: Sir Charles, one other point on the talks this morning. Can you give a time-scale for the introduction for any of these other State projects you mentioned.

PREMIER: Wagerup was announced this week. We will have the answers on Alvest within a very short time now. The pipeline thing is locked into the timetable so the gas comes ashore in 1985, so you have got to come back from that point. That is where the whole of the sales and negotiation, the whole of the infra-structure are all regulated by the deadline date to bring the gas ashore and exporting it as LNG. You work back from that date. If it takes you three years for the pipeline to be constructed on land, which will be much quicker than the one in the sea of course, and the platforms in the sea, then naturally this dictates the time when you want the money. Noone borrows the money - and this is what I can't seem to get across to some people in Australia - noone borrows the money before they want to use it, because you are paying interest on it from the date you start to draw. We have got to know that when the time comes we can have this money. I emphasise it is not a question of wanting to draw it immdiately, it is a question of drawing it to fit in with the construction timetable. I would be the last one to borrow it a day before I have to.

QUESTION: Can we take it then that the North-West Shelf is going ahead?

PREMIER: I have got no doubts in my mind. Everything is running on time. The \$55m final evaluation programme with design and finance and marketing negotiations is right on time, and I have no qualms about it at all.

QUESTION: Have you had any indication from the companies that they will proceed?

PREMIER: When I went away abroad in May and June it was to talk to all the top people in the consortium - we keep in touch all the time. The timetable is right on time, and put it this way, there is not the slightest suggestion ever been made to me, nor can I see it on the horizon, which is adverse to the project.

QUESTION: The companies are still reluctant to say ...

PREMIER: They are very wisely reluctant to say. They have until the end of September. I am hoping that they will make the announcement on the 29 September 1979 - it happens to be two things: it is the 150th anniversary, and it is my birthday. I am not suggesting that is why we fixed the date 30 September for the final announcement, but it would be a lovely coincidence.

QUESTION: On the overseas borrowings. Will the Commonwealth retain the right of veto despite the fact that all States might agree...

PRIME MINISTER: I think if all States were agreeing on a project it would be unusual for the Commonwealth not to support it. It was recognised that the present voting procedures were introduced on a trial basis and also, against the background that the Commonwealth does retain ultimate responsibility for monetary control and overall financial management.

PREMIER: We accepted this on the basis that first of all we are breaking the 50 years of history, and secondly on the trial basis - so you have got to go step by step and we accepted it as being a sensible way to break the ice.

QUESTION: You are quite happy now with the guidelines?

PREMIER: Some aspects of it we will never be happy with, but we did accept the fact, as a matter of good sense, after 50 years you couldn't expect to throw the doors wide open and we agreed that provided there was a genuine undertaking for a review after a trial period we were satisfied to go along with it, and that makes good sense to me.

PRIME MINISTER: I think the proof of it will be in performance.

QUESTION: Apparently in 1929 there was a referendum where the Commonwealth had to come a bail out the States because of overseas borrowings.

PREMIER: In 1927 the Loan Council was set up and that is an historic date - and that is why I say 50 years.

ENDS