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PRIME MINISTER

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ELECTORATE TALK

All Australians want the opportunity to plan ahead and make the most of their talents. We are a people that reject the unnecessary intrusion of Government.

That is one reason I made it clear this week that the Coalition Government was flatly opposed to the introduction of a Capital Gains tax. This is a tax that would stifle incentive, stifle development.

A Capital Gains Tax would not only hurt large companies, but would devastate hundreds of thousands of Australian farmers, small businessmen, shop keepers and the like. It would cast a blanket over initiative and enterprise.

Over the last few days the Australian Labor Party has reaffirmed its commitment to introducing such a tax if given the chance. The Leader of the Opposition repeated in the plainest terms Labor's determination to introduce such a confidence destroying tax.

Apologetically, he says such a tax would not include many people. He forgets that tens of thousands of farmers alone with capital stock, equipment, plant, land and the farm homestead itself, would become instantly eligible for Labor's special Capital Gains Tax. This would be a farmers tax.

The farming community and business, large and small, are now just starting to get back on their feet after many lean years. Yet Mr Hayden wants to weigh in with the killer punch - a tax on capital gain - the very essence of a free enterprise society.

I do not believe that the Leader of the Opposition can deny categorically that no pensioner, no small businessman, no householder or no owner of a farm under 100 acres would not be affected by his Capital Gains Tax scheme.

A tax on capital is a tax on enterprise. It is a tax on job creation. Taxing the income generated by capital is a fair and proper means for government to raise money. But to tax the capital itself is to launch a tax on employers in the cities and on the land, and to strike at their ability to provide jobs.

It is a pity that Mr Hayden and Mr Willis, the ALP's Shadow Treasurer who this week also called for a tax on capital, failed to heed the advice of a former Labor Treasurer, Mr Crean.

In 1974 Labor announced that it would introduce a Capital Gains tax. Mr Crean could not say how much it would raise, gave no estimate of the possible revenue, and admitted that its introduction would be delayed because "There are many complex technicalities involved and extensive anti-avoidance provisions will be required." Eventually the whole misconceived idea was abandoned.

Your Government has firmly rejected such a tax -- but the Labor Party continues to espouse failed tired old policies that almost wrecked Australia. They are still talking about abandoning the investment allowance that has done so much to help industry. They are still talking about a resources rental tax and a tax on capital gains.

This is the kind of thinking -- and the kind of economic management -- that killed off development of our mineral resources and bought the search for oil and gas to a standstill. They are the kind of policies that destroy initiative, enterprise, investment and development. They are the kind of policies Australia can do without.

Australia today is moving ahead with purpose and confidence. Manufacturing industry is becoming competitive again, mining investment is moving forward, oil exploration and development is taking place because of the Government's crude oil pricing policies.

At the same time, this activity -- this confidence in the Government's economic management -- is creating new and permanent job opportunities for Australians. A return to the Labor recipe, to Labor's high taxes, would put us back to square one.