



Budget 2017-18

Budget Overview

9 May 2017

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This Budget is the next stage in the Government's economic plan, building on commitments from the 2016-17 Budget and the 2016 election.

A generation of Australians has grown up without ever having known a recession, with the nation now in its 26th consecutive year of economic growth.

In recent years the growth has been hard won and not all Australians have shared in the growth. Many others remain frustrated. Wage growth has been slow, additional hours have been hard to come by, and small business owners have gone without to keep their businesses open and their employees in jobs.

This is putting increased pressure on Australians and their families but there are clear signs that the economy is moving towards better days.

This Budget is about making those right choices, to secure the better days ahead.

And the choices we have made are clear.

Stronger growth to deliver more and better paying jobs

We choose to focus on growing our economy, in particular by investing in infrastructure, to secure more and better paying jobs, and create an environment where people and businesses are enabled and empowered. Encouraging businesses to grow, and investing in key infrastructure will boost job creation and help deliver much needed pay rises for Australians.

Guaranteeing the essential services that Australians rely on

We choose to prioritise the essential services that Australians rely on, especially our most vulnerable, by funding our share of important services in health care, housing, disability support, education and employment. They are services that give Australians the security and confidence they need to grab a hold of opportunities when they arise.

In times of low wage growth, Australians are more focussed on the delivery of essential services such as Medicare. Australians can be assured, we will not only continue to deliver these services, but will strengthen them.

Tackling cost of living pressures

We choose to tackle cost of living pressures for Australians and their families, taking action to ease the strain in areas such as housing affordability, power prices and child care. The Government recognises that not all Australians have enjoyed the benefits of our nation's growth, and with this Budget seeks to ease the burden on household budgets and make housing more affordable for prospective buyers and renters and to support people who are homeless.

Ensuring the Government lives within its means

We are taking practical action to arrest the deficit and the growth in our debt, and doing all we can to preserve our AAA credit rating. That is what Australians want, and that is what we are committed to, ensuring our future generations are not burdened with debt.

These four choices will be our foundation. They are not merely slogans or statements of good intention, they are the pillars that underpin everything we do as a Government moving forward, and our reference point for delivering good Government.

They are the right choices to secure the better days ahead.

Budget at a glance

The right choices to secure the better days ahead

The Government is focussed on boosting the economy and helping households, to ensure all Australians can benefit from the nation's growth story. This Budget is based on the principles of fairness, security and opportunity. It builds on the strength of the 2016-17 Budget and seeks to create more opportunities for Australians and businesses, to guarantee essential services and create more and better paying jobs.

The Government is backing in small business and investing in future growth with funding for major infrastructure projects.

The Government is guaranteeing Medicare to ensure Australians can access timely and affordable health

care, by establishing the Medicare Guarantee Fund.

The Government will ensure the National Disability Insurance Scheme is fully funded by increasing the Medicare levy by half a percentage point.

Building on the \$1.2 billion provided in the 2016-17 Budget, the Government will provide an additional \$18.6 billion in funding over a decade for schools.

The Government is reducing the cost of living by improving Australians' access to secure and affordable housing across the housing spectrum.

Delivery of further investment in infrastructure across our cities and in our regions will ensure the benefits of Australia's economic growth are shared broadly across the country.

Australian jobs are at the centre of the Government's decision to abolish the subclass 457 visa. This visa will be replaced by a new temporary skilled visa restricted to critical skill shortages.

Together these measures will increase the economy's performance that is vital to ensuring that we live within our means and are able to return the Budget to balance in 2020-21.

Budget aggregates and major economic parameters(b)

	Actual	Estimates			Projections	
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Underlying cash balance (\$b)(a)	-39.6	-37.6	-29.4	-21.4	-2.5	7.4
Per cent of GDP	-2.4	-2.1	-1.6	-1.1	-0.1	0.4
Net operating balance (\$b)	-33.6	-38.7	-19.8	-10.8	7.6	17.5
Per cent of GDP	-2.0	-2.2	-1.1	-0.6	0.4	0.8

(a) Excludes expected net Future Fund earnings before 2020-21.

	Outcomes	Forecasts			Projections	
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Real GDP	2.6	1 3/4	2 3/4	3	3	3
Employment	1.9	1	1 1/2	1 1/2	1 1/2	1 1/2
Unemployment rate	5.7	5 3/4	5 3/4	5 1/2	5 1/2	5 1/4
Consumer price index	1.0	2	2	2 1/4	2 1/2	2 1/2
Wage price index	2.1	2	2 1/2	3	3 1/2	3 3/4
Nominal GDP	2.3	6	4	4	4 1/2	4 3/4

(b) Year average growth unless otherwise stated. From 2015-16 to 2018-19, employment and the wage price index are through the year growth to the June quarter. The unemployment rate is the rate for the June quarter. The consumer price index is through the year growth to the June quarter.

Source: ABS cat. no. 5206.0, 6202.0, 6345.0, 6401.0 and Treasury.

Global economic outlook

There are clear and growing signs that global growth is strengthening

There are clear and growing signs that global economic conditions are improving. Chinese GDP growth has ticked up in early 2017 and the United States economy is performing well.

The outlook for business investment and industrial production in several major economies is picking up. Business and market sentiment have strengthened as confidence in global prospects has improved.

World trade growth has started to lift after unusually weak growth

in recent years. This lift is broad-based, across both advanced and emerging economies.

“The improvement in the global environment is helping us here in Australia.”

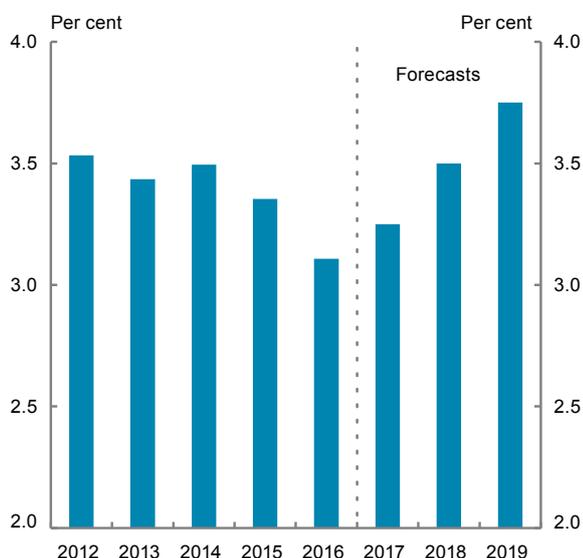
RBA Governor Philip Lowe

Stronger trade growth is an important foundation for a more vibrant world economy. This is particularly true for Australia as trade is an important source of growth in the Asian region.

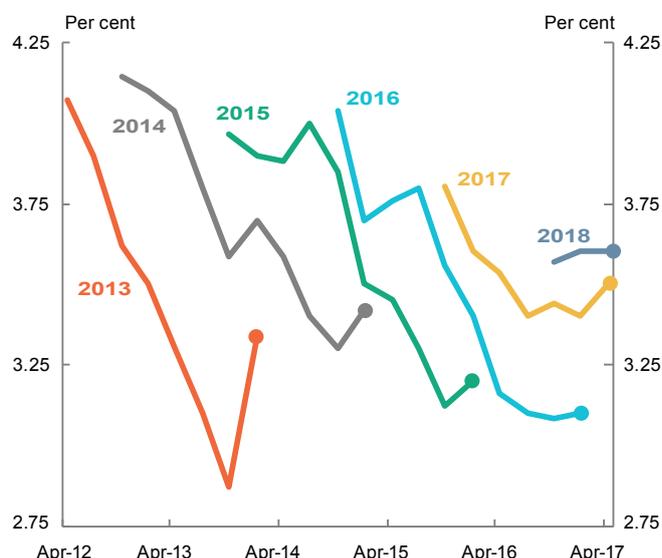
The signs are also encouraging for Australia’s major trading partners, which are forecast to continue growing faster than the global economy. This will continue to present opportunities for Australian businesses.

Australia is well-positioned to take advantage of a strengthening global outlook and ensure all Australians feel the benefits.

Global growth



Evolution of IMF global growth forecasts



Better days ahead

Australia is on the right track for more and better paying jobs

Australia's transition away from the investment phase of the mining boom towards broader-based drivers of economic growth is well advanced.

Historically low interest rates, a lower exchange rate and a flexible jobs market are all helping to facilitate the economic turnaround.

Despite large falls in mining investment and commodity prices from record highs, the economy has generated solid jobs growth over the past few years.

Our open and flexible economy has handled this transition and global uncertainty remarkably well.

And there are better days ahead.

Growth in the Australian economy is expected to rebound to 2¾ per cent in 2017-18 and 3 per cent in 2018-19 as the detraction from mining investment eases and as growth in household consumption and non-mining business investment improves.

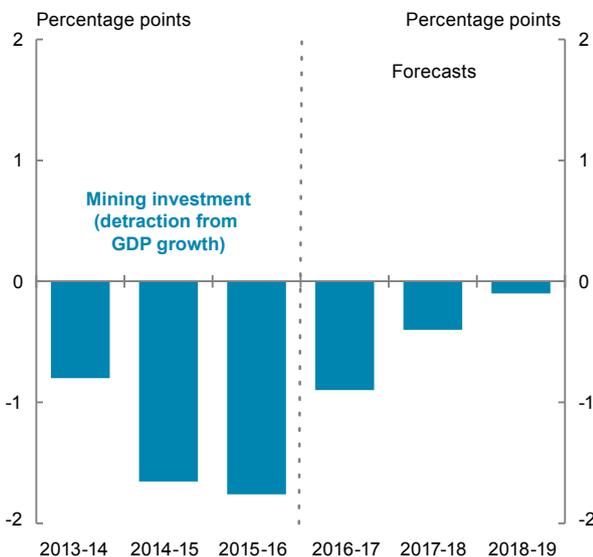
As the transition progresses, jobs are continuing to be created in the services and construction sectors.

We are also well placed to benefit from an improving outlook for global growth.

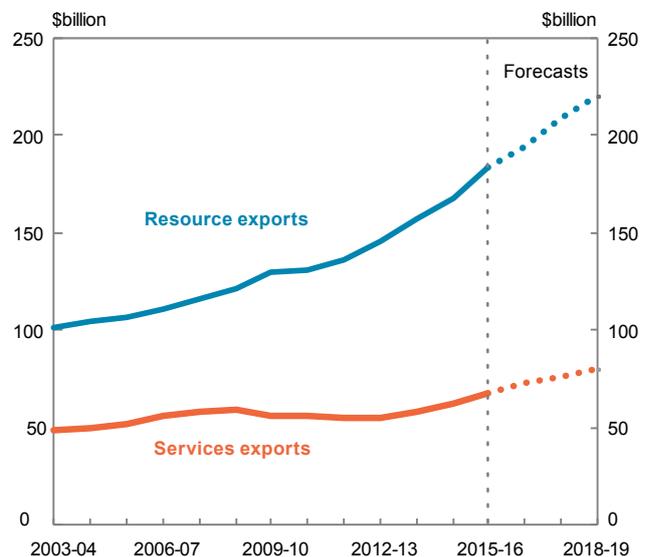
Resource exports will continue to support growth. Strong demand from Asia for Australia's tourism and education services will also drive further rapid expansion in our services exports.

This Budget aims to provide the conditions for a smooth transition, building on the Government's plan for more and better paying jobs.

The drag from mining investment is coming to an end



Resource and services exports



A responsible and fairer path

Taking action to lower the deficit and growth of debt

This Budget, once again, demonstrates the Government's fiscal discipline. The bottom line is projected to return to balance in 2020-21 and remain in surplus over the medium term.

The underlying cash balance is expected to improve from a deficit of 1.6 per cent of GDP in 2017-18 to a projected surplus of 0.4 per cent of GDP in 2020-21.

This is an improvement to the bottom line of \$11.4 billion over the four years from 2017-18 to 2020-21 relative to the 2016-17 MYEFO.

This Budget guarantees the essential services that Australians rely on, especially our most vulnerable, by guaranteeing important services like Medicare, fully funding the National Disability Insurance Scheme and delivering fairer and more transparent funding for students.

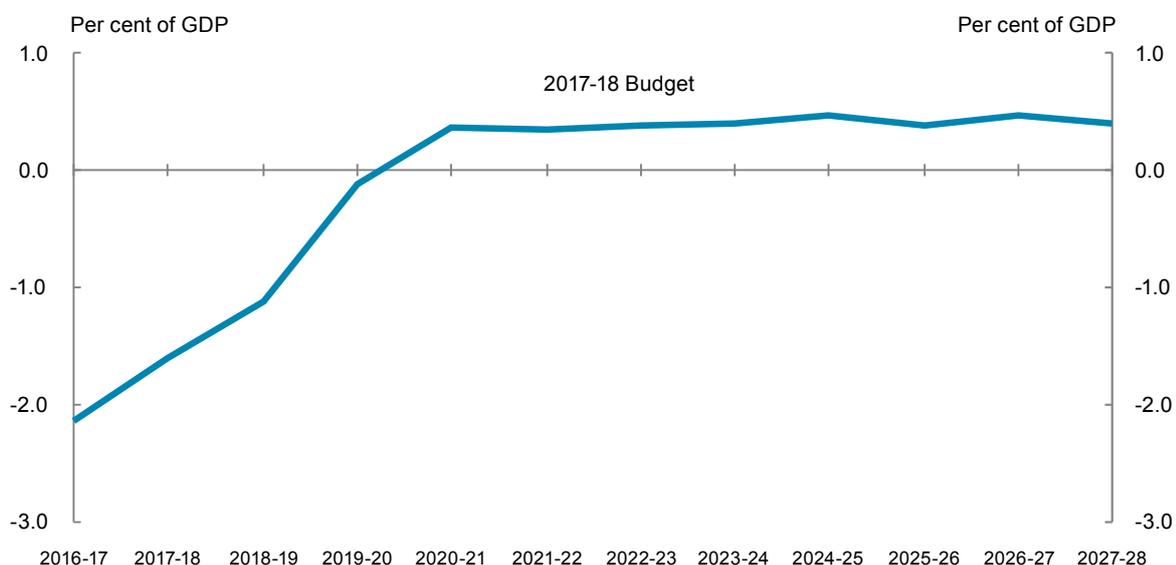
The projected return to surplus comes despite considerable obstruction.

The Parliament's decision to reject previous savings measures has put great pressure on the bottom line, costing taxpayers more than \$13 billion over the forward estimates period.

However, the Government has refused to walk away from its budget task.

The reversal of the savings measures has been offset by new budget repair measures with the underlying cash balance returning to balance in 2020-21.

The Budget is projected to remain in surplus over the medium term



to a balanced Budget

All new spending has been offset by policy decisions.

Real growth in payments has been restricted to 1.9 per cent, in line with the 2016-17 MYEFO.

Government payments are also forecast to fall to 25 per cent of GDP in 2020-21, returning close to the 30 year historical average.

Continuing to keep a tight rein on expenditure will create space to lower the tax burden over time and underpins the strength of the Commonwealth's balance sheet.

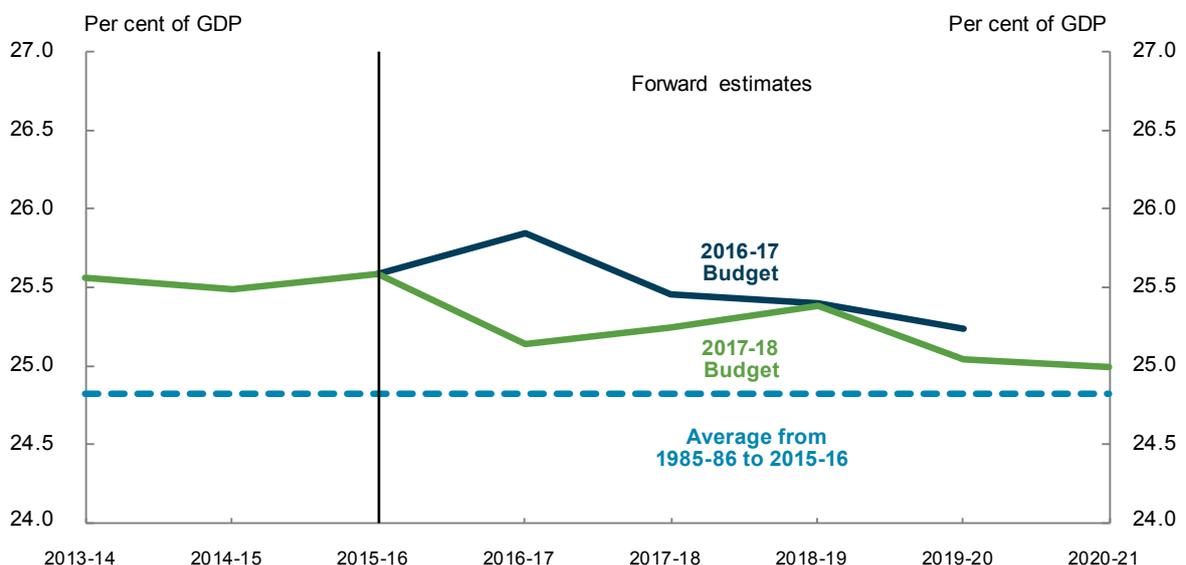
A strong balance sheet provides the Government with the flexibility to continue to respond to unanticipated events during economic shocks and continue investing in building Australia.

Net debt as a share of GDP is expected to peak in 2018-19 before declining over the remainder of the forward estimates.

The choices made in this Budget mean that net debt is projected to fall to 8.5 per cent of GDP over the next decade.

Also, the Government will not need to borrow to pay for its everyday expenses from 2018-19. This would be the first time since the Global Financial Crisis that this has been the case.

Government payments, as a per cent of GDP, are lower than at the 2016-17 Budget



Making the right choices to

A plan for more and better paying jobs

- Lower and more competitive taxes for Australian businesses
- Extending the \$20,000 instant asset write-off for businesses with annual turnover less than \$10 million
- Cutting red tape for small businesses
- Investing in skilling Australians for Australian jobs
- Investing in nation building infrastructure
- Investing in growing our regions



Guaranteeing essential services

- Establishing the Medicare Guarantee Fund
- Providing affordable access to medicines
- Ensuring the National Disability Insurance Scheme is fully funded
- Ensuring fairer funding for students
- Valuing higher education
- Defending Australia
- Keeping Australians safe
- Protecting our tax base to help sustainably fund essential services



secure better days ahead

Downward pressure on cost of living

- Improving Australians' access to secure and affordable housing across the housing spectrum
- Helping first home buyers save for a deposit
- Reducing barriers to downsizing
- Delivering more affordable, accessible and flexible child care
- Ensuring the reliability, affordability and sustainability of our energy supply
- A fairer and more accountable banking system



Living within our means

- Keeping Australia on track for a return to budget balance by 2020-21
- Cracking down on multinationals
- Exposing the black economy
- Improving tax integrity
- Improving welfare integrity
- Reducing welfare dependency
- Extending income management



A plan for more and better paying jobs

Continuing to back small business to create jobs

Enterprise Tax Plan

The Government is committed to cutting the company tax rate to 25 per cent for all businesses to increase Australia's competitiveness, attract investment, and protect jobs from being taken overseas.

Higher investment in business assets like plant and equipment, buildings and systems will boost the productivity of Australian workers.

Lower business taxes will incentivise investment and allow businesses to create more jobs and encourage firms to hire more Australians.

Lower taxes for small business

The Government is reducing the tax burden on small businesses and has already secured a fivefold increase in the small business threshold to \$10 million as well as tax cuts for around 3.2 million small businesses which employ around 5.6 million people across the country.

Building on this achievement, the Government is extending the \$20,000 instant asset write-off for a further 12 months to 30 June 2018 for businesses with annual turnover less than \$10 million, improving their cash flow and helping them to reinvest in their business and replace or upgrade their assets.

Cut red tape for small business

The Commonwealth regulatory burden on businesses and the community has already been reduced by more than \$5.8 billion.

However, States and Territories continue to impose a wide range of regulatory restrictions that unnecessarily prevent small businesses from growing and creating jobs.

Through its National Partnership on Regulatory Reform, the Government will provide up to \$300 million over two years to States that reduce unnecessary regulatory restrictions on competition and small businesses.





Australian jobs, Australian skills

Focusing on jobs and skills training

The Government is taking action to safeguard Australian jobs and ensure Australians have the necessary training and skills to be job-ready.

The subclass 457 visa will be abolished. In its place, the Government will introduce a new temporary skill shortage visa which will have tighter conditions and stricter safeguards.

This will ensure that foreign workers are only brought into Australia to meet genuine skill shortages.

Requirements have been strengthened for English language attainment, work experience, visa renewals, eligibility for permanent residency, and criminal history checks.

Businesses that benefit from employing foreign workers on the new temporary skill shortage visa, as well as certain permanent skilled visas, will be required to contribute to the new *Skilling Australians Fund*.

Through the *Skilling Australians Fund*, the Government will provide ongoing funding to support the training of Australians. An estimated \$1.5 billion will be provided to State and Territory governments over the first four years.

Spending from the Fund will be prioritised towards apprenticeships and traineeships. When matched with State and Territory funding, the *Skilling Australians Fund* will support up to 300,000 apprentices, trainees, pre-apprentices and higher level skilled Australians.

Priority will be given to occupations in high demand that currently rely heavily on skilled migration, future growth industries and rural and regional areas.

Building Australia

Investing in infrastructure in our cities and regions

The Government is committing over \$70 billion from 2013-14 to 2020-21 to transport infrastructure across Australia, using a combination of grant funding, loans and equity investments.

The Government is establishing a 10-year allocation for funding road and rail investments, recognising that many transformational projects are planned and built over many years. This will deliver \$75 billion in infrastructure funding and financing from 2017-18 to 2026-27.

This Budget expands the use of equity and debt financing to boost the Government's infrastructure investment.

New road and rail investments

The Government is establishing a \$10 billion National Rail Program to fund regional and urban rail investments. The Government is also providing \$500 million for Victorian regional passenger rail, including \$100 million for a Geelong Rail Line Upgrade. A further \$20.2 million is also being provided for Murray Basin Rail and \$30 million to help plan a Tullamarine airport rail link.

In Queensland, the Government is providing \$844 million for new Bruce Highway priority projects, including for a Pine River to Caloundra upgrade.

In Western Australia, the Government is providing \$1.6 billion towards a \$2.3 billion road and rail infrastructure package with the Western Australian Government. The package includes a combined \$1.2 billion towards the METRONET rail project and \$100 million for better road access to the Fiona Stanley Hospital precinct.

Western Sydney Airport

The Government is providing up to \$5.3 billion establishing WSA Co to develop Western Sydney Airport.

Works will commence by late 2018 and airport operations by 2026, creating 20,000 jobs.



Backing regional Australia

Growing regional communities

Building growth in our regions remains a key focus of the Government, ensuring the benefits of economic growth are shared across the country.

It is vitally important that Australia's regions are supported with modern infrastructure that makes a real difference to regional economies and creates jobs.

Melbourne to Brisbane Inland Rail

Work on one of the largest investments ever seen in regional Australia, the Melbourne to Brisbane Inland Rail, will commence in 2017-18.

The Government will provide an additional \$8.4 billion equity investment to the Australian Rail Track Corporation to deliver Inland Rail.

Regional Growth Fund

The Regional Growth Fund will invest \$472 million in regional infrastructure projects that back our regions' plans to adapt to the changes taking place in the economy. This will include \$200 million for a further round of the successful Building Better Regions Fund.

Regional Investment Corporation

The Government will provide \$28.5 million to establish the Regional Investment Corporation to streamline the delivery of \$4 billion in concessional loans. This includes the \$2 billion National Water Infrastructure Loan Facility and the \$2 billion Farm Business Concessional Loan Scheme. These loans will help secure growth, investment and resilience in rural and regional communities.

Backing our regions

The Government is committed to building the capacity of our regional communities by boosting their skills base and supporting job creation.

The Government is also investing \$24 million in Rural and Regional Enterprise Scholarships and \$9.1 million to provide regional Australians with better access to mental health services through the telehealth program.

The Government is also exploring opportunities to decentralise Commonwealth agencies to broaden the range of skills and job opportunities in our regions.

Guaranteeing Medicare

In this Budget the Government is guaranteeing and strengthening Medicare so that all Australians can continue to access timely and affordable health care.

Medicare Guarantee Fund

The Government will establish the Medicare Guarantee Fund to secure the ongoing funding of the Medicare Benefits Schedule and the Pharmaceutical Benefits Scheme into the future.

The Fund will be credited with revenue raised from the Medicare levy (excluding amounts to meet the Government's commitment to fund the National Disability Insurance Scheme) as well as a portion of personal income tax receipts

sufficient to cover the estimated costs of essential health care provided under the MBS and PBS.

The credit to the Fund will be adjusted at every Budget update in line with forecast future growth in MBS and PBS expenditure over the forward estimates.

Strengthening Medicare

In this Budget, the Government will provide \$1.0 billion to reintroduce indexation for certain items on the MBS. This will commence with General Practitioner (GP) bulk billing incentives from 1 July 2017, to ensure that GPs are incentivised to bulk bill children under the age of 16 and concession card holders.

From 1 July 2018, GP and specialist consultation items will be indexed, increasing the Government's contribution to the cost of important health care services.

From 1 July 2019, specialist procedure and allied health items will be indexed and from 1 July 2020 certain diagnostic imaging items will be indexed for the first time since 2004.

In addition, the Government will maintain the bulk billing incentives for pathology and diagnostic imaging services, including for blood tests, x-rays and scans.

The Government is investing record funding for our public hospitals and will deliver an additional \$2.8 billion in this Budget.





Investing in a healthy Australia

Supporting Australians to live healthy and active lives, and investing in medical research to improve health outcomes

Affordable medicines

The Government will continue to list new, cost-effective medicines on the Pharmaceutical Benefits Scheme to ensure Australians continue to have access to affordable medicines.

In this Budget, \$1.2 billion will be provided for new and amended listings on the PBS, including more than \$510 million for a new medicine for patients with chronic heart failure.

Since 2013, the Government has listed more than 1,400 new or amended medicines on the PBS. These listings include breakthrough medicines to treat Hepatitis C and medicines to treat cystic fibrosis, psoriasis, severe asthma, breast cancer and myeloma.

The Government is reducing the costs of medicines to achieve savings to taxpayers of \$1.8 billion over five years and make medicines more affordable.

Healthy Australia

The Government will support Australians to lead active, healthy lives. This will include \$15 million for healthy heart initiatives, working with The Heart Foundation and GPs.

The Government is continuing our drive to increase childhood vaccination rates with \$19.6 million to support the No Jab No Pay policy.

A package of more than \$165 million will continue to prioritise mental health support and prevention, including \$80 million for community psychosocial services,

over \$50 million to support veterans and \$15 million for research initiatives at Orygen, the Black Dog Institute and the Thompson Institute.

A further \$15.5 million will be provided to support more than 2,000 aspiring and high performance athletes in the lead up to the 2018 Gold Coast Commonwealth Games.

Medical Research

In this Budget the Government has committed new funding for medical research. \$65.9 million will be provided from the Medical Research Future Fund to support preventative health research, clinical trials and breakthrough research investments.

In addition, \$5.8 million will be provided for research into childhood cancer.

Fully funding the National Disability Insurance Scheme

The Government is sustainably funding and safeguarding the NDIS

Australians with permanent and significant disability can be assured of access to vital care and support, with the Government fully funding the National Disability Insurance Scheme.

The Commonwealth and State and Territory governments are committed to delivering the NDIS across the country, with the Government recently finalising negotiations with the Western Australian Government on a nationally consistent, state-delivered NDIS.

The NDIS will be delivered in full from 2020.

Funding the NDIS

To secure the Commonwealth's contribution to funding the NDIS, from 1 July 2019 the Medicare levy will increase by half a percentage point from 2 to 2.5 per cent of taxable income. This means that one fifth of the revenue raised by the Medicare levy will be directed to the NDIS Savings Fund, to ensure the Commonwealth's NDIS contribution is fully funded.

Safeguarding the Scheme

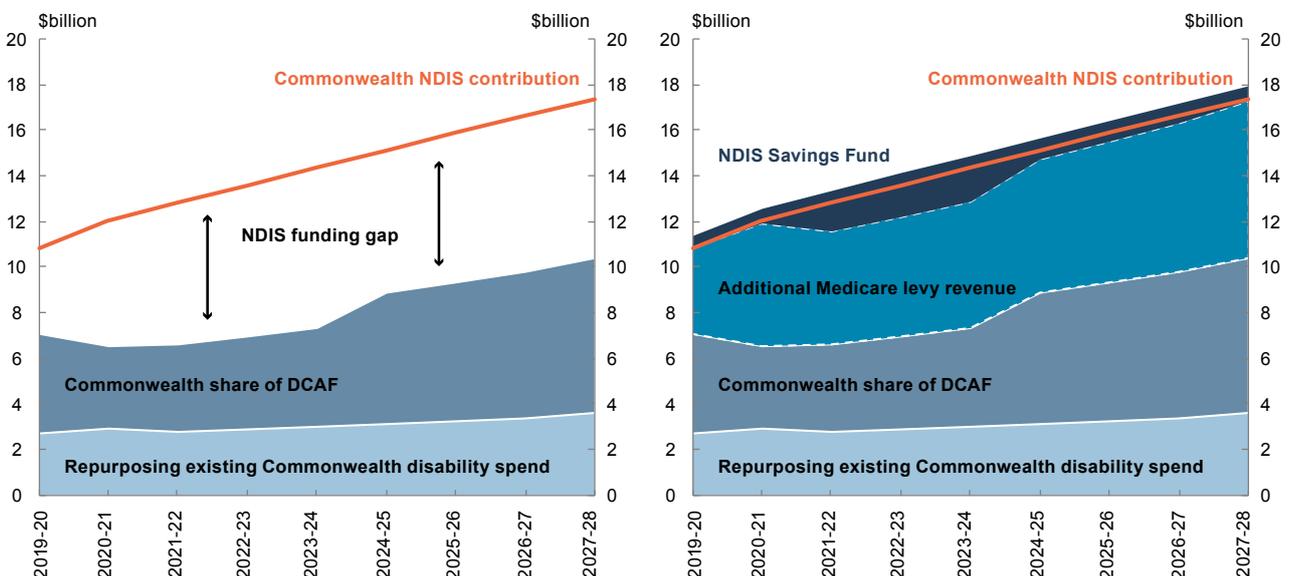
The Government is providing \$209 million to establish an independent NDIS Quality and Safeguards Commission to oversee the delivery of quality and safe services for NDIS participants.

The Commission is an essential part of a national system to support NDIS participants, carers and providers – upholding the standards that participants deserve, and ensuring clarity on the rights and responsibilities of participants, providers and their staff.

Boosting local care workforce

The Government will also invest \$33 million over three years to help deliver jobs for people in the disability and aged care sectors, targeting rural, regional and suburban areas that require strong workforce growth as a result of the NDIS roll out.

Fully funding the NDIS



Note: The NDIS Savings Fund includes one-fifth of the Medicare levy from 1 July 2019, underspends and realised saves redirected to the NDIS Savings Fund, and uncommitted funds from the Building Australia Fund and Education Investment Fund.

Affordable child care

The Government is delivering on its commitment to provide more affordable and accessible child care to working families through the recently legislated *Jobs for Families* Child Care Package.

The Government will invest \$37.3 billion in child care to help ease cost of living pressures for around one million Australian families, including those that need before and after school care for their children.

The *Jobs for Families* Child Care Package will support workforce participation and place downward pressure on fees while also providing high quality early learning opportunities for children.

From 2 July 2018, the single, simplified, means-tested Child Care Subsidy will provide more support for the families who need it the most.

The Child Care Subsidy will put downward pressure on fee growth by introducing hourly rate caps and removing unnecessary regulation to allow providers to offer more flexible hours of care to meet the needs of their local communities.

The Government is also delivering the Child Care Safety Net to ensure that vulnerable families receive the support they need.

The Child Care Safety Net will deliver early childhood education and care services for children in rural and regional areas and for those from disadvantaged backgrounds or with additional needs.

The Government has delivered significant reform of the child care system that will help support Australian families who want to work, or work more.

The Government will also provide \$428 million to extend the National Partnership Agreement on Universal Access to Early Childhood Education for the 2018 school year so that children in the earliest years have access to a quality preschool education in the year before they begin school.



Fairer funding for students

Delivering needs-based funding for all Australian students

The Government is launching a fairer schools funding model that is needs-based, simple and transparent.

The Government is delivering record levels of funding for schools. Additional Commonwealth funding of \$18.6 billion will be provided over the decade, delivering long-term certainty for students, parents and schools.

Funding will be distributed through a needs-based funding model, as recommended by the Review of Funding for Schooling led by Mr David Gonski AC in 2011. Schools funding will include a base amount for all students and allocations to address need.

Current arrangements are not addressing need. Students with the same needs within the same sector receive different levels of Commonwealth funding, simply because of the State in which they live.

All schools will transition over 10 years to a fairer, consistent share of Commonwealth funding – 20 per cent of the funding standard for government schools and 80 per cent for non-government schools.

Funding for States and Territories will be tied to reforms that evidence shows lift educational outcomes, to ensure that record funding being invested in our schools delivers real improvements.

Reform priorities will be informed by a new review by Mr David Gonski AC. The Review to Achieve Educational Excellence in Australian Schools will conclude by December 2017.

States and Territories will also be required to maintain their real per student funding levels.

Targeted transition assistance will be available for disadvantaged schools that need help to transition to the new model.

The Government's package of funding and reforms provides a sustainable and fair model for schools now, and long-term certainty for students, parents and schools in the future.



Valuing Higher Education

Fairness for students and universities



A nursing student commencing a four year degree in **2018** will have their total fees increased by **\$1,250**



A science student commencing a three year degree in **2018** will have their total fees increased by **\$1,000**



A medical student commencing a six year degree in **2018** will have their total fees increased by **\$3,900**

This Budget will deliver a fairer and more sustainable higher education system that is more responsive to the aspirations of students.

The Government is placing the higher education sector on a more sustainable footing, whilst maintaining affordability for students and providing a return on investment for both students and taxpayers.

The Government is rebalancing the shares of the cost of higher education. From 2018, students will contribute an additional 7.5 per cent, to be phased in over four years, which can still be met through the Higher Education Loan Program scheme, ensuring no student has to pay upfront.

This increased student contribution better reflects the lifetime benefits reaped by higher education graduates. The Government will remain the majority funder of higher education.

A new set of HELP repayment thresholds will also be introduced from 1 July 2018.

Universities will play their part, alongside students and taxpayers, in building a sustainable system by paying an efficiency dividend of 2.5 per cent in 2018 and 2019, which will be absorbed by universities and not passed on to students. Universities will also be subject to measures to ensure greater transparency and accountability.

The Government is creating six new community-owned regional study hubs, and expanding support for work experience units. These measures will help remove barriers to study for regional students and ensure that students are better supported to develop real work skills.

Reforms to strengthen the Higher Education Participation and Partnerships Program will ensure students from disadvantaged backgrounds have the support they need to participate in higher education.



Defending Australia

Continuing to protect Australians both at home and abroad

The first duty of the Government is to protect and keep Australians safe.

Recent terror attacks in London and Stockholm – following on from those in Berlin, Brussels, Paris, Nice, St Petersburg and Jakarta – underscore the need to ensure that our defence forces, law enforcement, security, and border protection agencies have the resources and capability needed to protect Australia and the values for which we stand.

Extra funding in the 2017-18 Budget will strengthen the capacity of our security agencies to protect Australians at home and abroad.

In 2020-21, the Government will meet its 2013 election commitment to increase Defence spending to 2 per cent of GDP – three years earlier than the Government first promised.

The 2016 Defence White Paper brought together, for the first time, the investment elements needed to deliver and sustain Australia's defence capabilities to meet the challenges of the future operating environment into the 2030s.

The Defence Integrated Investment Program allocates more than \$50 billion over the forward estimates and \$200 billion

in capital investment to 2027-28. The Government is investing in Defence to ensure we have the armed forces we need to protect Australia and to secure our interests in the coming decades.

Making the world safer makes Australia safer. To fulfil our ongoing commitment to global security and stability, the ADF will continue serving in existing operations around the world.

The 2017-18 Budget includes \$231.2 million to maintain our diplomatic engagement and security arrangements in Kabul and Baghdad and support Australia's efforts to combat Daesh (ISIL) in Iraq and Syria.

Keeping Australians safe

The Government has delivered over half a billion dollars over five years in additional funding to the Australian Federal Police, the largest funding boost for domestic policing capabilities in a decade.

The Government is equipping the AFP with new capabilities to help police fast-track investigations and target priority areas such as terrorism, criminal gangs, organised crime and fraud.

The Government is committed to ensuring the AFP has every resource and capability necessary to protect Australians and our way of life.

The Government's effective border protection policies have secured Australia's borders.

It has been more than 1,000 days since the last people smuggling boat reached Australia.

Before Operation Sovereign Borders, Australia saw more than 50,000 illegal maritime arrivals on more than 800 people smuggling boats, more than 8,000 children in detention and tragically, at least 1,200 deaths at sea.

People smugglers remain determined to breach our borders, as shown by the 30 boats we have turned back. The Turnbull Government will ensure they do not succeed.

The Government is continuing to keep Australia's borders safe through a funding boost for high volume biometric matching, which builds on last year's investment in visa risk assessment capability. This will enable better detection of individuals who may present a risk to community safety.

Citizenship requirements will also be strengthened with a renewed focus on Australian values.

Changes include higher English language attainment, increased residency periods, and a stronger, more meaningful citizenship test.





Reducing pressure on housing affordability

Addressing housing affordability is a critical economic and social issue

Access to affordable and secure housing is critical for improving employment, education and health outcomes for Australians.

Despite record housing supply in recent years, a decade of subdued investment from the early 2000s had led to pent-up demand in some major cities.

An extended period of house price growth, particularly in Sydney and Melbourne, has resulted in young families delaying the purchase of their first home. These families are staying in the rental market for longer, adding pressure further down the housing spectrum on Australians waiting for affordable and social housing.

Since 2008, the Commonwealth has provided over \$9 billion in payments to the States and Territories under the National Affordable Housing Agreement. There has been too little accountability for this spending and social housing stock has stagnated.

In this Budget, the Government is taking action to ensure Australians have more opportunities to own their own home or have access to affordable rental accommodation.

However, there is no silver bullet to solving housing affordability. The Government's plan to reduce pressure on housing affordability is a careful, calibrated and comprehensive response that will improve outcomes across the housing spectrum.

Government action must be responsive to evolving conditions in housing markets. That is why we are giving new powers to the Australian Prudential Regulation Authority to respond flexibly to financial and housing market developments that pose a risk to financial stability.

The Government's comprehensive, targeted plan will:

- unlock supply,
- create the right incentives, and
- improve outcomes for those most in need.

A comprehensive plan for all Australians

Affordable housing for all Australians

Unlocking supply

The Government will help boost the supply of housing and will encourage a more responsive housing market by:

- Providing \$1 billion to fund critical infrastructure, such as water infrastructure, that will speed up the supply of housing.
- Working with the States to deliver planning and zoning reforms that speed up development.
- Releasing suitable Commonwealth land, starting with Defence land at Maribyrnong in Melbourne, for housing development.
- Investing more than \$70 billion from 2013-14 to 2020-21 on transport infrastructure across Australia.
- Specifying housing supply targets in new agreements with the States and Territories.

Creating the right incentives

The Government is creating the right incentives to improve housing outcomes, including:

- Helping first home buyers to save a deposit through voluntary contributions into superannuation.
- Reducing barriers to downsizing to free up larger homes for families.
- Improving the targeting of housing tax concessions.
- Strengthening the capital gains tax rules so that foreign investors pay their fair share of capital gains tax.
- Reforming foreign investment rules to discourage investors from leaving their property vacant.
- Supporting economic growth and jobs to boost real wages.

Improving outcomes for those most in need

The Government will improve outcomes in social housing and address homelessness by:

- Requiring States and Territories to meet social and affordable housing targets under revised funding arrangements.
- Providing \$375 million to give funding certainty to providers of homelessness services.
- Establishing a National Housing Finance and Investment Corporation to operate an affordable housing bond aggregator.
- Providing new tax incentives to increase private investment in affordable housing.



Reliable and affordable energy

Securing Australia's Energy Needs

The Government's energy security plan provides reliable and affordable energy for Australians coping with rising energy prices. It includes:

- **Securing access to our gas resources for domestic use.** The Government will provide around \$90 million to promote gas supply. The Government has also secured gas industry commitments to improve domestic supply.
- **Ensuring consumers and industry get a fair deal.** The Government has asked the ACCC to undertake inquiries into competition in retail electricity and gas markets.
- **Working to improve energy regulation.** Extra funding will improve gas market efficiency and transparency.
- **Investing in new generation, transmission and storage capacity.** Snowy 2.0 would provide a 2000 megawatt increase in capacity. Funding is also being provided to investigate new gas pipelines and for energy infrastructure in South Australia.
- **Investing in new low emissions technology.** The Clean Energy Finance Corporation has provided more than \$3 billion of support to new technologies.

The Government's long-term plan will be informed by independent, expert advice, with a review being conducted by Australia's Chief Scientist, Dr Alan Finkel AO.

Fairer and more accountable banks

Protecting Australians' interests in our banking and financial system

We depend on our banks and other financial institutions to buy our homes, facilitate transactions, to help grow our businesses, to build wealth and to manage our risk.

For it to work effectively, Australians need to be confident that financial services providers – banks, insurers, superannuation funds – will serve their customer's interests.

Too often the sector has not met those expectations.

That is why the Government is overhauling the financial system. Building on its existing reform agenda, the Government is taking strong new action to ensure the

sector delivers the outcomes expected of it by the community.

The Government will create a one-stop shop – the Australian Financial Complaints Authority – to ensure consumers have access to free, fast and binding dispute resolution services. Combined with the work to enhance mandatory reporting of financial services law breaches and the reforms to raise professional standards of financial advisers and to address conflicted remuneration in life insurance, this means customers will be better protected than ever before.

The Government will legislate for a new Banking Executive Accountability Regime with enhanced powers for the Australian Prudential Regulation Authority, to remove and disqualify an executive, direct adjustments to banks' remuneration policies, and enforce new obligations on bank conduct, with penalties (up to \$200 million) when those are not met.

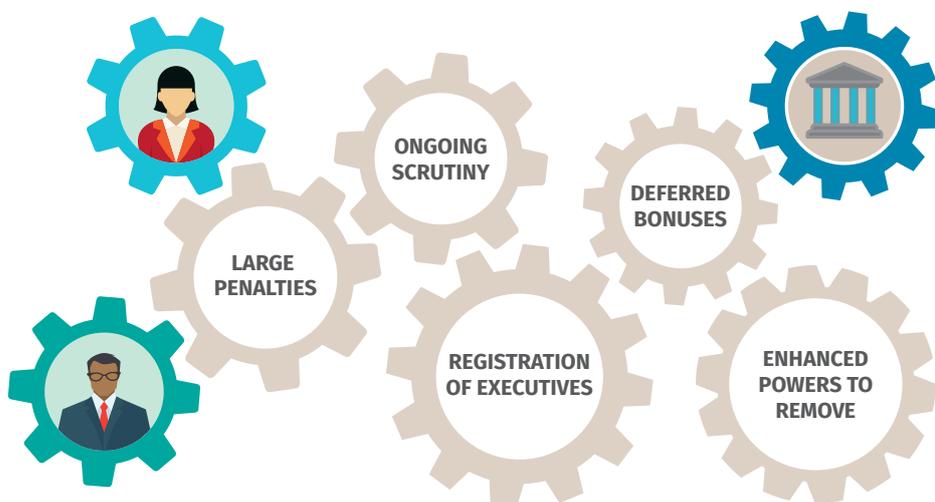
Senior bank executives will be required to register with APRA and banks required to advise APRA prior to making a senior appointment. Penalties will be imposed on banks that don't monitor the suitability of their executives to hold senior positions.

The regime will require a proportion of senior executives' 'at risk' remuneration be deferred for at least four years to focus decision-making on long-term outcomes.

The Government will also clamp down on poor practices in the credit card market by putting in place new rules on providing credit cards.

The Government will introduce a major bank levy of 6 basis points on banks with liabilities above \$100 billion. This represents a fair contribution to the community from our major banks, is consistent with other advanced countries and helps foster competition from smaller banks.

A comprehensive approach to improving accountability



More competitive banking

Ensuring customers can get a better deal

Australia's financial services sector, with the four major banks at its core, is highly concentrated. The House Economics Committee's Review of the Four Major Banks determined the major banks have significant pricing power, which benefits shareholders at the expense of their customers.

To support economic growth and deliver better outcomes for consumers and small businesses, the Government is announcing a number of reforms to boost competition in financial services.

To increase consumer choice and competition in banking, the Government will introduce an

Open Banking regime in Australia, which will give customers greater access to, and control over their banking data.

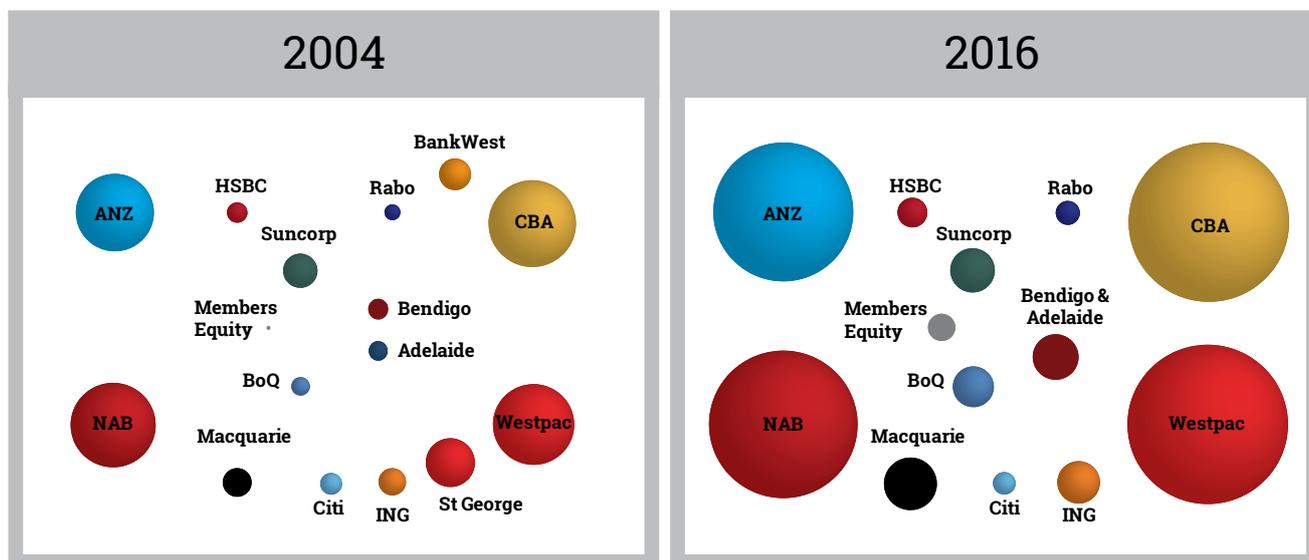
The Government will be taking action to encourage new entrants into the banking sector. APRA is also reviewing its bank licensing processes to make them more accessible to new entrants.

This will complement reforms the Government is pursuing to facilitate innovation in the financial system, such as enhancements to the regulatory sandbox for financial technology start-ups and a legislative framework to allow crowd-sourced equity funding for proprietary companies.

To promote a more systematic approach to monitoring and identifying opportunities to improve competition, the Government has tasked the Productivity Commission to commence a review, on 1 July 2017, of the state of competition in the financial system.

This review will be supplemented by regular in-depth inquiries into specific financial system competition issues by a dedicated unit of the Australian Competition and Consumer Commission.

Relative size of Australian banking groups (by total resident assets)



Paying their fair share of tax



Ensuring everyone contributes to funding Australia's vital services and infrastructure

Everyone needs to comply with our tax system

By paying their fair share of tax, all individuals and businesses help fund the vital services and infrastructure needed to support the Australian community.

This is why the Government is introducing a range of measures to help ensure the sustainability of our tax system.

Continuing the fight against multinational tax avoidance

The Government is stamping out hybrid tax abuse by multinational banks and insurance companies to prevent the exploitation of tax differences between countries. The Government is also toughening the Multinational Anti-Avoidance Law by extending it to corporate structures involving foreign partnerships and foreign trusts.

Tackling the black economy

The Government is extending the taxable payments reporting system to contractors in the courier and cleaning industries and also banning

technology that allows businesses to falsify sales records to avoid paying tax.

Cracking down on serious financial and organised crime groups

The Government is pursuing and confronting serious financial and organised crime groups to remove any wealth generated by criminal activities and return vital funding to the Australian community.

Strengthening the integrity of Capital Gains Tax rules for foreign investors

The Government is introducing tougher rules on foreign investment in real estate to ensure foreign investors meet their Capital Gains Tax (CGT) obligations. The main residence CGT exemption for foreign and temporary tax residents that own Australian real estate will be removed. To reduce the avoidance of foreign residents' CGT in Australia, the Government will bolster the withholding regime.

Clamping down on GST avoidance and abuse of small business CGT concessions

The Government is introducing a host of specific tax integrity measures to clamp down on those who think they're above tax law, including tax fraud in the precious metals industry, GST avoidance in the property sector and ensuring small business CGT concessions are not abused.

Better targeting tax arrangements for residential property investment

The Government will:

- Disallow deductions for travel expenses related to owning a residential investment property.
- Better target plant and equipment depreciation deductions to those expenses actually incurred by investors.



A sustainable safety net

The Government is supporting all Australians who are able to work to do so

Workforce participation and self-reliance are central to improving long-term wellbeing.

The Government is committed to ensuring that all Australians who have the capacity to work do so rather than being trapped in welfare.

Strengthening participation requirements

The Government is creating a clearer, more coherent set of mutual obligation requirements for working-age welfare recipients and increasing support to help them find a job.

Consistent participation requirements and mutual obligations that can be properly monitored and enforced will assist people prepare for, search for, and secure employment.

Disability Support Pension (DSP) Reforms

Reforms to the DSP in recent years – such as improved assessments, tightening of eligibility criteria and targeted reviews – have contributed to a continuing decline in numbers of people on the DSP. There are now fewer than 800,000 people on the

DSP, ensuring support is targeted to those who need it the most and that those who are able to work are encouraged to do so.

Better Employment Outcomes

To complement the new participation requirements, the current *jobactive* program will be enhanced at a cost of \$20.4 million over four years to support both mature age and inexperienced job seekers to increase their chances of finding employment, including through a new Career Transition Assistance Program.

Work for the Dole

Work for the Dole continues to be a cornerstone of the mutual obligation system. The Government is streamlining the administration of the program and ensuring that it provides participants with the skills employers want, while giving back to the community.

New Job Seeker Compliance Framework

A new targeted Job Seeker Compliance Framework will commence from 1 July 2018,

with stronger penalties for deliberate non-compliance, whilst ensuring that genuinely disadvantaged and vulnerable job seekers are supported.

A new system of escalating financial penalties for welfare recipients who persistently fail to meet their participation requirements will improve integrity and ensure people do the right thing.

ParentsNext – Helping parents prepare for work

In this Budget, the Government will provide \$263 million over four years from 2017-18 to expand ParentsNext services nationally, providing support to parents of young children to plan and prepare for employment.

Parents will be supported to identify their educational and employment goals, and develop a pathway to achieving them.

These reforms will strike the right balance to ensure all Australians who are able to work do so and those who genuinely require support receive it.

Welfare integrity

The Government is supporting vulnerable Australians while reducing welfare dependency

Extension of the Cashless Debit Card

Following on from the success of the current trials, the Government is extending the Cashless Debit Card trials in Ceduna, SA and the East Kimberley, WA for a further year.

In addition, the Cashless Debit Card will be expanded to two new sites from 1 September 2017.

The Cashless Debit Card aims to break the cycle of welfare dependency by providing greater financial stability while reducing the social harm resulting from alcohol, drugs and gambling.

An independent evaluation of the existing Cashless Debit Card trial sites found that these trials have been effective in reducing alcohol consumption, illegal drug use and gambling.

Extension of Income Management

The Government will provide \$145.5 million over three years from 2016-17, to extend current Income Management arrangements across Australia.

The continuation of these welfare measures demonstrates the Government's commitment to a strong social welfare safety net, reducing social harm in areas with high levels of welfare dependency and supporting vulnerable people, families and communities.



Money in your account



- School excursions
- Tuck shop
- Garage sale



Money on the card for online or eftpos



- Groceries
- Pay bills
- Buy clothes
- Travel



- No grog
- No gambling
- No cash

Respecting future taxpayers

The Government is investing in a stronger economy and living within its means so that the burden of today's spending is not simply passed on to future generations.

It is making significant investments, amounting to around \$50 billion in 2017-18, including:

- investments in infrastructure, buildings and equipment.
- grants to the States and others for capital investments.
- equity contributions and loans for infrastructure (for example, Western Sydney Airport and Inland Rail) and other spending on financial assets.

Australians know that while it can be wise to borrow for investment, it is generally not a good idea to borrow to meet everyday expenses.

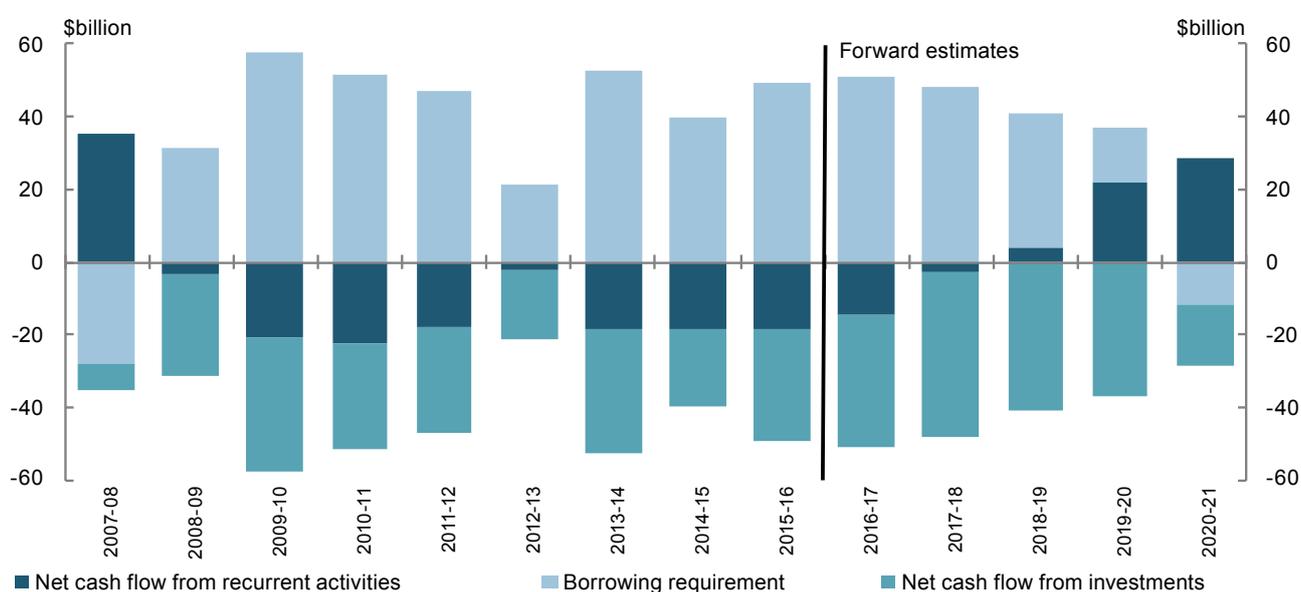
The Government is committed to paying its own way for the services it provides, so that the burden of today's spending is not simply passed on to future generations.

From 2018-19, and for the first time since the Global Financial Crisis, the Government will not need to borrow to fund its day-to-day expenses.

Reflecting this improvement, the net operating balance will move into a projected surplus of \$7.6 billion in 2019-20.

The Budget also assigns government debt across individual areas of spending to provide better information about what the Government is borrowing for.

The Government will not have to borrow for recurrent spending from 2018-19



Budget aggregates

The table below shows the main cash and accrual budget aggregates for the Australian Government general government sector over the period 2015-16 to 2020-21. The underlying cash deficit is estimated to be \$29.4 billion in 2017-18. The net operating deficit is estimated to be \$19.8 billion in 2017-18

	Actual		Estimates		Projections		Total(a)
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	
	\$b						
Receipts	386.9	405.7	433.5	462.5	496.9	526.3	1,919.2
Per cent of GDP	23.4	23.2	23.8	24.4	25.1	25.4	
Payments(b)	423.3	440.5	459.7	480.4	495.6	518.9	1,954.6
Per cent of GDP	25.6	25.1	25.2	25.4	25.0	25.0	
Net Future Fund earnings(c)	3.2	2.8	3.2	3.5	3.7	na	10.5
Underlying cash balance(d)	-39.6	-37.6	-29.4	-21.4	-2.5	7.4	-45.9
Per cent of GDP	-2.4	-2.1	-1.6	-1.1	-0.1	0.4	
Revenue	395.1	412.1	444.4	476.1	510.8	540.4	1,971.7
Per cent of GDP	23.9	23.5	24.4	25.2	25.8	26.0	
Expenses	428.7	450.8	464.3	486.9	503.2	522.9	1,977.2
Per cent of GDP	25.9	25.7	25.5	25.7	25.4	25.2	
Net operating balance	-33.6	-38.7	-19.8	-10.8	7.6	17.5	-5.5
Per cent of GDP	-2.0	-2.2	-1.1	-0.6	0.4	0.8	
Net capital investment	3.8	2.0	0.5	4.8	4.9	6.0	16.2
Fiscal balance	-37.5	-40.7	-20.3	-15.5	2.7	11.4	-21.7
Per cent of GDP	-2.3	-2.3	-1.1	-0.8	0.1	0.6	
<i>Memorandum items:</i>							
Net Future Fund earnings(c)	3.2	2.8	3.2	3.5	3.7	4.0	14.5
Headline cash balance	-49.1	-51.1	-48.4	-37.1	-14.8	11.7	-88.7

(a) Total is equal to the sum of amounts from 2017-18 to 2020-21.

(b) Equivalent to cash payments for operating activities, purchases of non-financial assets and net acquisition of assets under finance leases.

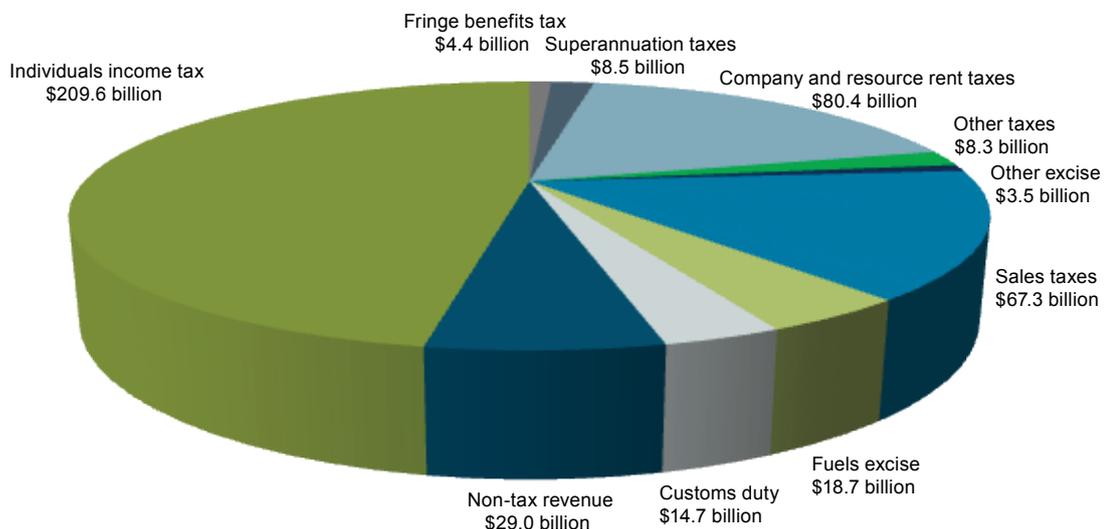
(c) Under the *Future Fund Act 2006*, net Future Fund earnings will be available to meet the Government superannuation liability in 2020-21. From this time, the underlying cash balance includes expected net Future Fund earnings.

(d) Excludes expected net Future Fund earnings before 2020-21.

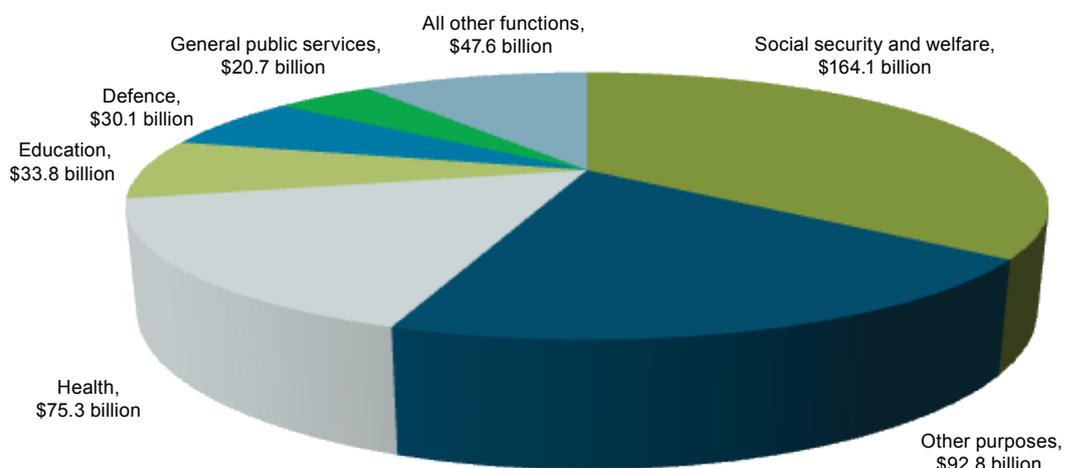
Revenue and spending

Total revenue for 2017-18 is expected to be \$444.4 billion, an increase of 7.8 per cent on estimated revenue in 2016-17. Total expenses for 2017-18 are expected to be \$464.3 billion, an increase of 3.0 per cent on estimated expenses in 2016-17

Where revenue comes from (2017-18)



Where taxpayers' money is spent (2017-18)



Major initiatives

Expense

This table summarises the major initiatives in the 2017-18 Budget and their impact on the fiscal balance. More comprehensive information is provided in Budget Paper No. 2, *Budget Measures 2017-18*

Initiatives	2016-17	2017-18	2018-19	2019-20	2020-21	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Quality Schools – true needs-based funding for Australia's schools	0.0	-106.4	-295.4	-511.3	-840.3	-1,753.5
<i>Skilling Australians Fund</i>	0.0	-350.0	-360.0	-390.0	-370.0	-1,470.0
Improving Access to Medicines – Pharmaceutical Benefits Scheme – new and amended listings	-31.4	-213.3	-264.1	-312.3	-346.2	-1,167.3
Guaranteeing Medicare – Medicare Benefits Schedule – indexation	0.0	-9.5	-146.0	-403.4	-443.4	-1,002.3
Infrastructure Investment Programme – National Rail Program	0.0	0.0	0.0	-200.0	-400.0	-600.0
Support for Health Services in Tasmania	-730.4	60.9	60.9	60.9	61.9	-485.9
National Partnership Agreement on Universal Access to Early Childhood Education – extension	0.0	-128.4	-301.0	0.0	0.0	-429.4
Regional Growth Fund	0.0	-19.8	-100.0	-235.6	-116.8	-472.2
Reducing Pressure on Housing Affordability – a new National Housing and Homelessness Agreement	0.0	-2.0	-122.6	-126.6	-130.6	-381.8
National Security – Australian Federal Police – additional resourcing	0.0	-62.3	-104.5	-81.3	-73.5	-321.5
National Partnership on Regulatory Reform – establishment	0.0	-127.3	-177.2	-2.1	-2.1	-308.7
ParentsNext – national expansion	0.0	-25.5	-82.0	-76.6	-78.9	-263.0
WA Infrastructure and GST Top-Up Payment	-226.0	0.0	0.0	0.0	0.0	-226.0
Veteran Centric Reform	0.0	-142.1	-16.0	-4.2	-4.2	-166.6
Total	-987.8	-1,125.6	-1,907.9	-2,282.6	-2,744.2	-9,048.1

All figures are in net fiscal impact terms.

Totals may not sum due to rounding.

Major initiatives

Revenue

Revenue measures	2016-17	2017-18	2018-19	2019-20	2020-21	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Personal income tax – increase in the Medicare levy – National Disability Insurance Scheme	0.0	0.0	400.0	3,550.0	4,250.0	8,200.0
Major bank levy – introduction	0.0	1,598.8	1,500.0	1,500.0	1,600.0	6,198.8
<i>Skilling Australians Fund</i> levy – introduction	0.0	88.7	360.0	390.0	370.0	1,208.8
Extending the immediate deductibility threshold for small businesses	0.0	..	-950.0	50.0	250.0	-650.0
Reducing Pressure on Housing Affordability – capital gains tax changes for foreign investors	*	145.2	95.3	145.3	195.2	581.0
Reducing Pressure on Housing Affordability – disallow the deduction of travel expenses for residential rental property	0.0	..	160.0	180.0	200.0	540.0
Tax Integrity Package – Black Economy Taskforce: one year extension of funding for ATO audit and compliance activities	0.0	360.1	53.9	24.3	8.9	447.2
Broadcasting and Content Reform Package – replacing broadcast licence fees with broadcast spectrum pricing	-126.9	-93.2	-73.1	-73.1	-73.1	-439.4
Indexation of visa application charges	0.0	35.0	70.0	125.0	180.0	410.0
Additional funding for addressing serious and organised crime in the tax system	0.0	37.9	118.5	111.4	112.5	380.3
Aligning the tax treatment of roll your own tobacco and cigarettes	0.0	30.0	70.0	110.0	150.0	360.0
Reducing Pressure on Housing Affordability – limit plant and equipment depreciation deductions to outlays actually incurred by investors	0.0	0.0	40.0	100.0	120.0	260.0
Reducing Pressure on Housing Affordability – first home super saver scheme	0.0	-54.0	-62.1	-71.8	-71.6	-259.4
Tax Integrity Package – Black Economy Taskforce: extension of the taxable payments reporting system (TPRS) to contractors in the courier and cleaning industries	0.0	-21.7	-34.0	98.0	142.4	184.6
Total	-126.9	2,126.9	1,748.5	6,239.1	7,434.3	17,421.8

All figures are in net fiscal impact terms.

Totals may not sum due to rounding.

.. Not zero but rounded to zero.

* Unquantifiable.

Major savings

This table summarises the major savings in the 2017-18 Budget and their impact on the fiscal balance. More comprehensive information is provided in Budget Paper No. 2, *Budget Measures 2017-18*

	2016-17	2017-18	2018-19	2019-20	2020-21	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Higher Education Reform – a more sustainable higher education sector	30.7	321.7	764.0	1,153.9	1,485.9	3,756.1
Funding the Jobs for Families Package	-0.4	241.0	572.2	572.2	570.7	1,955.6
Improving Access to Medicines – cheaper medicines	0.0	24.7	364.5	427.1	476.0	1,292.2
Better Targeting of Assistance to Support JobSeekers	-4.1	4.0	185.0	215.9	231.3	632.0
Consistent Income Treatment for Families Receiving Family Tax Benefit Part A	-0.3	-7.1	122.9	147.5	152.3	415.4
Department of Defence – efficiencies	0.0	69.8	72.3	76.3	85.7	304.1
Maintaining the Level of Official Development Assistance	0.0	0.0	0.0	100.3	203.0	303.3
Family Day Care – further improving integrity	58.2	193.2	0.0	0.0	0.0	251.5
Better Alignment of Student Payments	-1.4	20.0	51.6	54.0	57.0	181.2
Department of Veterans' Affairs – Improved Health Care Arrangements	2.5	26.7	36.8	47.9	57.2	171.0
Liquid Assets Waiting Period – increasing self-reliance	0.0	-0.3	32.5	51.0	55.3	138.5
Jobs for Families Package – upper income threshold	0.0	0.0	32.9	39.7	46.8	119.3
Enhanced Residency Requirements for Pensioners	..	-3.5	13.7	42.6	66.3	119.1
Guaranteeing Medicare – Medicare Benefits Schedule – improved compliance	..	-7.6	20.1	44.2	47.0	103.8
Aligning the Pensioner Education Supplement and Education Entry Payment	-0.1	4.7	29.3	30.0	30.8	94.7
Total	85.1	887.3	2,297.7	3,002.4	3,565.2	9,837.7

All figures are in net fiscal impact terms.

Totals may not sum due to rounding.

.. Not zero but rounded to zero.

Detailed economic forecasts^(a)

The table below shows the Government's macroeconomic forecasts. More comprehensive information is provided in Budget Paper No.1, Statement 2

	Outcomes (b)	Forecasts		
	2015-16	2016-17	2017-18	2018-19
Real gross domestic product	2.6	1 3/4	2 3/4	3
Household consumption	2.9	2 1/2	2 3/4	3
Dwelling investment	10.6	4 1/2	1 1/2	-4
Total business investment(c)	-10.3	-6	0	3
<i>By industry</i>				
Mining investment	-27.5	-21	-12	-3
Non-mining investment	1.4	1 1/2	4 1/2	4 1/2
Private final demand(c)	0.8	1	2 1/4	2 1/2
Public final demand(c)	3.4	4	2 1/2	3
Change in inventories(d)	-0.1	0	0	0
Gross national expenditure	1.3	1 3/4	2 1/2	2 3/4
Exports of goods and services	6.7	5 1/2	5	4
Imports of goods and services	-0.3	3	3	3
Net exports(d)	1.4	1/2	1/2	1/4
Nominal gross domestic product	2.3	6	4	4
Prices and wages				
Consumer price index(e)	1.0	2	2	2 1/4
Wage price index(f)	2.1	2	2 1/2	3
GDP deflator	-0.3	4	1	1
Labour market				
Participation rate (per cent)(g)	64.8	64 1/2	64 1/2	64 1/2
Employment(f)	1.9	1	1 1/2	1 1/2
Unemployment rate (per cent)(g)	5.7	5 3/4	5 3/4	5 1/2
Balance of payments				
Terms of trade(h)	-10.2	16 1/2	-2 3/4	-4 1/4
Current account balance (per cent of GDP)	-4.4	-1 1/2	-1 1/2	-2

(a) Percentage change on preceding year unless otherwise indicated.

(b) Calculated using original data unless otherwise indicated.

(c) Excluding second-hand asset sales from the public sector to the private sector.

(d) Percentage point contribution to growth in GDP.

(e) Through-the-year growth rate to the June quarter.

(f) Seasonally adjusted, through-the-year growth rate to the June quarter.

(g) Seasonally adjusted rate for the June quarter.

(h) The forecasts are underpinned by price assumptions for iron ore, metallurgical coal and thermal coal.

Note: The forecasts for the domestic economy are based on several technical assumptions. The exchange rate is assumed to remain around its recent average level – a trade-weighted index of around 65 and a \$US exchange rate of around 76 US cents. Interest rates are assumed to move broadly in line with market expectations. World oil prices (Malaysian Tapis) are assumed to remain around US\$55 per barrel.

Source: ABS cat. no. 5204.0, 5206.0, 5302.0, 6202.0, 6345.0, 6401.0, unpublished ABS data and Treasury.

Historical budget and net financial worth data

This table provides historical data and forward estimates for Australian Government General Government Sector cash receipts, cash payments, the underlying cash balance and net financial worth. More comprehensive information is provided in Budget Paper No. 1, Budget Strategy and Outlook Statement 11

	Receipts(a)		Payments(b)		Underlying cash balance(c)		Net financial worth(d)	
	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP
1985-86	66,206	25.4	71,328	27.4	-5,122	-2.0	na	na
1986-87	74,724	26.1	77,158	27.0	-2,434	-0.9	na	na
1987-88	83,491	25.7	82,039	25.3	1,452	0.4	na	na
1988-89	90,748	24.6	85,326	23.2	5,421	1.5	na	na
1989-90	98,625	24.4	92,684	22.9	5,942	1.5	na	na
1990-91	100,227	24.1	100,665	24.2	-438	-0.1	na	na
1991-92	95,840	22.6	108,472	25.6	-12,631	-3.0	na	na
1992-93	97,633	22.0	115,751	26.0	-18,118	-4.1	na	na
1993-94	103,824	22.2	122,009	26.1	-18,185	-3.9	na	na
1994-95	113,458	22.9	127,619	25.7	-14,160	-2.9	na	na
1995-96	124,429	23.5	135,538	25.6	-11,109	-2.1	na	na
1996-97	133,592	24.0	139,689	25.1	-6,099	-1.1	na	na
1997-98	140,736	23.9	140,587	23.9	149	0.0	na	na
1998-99	152,063	24.5	148,175	23.9	3,889	0.6	na	na
1999-00	166,199	25.1	153,192	23.2	13,007	2.0	-67,036	-10.1
2000-01	182,996	25.9	177,123	25.1	5,872	0.8	-71,876	-10.2
2001-02	187,588	24.9	188,655	25.0	-1,067	-0.1	-78,032	-10.3
2002-03	204,613	25.5	197,243	24.6	7,370	0.9	-82,931	-10.3
2003-04	217,775	25.3	209,785	24.3	7,990	0.9	-72,389	-8.4
2004-05	235,984	25.6	222,407	24.1	13,577	1.5	-58,882	-6.4
2005-06	255,943	25.6	240,136	24.1	15,757	1.6	-59,763	-6.0

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Historical budget and net financial worth data

	Receipts(a)		Payments(b)		Underlying cash balance(c)		Net financial worth(d)	
	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP
2006-07	272,637	25.1	253,321	23.3	17,190	1.6	-35,696	-3.3
2007-08	294,917	25.0	271,843	23.1	19,754	1.7	-14,690	-1.2
2008-09	292,600	23.2	316,046	25.1	-27,013	-2.1	-71,490	-5.7
2009-10	284,662	21.9	336,900	26.0	-54,494	-4.2	-144,485	-11.1
2010-11	302,024	21.4	346,102	24.5	-47,463	-3.4	-198,787	-14.1
2011-12	329,874	22.1	371,032	24.9	-43,360	-2.9	-355,834	-23.9
2012-13	351,052	23.0	367,204	24.0	-18,834	-1.2	-312,724	-20.5
2013-14	360,322	22.7	406,430	25.6	-48,456	-3.0	-370,331	-23.3
2014-15	378,301	23.4	412,079	25.5	-37,867	-2.3	-422,009	-26.1
2015-16	386,924	23.4	423,328	25.6	-39,606	-2.4	-542,919	-32.8
2016-17 (e)	405,724	23.2	440,540	25.1	-37,600	-2.1	-428,191	-24.4
2017-18 (e)	433,494	23.8	459,684	25.2	-29,396	-1.6	-457,818	-25.1
2018-19 (e)	462,500	24.4	480,409	25.4	-21,422	-1.1	-475,762	-25.1
2019-20 (p)	496,908	25.1	495,632	25.0	-2,470	-0.1	-475,048	-24.0
2020-21 (p)	526,322	25.4	518,905	25.0	7,417	0.4	-465,255	-22.4

(a) Receipts are equal to cash receipts from operating activities and sales of non-financial assets.

(b) Payments are equal to cash payments for operating activities, purchases of non-financial assets and net acquisition of assets under finance leases.

(c) Between 2005-06 and 2019-20, the underlying cash balance is equal to receipts less payments, less net Future Fund earnings. For the years 1970-71 to 2004-05 and from 2020-21 onwards, the underlying cash balance is equal to receipts less payments.

(d) Net financial worth is equal to financial assets less total liabilities.

(e) Estimates.

(p) Projections.

Note: Full historical series going back to 1970-71 are available in Budget Paper No. 1, Budget Strategy and Outlook, Statement 11.