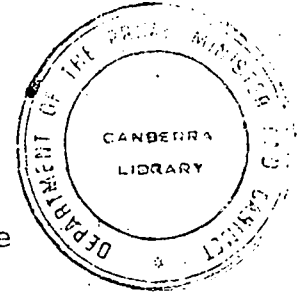




OFFICE OF THE PRIME MINISTER
CANBERRA



Attached is a transcript of an interview with the Prime Minister by Richard Colville for the Channel 10 programme, "Sunday Report".

The interview covers the Premiers' Conference, the Budget, and Afghanistan.

A handwritten signature in cursive script, appearing to read "Alister Drysdale".

Alister Drysdale

29 June 1980

INTERVIEW WITH RICHARD COLVILLE -

Question:

The Premiers have been somewhat critical of the deliberations of the Loan Council rather than what went on with the Premiers' conference. Why have loan approvals been kept to what must be I suppose the barest acceptable minimum?

Prime Minister:

They have been kept tight because there have been substantial other funds available. The tax reimbursement funds are rising quite considerably by an average of something a little over 11% - it varies a little from State to State. A couple of years ago, we began with the States a major new programme of national development to underpin the growth and progress of Australia in the 1980s - major resource projects, opening new mines, coal mines or whatever it might be, providing the power which is needed for industry, for the expansion of the aluminium industry and aluminium smelters. It is all vastly expensive and because of the pace of development projects in Australia, new efforts, new initiatives are needed by governments.

Six months ago I wrote to the States and asked them to bring forward new electricity generation projects for electricity based on coal. We have good supplies of coal and by world standards, we can produce cheap electricity. That would enable us to attract more industries for processing, for manufacturing and it will help to employ more Australians.

Now the States put forward a large number of projects. They put forward projects in relation to rail electrification and very, very large sums of money are involved in this. The total programme is now running between \$4 and \$5 billion over several years - they're approvals. So this is a new area of funds available to the States. Again, in the total funds available to the States around 10 or 11 percent in the circumstance it is not unreasonable for one or two of the States - major resource States - the funds are a good deal higher than that. But it is because of these new programmes for national development, access to funds, the States borrowing overseas, that the other demands of government have been kept very tight because there has to be an overall limitation on what the Government can assume and what governments demand from the economy.

Question:

A couple of Premiers or State leaders, Mr Ferguson and Mr Hamer in particular, have said that they will probably have to put up State charges because of what happened here today. How do you react to that?

Prime Minister:

Premiers will always go away, and if they have an unpalatable thing to do, they will blame the Commonwealth or blame the Premiers' Conference, the Loan Council meeting. That is the way I think it will always be. But I only ask you to look at what a number of Premiers - not all, a number - have said year after year about Premiers' Conferences. The dire predictions of calamity after the Premiers' Conference a year ago, but as a result of that Premiers' Conference, and a result of our economic policies, there has been stronger economic growth than the Treasurer foreshadowed at the time of the last budget. We are in a much, much better position than many countries overseas with lower rates of inflation here than America or Britain where it is double ours, more than double. There is a degree of tradition in what the Premiers say, but obviously, if there is inflation which nobody likes, State charges are going to have to go up because the State bodies - whether it is for water supplies or sewerage or for electricity generation - while they borrow funds for some of their capital works, they also need to generate funds internally. Any normal business operates in that way. Therefore, costs are going up and charges for those kind of State services are inevitably going to go up from time to time. I don't think it is real life to say that those things are going up because of the Premiers' Conference and the Loan Council as such. They are basically going up because the States want more revenue. I am not criticising that, but I would say that they should take responsibility for their own decisions and not try and suggest that it is something somebody else has done.

Question:

Speaking of raising revenue, you are now working on your next budget - the pre-election budget. What can we look forward to there?

Prime Minister:

I am afraid you will have to wait and see. The only thing that I have said about that budget as I have said about others, is that it will be a responsible budget. Against the philosophy of what we have done, it will be against what we believe to be right for Australia to embark on the path of trying to buy votes in the pre-election budget, and we are not going to do it. It would be a wrong thing, I believe if the government takes that path it is adopting a somewhat cynical attitude towards the people of Australia, because I have always believed the average Australian can judge for himself whether a government is acting in his best interest or not. And that average Australian also knows that a government which is going to do what is right for the country can't always do what is popular. Obviously, we would prefer to if we can, but there are some times as we have shown over the last five years when awkward decisions have been necessary. Now, I don't want anyone to conclude from that that there will be awkward decisions in the next budget. The only word I would apply to it is responsible.

Question:

And not a vote buying budget?

Prime Minister:

Not in the sense in which it is meant to be, no. In the common jargon, no, most certainly not.

Question:

Turning to foreign affairs. Over the last couple of weeks there has been a change to the Russian status in Afghanistan, or a promise of a change. The Russians have said that they will withdraw some troops. What is your reaction to this? Do you think it is at least something of a success for your stand over Afghanistan?

Prime Minister:

I have seen reports to the nature of troops that are likely to be withdrawn, and I don't think they are ones that are much use in battling with the insurgency the rebels, the freedom fighters in Afghanistan. So, in a sense, I think it is a phony withdrawal. On our advice, it is a withdrawal to the border or just over where there are about 40,000 other troops waiting to reinforce units in Afghanistan if that should be necessary, and reinforce at short notice.

So, I don't place much store on that. But there is a point that is interesting. The Soviets have shown over what they said about that withdrawal - however phony or false it might be - that they are to an extent, responsive to world opinion. They have shown that they are concerned to an extent with the odium which has been cast at them and the slur upon the Soviet name as a result of their invasion, and oppression and suppression of Afghanistan.

Again, to an extent - and all of this has real qualifications on it - that is a sign that does have some encouragement in it. Because if world opinion, and those who make it - all the countries of the world, large, small, third world, Islamic countries, countries like Australia - can know that speaking with a common voice and in this case a common voice of condemnation, and taking some actions which give strength to that condemnation, if they can know that it is going to have an impact on Soviet policies, well then that gives us a capacity and a hope for being able to build a better and safer world. I don't overstate it, but it is something to think about.

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