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PRIME MINISTER

PRIME MINISTER INTERVIEWED BY GLENN TAYLOR - BRISBANE CH. 7

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TAYLOR: At this stage its early in the campaign but nevertheless several subjects have emerged as election issues already. Some of them have been raised right here in Queensland - welcome to you Prime Minister. Tax seems to be becoming predominant as the issue and as you used yourself the expression - the politics of fear - today it is almost a situation of countervailing fear. The fear on the one hand of Labor's capital gains tax on the other hand your fears of indirect taxes by a coalition government.

PM: Well I don't think that adequately analyses what will be in the minds of the electorate with regard to tax as an issue. I have made it quite clear that I'm happy about tax playing a prominent part but it will be only a part that the electorate will see of the major issue in their mind, that is the economy - the management of the economy. What's happened since March of 1983 under us, including what we've done in tax and comparing that with the record of our predecessors and within that context I'm more than happy that they should talk about tax because they have the worst record on tax of any government in the history of Federation.

TAYLOR: But is there any substance in the fears raised about a capital gains tax in view of statements raised by Senator Button and also Mr Stone?

PM: No basis for fear at all. On the contrary I have made it clear over some period, before the election was even called that we were undertaking a thorough-going review

overhaul, beginning the processes of an overhaul of the tax system. See what you've got to remember is that over the last thirty-five years in this country since 1949, for 30 of those years the conservatives have been in power, the existing tax system to a very large extent represents 30 years of conservatism. The people of Australia reckon its unfair the existing tax system, and they're right, so what I've been saying is that we will have a process of review, give the people the opportunity of saying what they want to look at, what they think may be appropriate, and we have said within that the people will want to talk about the possibility of a capital gains tax. No bringing in of a new tax that doesn't exist, there's a capital gains tax there now. What a lot of people are concerned about is that the tax avoidance industry, which has flourished under the liberals has cost the ordinary taxpayer billions of dollars over the last few years because the Liberals wouldn't smash it. There is some suggestion that some refinements of that existing capital tax law may be desirable to really help have the complete armoury against tax avoidance. We're simply saying that in the review that should take place and in which the people will be able to be involved, that's something that can be looked at.

TAYLOR:

So all options will be open and one of those options may be a capital gains tax.

PM:

What I'm saying is there is a capital gains tax, the conservatives had a capital gains tax, they support a capital gains tax - its there. And Mr Peacock says he supports the existing capital gains tax. What he is saying he wouldn't look at anything, which would help close down the tax avoidance industry further. Now I believe the overwhelming majority of Australians would

like to have open in a tax review a looking-at that existing law to see whether any changes in that may make for a more efficient fight against tax avoidance. They would regard this government as being very, very short in its duty if it closed off the option of having that investigated.

TAYLOR: Coming back to my original point, if people shouldn't worry too much about a capital gains tax, what do they have to fear from the Liberals indirect taxes that you say they have in their package?

PM: Well I suppose no words are more eloquent in saying what they've got to fear than the words of Mr Howard on the 12th of March 1981 in the Federal Parliament when he told the people of Australia what they had to fear. He said why the government then wouldn't move in this direction. He said we have refused to move in the direction of this increase in indirect taxes because it would mean economic disaster, it would mean more inflation and the undoing of general economic policy. He was right then and I simply ask the people of Australia, and Mr Howard in particular, was he telling the truth in March 1981. If he was, and he was, what's different in December 1984?

TAYLOR: So on the one hand we have the spectre of capital gains being raised by the Liberal Party and on your side the spectre of indirect taxes with these sort of.....

PM: I've dealt with capital gains, here we have the reality of these people the conservatives, liberals and national party have said they've had twelve months and they've said that this is a well-thought-out policy through 12 months, and that well-thought-through policy is exactly the policy which three years ago Mr Howard said was a recipe for economic disaster. He also said on Monday night, after launching it on the Monday, he said that this was an appropriate policy, one where the Prime Minister would get tax relief of \$65 and the lower-income and a lot of other people get nothing. Now that came after

12 months of thinking and the next day someone got onto him and said we'd better not say that so he put out two new press releases saying it's not that way.

TAYLOR: If you get re-elected to office, bearing in mind that there was thirty years of a cumbersome tax system that hasn't been changed or modified in any great way, how soon would you review change, reform if you like, the Australian taxation system?

PM: Well I think the Australian people want us to do it carefully - they won't be wanting us to rush in - so I would be thinking that we would invite the people of Australia to be involved with us in this process and at some point during 1985 to have a more detailed opportunity of being involved in that process. I'll be saying a little bit more about this in some detail within a matter of days so that the people will have some concept of the timetable before them.

TAYLOR: So it's going to be tax reform by consensus?

PM: Of course. I mean what's distinguished the Australian economy under my government, what's made it the most successful economy in the world, the fastest-growing economy in the world, is precisely that's the way we went about it. I didn't sit in Canberra and say look this is a good idea, that's a good idea, that's a good idea, here it is it's done, I've talked and my Ministers have talked with the trade unions, with the business community, with the States, with local government, and we have got our ideas together and got a large degree of consensus. Now that's worked for the Australian people, it's made us the fastest-growing economy in the world. Now the Australian people are going to want us to have the same sort of approach to share their thinking with us and our thinking with them. It's worked and

it will work again.

TAYLOR:

Mr Hawke, it's said that a government's as good as the opposition that keeps it on its toes, yet you point to having so much support, and the opinion polls tend to back that up, is there a danger then, not of just smugness but of perhaps almost lax government?

PM:

No, there's no danger of lax government because we have our own integrity and incentive to good government. We have a commitment to the welfare of the people of Australia but in a sense you do touch on a relevant point. It is a tragedy I think that the Opposition is so one incompetent and out of tune into the concerns of the Australian electorate. See in the Opposition we've been sitting there - in the government we've been sitting there waiting for the Opposition, week after week, to ask questions of Ministers about their economic management of the country. We never get them. Now I think it is the case that Ministers would be more alert in the parliament, be more on their toes, if they knew that each day they were to be asked questions. So it is a terrible insult to the Australian people by the Opposition to be going on with this question about crime, spending weeks and weeks saying that I'm a crook and controlled by crooks and that sort of nonsense - everyone knows that's not true, and yet that's what took up their time.

TAYLOR:

You claimed today that the Liberals are afraid to campaign on the economy. They seem to have been campaigning pretty heavily and they've pushed tax, capital gains and other taxation matters to the forefront.

PM:

No they're not talking about the economy, they are saying that in the future they are putting up a fear campaign - look this is what the government might do in the future. They're not talking about the economy and our economic management they - you cast your mind back, what have they had to say during the campaign

about the economic performance of Australia from March 83 until November 84. What have they had to say about it? No no you're saying they are talking about the economy, well I'm asking you - they've talked about some future possibility with regard to tax, and I'm saying you tell me where they've talked about the economy, what's happened between March 83 and now, they haven't. They haven't in the parliament and they haven't in the campaign. Why? Because they know that you can't attack a government which has produced the highest rate of economic growth in the world, which is so markedly so spectacularly more successful than they were in government.

TAYLOR: How do you see the non-Labor vote going in Queensland? Those people who, no matter what you say, aren't going to vote for Bob Hawke?

PM: There are some of those yes, of course. It's very difficult to tell at this stage because Queensland's going to be a very fascinating State because the greatest bitterness and heat is not going to be between the non-Labor parties and Labor its between the Liberals and the National Party up here, that's one level of the bitterness; and the other level is of the Federal Liberals and Nationals against the State Nationals. Sir Joh Bjelke-Petersen has said back in May that he didn't want to appear on the same platform as Mr Peacock and they're having a fight as to who is the more moral - whether it's Mr Sinclair is more moral than Mr Peacock or whether they're both significantly less moral than Sir Joh - so we're going to have great debates and fights between them. Now how the non-Labor vote will be split up in those circumstances is not for me to say, but its going to be interesting to watch the brothers together.

TAYLOR: Can I get you on one specific issue as it affects Queensland - that of land rights, where the Queensland government's been very much against land rights What's your opinion on that?

PM:

Yes. I made it quite clear over recent times our position on this. The people of Australia, including the people of Queensland, in 1967 passed a referendum, by an overwhelming majority, that responsibility for land rights should be with the Federal Parliament and that is a concurrent power, but that there should be power in the Federal Parliament. Now that was in 1967, not under a Labor government, under a conservative government a Liberal-National Party government - I think they probably called themselves the Liberal-Country Party. They went to the people of Australia, in 1967, and said it is appropriate that the national parliament should have legislative power over land rights. Now what I am saying and as the inheritor of the power given to me and to the national parliament by the Liberal and National Party, I've inherited the power they gave - I'm saying that I will not seek to impose that power, I'm saying that I will consult with the States, that I'll consult with the Aboriginal people, I'll consult with the miners, I'll consult with the farmers - that process has been going on. We've demonstrated in Western Australia that we can get agreement with the miners, farmers and the State government. Now my Minister will continue this process of negotiation and consultation with the State of Queensland and if all other states can, through that process of consultation, reach agreement, I suppose it's legitimate to hope that that may happen in Queensland too.

TAYLOR:

Bob Hawke, thank you very much for joining us on State Affair.

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