



## PRIME MINISTER

STATEMENT BY THE PRIME MINISTER, THE HON. P.J. KEATING,  
AND THE TREASURER, THE HON. J.S. DAWKINS

### THE BUDGET

The Government tonight announced key Budget modifications which meet Caucus concerns and which it believes should secure passage of the Budget through the Senate.

The changes will address community concerns while maintaining the Government's overall deficit reduction strategy.

The key changes are:

- . an increase in the rebate for low income earners from \$100 to \$150 each year.
- . a reduction in the differential between leaded and unleaded fuel from 5 cents to 2 cents a litre. This will be achieved by deleting the 3 cent rise in leaded fuel proposed in the Budget for February 1995.
- . eye tests will continue to be eligible for Medicare rebates.
- . unused long-service leave lump sum payments accrued up to August 17, 1993 will continue to attract a concessional rate of tax. Future long-service leave lump sum entitlements as well as all unused annual leave will be taxed as normal income. As announced in the Budget, existing concessions will remain for bona fide redundancies, invalidities and approved early retirement schemes.

In order to off-set the impact of these measures in this financial year the payment of personal income tax cuts will be delayed from November 1 to November 15, thereby maintaining this year's deficit figure at \$16 billion.

These revisions to the Budget were discussed with Democrat Leader, Senator Kernot, Green Senators Chamarette and Margetts and independent Senator Harradine.

In addition to the measures above it was agreed with Senator Kernot that a working party of Government, Democrat and Green representatives would be established to examine ways to reduce atmospheric lead pollution.

It was also agreed with Senator Kernot that in order to reduce the cost of these measures the remaining four proposed increases of three percentage points on tobacco excise would be replaced with four increases of five percentage points.

The combined effect of these measures will mean that the prospective addition to the deficit for 1996-97 will be in the order of \$380 million.

This will see the projected deficit for 1996-97 outlined in the 1993-94 Budget Papers rise from 1.1 per cent of GDP to 1.2 per cent.

Following this evening's Caucus discussion it has also been decided to review implementation issues associated with the 1992/93 Budget decision to assess capital gains and losses on shares for pensioners.

**CANBERRA**

**August 30, 1993**