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PRIME MINISTER

FOR MEDIA

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ELECTORATE TALK

It was my Government, with the previous Liberal Government in Victoria, which set up the Costigan Royal Commission, and the Commission's findings have validated that decision a thousand fold. We set the Commission up because we were determined to get to the bottom of the stories about evil and crime associated with the notorious Painters and Dockers' Union, and my Government is now totally determined to eradicate the criminality and fraud that is exposed.

Australians everywhere are disturbed that corruption and organised crime on such a scale exists in our community. Eradicating it will in many cases call for new techniques, drawing upon the computer applications Mr Costigan has pioneered, and matching the sophistication of modern cheats and criminals. The critics of this Royal Commission - and there were some - have been silenced. Mr Cain, for example, can no longer label the Commission a "political stunt" as he did earlier this year, and I only hope his new-found enthusiasm for the Commission's work will be matched by effective practical action under state law, and in relation to the Painters and Dockers' affiliation with the Labor Party.

My Government is taking immediate action on several fronts, legislation enabling the appointment of a special prosecutor for bottom of the harbour tax evasion schemes was passed through the House of Representatives last week and a task force of police, taxation officers and lawyers to assist the special prosecutor is already established. Further task forces will be established as required for specific areas of criminal activity. The inaction within the Deputy Crown Solicitor's Perth Office on prosecutions has led to the suspension and charging of three officers. Mr Tony Smith has been nominated by the President of the Law Council of Australia to conduct an examination of the Perth Office and the staffing needs of the Crown Solicitor's Division are being investigated.

At the Government's request, Mr Costigan consented to the publication of an important chapter of the confidential part of the Report. That chapter was immediately made public last week, and it shows the extent of organised crime in Australia. Mr Costigan has asked that the rest of the Report should not be made public at this stage, partly because doing so could damage the Commission's current investigations, and partly because publication now would make it impossible for people who will be charged with offences to get a fair trial.

My Government accepts Mr Costigan's requests unreservedly. Anyone who believes in fairness, and in the importance of Mr Costigan's work, would obviously accept the need for confidentiality at this stage. This is why I have condemned absolutely the deliberate way Mr Hayden has been dropping hints about who is named in the reports, and smearing groups within the Australian community. Because of Mr Hayden's tactic, the entire Australian community has a right to know that Mr Costigan wrote to me about the speculation on the confidential parts of his reports and said: "It would be quite inaccurate to draw any specific inference as to what names might appear in those volumes, or whether they come from any particular state or territory or country or have associations with any political organisation or group".

I also want to say something about the recovery of unpaid taxation, because Mr Costigan's findings have highlighted this issue, although the Government had already announced action before the budget, and before the Report was published. The tax avoidance industry has been effectively attacked by earlier legislation, we will continue to be vigilant and act against new schemes, and the main question now is to recoup taxes avoided by those who have used the bottom of the harbour schemes. The Government will legislate to recover taxes that were unpaid as a result of bottom of the harbour schemes. It is important for people to know how bottom of the harbour schemes worked, because I do not believe anyone could have taken part without knowing they were wrong.

Let me try and explain it in these terms. If there is a company with say \$100 worth of assets, plus \$10 tax due to be paid to the Commonwealth, and somebody comes along and says, look, "I can buy that company off you, all you will have to do is give me the company papers, and then you will be able to keep for yourselves the \$100 for the assets and the \$10 of tax, you won't have to pay the tax, all you will have to do is pay me a commission of \$2 for the deal." The promotor, having got his commission, then dumped the papers in the bottom of the harbour. But how could the seller have failed to know he was doing something wrong by getting out of the tax liability in this way? The Government had decided to legislate to recover this unpaid tax because of our determination that people should not escape or avoid their fair share of taxes.

I know some people have concerns about retrospectivity, no Liberal likes retrospectivity. But I believe it is even more important to demonstrate our total commitment to a tax system which operates in a fair way, because any loss of confidence by average Australians in the fairness of the system would undermine the way of life we believe in.

The principle of fairness is absolutely fundamental for Liberals, it is more fundamental than any other principle, certainly more fundamental than any element of retrospectivity in the proposed legislation.

The Liberal Party was founded to govern fairly in the interests of all Australians, and fairness is a principle basic to Liberals and support for this principle is absolutely fundamental to Liberal thinking, and I would not want to lead or be part of any party which failed to stand by that principle.

There is another issue Mr Costigan raised, the need to "have available a prosecuting arm charged with the responsibility of immediately attending to any prosecutions that may arise in the course of the Commission" (10.59). The Government has already established a special prosecutor and this goes a long way to satisfying Mr Costigan's aims. However, in the long term, it is fundamental that there be established a body which both has an investigative and prosecuting role and it is with this objective that my Government has proposed the establishment of a National Crimes Commission. Only a body invested with such powers will have the capacity to deal effectively with modern crime.

Mr Costigan's findings clearly emphasise that traditional law enforcement methods have failed. This is most evident in New South Wales as reports of Royal Commissions and task forces over recent years have demonstrated. I believe that the seriousness of Mr Costigan's findings, the apparent depth and strength of organised crime in Australia, demonstrates the need for a properly structured National Crimes Commission, and I very much hope that the states will be willing to join with the Commonwealth in this. Australia needs law enforcement agencies which are adequate to understand and root out modern crime, and my Government is determined to do everything in its power to achieve these objectives. The positive action we are taking and proposing all leads in this direction, and it is all totally consistent with Mr Costigan's proposals.

My Government's record on the Costigan findings is one of positive action and resolve. It stands in stark contrast with the barren and baseless politicking of our opponents. Mr Hayden is to be congratulated on his move to disaffiliate the Painters and Dockers' Union from the ALP. But Parliament will be degraded if Mr Hayden continues to heap blame on categories of people who are not even named in the Report. I will condemn that tactic whether it is practised by Mr Hayden, or by any member of any party, including my own.

So far as my Government is concerned, we will be getting on with the job, taking positive action in the light of the Commission's findings, and along the lines it soundly proposes.