



Government
Information
Unit

TRANSCRIPT

Federal Information Director,
Commonwealth Government Offices,
4 Treasury Place,
MELBOURNE, VIC. 3002
Telephone: (03) 654 2350
Telex: 30770

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INTERVIEW WITH PRIME MINISTER

DAY:

Today I'm pleased to have the Prime Minister Mr. Fraser as a guest on this program. I'm pleased because it's a most timely interview. For quite a few days now, we've been asking Mr. Fraser to talk to us, because the Victorian State election is just over a week away, and we thought he might have some things to say on that. Housing is a central issue in this election, and the actions of Mr. Fraser's Government last week, in announcing assistance for home buyers would have in the normal course of things, helped the Thompson Government in its fight for re-election, but perhaps it won't, because at the same time as the Federal Government announced it would help, it also announced that it had set in train a 1 per cent rise in the cost of home loans. And while the Victorian Government moved swiftly to counter that with its home interest subsidy scheme mark 2, the consensus of political commentators seems to be that the Federal Government's action could hurt rather than help Mr. Thompson. So we'll cover all that ground with Mr. Fraser. But it's particularly timely today that we're talking because the whole town's ... with speculation, started with morning by The Age and splashed tonight in the Herald that Mr. Andrew Peacock is preparing to make a run against Mr. Fraser. On the line I have the man himself, the Prime Minister of Australia, Mr. Malcolm Fraser, good afternoon.

PRIME MINISTER:

Good afternoon to you.

DAY:

Mr. Fraser do you expect a challenge from Andrew Peacock?

PRIME MINISTER:

No I don't.

DAY:

Would you (laughs) well, that sort of takes the wind out of my sails doesn't it? It's been suggested that you might not object to a spill, that you have the numbers, and Mr. Peacock hasn't, and it's to your advantage to let him have a tilt at your crown and lose, thereby -

PRIME MINISTER:

Well I think it's particularly unfortunate, and I think it's also particularly unfortunate having that kind of talk,..... Herald, I heard you referred to it, and you know, the run-up period to the Victorian election, because they are state issues and this election in Victoria is going to be won on those issues, and quite obviously, stability and whatever is going to be helpful to Lindsay Thompson in that period.

DAY:

Well why do you think this speculation might have started at this point?

PRIME MINISTER:

Well you'd have to ask somebody else that.

DAY:

Mm. Last week you -

PRIME MINISTER:

Really, there are major jobs, major tasks in Government to be done. Quite obviously Australia faces problems. I suppose the Government or a country always does. But there are very particular problems at the moment, some of them are home grown, and some are generated from events from overseas, and you know, our task is to get on and do the best job we possibly can.

DAY:

But nevertheless there are political realities which I'm sure you of all people are aware of, and last week, you seemed to me and other observers to be distancing yourself from the Victorian result whatever it may be.

PRIME MINISTER:

I don't think so, no. I'd been asked a question about something, and it happens to be true that - for the first time that I can recall there are people trying to say that the State election is for better or for worse, is the fault of the Federal Government. Now demonstrably that's not so. I believe that Lindsay Thompson is going to win, and win very well. But the fact still remains. People have voted in an election after an election, one way for Federal issues, another way for State issues. You know, you could give examples, whether it's from New South Wales, from Victoria, or from Tasmania, where the Labor Party are going to get booted right out whenever there's an election, and I think I was saying I find it very hard to understand why there seems to be a morbid determination amongst part of the media to say that whatever happens in Victoria is of the consequence of Malcolm Fraser. They unfortunately know that that's not so, and so does Victoria. Victoria wins, they win on State issues and not on Federal issues, and I'm sure you'd agree with that.

DAY:

Yes, I take your point and I think you make the point well, but nevertheless there is still, page 1 lead of the Melbourne Herald tonight drawing a line between a possible Liberal loss in Victoria and a Peacock challenge to you. Now you say you don't think it will happen. You may well be right, but the speculation is there, and it's my job to ask you for your reaction to it.

PRIME MINISTER:

I think I've given it to you haven't I?

DAY:

Yes, you don't expect (laughs) to have a challenge. How damaging is it for you though to be looking over your shoulder all the time?

PRIME MINISTER:

Well I'm not, but it's fair enough I think to make the point that the job of Government is vastly important. People of Liberal philosophy and Liberal ideas have certain ideas of what we want for the future of Australia, for the kind of lives that people can lead, the sort of opportunities we want to have available for Australian families, and for young Australians in particular, and we know that there are problems in front of us, there are problems in front of all the major industrial countries around the world, and for most of them, their difficulties are much, much greater than ours, and so whatever might be happening in the rear I find that I'm fully pre-occupied with the business of Government, and I intend to keep it that way.

DAY:

Mm. All right. Thank you for that. Let's move on to the homes issue, which together with financial management has dominated the Victorian campaign. Your Government was criticised yesterday by what was seen by most observers as a blatant assistance to the Victorian Liberals over your advertisements for your new home tax rebate scheme.

PRIME MINISTER:

Well I thought that you just said that it should be felt that the whole thing might not be a help because of the interest rate increase, but what we're concerned about is that Australians with entitlements: under the proposals will know what they are and won't miss out because of inadequate knowledge.

DAY:

Is it just a coincidence then that the ads are weighted towards Victoria?

PRIME MINISTER:

Well I don't really believe they are weighted towards Victoria, but other people have made decisions about that, and they've answered them, but the -

DAY:

What will the ads be saying?

PRIME MINISTER:

But wait a minute, can I go on please for a minute because -

DAY:

Sure.

PRIME MINISTER:

I think you would agree that it would be quite impossible for a young couple to find out what their entitlement was if they read all the newspapers.

DAY:

Yes. I admit to being confused myself. There are about six or seven schemes.

PRIME MINISTER:

And therefore, to have an advertisement that in short compass gives an indication of what's involved and how that young couple can go in detail and find out whether they are entitled to a new deposit assistance, of two and a half to three and a half thousand dollars, on settlement or for the purchase of a house or a block of land, to find out if they are going to be eligible for the rebate, because they purchased their first home over the last five years, or intend to purchase one shortly, to find out if they are going to be able to borrow some of the additional 400-million dollars which the banks have said they will lend over the next 12 months, to find out whether they will be eligible for a low interest rate start for a new loan through the banking system, or whether they're eligible for the shielding that the banks are prepared to offer to certain, well to all people, who have taken out a loan over the last two years. Now, all of that is important in relation to the entitlements of individual

PRIME MINISTER: cont...

families, individual groups throughout the Australian community, and I believe that we have an obligation to make sure that people are aware of their entitlements. If you want to, you know, quite obviously, the whole housing package was complex, it was an integrated package and it involved very substantial negotiations between the Treasurer and the private banks, including the Commonwealth Bank of course. And therefore it's taken a long while to put together. We had said, the Treasurer said, and I said that we'd be making a statement when we're ready. We recognised the importance of the problem, and the problem was in two parts. There was a shortage of capital, so enough loans weren't being made available, and important groups in the community, the price of the loan, in other words the interest was too high. But we said we'd make the statement when we were ready. If we'd been looking for pure political advantage of our own, I suppose you might of expected that we would of announced something before Lowe. But I knew we couldn't be ready before Lowe and we weren't, and we said so.

DAY:

Yes, but in that greater scheme of things, surely 10 days wouldn't of made that much difference to people who may or may not be entitled and certainly it would of insulated you from any charges of blatantly assisting the Victorian Liberals, with Federal money, taxpayers' money.

PRIME MINISTER:

You're talking about the advertisements?

DAY:

Yes.

PRIME MINISTER:

Well I was mostly talking about the policy. I believe and the Treasurer took this point this morning, that in the interests of making sure that people know what their entitlements are and some of those entitlements are immediate in terms of making

PRIME MINISTER: cont...

choices between the old home savings grant scheme and going on to the new deposit assistance proposal, that we needed to let people know what the score is. Now -

DAY:

But in so doing you're still copping criticism for using taxpayers' money which may be seen to be helping the Victorian Liberals.

PRIME MINISTER:

I don't believe that the expenditure of a relatively small amount of money is going to alter the balance in the State of Victoria over issues that have, in a sense, been fought out over many months. I don't believe that for one moment.

DAY:

Are you worried that this, the tax rebate package, and the homes package generally might be too limited. It affects only 450,000 families, while a far greater number will have to pay higher interest rates.

PRIME MINISTER:

Yes, but somebody interjected on me at Evans Deakin a couple of weeks ago and I said when did you take out your loan. And this was before we announced anything. He said 7 years ago, I said what was the value of your house at that time. He said \$16,000. And obviously, he's had very substantial wage-increases since, and obviously his house is worth very, very much more than the \$16,000 he paid for it 7 years ago. And that particular person would be paying a much smaller part of his weekly wage on the home repayments -

DAY:

I agree with you. That is entirely valid until he comes to sell and buy a new house.

PRIME MINISTER:

Well if he sells this house he will get the appreciated value for it, and he has already made the investment over time, you see. So, somebody who has bought a house earlier, sells that and buys another, if they had paid off the first house, they should have a major part of the equity for the one unless it is a substantially better house.

DAY:
This interview with the Prime Minister was recorded a little over an hour ago and some technical ... got into it then. We were about 30 second away from a break, which we've just taken, so we'll pick up the tape now.

There have been reports ^{that} the economy is likely to get worse before it gets better and this has led to speculation that you may call an early election. Will you?

PRIME MINISTER:

I still believe the Parliament will go its full term. What I have said, when Mr. Keating indicated that he might want the Labor Party to refuse Supply, what I have said is that in those circumstances, quite plainly, the Liberal Party has got to be ready, because if the Labor Party combine with the Democrats to refuse Supply, there will obviously have to be an election.

DAY:

Mr. You have touched on this before. How do you see the economic outlook for Australia in the next couple of years?

PRIME MINISTER:

The wage increases, coupled with shorter hours have been very, very unfortunate, because they've come at a time when the rest of the world has been becoming more competitive. There's massive unemployment up to nearly 12 per cent in Britain and 8 and 9 per cent in a number of other countries. We know it's too high here, but it's certainly not as bad as in most of the OECD countries. Because of the level of -

DAY:

—It's about double American though isn't it?

PRIME MINISTER:

Mr?

DAY:

It's about double the American rate?

PRIME MINISTER:

Here?

DAY:

Yes.

PRIME MINISTER:

No, the American rate is very much above ours.

DAY:

What, inflation? I'm sorry, go on, unemployment?

PRIME MINISTER:

Yes.

DAY:

I'm sorry. I thought you were talking inflation.

PRIME MINISTER:

No, well their inflation rate is probably I suppose 8 or 9 per cent on an annual basis at the moment. But it's been coming down quite fast. But there's no growth in the American economy. Round about the beginning of the year, they were producing less than they had been the year before, and that's the position again in a number of European countries, so under those circumstances, it's not surprising they've been getting wage settlements around 6, or 8 per cent. And against that background, they're becoming more competitive, better able to sell their goods, and we're finding that our prices are rising and it gets harder to sell Australian goods. Now this obviously makes it difficult for Australian firms and difficult for Australian employment and we've already begun to see this reflected in the figures and so the first, if you like, challenge we have, problem is the extent of the wages increases, the reduced hours, the additional cost that meant for industry making it much harder to employ Australians.

PRIME MINISTER: cont...

The other thing that's made it difficult is the continued downturn overseas and as a result of no growth, lower inflation, and greater competitiveness in overseas countries.

DAY:

Just, butting in there if I may? How much do we depend on the Reagan economic experiment working?

PRIME MINISTER:

The American economy is so large and so in many ways, that it affects many, many countries, and obviously it has an impact on Australia, and especially through interest rates at the present time. So, we're significantly affected by what happens in the United States. We're also very much affected by what happens in Europe. That doesn't mean to say that you know, we throw up our hands in horror and say it's all too hard. They can make it difficult for us, but we have to be ready, prepared to adjust our own policies to do the best we possibly can to protect Australia in a difficult world environment. Now up to the present time we have, because the economy has grown, and expanded and household disposable incomes have grown while the world income has been as flat as it could possibly be. The longer the world economy stays flat, the harder it will be to protect Australia. But that's still our responsibility.

DAY:

Yeah, in recent days, Sir Phillip Lynch has foreshadowed the possibility of a company tax reduction. Was he just kite flying or did he have your backing in that?

PRIME MINISTER:

He really has you know. If you read the speech -

DAY:

I'm sorry, I've only read the press report. What did he say then?

PRIME MINISTER:

As he put it in the Parliament this morning, he pointed to the fact that there are IAC reports affecting the budgetary assistance for industry, depreciation allowances export incentives and investment allowances and whatever. And we've asked the IAC to report to us on all of these matters. We'll have, there are two or three reports involved, we'll have them all fairly shortly, and then we'll be examining the reports. Now the purpose of the examination in the first instance is not to reduce support for industry, but to see whether the support we are in fact providing has the most beneficial result for industry. Now, this as I understand it, is what Sir Phillip was referring to.

DAY:

Mm. All right. By the fact you've accepted this invitation to talk to us today, you are, I mean it's relatively rare, it's not every day you get the Prime Minister to talk to you. Are you setting out to do a repair job on the Government's image. Do you see the Government in trouble at the moment?

PRIME MINISTER:

How long have you been doing this program?

DAY:

Oh, almost three months.

PRIME MINISTER:

Well, you know, I've been speaking to - on talkback programs quite directly, quite regularly, I haven't been on your program before, but I'm happy to do it on a reasonably regular basis if you'd like me to, because one of the advantages of a talk-back program, you ask the questions and my words go out as they come. They don't get edited, they don't get changed, they don't get interpreted. At least not at the time.

DAY:

Some commentators have suggested though that following Lowe, the Government's image, and your image, well if I may say it, low, and I draw a line between those comments and your acceptance. We have asked before and you've been too busy, which I can also understand.

PRIME MINISTER:

The acceptance hasn't in fact been put to me before and may be it should of

DAY:

Perhaps it should of.

PRIME MINISTER:

Before and after Lowe, I've been on talk-back programs with Bert Newton and John Laws and other people in different States.

DAY:

This is the thinking man's program. (laughs)

PRIME MINISTER:

Well I'm very happy to be on the thinking man's program.

And so it may be just a function of the fact that you have been operating three months and not longer.

DAY:

Are you going to miss David Barnett?

PRIME MINISTER:

Yes I will. He's been around a long time, but it's a very tough and rugged job and I go to bed at night and the press

DAY:

Have you got any one in mind to replace him?

PRIME MINISTER:

... go ringing him up all night.

DAY:

(laughs) Have you got any one in mind to replace him?

PRIME MINISTER:

Well there are other people in the press office, and at the moment they will be carrying on.

DAY:

All right, well one final question, and I do hesitate to raise it, because of the stink that issue caused at the time of CHOGM. But I've got my ear to the ground and I hear from time to time that you're not in the best of health, and we don't report these tips from people allegedly in the no, because they can't be confirmed, so simply, can I ask you how is your health?

PRIME MINISTER:

Fine.

DAY:

Fine.

PRIME MINISTER:

Mm.

DAY:

It is a demanding job?

PRIME MINISTER:

Yes, of course it is.

DAY:

But you looked to be enjoying yourself at the Man from Snowy River preview at the weekend.

PRIME MINISTER:

It was a great film, it really was, and I think it will be a wonderful flag carrier.

DAY:

I saw it last night, and I agree with you. I don't agree with you on everything Prime Minister, but I'll agree with you on that.

PRIME MINISTER:

You agree with me on the film, well that's a start. There might be hope for you yet.

DAY:

Okay, thank you very much and we'll take you up on your offer of more regular interviews.

PRIME MINISTER:

Thank you.

ENDS.