A responsible and fair return to a balanced budget

Deficits are diminishing

Medium term underlying cash balance

Note: A tax-to-GDP ‘cap’ of 23.9 per cent is applied to these projections from 2022-23. Net Future Fund earnings are included in projections of the underlying cash balance from 2020-21.
Payments as a share of the economy

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

[Graph showing government payments as a per cent of GDP from 2013-14 to 2020-21, with a trend line indicating a decrease from 2015-16 onwards.]
Taxation receipts

Changes to taxation receipts estimates since MYEFO
Reconciliation of decisions made and parameter variations over the forward estimates

Note: Chart does not sum due to Future Fund earnings.
Impact of decisions made over the forward estimates of Senate positions

Note: Chart does not sum. Please refer to Table 7 of Budget Statement 3 for further information.
Contributions of recurrent and capital spending to government borrowing needs
Proportions of borrowing requirements since 2007-08 notionally allocated by function

- Social security and welfare: 45%
- Health: 21%
- Defence: 9%
- Education and training: 10%
- Transport and communication: 5%
- Other: 10%
Future Fund

100 per cent drawdown

Liability matching

Note: The liability matching chart assumes calibration of drawdowns to match asset and liabilities once the Target Asset Level has been reached. Source: Treasury and Australian Government Actuary projections.
Gross and Net Debt

Note: A tax to GDP cap of 23.9 per cent is applied to these projections from 2022-23.
Source: Australian Office of Financial Management and Treasury projections
Global economy

Global growth

Evolution of IMF global growth forecasts
Real economic growth

![Bar chart showing real economic growth from 2012-13 to 2018-19. The chart includes data for the 2017-18 Budget, IMF, and Consensus. The growth rates are as follows:

- 2012-13: 2.5% (2017-18 Budget, IMF, Consensus)
- 2013-14: 2.5% (2017-18 Budget, IMF, Consensus)
- 2014-15: 2.5% (2017-18 Budget, IMF, Consensus)
- 2015-16: 2.5% (2017-18 Budget, IMF, Consensus)
- 2016-17: 2% (2017-18 Budget, IMF)
- 2017-18: 3.5% (2017-18 Budget, IMF, Consensus)
- 2018-19: 3.5% (2017-18 Budget, IMF, Consensus)
Better days ahead

**Business investment**

- **Non-mining business investment**
- **Mining investment**

**Real consumption growth per capita**

- 80s average: 1.8 per cent
- 90s average: 2.2 per cent
- 00s average: 2.7 per cent
- Post GFC average: 1.1 per cent
Better days ahead

**Resource exports**

- Total resource exports
- LNG
- Iron ore
- Coal
- Other

**Services exports**
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

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 2023-21
- Cracking down on multinationals
- Exposing the black economy
- Improving tax integrity
- Improving welfare integrity
- Reducing welfare dependency
- Extending income management
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.
Fairer funding for all student needs

Faster transition to needs-based funding

- 3.7 per cent annual growth for non-government schools
- 5.1 per cent annual growth for public schools
Note: The ratio is of completions to population change, both calculated as 6 quarter moving averages.
Source: ABS Cat. No. 3101.0 and 8752.0 and Treasury.
A comprehensive housing affordability plan for all Australians

Unlocking supply
- A new National Housing and Homelessness Agreement linked to outcomes including aggregate housing supply targets
- Encouraging planning and zoning reforms
- Establishing the $1 billion National Housing Infrastructure Facility
- Investing in cities through City Deals, including in Western Sydney
- Releasing suitable Commonwealth land, starting with 127 hectares of surplus Defence land in Melbourne
- Developing a public and online Commonwealth land registry

The number of low income households experiencing rental stress has increased from 43 to 54 percent in Greater Sydney and 37 to 45 percent in Greater Melbourne, between 2007-08 and 2013-14.

Crisis
- In 2015-16, over a quarter of a million people were assisted by specialist homelessness agencies

Social
- As at 30 June 2016, there were almost 200,000 households on social housing waiting lists

Affordable Rental
- The most recent figures show that there is a shortage of 271,000 affordable and available homes for low income households

Private Rental

Assisted Home Ownership
- The average number of years to save for a deposit on a house has increased from 5 to 8 years in Sydney, and from 4 to 6 years in Melbourne over the last decade.

Creating the right incentives
- Developing standard long-term leases
- Introducing an annual tax on foreign owners of vacant residential properties

Promoting rent-to-own and shared equity schemes

Home Ownership
- Allowing first home buyers to build deposits within superannuation through voluntary contributions
- Reducing barriers to downsizing to free up larger homes for families
- Improving the integrity of capital gains tax rules for foreign investors
- Limiting foreign investment approvals in new developments
- Encouraging new housing that is offered exclusively to first home buyers

Improving outcomes for those most in need
- A new $4.6 billion National Housing and Homelessness Agreement including $375 million of new funding for homelessness
- Funding Social Impact Investing
  - Establishing the National Housing Finance and Investment Corporation
  - Increasing the capital gains tax discount to 60 per cent for individual investors in affordable housing
  - Encouraging investment in affordable housing by Managed Investment Trusts
  - Strengthening the regulation of community housing providers nationally
  - Supporting The Big Issue’s Homes for Homes Initiative

The Government has a comprehensive and targeted plan that will improve outcomes across the housing spectrum.
Payments to the States

Payments for specific purposes 2017-18, by function

- Education 34%
- Health 38%
- Environment 1%
- Infrastructure 14%
- Affordable housing 3%
- Community services 5%
- Skills and workforce development 3%
- Other 3%

State spending supported by Commonwealth revenue, 2015-16

- Education 52%
- Health 49%
- Transport and communication 48%
- Housing and community amenities 44%
- Social Security and welfare 41%
- Agriculture, forestry and fishing 38%
- Other functions 33%
Payments to the States

Hospitals

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<thead>
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<th>Year</th>
<th>Payments (billion)</th>
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<td>2016-17</td>
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<td>2020-21</td>
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Schools

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<td>2020-21</td>
<td>22</td>
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Decisions increasing GST revenue for States and Territories

Note: Previous Budgets reflects selected measures from Budget updates since the 2015-16 Budget.
The Hon Scott Morrison MP
Treasurer

Budget 2017

Fairness • Security • Opportunity