



PRIME MINISTER

TRANSCRIPT OF INTERVIEW WITH HOWARD SATTTLER, RADIO 6PR - 27
JANUARY 1993

E AND OE PROOF ONLY

SATTTLER: Are you going to be an asset or a liability to Carmen Lawrence at this election?

PM: I am leading John Hewson in the preferred Prime Minister stakes and every national opinion poll so I don't have any problems about entering state election campaigns but they are state election campaigns. Of their essence they are different to Commonwealth issues and therefore one can lend support as I am to Carmen and her government but I am not obviously part of the campaign in a sense that I am part of the government here.

SATTTLER: Were you invited to take part or did you invite yourself?

PM: I was over here in December I think or November and of course a week or so ago and I have seen her a number of times recently and she said come over, we would be pleased to see you here.

SATTTLER: She said we would be pleased to see you?

PM: Absolutely.

SATTTLER: Do you think the electorate will be, that's the most important part of it?

PM: I am the Prime Minister and -

SATTTLER: That may be why the electorate is not happy to see you.

PM: The fact is, well let's go on the polls. The polls say that the Federal Government is ahead and that I am at this stage preferred Prime Minister over John Hewson so I

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PM: (cont'd) don't have any reticence about coming here but again I am not trying to claim it as territory that is ours. It's obviously a state issue and how often one enters, I mean how often does a Prime Minister enter a state election, that is the question you are saying. I mean I don't know.

SATTLER: While you are here you have become involved in a public row over John Hewson's tax affairs. Why for god's sake would you do that?

PM: Because I was attacked yesterday by Mr Downer.

SATTLER: Mr Downer is a pretty junior member of the Hewson team, why would you worry about him?

PM: And by Dr Hewson today.

SATTLER: He attacked you after your attack.

PM: No, no this matter was raised not by me or the government, it came up in a book written by -

SATTLER: An unauthorised biography?

PM: Well Dr Hewson I think was interviewed by the woman who wrote the book, Christine Wallace and his tax affairs came into the public arena and I just simply made the point that it's Dr Hewson who was saying that the first national issue of note in Australian public life should be tax policy. He wants to tax everyone's expenditure and so I was pointing simply to his philosophy about taxation. If he takes the view that, particularly low and middle income people whose income and expenditure are one and the same, that is people who save nothing, spend every cent they earn, whether you tax their income or their expenditure is the same. So he is saying let's tax their expenditure with a GST but if you are a high income tax payer then he thinks apparently that you can minimise your tax.

SATTLER: Can't you legally?

PM: It's a matter of what one's moral stand is. There is no minimisation with the GST, you pay it or you don't get the goods.

SATTLER: But isn't it true your own piggery business earned \$4 million and didn't pay any tax?

PM: Totally without foundation -

SATTLER: True or false?

PM: False, totally without foundation.

SATTLER: How much did it pay out of the \$4 million?

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PM: See Howard you are asking me a question about Dr Hewson's tax. For eight months I have been attacked in the Senate at Dr Hewson's behest by Senator Baume -

SATTLER: Who you are now suing?

PM: No I don't remember you ever saying to Dr Hewson on any radio program, why are you getting to the Prime Minister, Dr Hewson about his personal affairs? Why have you done this for eight months? No one said that to him, so one mention from the Government and then it's all a matter of high notoriety.

SATTLER: But the point is you have been the Treasurer or Prime Minister for all of the time Labor's been in power. Now if Dr Hewson is doing things illegal that's another matter but this has all come about -

PM: Look, look I am just simply making a simple point. It's a matter of philosophy, he is saying that if you are an ordinary wage and salary earner he is going to tax everything you consume and your services bar certain food items, certain food items, but everything else, your shoes, clothing, household materials, your dry cleaning, it doesn't matter what it is and your gas, your water, your electricity and you can't avoid it because you pay the tax, that's it. You can't minimise it but if you are on the income tax side it's a matter of where his philosophy is whether he believes one should be able to minimise tax.

SATTLER: You believe that don't you if you can do it legally?

PM: One shouldn't need to pay more than their fair share of tax but it's a matter of whether in this case what appears to be the case, and he hasn't refuted the claims made in the book, is that he's tried to make a private expense into a business deduction, that's the point.

SATTLER: He is trying to make the best of Paul Keating's policies.

PM: No, no, no leave me out of it.

SATTLER: You have been the Treasurer or Prime Minister -

PM: I am not the Tax Commissioner.

SATTLER: You are the government you set the rules.

PM: But I don't peer over Dr Hewson's shoulder when he is filling in his tax return, that's for him to do.

SATTLER: Just put those headphones on for a moment because I have got a cut of a speech you made in 1988 and I would like you to respond to this.

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PM: "..... anyone in this country who has wealth, income are mostly incorporated. I guarantee you half the press gallery is incorporated and it is entirely sensible. I am not attacking you for it, it's the thing you do when the tax system urges you to do it."

SATTLER: That's what you said in 1988 to the Press Club.

PM: I'll say it again, no problem at all.

SATTLER: But you seem to be encouraging people -

PM: But look Howard your listeners don't have their mortgage payments deductible against their income, do they?

SATTLER: Well some do, some don't.

PM: That's the point, that's the point. That is, what is a private expense and what is a business deduction? An incorporation is beside the point. You incorporate if you are running a business, if someone is a business person selling radio services you may well be incorporated and that would be fine. If somebody is providing accountancy services they could be incorporated. They are providing a service and the incorporation covers them against limitation of liability etc. The whole question goes to one's philosophy about taxation. I am not the one proposing to put a GST on everybody's back, John Hewson is. He is the one that has got to answer the questions.

SATTLER: You are saying if I am right that this revolves around something which you should not have been able to claim company expenses for. Is that right?

PM: I think it's a matter of how one exploits the tax system and what one's philosophy is about it. For most people that is a matter not of such consequence but for Dr Hewson he is proposing to levy a GST which is equal to half the income tax of Australia. The GST's proceeds are half the current Commonwealth income tax, that's how big it is. He is campaigning on a totally radical change to the tax system so one has to be quite clear about one's philosophy in these respects.

SATTLER: Your track record in the tax area, your personal record isn't perfect is it?

PM: In terms of tax changes?

SATTLER: No, no your personal tax situation. You failed to lodge returns at least once.

PM: I failed to lodge a return but it was a return where I was in credit, I wasn't in deficit. I didn't owe money I was owed money, I was owed money but it was late.

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SATTLER: But I just wonder whether or not from an electoral point of view you are getting yourself into an area which might rebound on you.

PM: Howard, look let me say this. When was the last time you had John Hewson here?

SATTLER: I had him last week as I understand it.

PM: Why didn't you ask him why did he attack me for eight months in the Senate? Did you?

SATTLER: No I didn't ask him that.

PM: Why didn't you?

SATTLER: I was doing an interview about his wife and what role his wife was going to play if he became Prime Minister.

PM: But why didn't you ask him, I mean this has been a matter of public notoriety?

SATTLER: Because it wasn't in the context of the interview.

PM: Okay that's a somewhat disingenuous answer you agree?

SATTLER: No I don't.

PM: No well of course -

SATTLER: Well next time round when he is sitting here on his own like you, I mean next time if you bring Annita with you I suggest I would be talking to her about the role she is going to play -

PM: That's fine, I am just saying to you, this matter has been reported in The West Australian over the months. He has had Senator Baume in there without any justification, without any basis, without any substance, attacking me under parliamentary privilege -

SATTLER: And you are suing Senator Baume?

PM: Finally of course he started to say things without the parliamentary privilege and I took the first opportunity to respond to him. Nobody asked me on radio about that, no one asked John Hewson on radio about it. The only journalist as far as I know in this country who raised it was Alan Ramsey in the Sydney Morning Herald.

SATTLER: Will Parliament be recalled on February 23 as scheduled?

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PM: Yes.

SATTLER: And will you be happy to take questions about your personal tax situation and his?

PM: Mine is as clean as a whistle, there is no problem about me I have got a small interest in a piggery, simple as that. There must be thousands of farmers in Western Australia, my situation no more or less complex than that.

SATTLER: How much money have you got in the piggery?

PM: That's all a matter of public record.

SATTLER: Don't you know?

PM: Yes, I have got about \$400,000 in it.

SATTLER: That's a small investment?

PM: For piggeries these days, for a farm, farms are quite capital intensive things but I don't remember anyone asking Doug Anthony, who was deputy prime minister about his piggery. I don't remember anybody asking Malcolm Fraser about his farms but you see there is one rule for the coalition and one rule for Labor.

SATTLER: Could it be that you have set new rules, new standards about getting personal of people and -

PM: No, no just understand this I have never attacked people about their personal affairs, never.

SATTLER: - include what you are saying about John Hewson in that category?

PM: In Parliament, in Parliament, I will defend the government's policy, I will put a view aggressively but what I don't do is use the parliamentary privilege to hop into people's personal affairs.

SATTLER: But if you recall Parliament as planned on the 23 February will you be prepared to take questions about the piggery, because I am sure you are going ask questions about John Hewson?

PM: I have been sitting there for eight months in the House of Representatives, every day prepared to take questions about anything and John Hewson wouldn't ask me. You know why, because there was nothing in it? He was happy to have someone do it in a cowardly way up in the Senate under privilege and at least one journalist said, if these questions are so important Dr Hewson why don't you ask them in the House of Representatives? One journalist put a note into his office saying, here was the reply, no reply came because he knew it was just basically a scam and a shambles.

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SATTLER: Were you accusing him of being gutless?

PM: I am accusing him of trying to disparage me under privilege in another chamber. He is out saying Keating plays it tough, he hits us in the jaw, he does this, he does that but what I don't do is use parliamentary privilege to make defamatory claims about members of parliament, I have never done that.

SATTLER: You said this has been talked about for some time and we have spent a bit of time on it today but I just wonder whether all this personal squabbling between you and John Hewson about your own personal affairs isn't irrelevant to the main game?

PM: Let's make this clear. I gave a major speech to 1,500 people in the convention centre in Sydney the day before Australia Day associated with the Sydney 2000 bid. On Australia Day yesterday I gave a major speech to the country about all the great public issues. Last week in Melbourne I gave a major speech about education and the fact that they are not being picked up in the media is not my fault or the Government's fault. It's the priorities which people in the media put on news.

SATTLER: Yes, but I have got a feeling the electorate, the people in the real world would be saying can we just get on with the real job here.

PM: Why don't the newspapers report the real speeches, why isn't the messages of Australia Day in a thirty minute speech or the day before reported broadly?

SATTLER; Are you sure?

PM: Because the media is always looking around for something which is more inflammatory.

SATTLER: Do you agree Prime Minister that discussion and quite expansive discussion today all over the place about Paul Keating's piggery and John Hewson's minimising tax should be dispensed with?

PM: Put it this way, it was not the Government who raised this matter. Let me remind you this was raised in a book by somebody totally dissociated with the Government. In fact a former Liberal Party staffer, a former Liberal Party staffer who wrote a book, not me, not at our urging, it just appeared two days ago.

SATTLER: But why are you even bothering about it?

PM: Because Dr Hewson wants to put a consumption tax on everybody's back.

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SATTLER: So if someone writes something about John Hewson minimising tax you will use that to beat him over the head over his GST?

PM: Just to make the point that he is not entitled I don't think to be asking people to pay through the nose with the GST while reserving the right to minimise tax.

SATTLER: Other issues which again are not main issues but ones which certainly got a lot of feedback over here were the issue of the Speaker, Leo McLeay, I think he is a friend of yours and I think he is from the same faction as you.

PM: Can I just interrupt you there. Here you are Howard saying a minute ago that we would be on the main issues and what do you do one minute later, you are onto some side event that just doesn't matter.

SATTLER: What I am saying is the electorate, the talkback callers in droves were ringing up and saying why is this man getting \$65,000 for falling off a bike he shouldn't have been riding? They say it's symptomatic of the Government that doesn't care.

PM: It's nothing to do with the Government.

SATTLER: Didn't the Government finally approve the -

PM: It's not the Government it was done through the established Commonwealth processes, all set up within the -

SATTLER: But you are for a fair and Australia -

PM: Listen, look, two days ago, for two days I gave major speeches to the country about Australia's place in Asia, about the need for Australians to mount the challenges that are confronting us, about the need to get investment and employment back. About putting research and development and education back high in the constellation of our national affairs which again I was doing today with Carmen Lawrence. They are the subjects that I have elected to speak about but it's very hard to get any coverage for them and I had some people say to me on Australia Day, those who attended the convention centre, some of the 1,500 who attended the convention centre in Sydney the day before how scandalous was the scant reporting of what I said, you see.

SATTLER: I have heard John Hewson complaining that he is not getting a fair go from the media.

PM: I don't mean a fair go, no, it's about whether the media focusses on trivia or on substantive national issues and you just a minute ago said, I am not quite sure whether you understand what you said to me. What you have said to me was why are you on this and not on the major issues?

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SATTLER: Why are you?

PM: Yes, and then a minute later you ask about Leo McLeay's compensation claim.

SATTLER: But I prefaced that by saying we have had heaps of calls on it, the public think it's a big issue.

PM: The job of people like you and me is to say the real issue is to make sure that the basis for growth and employment and wealth and prosperity are progressed in this country. They are the real issues.

SATTLER: They are the thing that people believe that you should be doing.

PM: That's what we are doing, that's what I devoted Australia Day to and the day before to and last week a major speech on education.

SATTLER: But an appeal to national pride on Australia Day which by the way and this is another issue I might put, you might think it's an issue that's not of great importance but an Australia where half of the country celebrates the national day one day and half on another day, I mean surely that's symptomatic of the malaise of Australia.

PM: I think that's coming together next year.

SATTLER: Is it?

PM: I think so.

SATTLER: But why didn't you step in?

PM: I think it will all be on the one day.

SATTLER: What do you think of the Government here decreeing it will be next Monday, forget your Labor affiliations?

PM: I think Australia Day should be acknowledged across the country on the one day, on the 26 January. That's what should happen, that's the sensible thing to happen.

SATTLER: Is that the right day too because a lot of Aboriginal people think it's not, they think that's the day when they should be mourning. I wonder when we become a republic, and I underline that when, and if you are around at the time how about making that our national day whenever that happens?

PM: The 26 January is the day we celebrate as the day of our settlement, our first day of our settlement, European settlement in Australia and no doubt if you were part of a nation dispossessed you would have a jaundiced view of

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PM: (cont'd) the 26 January too and that's why it is important that Australia move ahead as a country where these differences are basically reconciled. That we put behind us our history.

SATTLER: Could that involve changing our national day to another day which everybody supports and may be that would be the day we became a republic, think about it?

PM: I will take it on board.

SATTLER: What do you think about it?

PM: I think the 26 January is a legitimate day of celebration in Australia and I think the more important issue is though these questions of reconciliation with the Aboriginal community, that is it should be that all Australians, the first Australians and those of us who have followed all the regard the place as their home and that we can all see it as our home.

SATTLER: Under federal Labor, you as Treasurer and now Prime Minister, we have suffered and I don't think you would disagree with that, post depression record unemployment, correct?

PM: Yes but let me remind you when I became Treasurer there was six million people in the workforce, there's eight million today, that's a quarter bigger. New Zealand which you hear about across the water from Dr Hewson and his pals has fewer people in work today than they had in 1983. We have got 26% more people in work today than we had in 1983. Now unemployment is high, too high and we have got to get it down but we have kept, the key numbers are these. In the 80s we created 1.75 million jobs, in the last three years we have lost 300,000 of them so we have gone 1.75 million is now just under 1.5 million.

SATTLER: We can't keep up at the moment can we?

PM: What's happening is we are going through slower growth and also a productivity binge. I mean companies are getting more output from fewer people. The economy is now so efficient and companies by and large are so stripped down that they are getting the same or more output from a smaller workforce. Now all that means is we have to actually have more growth and more activity so that even more output comes from the economy so we will start to rehire people and we are reaching the stage where companies won't be able to wring any more, squeeze any more juice from the lemon, that is they won't be able to get more output from the same workforce and they will start to have to rehire. Now the economy has been growing -

SATTLER: You are painting a picture of them almost beating them to work harder.

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PM: No, no what's happened is we have had a big rise in productivity. Now what that means is we are getting more output from fewer people so that's good but it's not good for employment so to make it good for employment we have got to get more growth again. We are growing at the moment faster than any other OECD economy and as our economy picks up particularly if the US picks up and we get a bit of help then we can get back to rates of growth which will see employment pick up. We did phenomenally well with employment in the 80s and it's a great pity that we dropped off the pace but the good thing about it is we kept most of those jobs and what we have now got to do is start growing again, growing in employment again.

SATTLER: John Hewson suggested that interest rates may go up before the federal election. Can you give any guarantees that they won't?

PM: John Hewson has all these predictions which are always at the national expense. He is saying the exchange rate we can't afford to fund Reserve Bank interventions on the exchange rate. He makes comments about interest rates, all these things are not designed to produce confidence in financial markets and frankly I don't think there is much benefit in political leaders making those sorts of claims.

SATTLER: I know you can't tell us that you think interest rates are going to go down but can you give any guarantee that it won't go up before the federal election?

PM: I am not giving guarantees on radio stations about interest rates. It's just a wrong place, we run monetary policy in this country between the Government and the Reserve bank under an Act of Parliament the Reserve Bank Act which requires a government and the bank to agree and I don't make pronouncements about rates without speaking to the Governor.

SATTLER: Will they stay the same?

PM: It's not for me to say. We have got inflation low that's the main thing. The main reason that interest rates are down to these levels, bill rates of 6.75% is because we have got low inflation and low inflation -

SATTLER: We have got that because people can't afford to buy what they used to be able to.

PM: We have got low inflation and we are going to keep it. It took us 20 years to break the back of inflation we have got it's back broken and now if we keep it's back broken we can keep lower interest rates.

SATTLER: Go out as far as you can, when are you going to let us know about the federal poll because that can create

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SATTLER: (cont'd) uncertainty. What's the last time you will be able to tell us there is going to be a federal poll?

PM: I think the Parliament can meet three years after it first met in the ensuing Parliament, that puts I think an election needs to be held around the first week or so of May.

SATTLER: You don't want it that late do you?

PM: It's a matter of what the Government thinks is fair and reasonable.

SATTLER: No, it's a matter of what you think.

PM: More particularly, all of us in fact.

SATTLER: You can't just sort of wake up one morning and say I'll have an election today.

PM: No, I pick up cues from the electorate and the cabinet and in this system the Prime Minister has discretion over the election and -

SATTLER: Could you win if you called it now?

PM: I think we have a very good chance of winning, yes.

SATTLER: At least even money?

PM: At least, at least even money. I mean the polls say we are in front.

SATTLER: May be it's time to go.

PM: We are a reasonable chance. I mean Dr Hewson was telling everybody last year we were going to have an election in March, then we were going to have an election in June, then we were going to have an election at the Budget, then we were having an election in November, an election before Christmas, so the best thing you can do is the three years -

SATTLER: Why didn't he give you a call?

PM: The three years come around in March. The Government was elected in March '90 so the three years in March but the Parliament runs until May, so the short answer is between now and May.

ENDS