



33

PRIME MINISTER

E. & O.E. - PROOF ONLY

TRANSCRIPT OF PRESS CONFERENCE - 30 JUNE 1985

PM: Ladies and Gentlemen, we now meet on the eve of the Summit. The Government goes into the Summit certain that the overwhelming majority of Australians believe that the existing tax system has virtually disintegrated, certainly to the point where they desire to have a different system - one which is fairer and more efficient and more easily understood. On the basis of that belief we have done the hard work of analysing that system and showing the ways in which we believe that the Australian community can achieve a better system. We look to the Summit now as the culminating process of the participation by the Australian community in the task of government and community working together to achieve a system which will meet the requirements of the community. I believe that the onus is now upon the representatives of the community who will gather tomorrow and the days ahead to analyse what has been put forward on the basis that the packages are made up of many elements and we trust and indeed believe that the Summit will be a sensible process of analysis of the White Paper with a view to achieving the desired outcome. Certainly the Government goes into the Summit, as I have said throughout the last few weeks, prepared to listen closely to what is put. As I said, we have discharged our obligation to do the initial work. The obligation is now upon others to participate and further the obligation upon us to be receptive to what is put. Because I believe those things will be done, I am looking forward to the days of the Summit and I am certain that as a result of the Summit itself, the Government will then be in a position to make the decisions which will be necessary to bring about a more acceptable and efficient tax system in this country.

JOURNALIST: Mr Hawke, if there was a general support for a consumption tax, but not at the rate of 12½% - say it is a lower level 7½% - would you embrace that?

PM: Well you started off with a hypothetical question. And you know I'm not terribly keen on those. But I think the comments I have made already are relevant to that question - that is we are going to listen to what people have got to say. And if that was something that was to emerge quite clearly, then obviously the Government would have to take that seriously into account.

/2...

JOURNALIST: Prime Minister, the Treasurer said he has killed off that option.

PM: Well I didn't see all of the Treasurer this morning on your program, Laurie, but the part I saw didn't leave me with the impression that he was saying that he had killed off anything.

JOURNALIST: He said a week ago he'd rather

PM: Sunday was today, not a week ago.

JOURNALIST: It doesn't change every day, does it, Sir?

PM: No it doesn't. I listened to what he had to say this morning. What he had to say this morning was totally consistent with what I have just been saying, and saying right through. That the Summit is real as far as we are concerned. We are going to listen to what is said. And any part of what has been put by the Government is open for consideration. And if we could be persuaded that there was a better way of doing it, then that would be done.

JOURNALIST: Mr Hawke, are there any circumstances in which you would go ahead with a package with which the ACTU explicitly disagreed?

PM: Well again, all the questions are in this hypothetical vein. I mean, I have made it clear that one of the nine principles - that is the seventh principle - is the sensible one that would require the support of the trade union movement to avoid any suggestion of double dipping or double compensation. Now I can't contemplate a position where even if the ACTU didn't entirely agree with everything that came to be included in the subsequent Government decision, that they would recant on the clear statements they have made through their Secretary that there is no way in which the trade union movement can look at double compensation. And I believe that that covers the situation which you are talking about. This Government is not going to be adopting a position - nor was principle seven ever meant to be one - that we would only do what the ACTU agreed with. It has never been our position on any other issue and it is not on this. And if a situation emerged where a package was different from what the ACTU was saying was its totally preferred position, I still would not expect them to move away from the clear statement that they made before. You couldn't have compensation via the tax system and then seek to get it another way as well through wages.

JOURNALIST: Mr Hawke, do you think that the ACTU is moving towards accepting Option C or moving away from that?

PM: Well I don't really know. They are meeting here today.

JOURNALIST: You had a meeting with them last Wednesday though so you should ...

PM: I spoke to some of them last week. They will have their meeting today. It would still be my view that the ACTU will go into the Summit with its options open, that it will want to listen to what is said. It won't have a final position before going into the Summit, nor I imagine will it have a final position on Friday at the end of this week. If it is sensible - and I believe it is - it will listen to all of the arguments, all of the expositions and will consider them subsequently. So what they are moving to, I'm not sure. I believe that they will have been testing, and have had tested some options of their own. They will be wanting to make judgements about the outcome of that testing, I would think.

JOURNALIST: When is the latest date they should make a decision do you think?

PM: I don't understand your question.

JOURNALIST: On their preferred position.

PM: I don't understand your question. When should they. It's not for me to tell them when they should. That is their business.

JOURNALIST: Is it true on Thursday night, Mr Hawke, that Mr Kelty told you that Option C was not on?

PM: I don't intend to go to any of the discussions that were - details of the discussions that were held.

JOURNALIST: Mr Hawke, are there any arguments you have heard over the last four weeks which would convince you that Option C is perhaps not the best route to take?

PM: No, it is one of the interesting things that has emerged. No-one has come out with a clear alternative. Understandably there have been questions about elements of the Option C - as to whether the judgements that have been made about the inflation rate are correct; whether the savings ratio and expenditure patterns are appropriate; and other elements about the compensation package. Now, all I can say is that I have looked at the arguments that have been put and to this stage none of those arguments about the important elements of C have destroyed my confidence in the adequacy of the assumptions in C or the adequacy of the compensation package. Now that doesn't mean that in the days ahead there may not be more work emerges - the result of more work. But I must say that at this stage I believe that the option C looks as though it is the best way of going about it, if you are in fact going to achieve the most substantial cuts in direct taxes that are possible and also ensure that those who currently don't pay any tax are brought, as far as possible, into the taxation net. But I repeat, I will be listening closely to what everyone has got to say during this week and it may well be that some modification is required.

JOURNALIST: Do you concede that the week could end without agreement at all?

PM: I have said all the way through that I regard it as unlikely that you could get consensus at this Summit. I don't think on an issue like tax reform that you will get total agreement on anything other than the issue that the existing system is no good and needs to be changed. I think you will get just about total agreement on that.

JOURNALIST: Well what is your definition then of broad support. Does it have to be 60% of the Summit agrees to Option C or what?

PM: I said quite clearly very early in the piece that I don't think the Summit is going to be one in which you have hands being put up. And I said quite clearly before that you just look at the composition of the Summit and it is not one that will lend itself to that arithmetic sort of judgement.

JOURNALIST: What will have to happen at the Summit for you to consider it to be a success?

PM: Well, firstly, there would need to be an approach by the participants which went beyond just pushing of their own particular barrows or self interests. I mean, if we just got a succession of speakers getting up and putting their own case, their own constituencies case, then it would not have been a success. It follows that what you will be wanting is a Summit in which people are certainly putting their views - putting them strongly and explicitly - where they are prepared to listen to the points of view of others - and I think if that happens then you will have the elements of a successful Summit. Certainly from our point of view as a Government, we want to hear people getting up there, not simply saying indirect taxes are regressive, because after all we do know that. What we would want to hear is detailed argument as to why the compensation package didn't meet adequately if it was so believed, the needs of those who would otherwise be hurt by the regressiveness of an indirect tax package. Now, if people contribute, as I believe they will, to the Summit in that way then I believe it will be a success.

JOURNALIST: What will you be saying to the farmers tomorrow.

PM: Well I'll be doing them the justice of not having it put out in the papers for them to read in the morning. I'll be talking to them directly, not second hand.

JOURNALIST: How will you in the end assess the degree of public acceptance that you say is a prerequisite for implementing any substantial changes. Will this be by opinion polls or political intuition.

PM: I don't know that it will be by opinion polls. Its a very important question, it is similar to the one that was asked before. I guess it will be a combination of things. It will certainly be a listening to, and then a subsequent reading of all the things that are said at the Summit. It would involve, I would suggest, also following the Summit, the testing out with a number of people, whether if having listened to what was said and that having raised in the minds of the Government certain question marks of the total adequacy of what we were doing, and then said to them, now would this, perhaps, adjustment meet your concern. Then picking up their reaction to that. So it will be a mixture of processes that we'll have to go through to try and satisfy ourselves, following the Summit, that we have taken into account, as sensibly as we can, those things which do seem to have a fairly substantial body of backing. And we're certainly not going to be adjusting to every single thing that's said. I mean that's not the way to go about Government. But if in fact you did see that there was something of fairly specific concern and you thought that you could meet that concern, then subsequent to the Summit you would be testing people out, and getting their reactions.

JOURNALIST: Prime Minister how would the Government respond if it went ahead with Option C, and subsequently found that one or more unions attempted to double dip. What mechanism have you got for dealing with that.

PM: Well you've got this stage first of all. But of course you would be saying to the Commission clearly what the position of the Government was, and the position of the ACTU. As has already been said, that is that double compensation is not on. And so you would be attempting to use the authority of free institutions, the Government, the Commission and the ACTU to ensure that didn't happen. And I would expect that employers would be singularly reluctant to admit a claim for an adjustment of wages where it could be clearly established that that amount had already been more than provided by the tax system.

JOURNALIST: But if the employer caved in would you envisage sending a reference on to the Prices Surveillance Tribunal.

PM: Oh I mean we haven't got that far down the track.

JOURNALIST: All things considered Prime Minister do you think this will be the last summit on any topic?

PM: No I don't see why it should be. I mean that seems to imply that one wouldn't have wanted to go ahead with this Summit if you'd had your thinking again. I've said on a number of occasions in the last few weeks that nothing has happened in any way, quite the contrary, I'm more than ever persuaded that it's sensible to have this Summit. Now I haven't in my mind at this stage any other particular issue that I can see down the track which would require it. But it could be, I don't know, I haven't got anything else in my mind at this stage. But I'm certainly glad that we're having this Summit, and I'm sure that the Government's thinking in meeting the wishes of the Australian people, will be assisted by it. I mean after all, I mean just think of the facts of what we're dealing with. If there's one thing that's certain about the whole tax debate, it is that the community wants change. That's certain. Now, the imposition of changes in the past, by the Conservative parties, has resulted in a total, not merely a mess, but a system which is manifestly against the interests of the people of Australia. Now to give the people of Australia, through their representative organisations, the opportunity of participating in the creation of a useful and fair, and efficient tax system, is obviously sensible. And I'm not only glad, but proud of the fact that we've initiated that process to give the people that chance.

JOURNALIST: Can we take it from your earlier comments that you don't expect agreement on any specific package?

PM: Not on a package, Michael, I've said that right from the beginning. I don't think you could get a consensus at a Summit like that upon a total package. I think there will be elements that would come through as quite clearly as having a clear majority support. But it will be the job of the Government after the Summit to draw the elements together.

JOURNALIST: Isn't that inconsistent with Principle Nine when you refer to

PM: No it's not.

JOURNALIST: Which particular elements do you think there will be general agreement on?

PM: It would seem to me that one element that has been talked about in the White Paper and has been discussed a fair bit in the community, on which I would think there would be not absolute agreement, but general agreement, would be the concept of a national identity card.

JOURNALIST: Prime Minister to what do you attribute the reported drops in Government popularity as expressed in the Cameron Poll?

PM: Well I won't go into the details of that, but quite clearly the element of uncertainty about a tax reform has been part of it. But I'm more than confident, as I've said, during the last couple of weeks when I've been asked about this, that I believe that as we go up to the end of our term that the question of tax will be a very significant plus for this Government, and an equally significant minus for the Opposition.

JOURNALIST: Prime Minister was the ANOP research financed by the tax payer, and if so will you make it public?

PM: I think it will be made public at an appropriate time.

JOURNALIST: When is that sir?

PM: I haven't addressed my mind to that.

JOURNALIST: Mr Hawke you've said previously that you didn't^{believe} there would be sufficient time, following the Summit, to allow for any changes in the August Budget, do you still stick with that view?

PM: What we've said all along is that some elements, its possible that some elements, of tax changes could come in then, but substantially it would be post-budget. Its what we've said all along and I think the point's made in the White paper.

JOURNALIST: When would you expect a final decision upon the 4.5% consumption tax.

PM: Well, I would expect it at the same time as we finalised our position on the whole tax package. And I've indicated before that we would be expecting to finalise our position on these matters within a matter of weeks after the end of the Summit.

JOURNALIST: Do you see any need, Prime Minister, for a special Caucus meeting to discuss that decision.

PM: I would think that there would be more than one Caucus meeting.

JOURNALIST: Prime Minister you said last week that you were asking officials to check some of the White Paper's assumptions - particularly into the macro economic ... 6.5% CPI effect. Have you done that?

PM: Yes I already indicated in answer to a previous question that I had looked at this. And nothing that I've seen to this point, since I've come back to Canberra, and read on this subject, causes me in any substantial way to change the confidence that I previously had in these matters. But I will be continuing to look at further work on this, right up to and during the Summit.

JOURNALIST: Prime Minister what hope do you have for getting some form of communique out of the Summit, even in broad terms?

PM: Oh I've never thought really that any substantial communique would be likely. Certainly not comparable to the April 1983 Summit.

JOURNALIST: Can you give us some odds for Option C surviving?

PM: No.

JOURNALIST: Prime Minister, Mr Keating said he's killed off any prospects of exemptions for food. If there is an overwhelming call for that at the Summit are you prepared to

PM: That was in line with your previous question, Laurie, I give the same answer that I did before. That we will be listening to everything that is said, and all the elements of our proposals are open for consideration.

JOURNALIST: So nothing's actually.....

PM: Now come on, I've said it twice.