



PRIME MINISTER

FOR MEDIA

SUNDAY, 18 JULY 1982

ELECTORATE TALK

In the last two weeks, the Labor Party has shown plainly that it lacks the stability which Australia wants, and the policies which Australia needs. Our job is to face squarely the economic difficulties the world is experiencing and which are now hitting Australia hard.

The Government's policies are right for Australia's circumstances. The Australian community wants the Government to tackle economic problems realistically. Our policies have helped cushion the impact of the world economic downturn on Australia. What Australia needs above all is a willingness to work together at all levels, for it is by working together, by making the most of our advantages, and by encouraging the initiative of Australians, that we will achieve our economic goals.

The policies which Labor has adopted would take Australia down the wrong road entirely. At a time of real difficulty for the mining industry, the Labor Party would inflict a resources tax. Surely we want to encourage investment in the mining industry, so that Australia will be in a position to take advantage of any upturn in the world economy.

Labor's extra resource tax can only discourage mining investment, especially when miners generally are not making substantial profits. It is naive to think the new tax resource would replace state taxes, it would be additional because the state premiers would not be willing to give up their taxes to the Commonwealth.

Or take Labor's uranium policy, they want to shut the industry down. It is all very well for people in a country like Australia rich in natural resources, with no foreseeable need for nuclear power, to talk about leaving uranium in the ground. But there are countries which need the uranium which we can supply to meet their energy requirements. Labor's amended policy nowhere says that existing contracts will be worked out. Mr Hayden has said that any suggestion that Labor has abandoned its opposition to uranium is a "travesty of the facts". In seeking to close down the uranium industry, Labor policy ignores our responsibilities to others, and denies jobs to Australians and export income to Australia.

Take capital gains taxes. Labor wants to strengthen an existing section of the Income Amendment Act to make it work as an "effective tax on realized capital gains and profits." But we are not told what the changes would be. Senator Evans has said he said he has a secret draft of "a rewritten Section 26(a) which will do the job which we want to do", and we are entitled to believe it will be a capital gains tax by stealth. At a time when most people think the burden of personal income tax is too high, Labor is also committed to reducing the incidence of indirect taxes, which could only mean higher income taxes under Labor. By favouring increased progressivity of the personal income tax supply, Labor wants to push the higher tax rates still higher. That would reduce incentive, it would reduce productivity, and increase the anti-social tendency towards tax avoidance.

The Labor Party has declared its socialist commitment to redistributing income in Australia but its factions disagree profoundly on the means. Probate tax is one means favoured by Mr Cain in Victoria. Mr Cain was proclaiming the virtues of probate for Victoria at the time when Mr Wran was boasting of abolishing it in NSW. Mr Cain's probate tax - at 39¢ in the dollar - will be a cruel expropriation from hundreds of people who had worked hard to secure their own, and their children's future. The limit of \$200,000 is not high enough to protect many ordinary people with normal, suburban homes, people with small businesses, and those with a home and superannuation.

People who want to start a business will leave Victoria. The value of houses will fall. There will be more and more empty houses as people who are retiring leave for other states. There will be less work in the building industry. There will be fewer jobs. Mr Cain's probate will damage Victoria's economy by turning away investment, and cause an exodus of Victorians.

The substance of Labor's National Conference was summed up in the attitudes on wage indexation. The Conference firstly voted to reject a proposal for full quarterly wage indexation in its economic platform. By itself, that would seem like a rejection of a dangerously inflationary wage policy. But then two days later, in its industrial relations platform the Conference made a commitment to work towards automatic full quarterly indexation. I suppose that when Labor spokesmen talk to business groups they give them the first version, and when speaking to trade unions they use the second version.