



PRIME MINISTER

**STATEMENT BY THE PRIME MINISTER, THE HON P J KEATING MP
THE COST OF A 15 PER CENT GST ON AN AVERAGE FAMILY**

An average family with children with both husband and wife in employment and an income between them of \$50,000 would be \$75 a week worse off because of a 15 per cent GST.

This figure assumes that basic food is untaxed and that 50 per cent of the abolition of the wholesale sales tax is passed on to consumers.

This means that consumers potentially face a rise of 9.2 per cent in prices because of a 15 per cent GST before receiving any supposed relief through the abolition of payroll tax and lower fuel excise. This is based on Dr Hewson's estimates of what revenue a 15 per cent GST would raise after the wholesale sales tax is abolished allowing for the exemption of basic food. It is also based on estimated private final consumption expenditure in 1990-91 adjusted for taxes.

This \$75 loss to an average family is absolutely guaranteed if Dr Hewson is elected on 13 March 1993.

What is not guaranteed is that Australian families will be fully compensated.

Dr Hewson's compensation package cannot be funded. This was always the case but in the last few days any semblance of plausibility has been stripped away with the discovery that Dr Hewson has an \$8 billion hole coming from the fact that Telecom is only worth \$12 billion, not the \$20 billion he has claimed.

On top of that, consumers are most unlikely to benefit from lower petrol prices.

The States will be forced to put up their petrol taxes because Dr Hewson will cut State grants and will not properly compensate them for the abolition of State payroll tax. As the NSW State Treasury has informed Premier Fahey, the NSW State Budget will be out of pocket by between \$300 and \$400 million per annum because of Dr Hewson's policies.

Dr Hewson will also impose a road user charge after the election although he will deny this.

Now Dr Hewson is claiming that not only will families be fully compensated for the GST, they will actually be \$56 a week better off.

He is also saying that the GST will lead to a \$20 billion boost for business.

Dr Hewson's fantasies know no bounds.

There is no way that Dr Hewson's numbers can add up.

Everyone cannot magically be better off with a big new tax of 15 per cent on nearly everything people buy. There is no magic pudding.

What is real is that with a Hewson Government, Australian families will start \$75 a week worse off because of the GST and they will be on their own as they try and get this back from Dr Hewson.

There is no way in the world that Dr Hewson can deliver compensation of this magnitude. It cannot be afforded by Dr Hewson and what relief he does grant will disappear into the pockets of desperate businesses trying to weather the storm of the GST and into the hands of State Governments trying to balance their books after they have been ravaged by Dr Hewson's cuts.

As in Canada, all that a GST offers Australia is the stalling of the recovery, higher unemployment and lower living standards.

Unlike Canada, Australia can still avoid making a change for the worse by ensuring that Dr Hewson never becomes Prime Minister.

MELBOURNE
25 February 1993