

SUNDAY REPORTQuestion:

Prime Minister, you've just spent the last couple of days in negotiations with the Premiers of the various States, what will be the outcome of these negotiations, do you think, affecting the people who might be watching this programme tonight?

Prime Minister:

I think it depends on the area you're talking about. In the local Governing areas there's some good news. I have an election commitment to move their share of income tax collections up to 2%. Well, we're doing a substantial amount of that in this particular time, the rest of it will have to come next year. That will assist local Government. That can have an impact on rate-payers. They can either get better services or maybe the rise in rates can be held. Their own people can make decisions about that. The commitment to local Government is certainly being fulfilled in a very fair way. When you get into wider areas, a lot of the payments just go on being made whether it's for roads or other areas of activity that are important to people. I think at first sight, some people might be concerned about the apparent reductions in housing or loans programmes and wonder if that's going to affect people's home ownership, affect the more needy people in the community. We're going to have discussions, or Mr Green's going to have discussions with his State Housing counterparts because we want more of that housing money to go to pensioners housing. We want more of it to go to house Aborigines. These are amongst the neediest groups in the Australian community. There's one point that I think we need to understand and that is that we had to get to an overall result. We can't go on as Governments, State and Federal anymore than you can as a person or families can, go on spending more money than we earn, year after year. So we have to be restrained and that has to be shared with State Governments. Now we are committed by law to a very large increase in revenue funds to the States, 13%-14%. The States can spend that any way they like. If they want to spend that on housing, or other public works of interest to their own people, they can and we hope they will, but because we had to restrain the overall amount of money, it meant we had to reduce in the areas where we could reduce and that was in the capital programmes. In a sense that was unfortunate but the only alternative, in the way the arrangements have worked out, would be to make the total payments much too high and more than we can afford. So, if the States transfer their excess of the revenue funds and housing and capital works, I believe very strongly that these arrangements will contribute to economic recovery into the movement forward of the Australian economy and dire predictions of Premiers, I think, well, I think they're groundless but they won't have the dire impact that they're suggesting.

Question:

In New South Wales, at least, there was a great deal of concern because there was a lot of speculation, in fact a State Government

announcement that many small hospitals would have to close down if the Commonwealth did not come up with more money. Is that going to happen?

Prime Minister

I don't believe that will happen, it may well be that some hospital wards will close but if that's so, I think it's something that ought to happen, because the bed occupancy is, in many hospitals, under 70%. That means the hospital is staffed as though patients were in every bed but the average occupancy is such that only 6 or 7 out of every 10 beds has got a patient in it. In many countries there are much better rates than that, better utilization of the facilities and the cost to New South Wales I think is something like between \$160 or \$180 per day. It's one of the high cost States. We've just got to restrain this area of Government expenditure and we want and are going to have, an inquiry into hospitals that we don't control--the States do, but we help fund them--to get to a situation where hospital facilities are going to be used rationally and sensibly. A number of states have come to me and said good luck to you in that, we think this is necessary, we think we're all spending more money than is necessary on hospitals for good health care. Now New South Wales conducted a scare campaign, they, I think, got in touch with all hospital managements and said, the terrible Commonwealth, they're not giving us enough money, you might have to shut. Well, that's grossly irresponsible, it's scare tactics and I would have thought that it should be possible for Governments to co-operate in a matter that is important, where we are spending your dollars and tax-payers dollars generally and try and seek a way of providing the best possible service at a reasonable cost, instead of an exorbitant cost.

Question:

On the matter of petrol prices the OPEC Ministers have just put up the price of petrol and I believe your Government has calculated that this will put up the price of our petrol by 3 or 4 or 5 cents per litre. I suppose a lot of people will be wondering now is this ever going to end?

Prime Minister:

Well, I hope it's going to end, that the OPEC countries are very unpredictable. I think what's happened in the current oil crisis is most unfortunate because inflation is going to get much worse in Europe, it will get worse in North America and it certainly won't help in Australia that our inflation is under theirs and we have a (inaudible) and control I think for much of Europe and (inaudible) control in North America right at this time and it's our intention to keep it that way. I can't predict what the OPEC countries are going to do. But what we certainly have to do is try and use alternatives better. If we're using fuel oil, can we use coal? If we're using petrol cars, can we use gas-fired cars? A lot of taxis in Sydney, Canberra and Melbourne are already on gas and future purchases of Commonwealth Government cars are going to be gas except for ones which are going to have to go out into areas where you can only buy petrol and that'll be a very large market. We've suggested the States do the same with their car fleets and if private individuals can also buy gas-fired cars instead of petrol, this will help to reduce our dependance on fuel oil. We've taken the sales

tax off, so it's a bit cheaper to convert, and we're hoping to be able to persuade the companies to have a gas production line so you can buy gas power for new and not have to get it converted.

Question:

Did that have a possibility in the near future?

Prime Minister:

I think that is a very real possibility and this is why we made the decision to go to gas-powered cars, once our current contracts are wound up, which will be in about 12 month's time and we'll certainly be seeking consultations with the major companies in Australia to get them to do just that.

Question:

Did you offer them any incentive to do that?

Prime Minister:

I think the real incentive for this is the type of gas fuel as opposed to petrol. I'm told in Melbourne a taxi will work out the cost, \$600-\$700 of conversion in 6-7 months and after that it's all pure gain. Now that's a very, very great saving.

Question:

So, you think possibly a customer demand will force the big manufacturers to look at producing gas cars.

Prime Minister:

Well, we've already got one of the largest customers, the Commonwealth and if the States follow, there are going to be some very large customers indeed wanting a substantial number of cars each year and light commercial vehicles, who are going to say, look we want it gas-fired and if we do this and if a number of private individuals do, then I haven't got the slightest doubt that the fleet owners, the big companies if they follow our lead, and I think that in their interest and in Australia's interest they ought to, then I've got no doubts that the motor companies will have a gas production line.