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PRIME MINISTER

E. & O.E - PROOF ONLY

MICHAEL SCHILDBERGER - 3LO - 8.30 AM, TUESDAY 9 OCTOBER 1984

PM Good morning Michael

MS.... Well you've done it. December 1

PM Yes Michael, well it shouldn't come as a surprise, I made it clear that I would make the announcement as soon as I made up my mind. I made up my mind finally during last week. I wanted to wait until the return of the Governor General, Sir Ninian Stevens he returned yesterday afternoon he was gracious enough to agree to meet me an hour after he returned, he acceded to my request and I immediately announced at the House. Thats the sort of attitude that I made clear would be adopted and I have done what I said I would do.

MS You could have let him unpack his bags.

PM Oh well he has people to do that, he had been contacted by phone earlier in the day, so he wasn't entirely surprised when he was told that I wanted to see him.

MS Will you ask Neville Wran to keep a lower profile than usual in this campaign?

PM I will not and let me make it clear at the outset, I am not going to be one of those in Australian politics who engages either directly or indirectly in this smear and innuendo and guilt by association tactic and I would have thought that those engaged in or commentating on politics should have learnt their lesson in recent weeks that that sort of tactic doesn't pay dividends. Mr Wran will as far as I am concerned adopt the same sort of role as he did last more

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time. He will introduce me at the official launching of the campaign and then he will get on with the business of running the state of NSW, I and those around me will get on with the business of running the Federal campaign.

MS Now I know it is up to the Senate to make its own decisions but will you want it to continue with the enquiry into Mr Justice Murphy?

PM Well thats its business, there are conflicting legal opinions about the Senate and its Committees once an election is called. I'm not intervening in that, thats a matter for decision by the Senate.

MS Sen. Button said on this programme yesterday, he thought the remark by Neville Wran in regard to Clarrie Briese to have been unfortunate, do you agree?

PM Well that's a fair comment, I however have been concerned to avoid what people have tried to do to latch onto that comment in respect of which there can be judgements as to its appropriateness. The people have tried to take that comment and then broaden it into some comment about Mr Wran's integrity generally. That's what I'm not going to have a bar of. I accept ~~the~~ the arguments as to whether it was wise or not wise to say it. But what I was concerned to do is that ... to say and to say openly to the Australian people I have not had one single piece of evidence since I have been Prime Minister which goes to the integrity, the honesty of Mr Wran and until unless and I don't expect to get it. But until and unless ^{were to} I get such evidence I am not going to be involved in any way, directly or indirectly in character assassinations. This country is paying to high a price already for the emergence from a desperate Opposition of those tactics.

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I am going to do my best to discourage it as a feature of Australian Political life.

MS Did you tell Neville Wran that perhaps he shouldn't have made that remark about Clarrie Briese?

PM I haven't spoken to Neville Wran since he made his comment.

MS I thought you had about the fact that you supported him. I thought you had a discussion with him. That was reported.

PM You asked me if I had spoken to him since he made this comment?

MS YES, That is what I am referring to. You haven't?

PM Well how many times do I have to tell you? I haven't spoken to him since he made that comment.

MS Well I accept that, its just that I heard a report...

PM You're a bit slow taking the point, I said it quite clearly Michael that .. and I would have thought it would have saved a lot of time if I didn't have to say something clearly more than once.

MS Prime Minister, Sen Button also said an enquiry into major tax changes would get under way next year, but then its possible you might introduce say a new capital gains tax, death duties, or even VAT. Would you rule any of them out?

PM I would think that the .. in the wealth tax area, thats unlikely. Let me make it clear that what Sen Button said was merely saying what's been said many times over the last few months and that is that, and its common ground between our opposition and ourselves that there needs to be a wide ranging review of the tax system in Australia. No-one, no-one in politics or in economic or financial analysis would suggest that we have got the perfect tax system. What distinguishes the Opposition from us of course is two things, we more

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will be doing it and not them, but secondly that we believe in the processes of consultation and cooperation and seeking consensus, I've already started that over a period of several months and the Economic Planning Advisory Council, talking with the representatives of business, trade unions, welfare organisations to see if we can work our way towards some sort of general agreement about the new thrust that ought to be adopted but I am going to widen that approach after the election, we won't just do it though EPAC we'll try and talk through the community as widely as we can and see what the community believes is the best way for individuals and groups and companies to pay some portion of their resources to government so that government on behalf of the community can deliver the sorts of services, in defence^{and education} and so on that the community wants. Now that's essentially what taxation reform should be about. To try and get the community to say this is how we want our resources in part to go to government. so that you, government can do the sorts of things that we the community want. Now that will be a long and thorough-going process. As I say, we will be distinguished from our opponents by not seeking to impose change but to develop a consensus about desirable change.

MSWhen you say that's a long process, do anticipate that there will be some results next year? In other words would you begin making changes?

PM all those processes of consultation and trying to get community consensus would enable the thing to be finalised next year, I'm not sure.

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MS ... Taking a couple of particulars, I mean you have spoken in the past about extending the capital gains tax. Do you still hold that view?

PM I said that I believe that the capital gains tax could be part, would probably be part of an overall tax system in the same way as the Liberal Party has said it in their official pronouncements recently, of their Economic Committee Report in the press recently from New South Wales, saying the same thing. But I'm not opening or closing options at this stage, any more than the Liberal Party would I think, There is a whole range of issues that should be looked at, the capital gains tax is not something that you say, yes, we want a capital gains tax, you have to ask is it a part of an attempt to stamp out tax avoidance. One of the arguments that is used by many commentators in favour of a capital gains tax is that the absence of a capital gains tax is one of the reasons why tax avoidance has been so rampant until we started effectively to move in many directions. While you haven't got a capital gains tax, some commentators will argue, it will always offer one avenue of tax avoidance. But to talk about capital gains tax and just to say it doesn't really convey anything. For instance, in any capital gains tax the family home is never included, you have got to take account of inflation, you've got to take into account losses offsetting gains, so there is a whole lot of things that you would want the community generally to be talking about, when we are looking at taxation reform, including whether they want that sort of element in a comprehensive tax system.

MS Does this mean though that you'll be going into this election without being able to spell out the specifics in the tax area?
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PM On the contrary, I'll be saying to the people what I have been saying all along the very specific thing that we'll be going to the community, we'll be involving them in an analysis of of tax. If on the contrary the, our opponents want to say that they are not going to consult the community that they have their reports which, for instance, say that the capital gains tax is an inevitable part of tax change and they are just going to use their back room boys to say yesthis this this and this..well they can say that if they like.

MS Yes but doesn't it really mean though that we'll be going into the election not really knowing what you'll be doing straight after the election in that area. Other than seeking our view.

PM Well, yes, and I'll have the record on my side because in February and March of last year I said to the Australian People we don't believe that we have got all wisdom I'll be calling the people of Australia together and their representatives to join with us in trying to work out what is the best way to go. The Australian people put their trust in me and that aproach and its worked, because we've moved this economy around from being zero growth to being the fastest growing economy in the world. Its not just because we have good ideas, we took the Australian people ^{into} ~~in~~ our confidence and joined them with us in the policy making approach. So when I say that this time I will be on a very, very good record.

MS Do you plan another economic summit soon after the election?

PM I haven't got an economic summit as such specifically in mind. What I have got in mind is to continue the process of consultation not merely through the Economic Planning Advisory Council which is, if you like , a mini summit concept, on a statutory basis with business, large and small, the trade unions, local government more.....

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state government, welfare organisations, farmers represented on EPAC will be continuing the consultation there, but I will try to widen that out further to bring as much of the community into the discussion on this matter as I possibly can. You see it seems to be implicit in your question that people don't like that sort of approach..

MS No, not at all. Why would you get that impression?

PM You play the tape

MS Well thats not my..... I'm asking you if you are going to have another economic summit?

PMWell ... to go to the election with the people not knowing what you are going to do, as though thats something not proper....

MS Oh .. right. The prices incomes accord is to be renegotiated In what areas do you expect change?

PM.... I don't see any substantial changes involved that make sense for people to review a working arrangement, but I think that the prices and incomes accord^{of} which the business community also regard itself as part now, and I want to pay great tribute to the organised business community because they were, If you like confronted in February, March of last year with an accord that had been worked out between the then Labor Party in Opposition and the Trade Union Movement. They came into the summit and they said, well now we regard ourselves as partners in this approach and I give them very very great tribute for that. So any if you like, reviewing of the working of the prices and incomes accord will not simply be with the Trade Union Movement it will be with the business community as well.

MS Prime Minister, you talk of your successes understandably, particularly the improvement in the economy and the feeling of more

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consensus .

PM I'm sorry I don't want to be rude but, I, I really do want to emphasise that it is just my successes, or the governments I'm not just engaging in rhetorics, because you'll recall that I said

MS I'm not disputing it

PM No, no, but I really do want you to understand that I've said that all the question of economic recovery and growth depends on the first thing national reconciliation. That's where tribute has got to be paid, not just to government, but to the people themselves, through their organisations. Its our success not my success.

MS Well obviously it has got to be seen partly as yours and the question that I was leading up to .. why we talk of your successes, what do you see as your major mistakes in your first term as Prime Minister?

PM ... Well I think on the question of the assets test I deliberately came out and said, well look we need to do this differently because this was something new in its approach, and in the first concept we tried to get an over-all value which included people's houses. Now the more I looked at that, the more I could see that that wasn't right that you had to exclude the home and I didn't then try and do what a lot of politicians do say oh well because I made this decision in the first place, it's right, I conceded that that was not the right approach and the home should be excluded.

MS You presumably, would not like to relive the Coombe affair either?

PM Well, what I would not want to relive is circumstances which made it necessary but look, there you have got some implication that I would have done that differently. I do not count that as a mistake more

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I have made it quite clear that if the same circumstances arose and I had the benefit of hindsight that action would be the course of action taken again. But I would hope that that would never arise again.

MS Just finally, we have just seen and heard Ronald Reagan tell the American People that he has instructed his staff to raise matters with him in terms of their moral value for the good of the people, never to discuss such issues in political terms is that the way you do it?

PM I 'm not quite sure, I mean I didn't see that. Put it to me again, that he.....

MS He wants his staff to come up with issues purely for their moral value and for the good of the people and disregard or discount and doesn't want to hear about the political difficulties that might occur or otherwise.

PM ... Mm well I just don't quite understand this aparent clear dividing line you can draw between moral issues and political issues.

MS Well is it or isn't it going to win votes?

PM.... Mm

MS Is it or isn't it going to win votes? His argument is that he doesn't care about whether it is going to win votes as long as its right for the people.

PM Well, if thats what you are saying then I'm one with him. I would've thought the whole of my career has shown that I call it as it is. I don't wet my finger and hold it up and say oh what is this going to do? Is this going to make you more popular or less popular? I've consistently and sometimes against the advice of those close to me taken positions even if its meant that there might be some immediate disadvantage. Having said that, all people in more

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politics and political leadership, are naturally enough going to look at issues in some sense as to whether it is going to be a political disaster or not. I mean no-one in politics and positions of leadership totally ignore political implications but I think there are points in your career, where you have to deal with issues and say well, it might be easier to go that way and people might understand it better, but thats not the right thing to do. So you do what is the right thing.

MS Are you excited about the forthcoming campaign?

PM I enjoy campaigns, yes.

MS On Nationwide last night, you left open the possibility of a debate with Andrew Peacock. Australian Prime Ministers have always shied away from such a situation.

PM Oh personally I don't worry about debating Mr Peacock, but I must say that his behavoir has been so appalling and has fallen from proper standards of relationship in personal terms that I have to consider whether in fact I should deal with him in that way. But I have made no decision about it .

MS But he is the alternate Prime Minister.

PM Well that is not what his own party is saying the argument is already shaping up on the non-Labor side of politics, this is an argument between Mr Peacock and his and a series of challenges lead by Mr Howard. Thats already very much what this campaign is seen as in many parts of the non-labor camp.

MS ... John Howard says that thats a good tactic of yours.

PM Well, all I can say is that Mr Peacock's supporters have in the last few days fairly assiduously tried to undermine Mr Howard, so , but that's their problem not mine, good luck to them.

MS.... Prime Minister thank you for joining me this morning and I,m more

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sure we'll talk again during the campaign.

PM Good Michael, its been good talking to you and I'll certainly look forward to talking to you again.

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