



PRIME MINISTER

STATEMENT BY THE PRIME MINISTER, THE HON. P.J. KEATING

THE BUDGET

Following meetings today with WA Green Senators and Democrat Leader Kernot and Senator Harradine the Government has reached agreement to secure passage of the second tranche of the wholesale sales tax increase announced in the Budget.

The measures meet the concerns of the minor parties in the Senate which have sought increased assistance for low income earners and the unemployed to offset announced increases in the wholesale sales tax.

The measures include an increase in the Additional Family Payment, further assistance to the unemployed, and changes to the HECS scheme and Emergency Relief Program.

The Additional Family Payment was raised in three discussions independent of each other by Green Senators, Senator Kernot immediately post-Budget and by Senator Harradine who has argued a case for single-income families.

It also proposed to limit the increase in excise on kerosene, fuel oil and heating oil to the 3 cents a litre that has applied since Budget night. To alleviate the higher transport costs to Tasmanian industry, Senator Harradine has urged that the Government increase the Tasmanian Freight Equalisation Scheme and provide compensation for the Bass Strait passenger service. The Government has agreed to such an increase.

The necessary legislation for the proposed changes will be introduced over the next few weeks.

The total cost of the measures shown on the attachment is \$17 million in this year, rising to \$144 million by 1996-97.

The Treasurer and I believe the agreed changes are a reasonable compromise which do not undermine the Government's medium-term debt reduction strategy and are consistent with the intentions of the Government for future Budgets.

Even with the proposed changes the prospective deficit remains around 1 per cent of GDP for 1996/97.

Today's agreement is a welcome development for the economy. It will help restore confidence to industry and provide an impetus to the encouraging signs of recovery already evident in the economy.

CANBERRA
October 19, 1993

SUPPLEMENTARY BUDGET MEASURES

Measure	Cost
<p>The Additional Family Payment (AFP) will be increased by \$1.00 a week per child from 1 January 1995. (AFP is paid to over 800,000 low income families who generally will not benefit from the tax cuts, although the AFP is indexed for increases in the CPI.)</p>	- 1993-94
	\$45m 1994-95
	\$92m 1995-96
	\$95m 1996-97
<p>From March 1994, Job Search Allowance (JSA) for single adults will be increased by \$3 a week. An increase of \$3 a week for single adults on the Newstart Allowance, which is paid to those unemployed 12 months or more, was announced in the Budget. (JSA for single adults is \$15 less than the single pension; JSA for married couples is the same as the pension).</p>	\$10m 1993-94
	\$31m 1994-95
	\$28m 1995-96
	\$26m 1996-97
<p>HECs charges for students taking more than the designated duration of their course of study will not be increased as had been announced in the Budget.</p>	\$1m 1993-94
	\$3m 1994-95
	\$4m 1995-96
	\$4m 1996-97
<p>The Emergency Relief Program which provides grants to non-government community welfare agencies for short-term emergency assistance will be expanded.</p>	\$2m 1993-94
	\$2m 1994-95
	\$2m 1995-96
	\$2m 1996-97
<p>The increase in excise on kerosene, fuel oil and heating oil will be limited to the 3 cpl increase that has operated since Budget night.</p>	\$ 2m 1993-94
	\$12m 1994-95
	\$14m 1995-96
	\$15m 1996-97
<p>In order to alleviate the transport costs to Tasmanian industry, the Tasmanian freight Equalisation Scheme will be enhanced. In addition, a subsidy will be introduced to offset the impact of the higher excise on fuel oil for the Spirit of Tasmania.</p>	\$ 2m 1993-94
	\$ 2m 1994-95
	\$ 2m 1995-96
	\$ 2m 1996-97