



EMBARGO: 5:00PM

PRIME MINISTER

FOR MEDIA

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ELECTORATE TALK

The Cain Labor Government's new probate tax is punitive and discriminatory. It is not just a tax, it is a confiscatory appropriation. Thirty nine cents in the dollar is a punitive rate by any measure, and the rate is the same whether you are at the bottom or at the top.

It is not a tax on the rich. The limit of \$200,000 is not high. Many ordinary people with a house and a superannuation policy will be caught. People with a house and a small business are almost certain to fall outside the limit. Without doubt, probate will damage Victoria's economy enormously.

If this new tax becomes law, it will cause an exodus from Victoria, as retired people go off in even greater numbers to Queensland. House and land values in Victoria will go down. People will see the assets they have built up for themselves and their families decline in value.

Ironically, it is the ordinary home-owners and home-buyers in suburban Melbourne who will be amongst the hardest hit. The value of their homes will fall. Worse still, Mr Cain's new tax will stop people investing in Victoria. Who will start a business in Victoria if they cannot leave it to their children without probate? Mr Cain's probate discriminates against the family business, and takes away the incentive to work hard - the very thing which has helped build Australia up.

No-one outside this State will want to invest in Victoria, because every single dollar of assets which non-residents hold in Victoria can be liable to probate at the full rate of thirty nine cents in the dollar.

Labor has claimed that probate will only hit a small percentage of estates, but that claim seems largely guesswork, and when you take account of the exemptions that are in the Bill, especially the exemption for spouses, it is certain that a far higher percentage of families will be hit.

I am certain Mr Cain knows that exempting farmers from probate will be divisive. It will lead to great resentment against the farming community amongst those who are not exempt. Labor has never understood, or sympathised, with our farming communities, so Mr Cain would not care about arousing hostility towards the man on the land. There is only one way to prevent this - to withdraw probate duty altogether. I am sure farmers were exempted because Mr Cain knows their returns are too low for them to put aside money for probate. But by taxing others in this divisive

way, especially small businesses, he has shown a blatant disregard for them and for the community as a whole.

It is natural for people to want to build up assets and leave what they have accumulated to their families and children. Mr Cain's tax is socialism at its worst. Dogma has gone to his head. What can he be thinking of by exempting estates left by children to their parents and grandparents?

The natural thing is for parents to leave property to their children. This is what Mr Cain should exempt and abandon this unnatural tax.

Victoria will be the only State with probate if Mr Cain goes ahead. Why does Mr Cain want probate when even Mr Wran has abolished it? If probate is imposed on Victorians, New South Wales and Queensland will be the beneficiaries as people leave the State of Victoria and take their assets with them.

Probate was always one of the most hated and vicious forms of tax, and Mr Cain's proposal, with its high rate and its selective exemptions, is a particularly vicious form of probate. Taxes on the living are high enough without taxing the dead.

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