

The Hon Scott Morrison MP
Treasurer



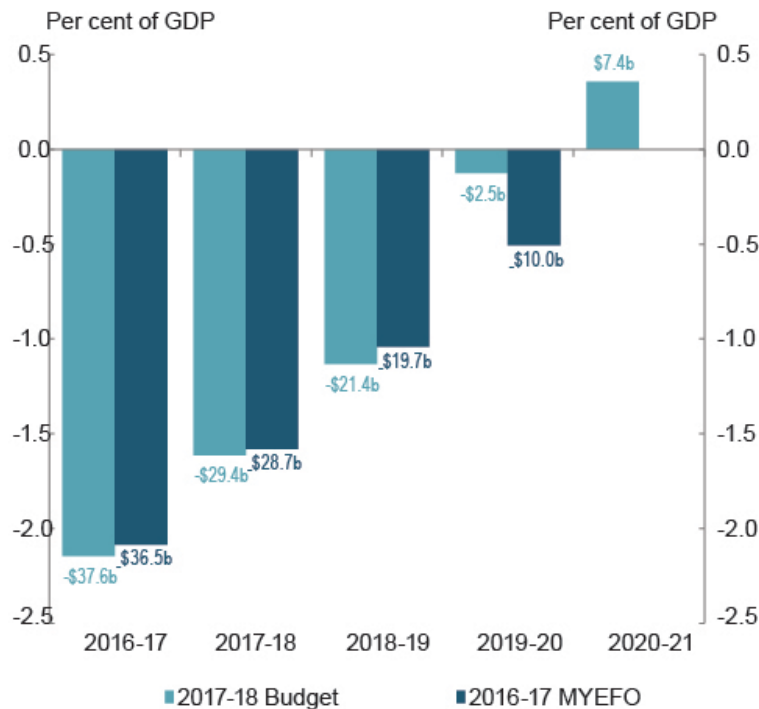
**THE RIGHT
CHOICES**
SECURING BETTER DAYS AHEAD

Budget 2017

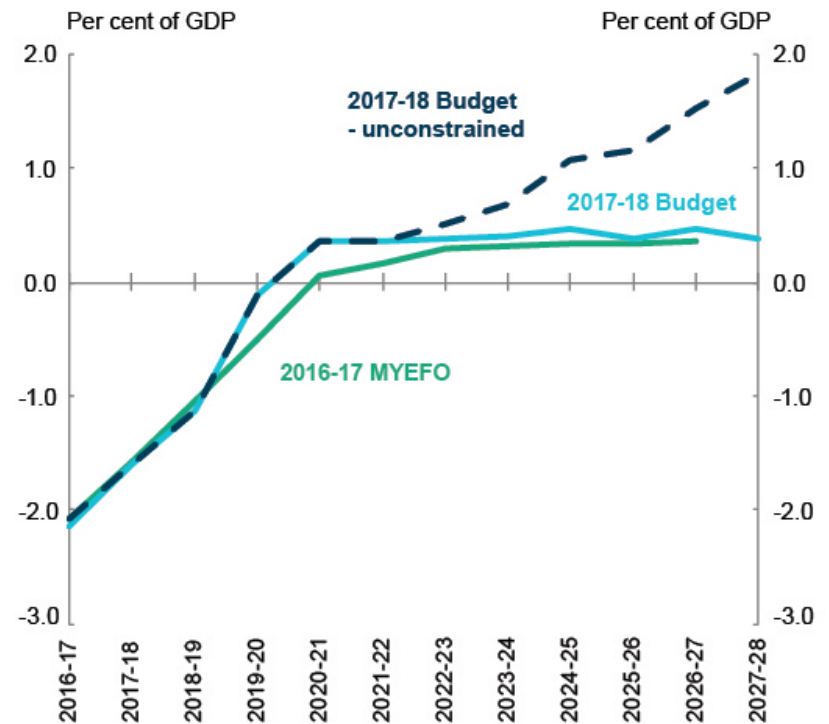
Fairness · Security · Opportunity

A responsible and fair return to a balanced budget

Deficits are diminishing



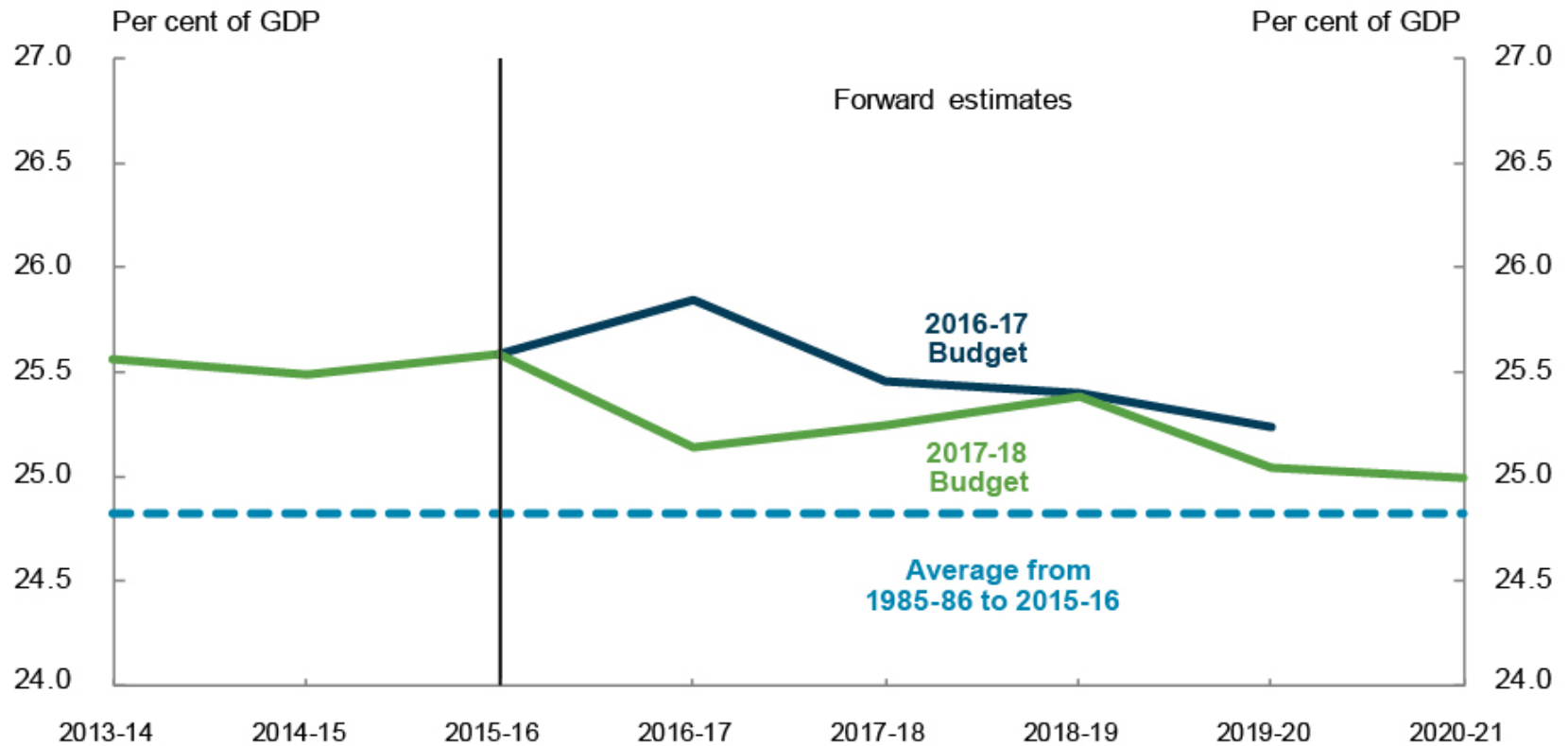
Medium term underlying cash balance



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.

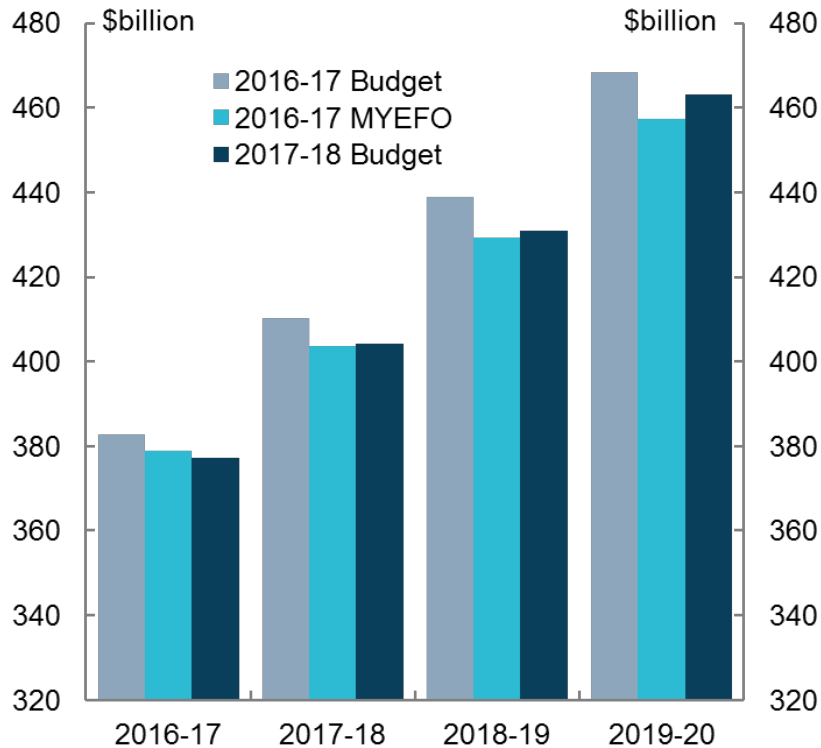
Payments as a share of the economy

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

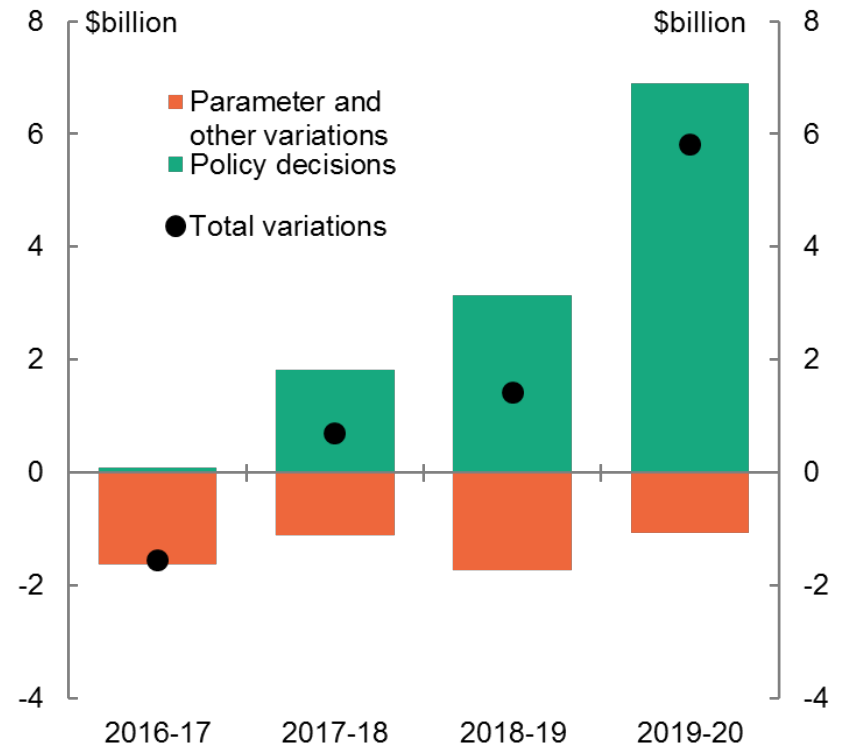


Taxation receipts

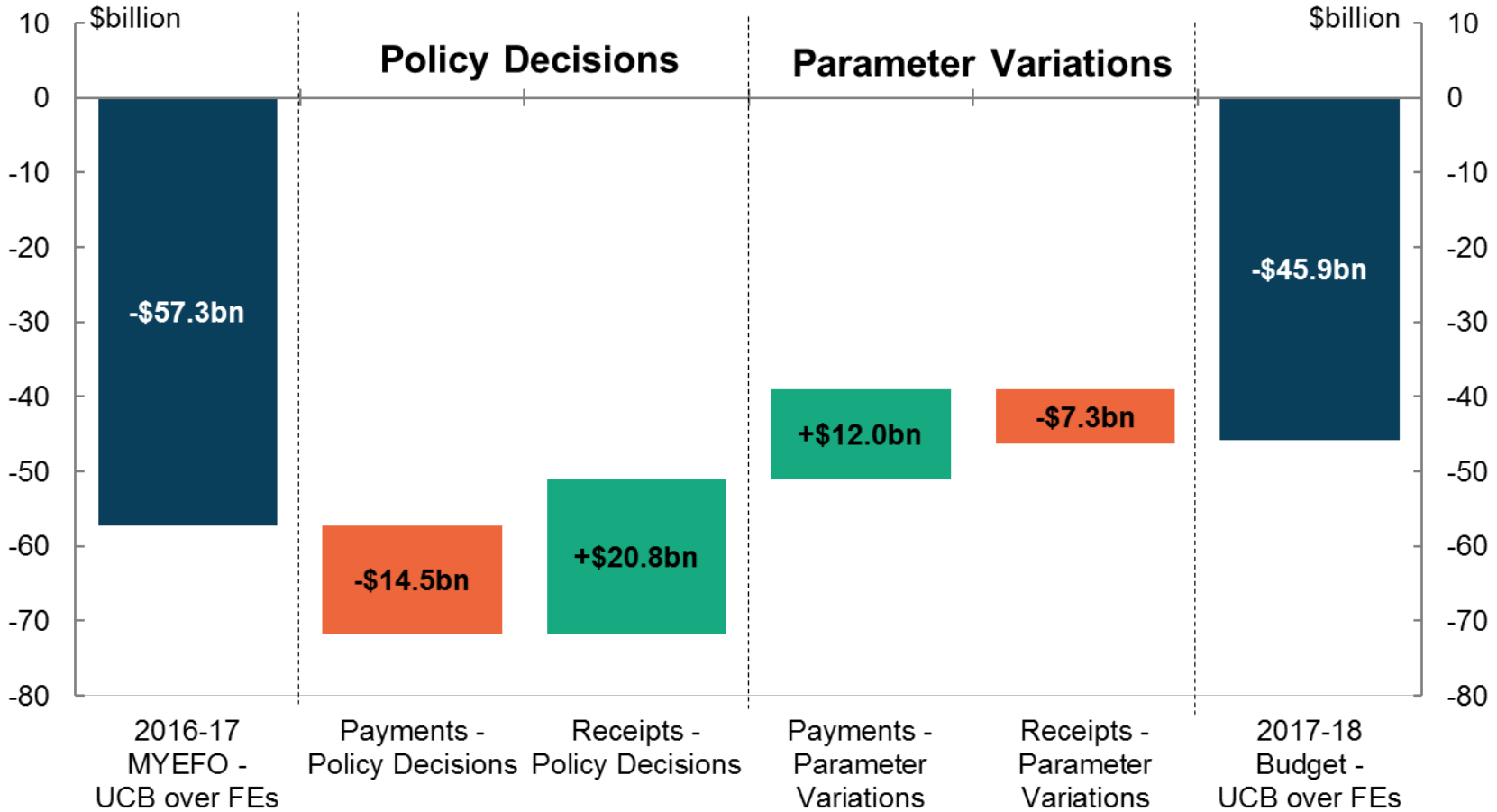
Taxation receipts



Changes to taxation receipts estimates since MYEFO

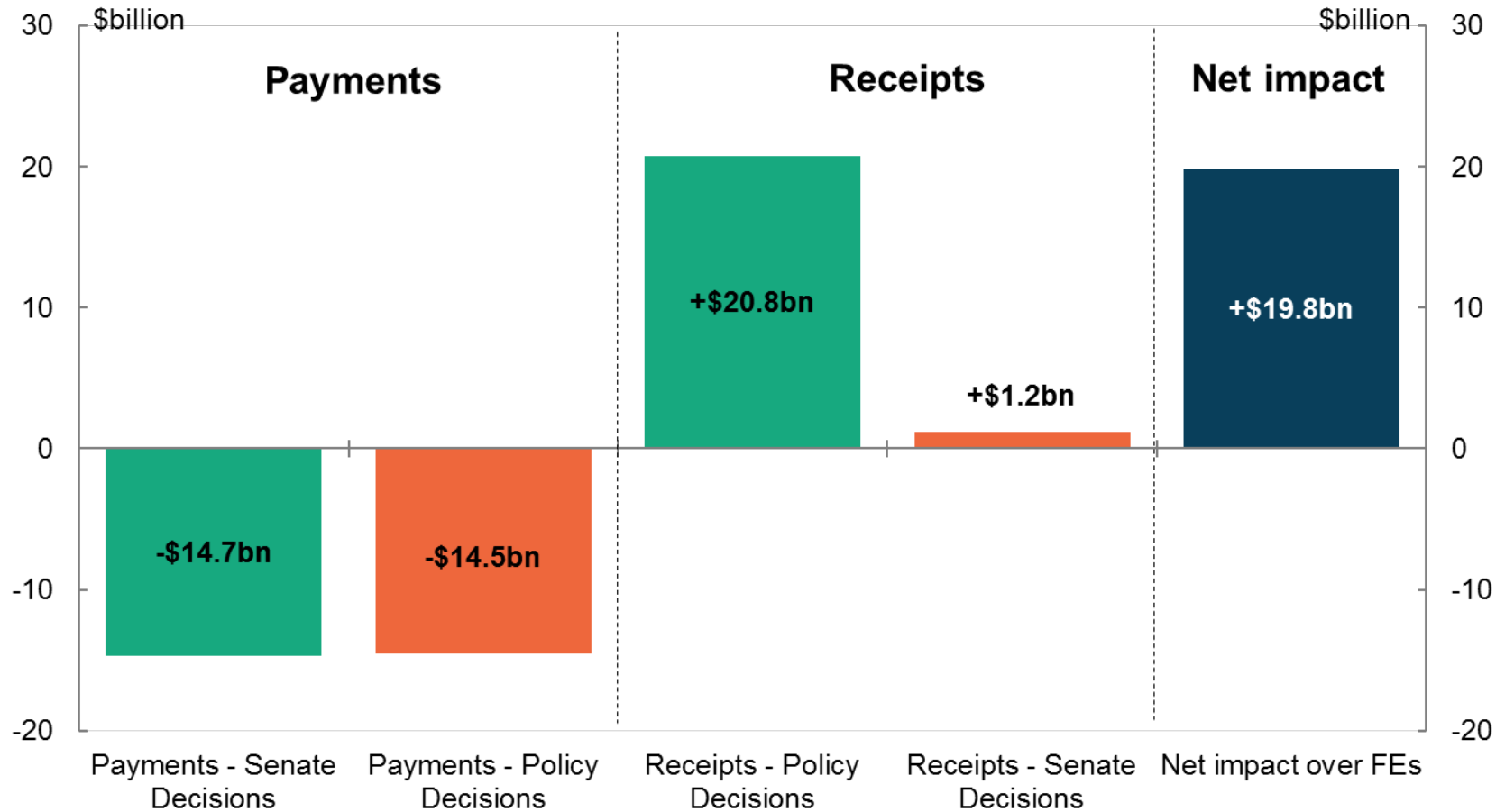


Reconciliation of decisions made and parameter variations over the forward estimates



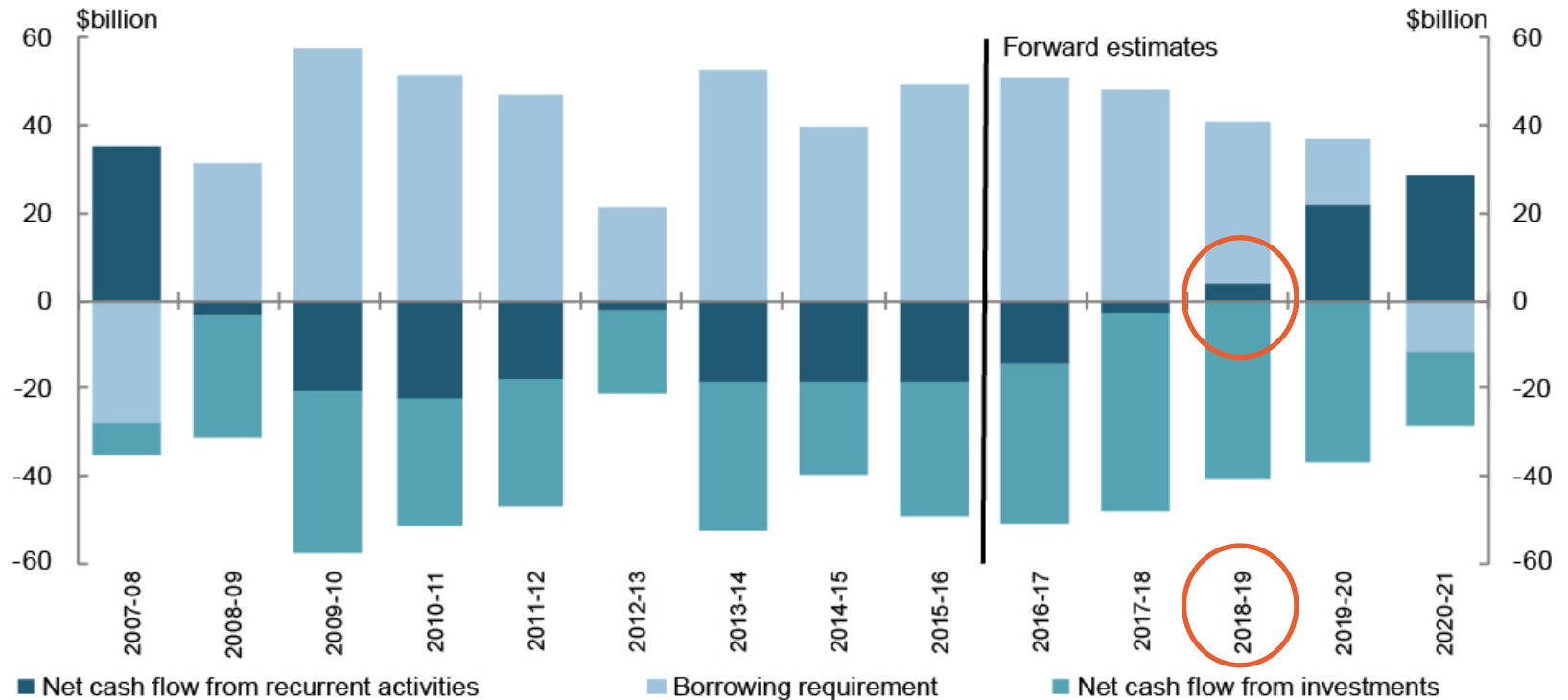
Note: Chart does not sum due to Future Fund earnings.

Impact of decisions made over the forward estimates of Senate positions

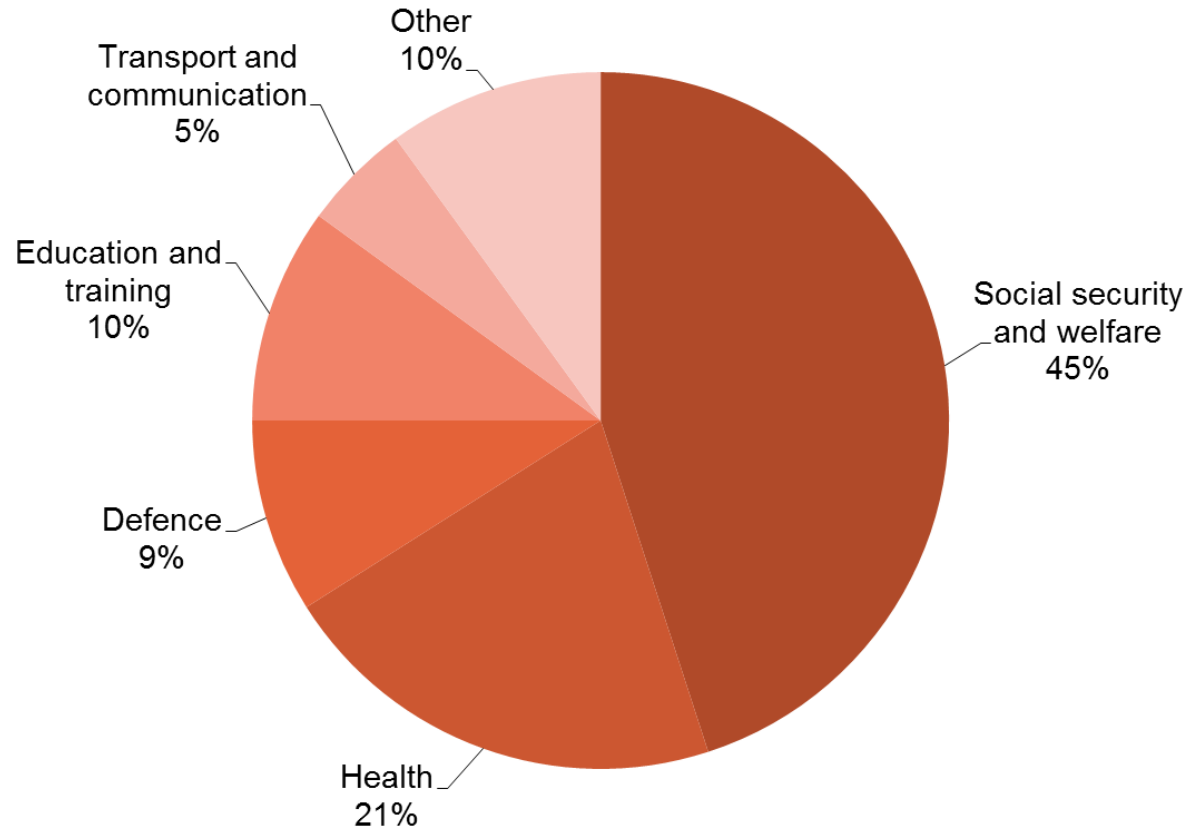


Note: Chart does not sum. Please refer to Table 7 of Budget Statement 3 for further information.

Contributions of recurrent and capital spending to government borrowing needs

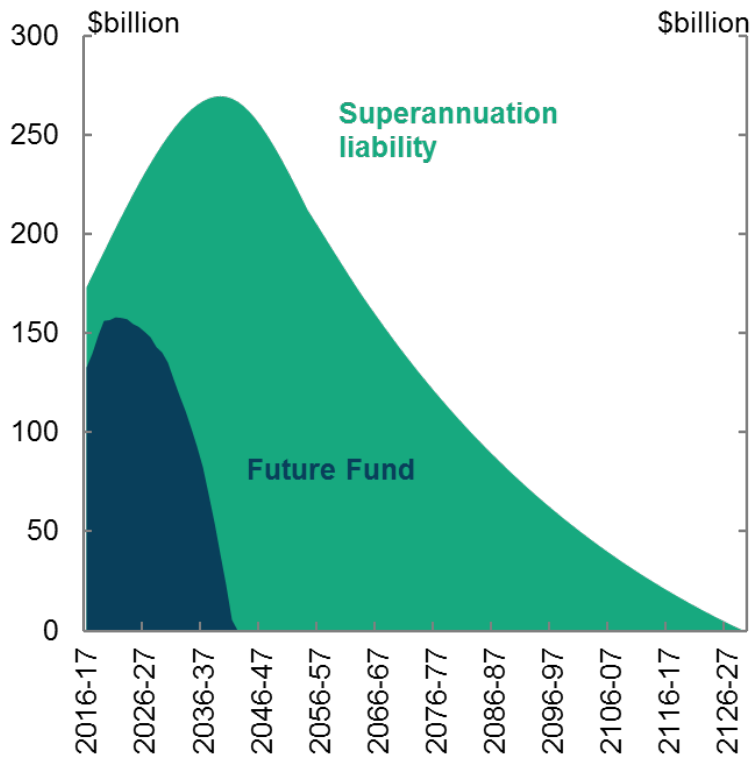


Proportions of borrowing requirements since 2007-08 notionally allocated by function

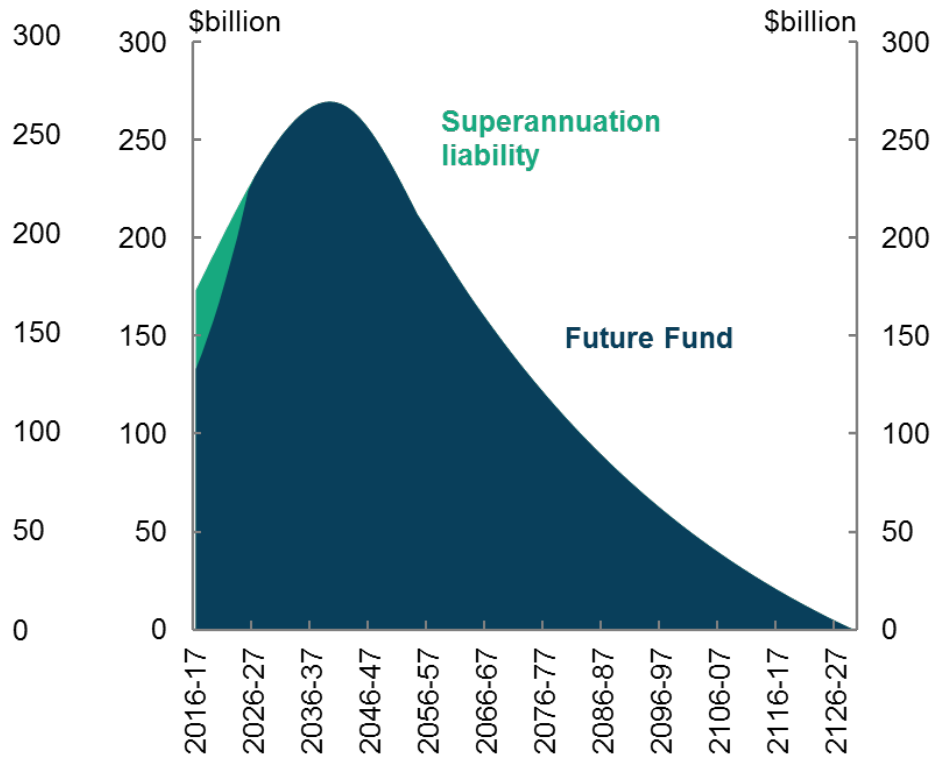


Future Fund

100 per cent drawdown



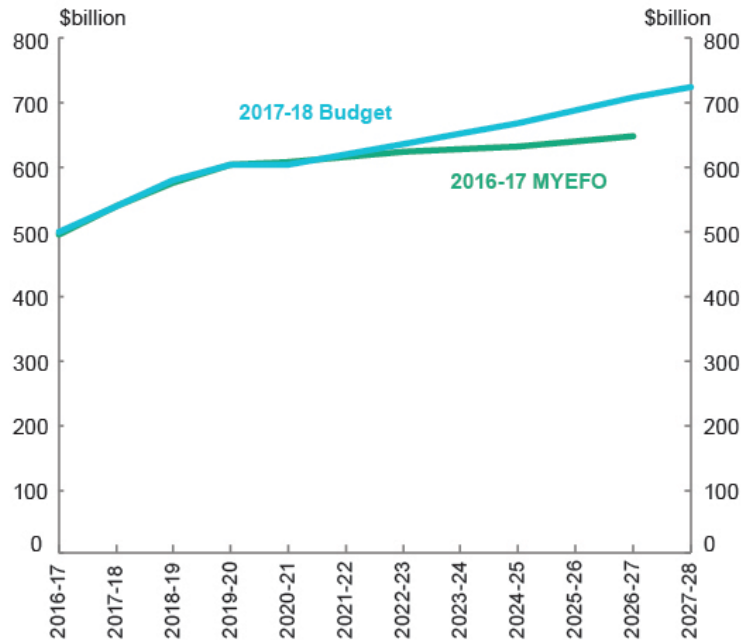
Liability matching



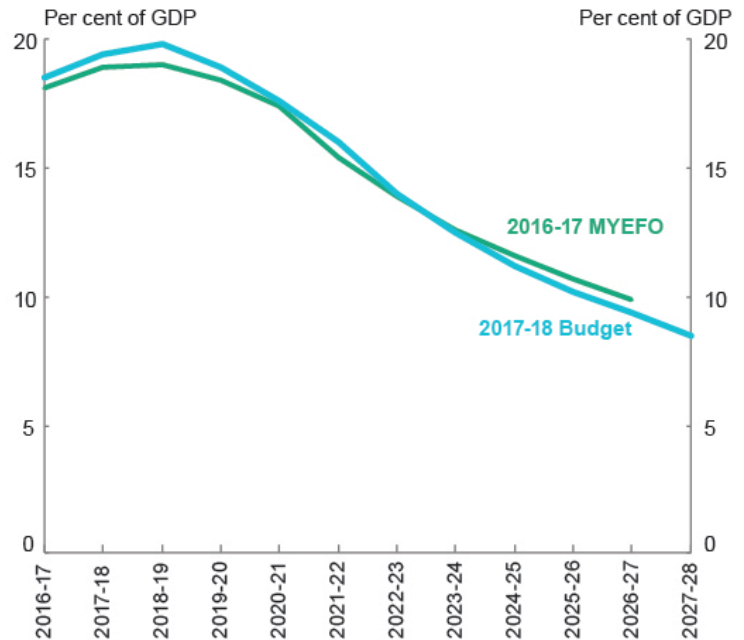
Note: The liability matching chart assumes calibration of drawdowns to match asset and liabilities once the Target Asset Level has been reached. Source: Treasury and Australian Government Actuary projections.

Gross and Net Debt

Face value of CGS on issue projected to 2027-28



Net debt projected to 2027-28

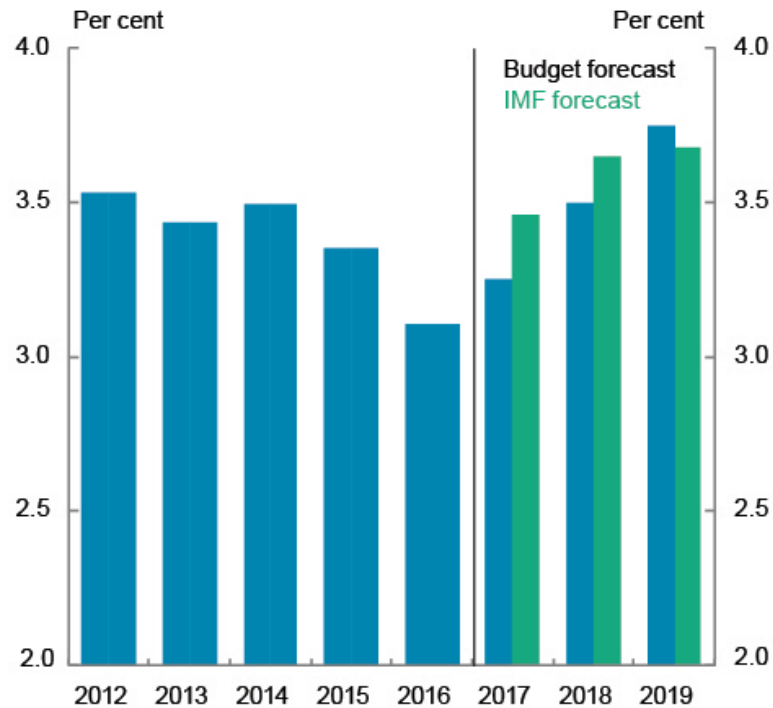


Note: A tax to GDP cap of 23.9 per cent is applied to these projections from 2022-23.

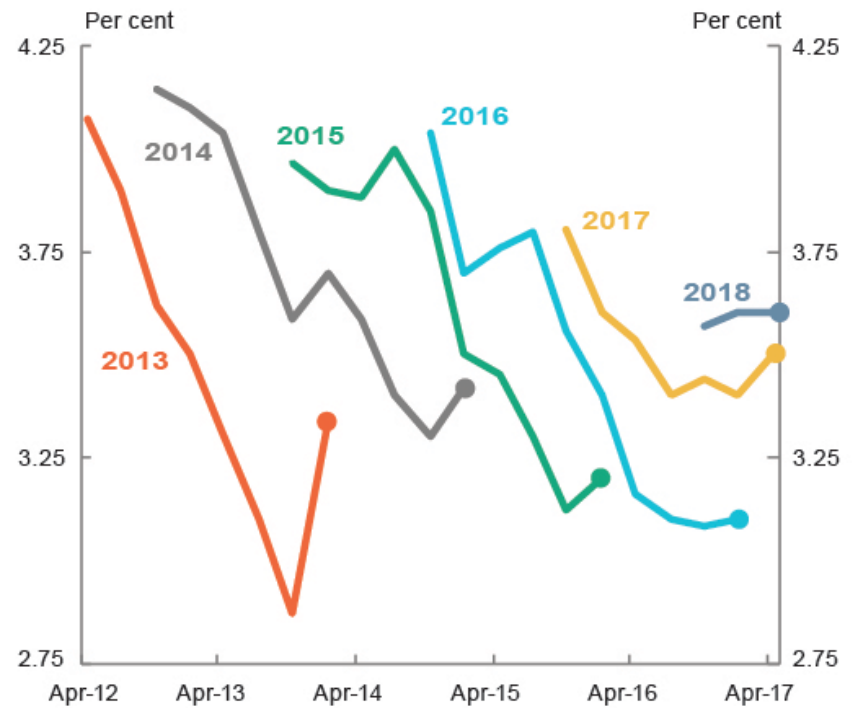
Source: Australian Office of Financial Management and Treasury projections

Global economy

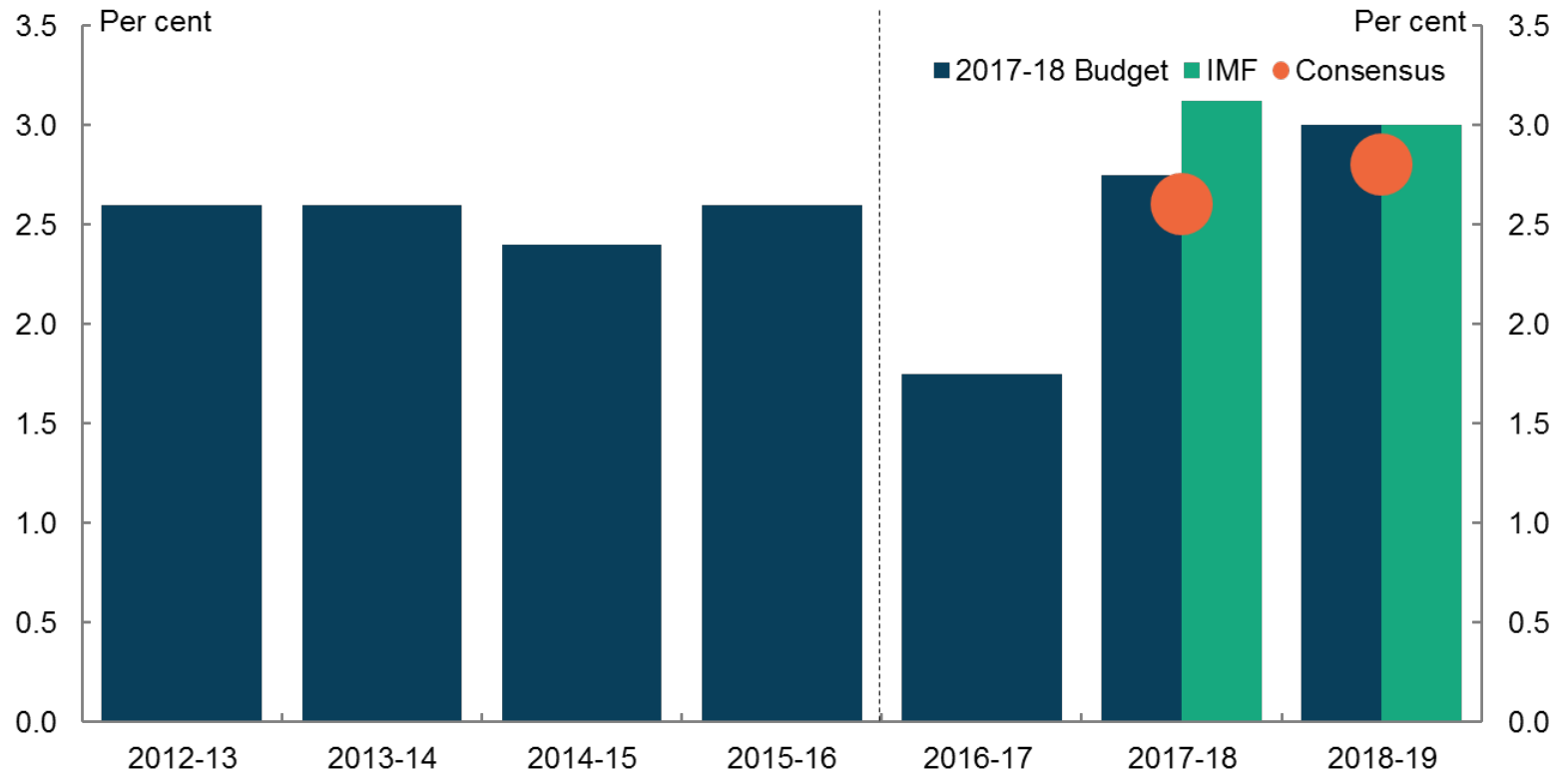
Global growth



Evolution of IMF global growth forecasts

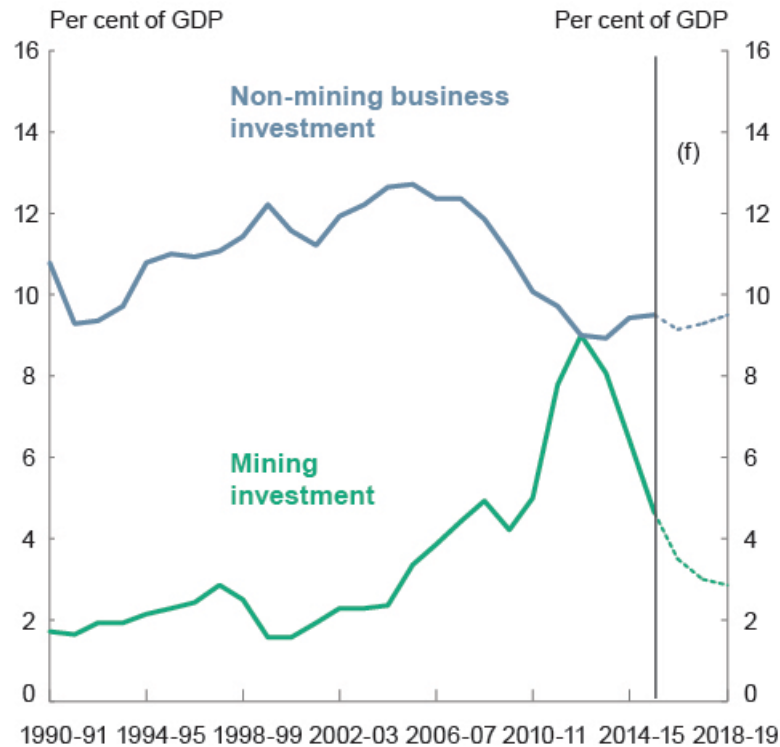


Real economic growth

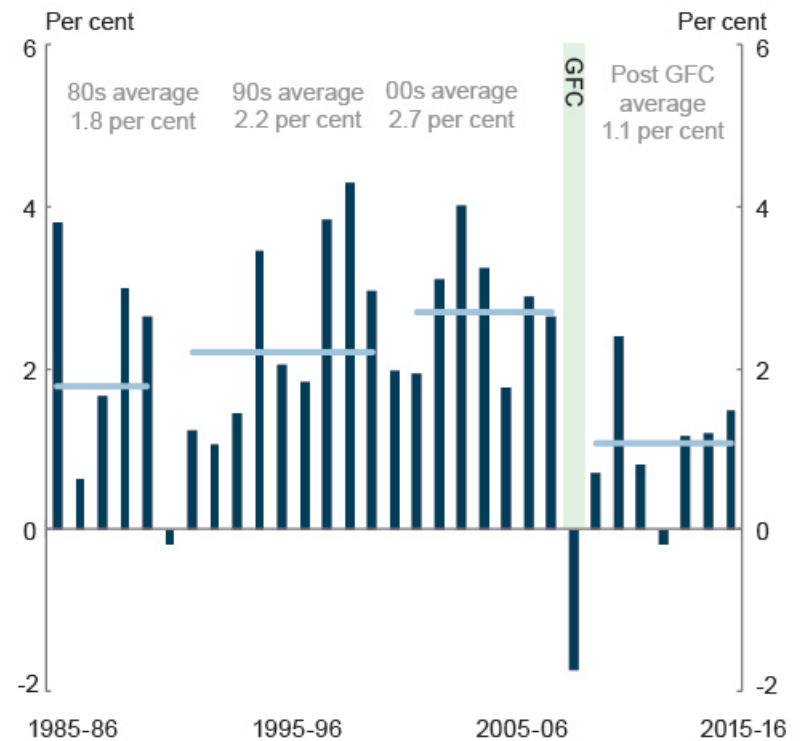


Better days ahead

Business investment

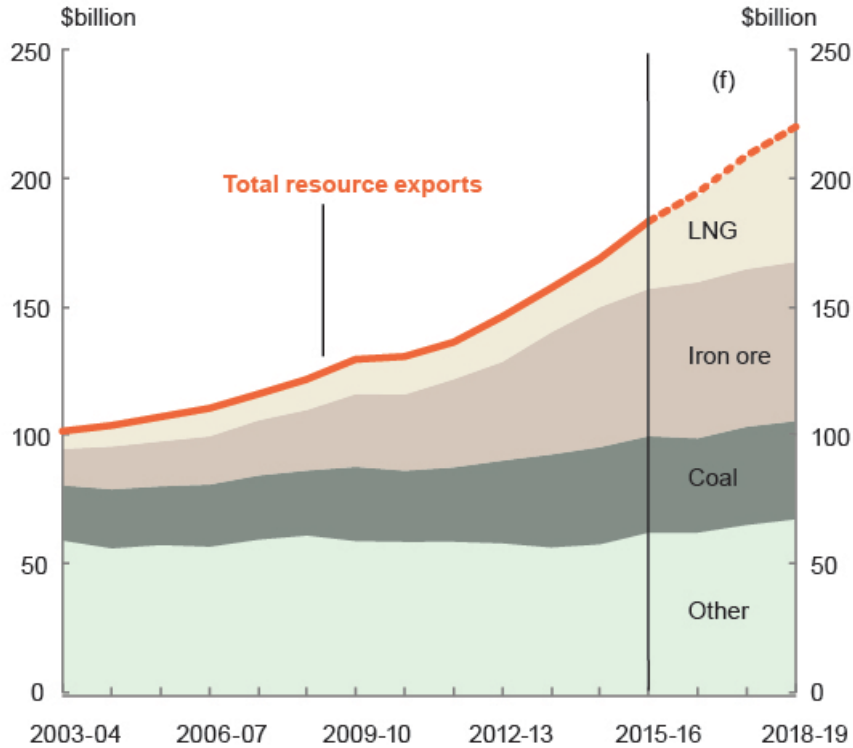


Real consumption growth per capita

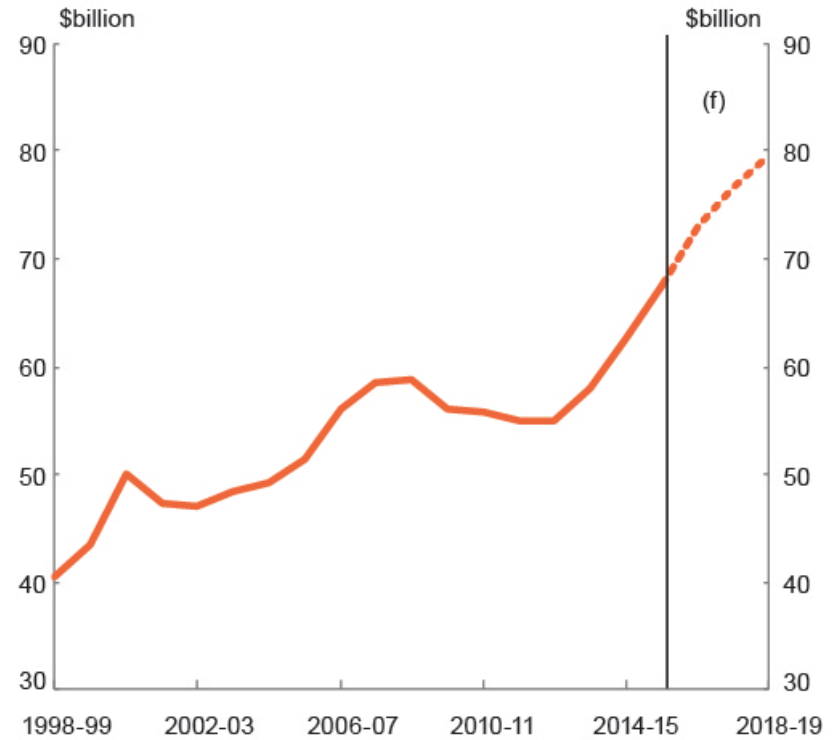


Better days ahead

Resource exports



Services exports



THE RIGHT CHOICES

SECURING BETTER DAYS AHEAD

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

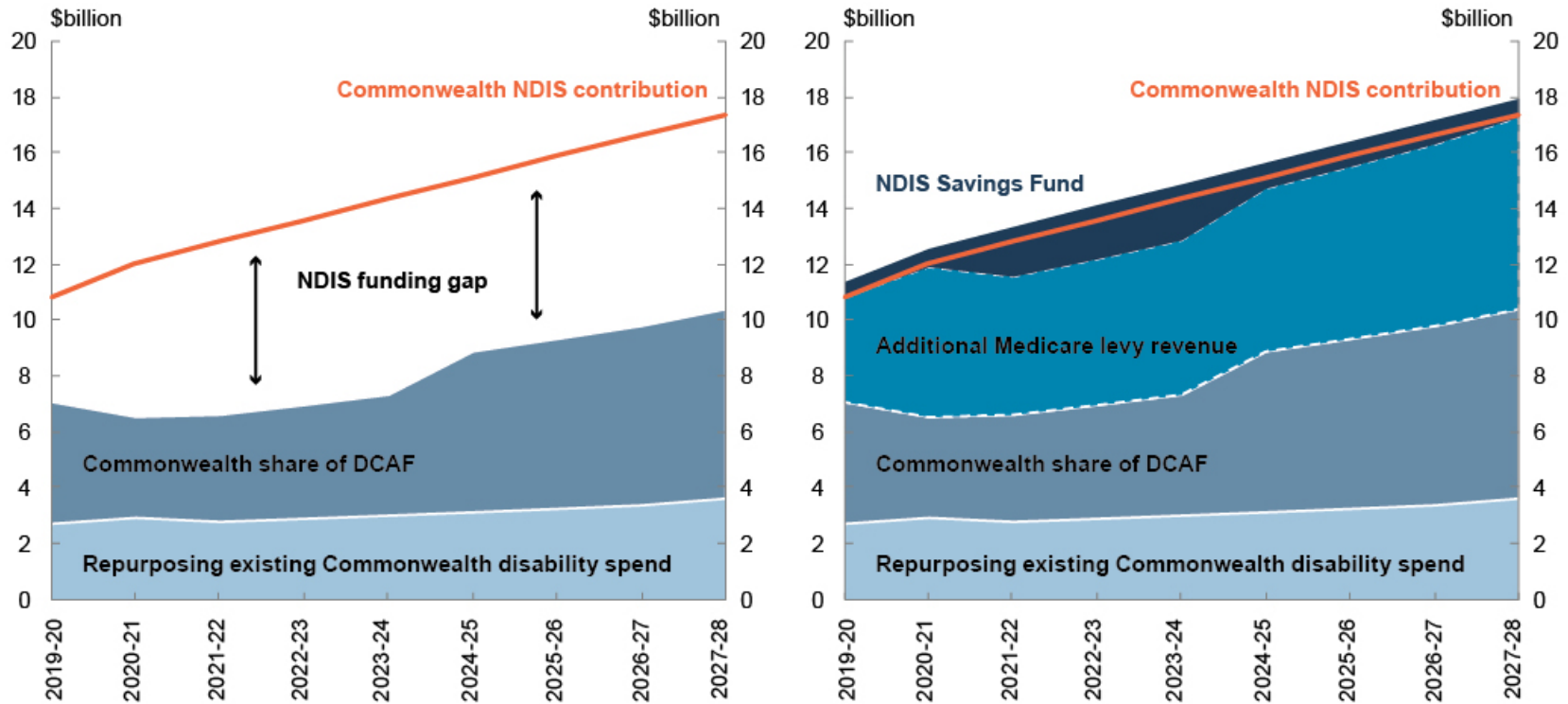


Living within our means

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



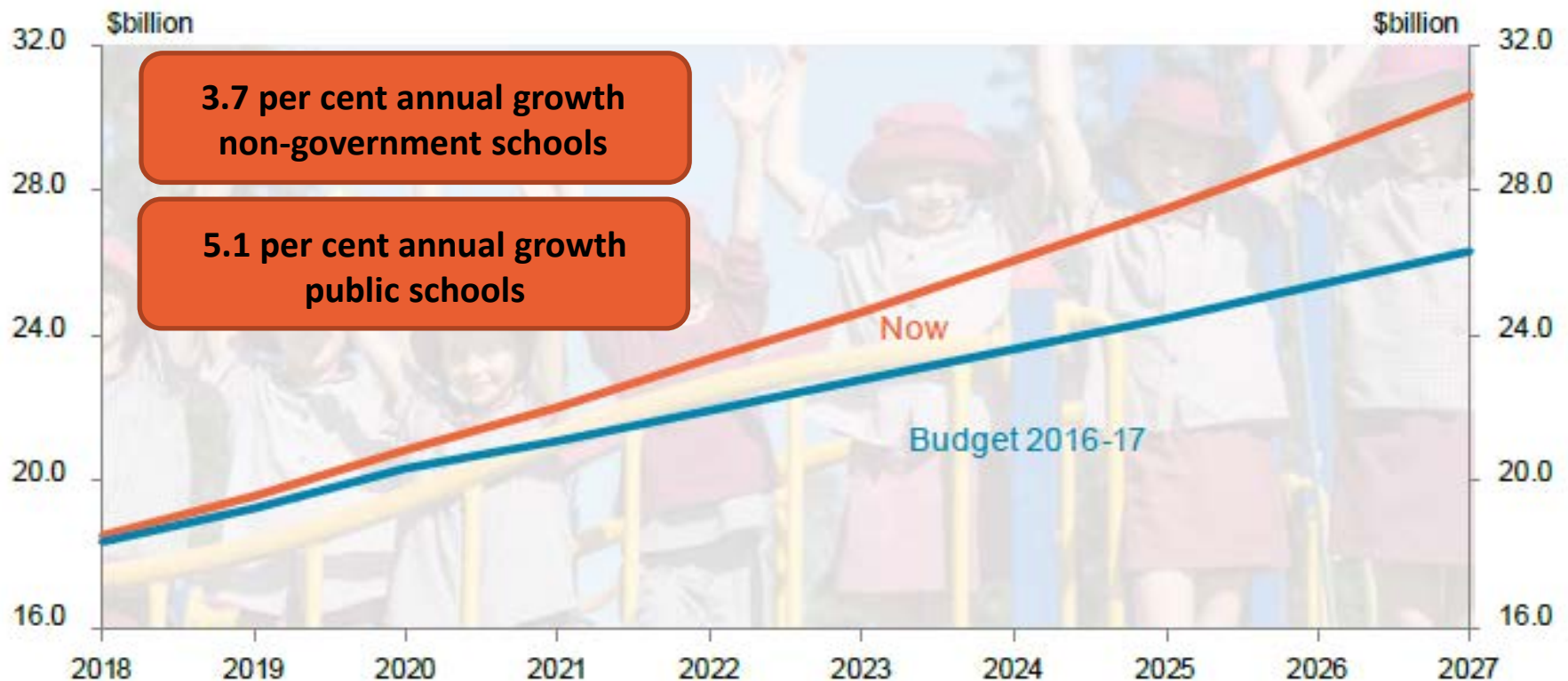
Fully funding the NDIS



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.

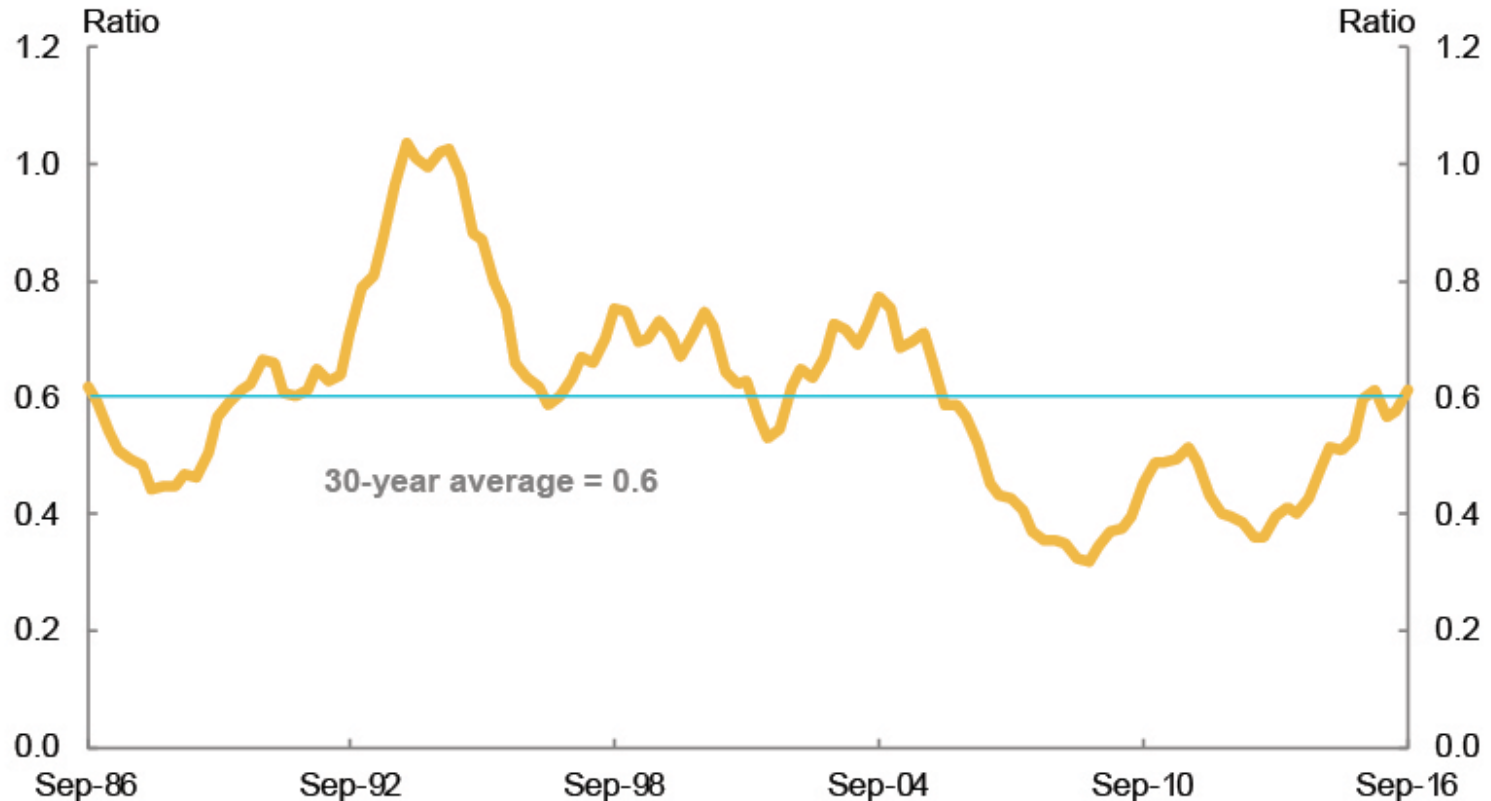
Fairer funding for all student needs

Faster transition to needs-based funding



Housing supply

Ratio of dwelling completions to population change



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

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

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



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



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



Crisis

Social

Affordable Rental

Private Rental

Assisted Home Ownership

Home Ownership

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



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



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.



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



Creating the right incentives

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

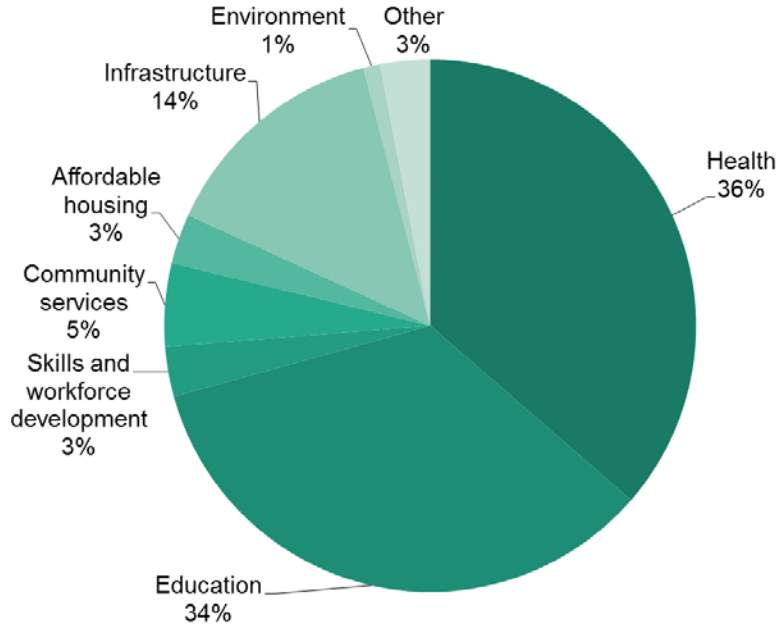
Promoting rent-to-buy and shared equity schemes

- 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

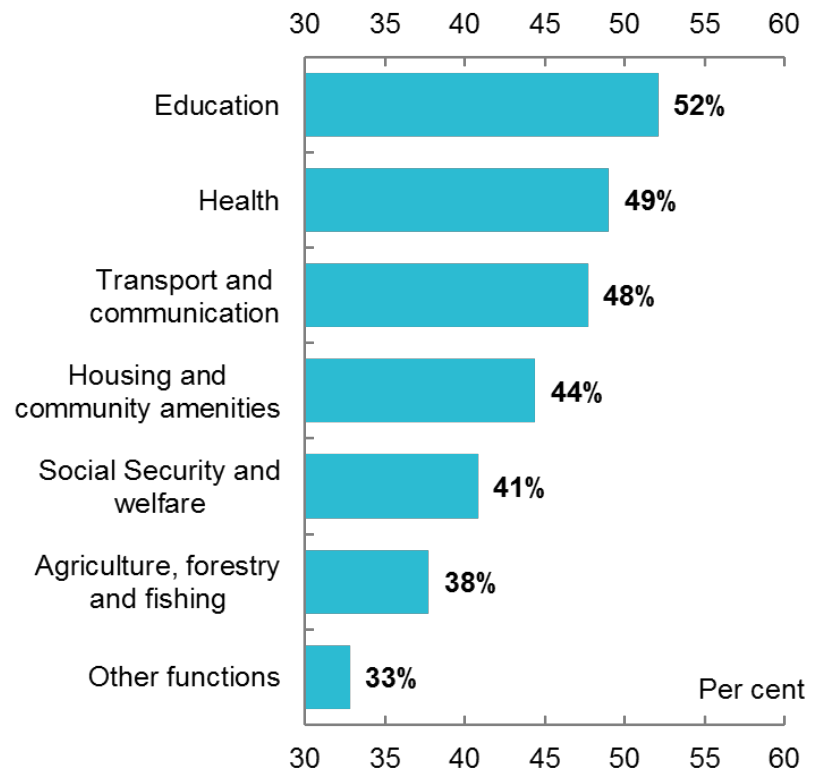


Payments to the States

**Payments for specific purposes
2017-18, by function**

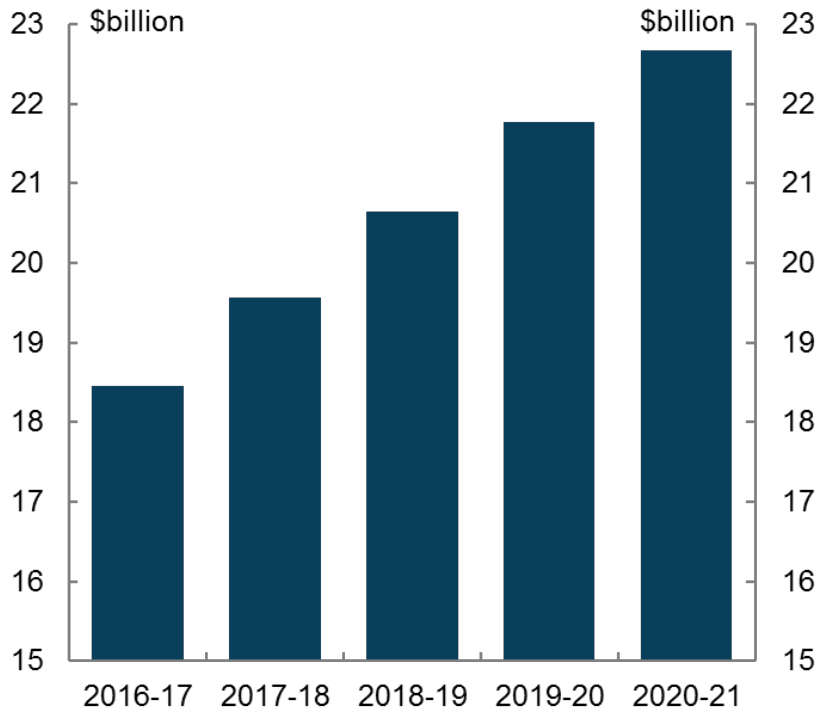


**State spending supported by
Commonwealth revenue, 2015-16**

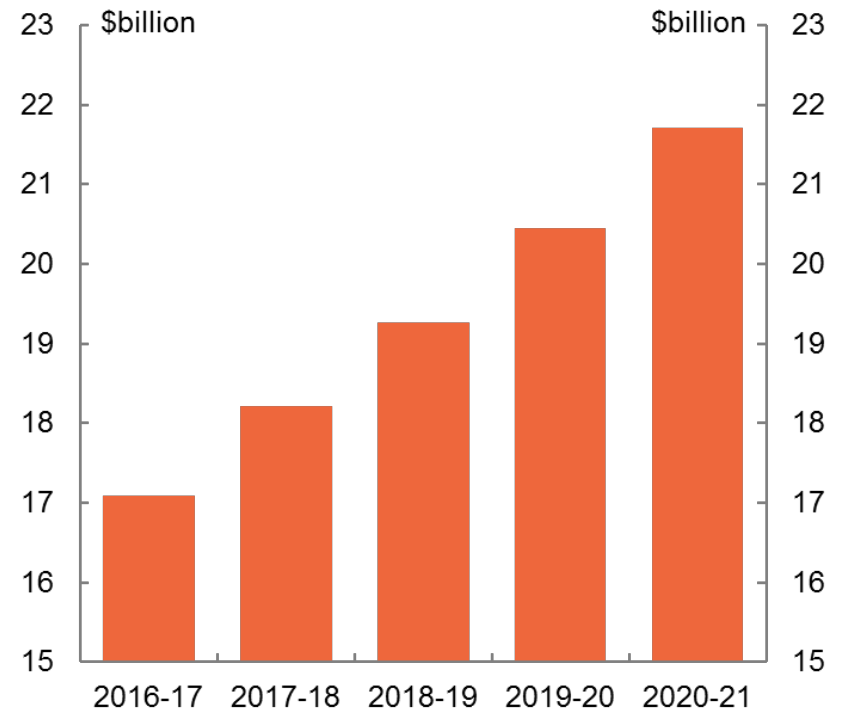


Payments to the States

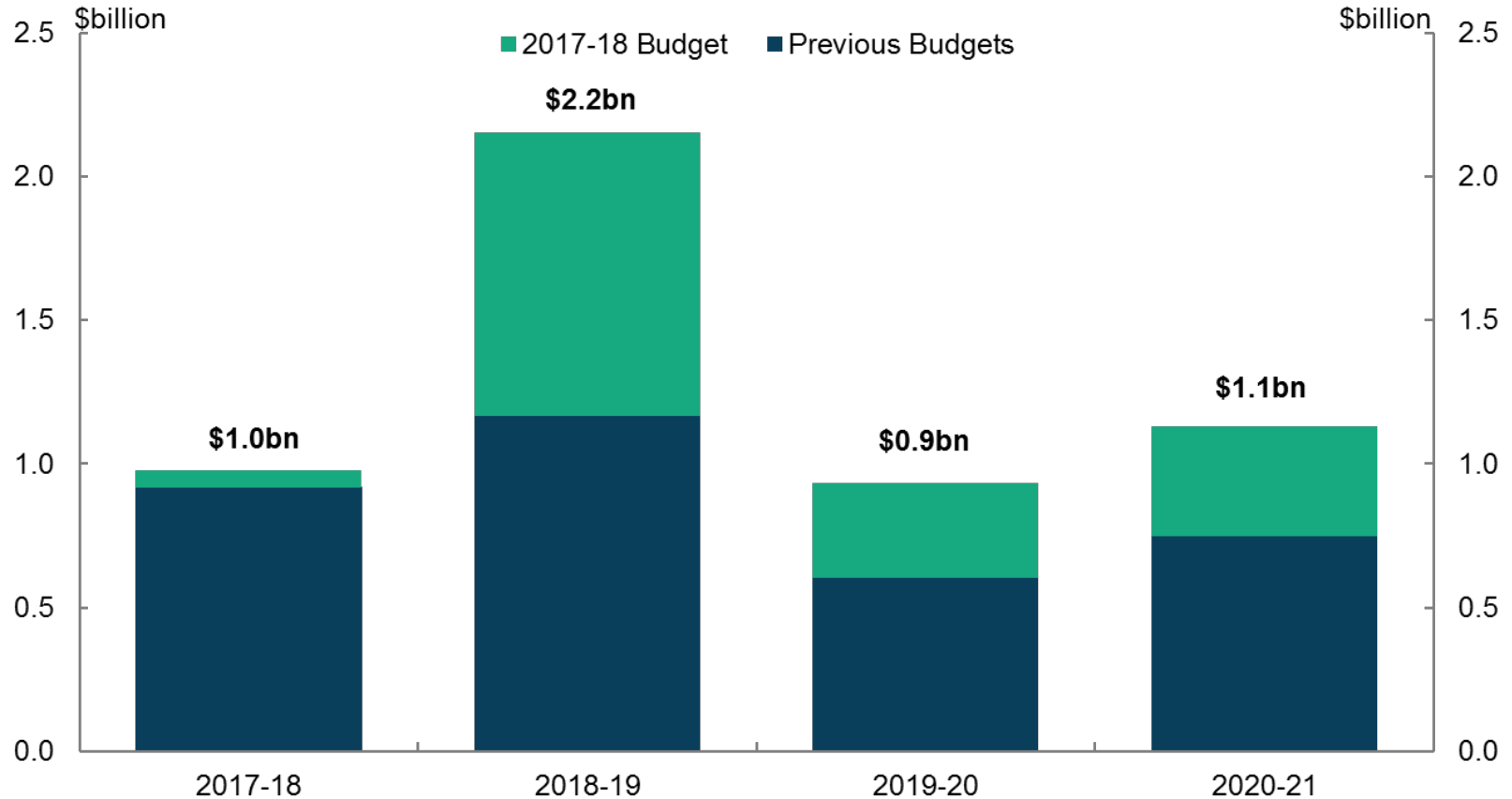
Hospitals



Schools



Decisions increasing GST revenue for States and Territories



Note: Previous Budgets reflects selected measures from Budget updates since the 2015-16 Budget.

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