



# Budget 2016

The Hon Scott Morrison MP  
Treasurer

1

An **innovation** and science programme for start-up businesses

2

A defence plan for local **hi-tech** manufacturing and technology

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Export **trade** deals to generate new business opportunities

## National Plan for Jobs and Growth

4

Tax cuts and incentives for **small business** and **hard working families**

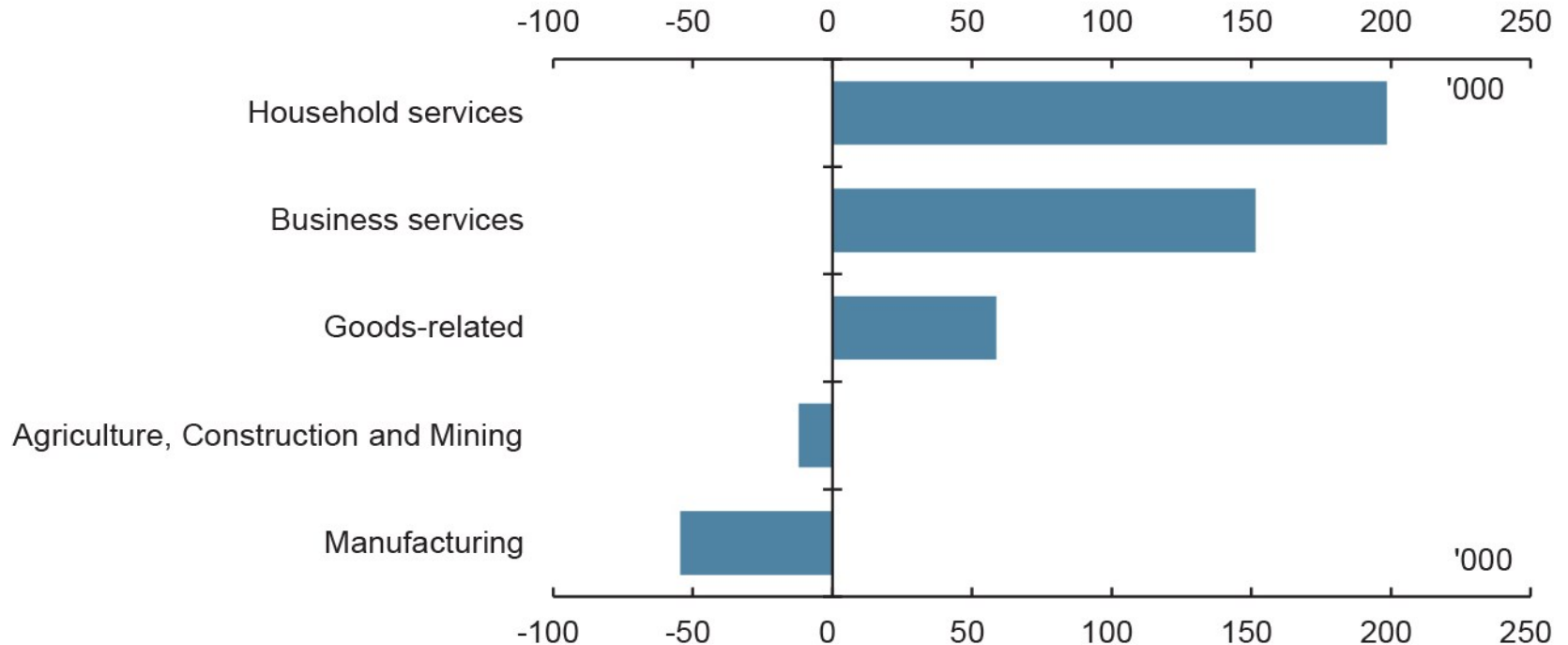
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A sustainable budget with crackdowns on **tax avoidance** and loopholes

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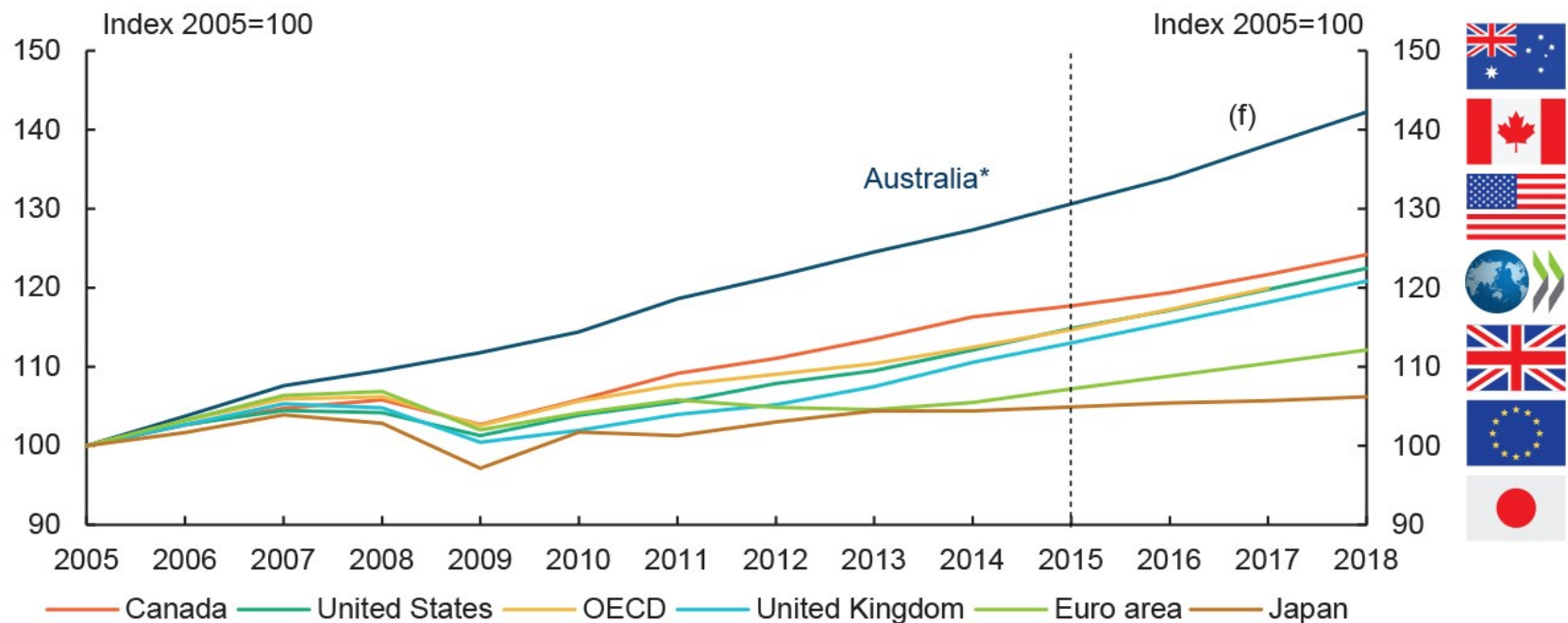
Guaranteed funding for **Health, Education and Roads**

# Almost 300,000 jobs were created in 2015



Through the year to the December quarter of 2015

# Australia is growing faster than other advanced economies



\*Data for Australia refer to financial years (ie 2005 refers to 2005-06). Note: Forecasts of OECD growth are from the OECD.

# Budget aggregates and major economic parameters

## Budget aggregates

	Actual		Estimates		Projections	
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Underlying cash balance (\$b)(a)</b>	<b>-37.9</b>	<b>-39.9</b>	<b>-37.1</b>	<b>-26.1</b>	<b>-15.4</b>	<b>-6.0</b>
Per cent of GDP	-2.4	-2.4	-2.2	-1.4	-0.8	-0.3
<b>Fiscal balance (\$b)</b>	<b>-39.9</b>	<b>-39.4</b>	<b>-37.1</b>	<b>-18.7</b>	<b>-9.8</b>	<b>-2.1</b>
Per cent of GDP	-2.5	-2.4	-2.2	-1.0	-0.5	-0.1

(a) Excludes net Future Fund earnings.

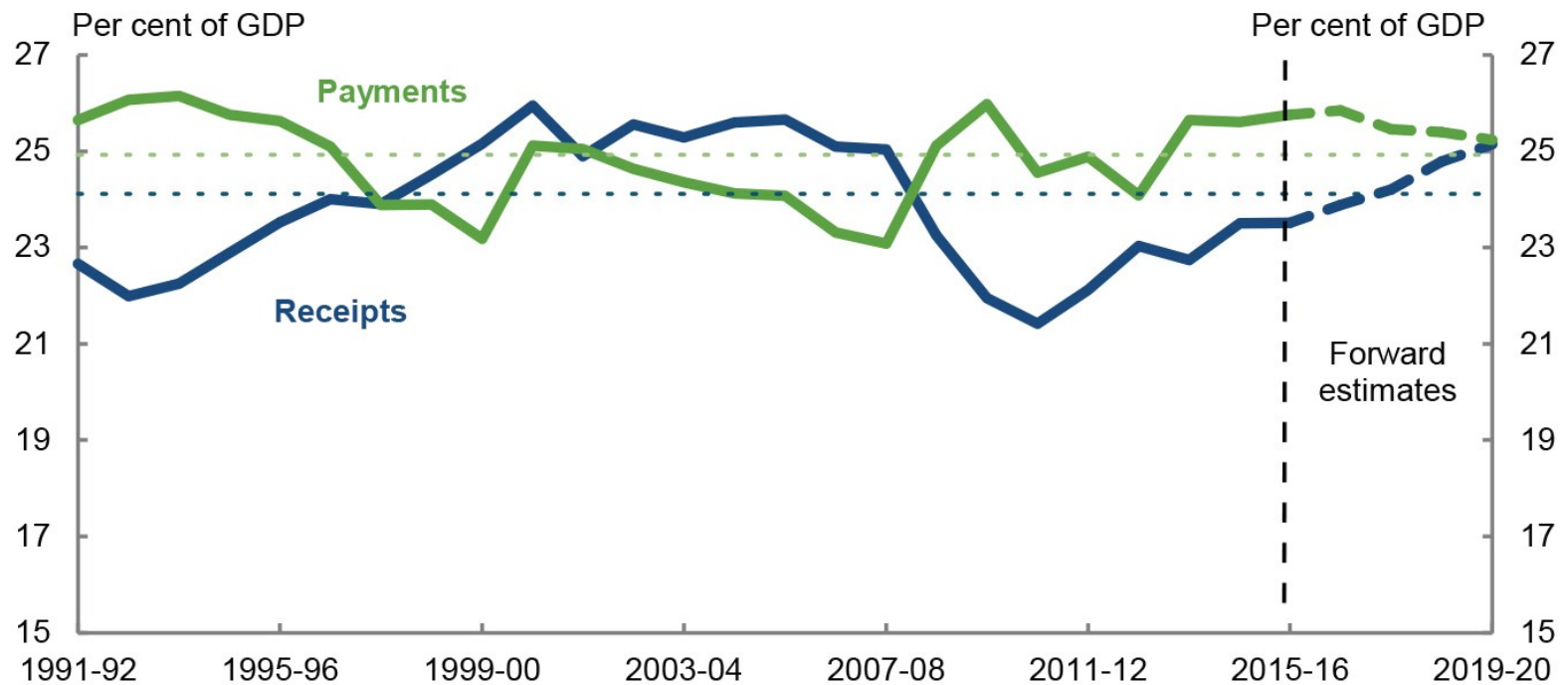
## Major economic parameters(b)

	Outcomes		Forecasts		Projections	
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Real GDP	2.2	2 1/2	2 1/2	3	3	3
Employment	1.6	2	1 3/4	1 3/4	1 1/4	1 1/2
Unemployment rate	6.1	5 3/4	5 1/2	5 1/2	5 1/2	5 1/2
Consumer price index	1.5	1 1/4	2	2 1/4	2 1/2	2 1/2
Wage price index	2.3	2 1/4	2 1/2	2 3/4	3 1/4	3 1/2
Nominal GDP	1.6	2 1/2	4 1/4	5	5	5

(b) Year average growth unless otherwise stated. From 2014-15 to 2017-18, 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.

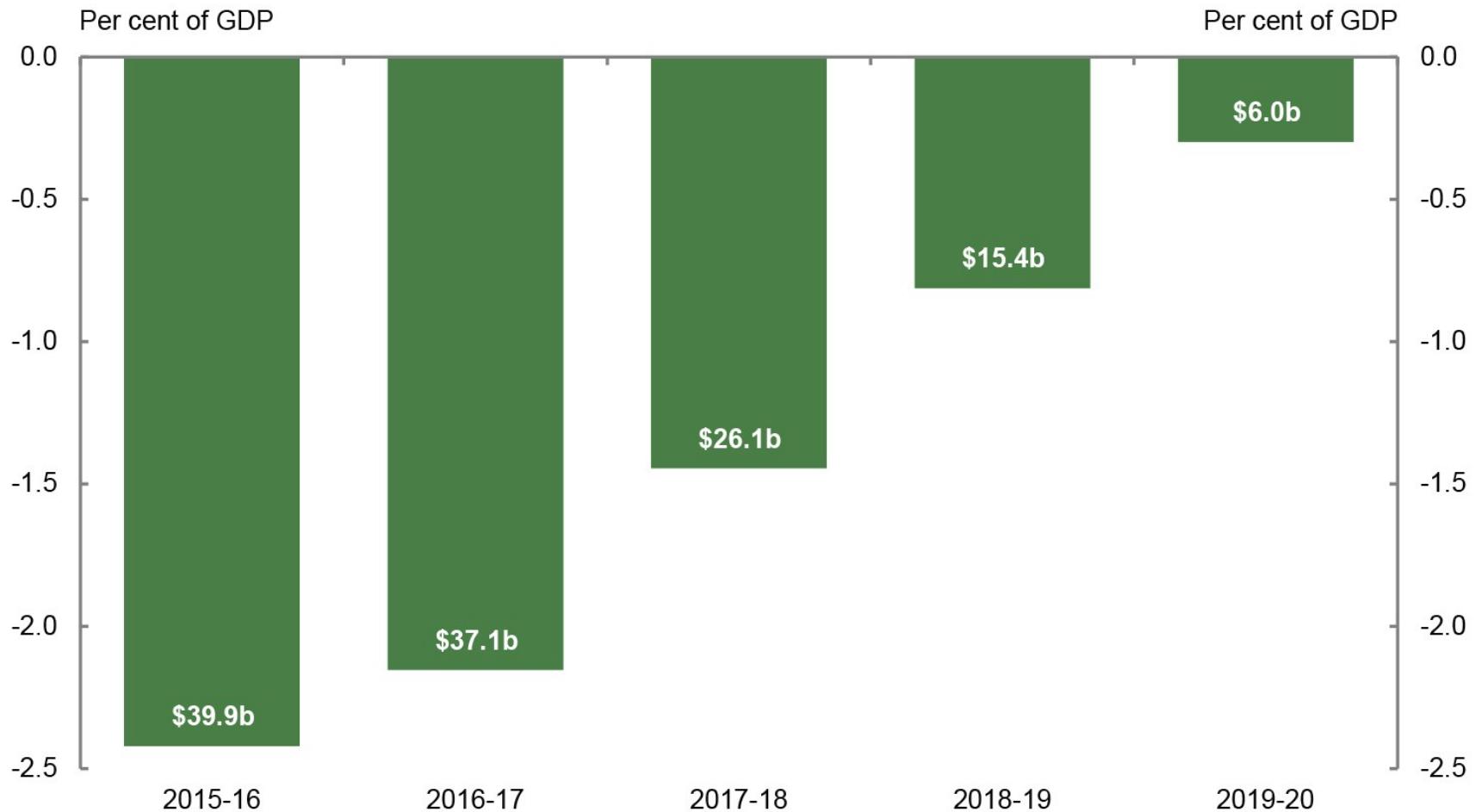
Source: ABS cat. no. 5206.0, 6202.0, 6345.0, 6401.0 and Treasury.

# Getting expenditure under control



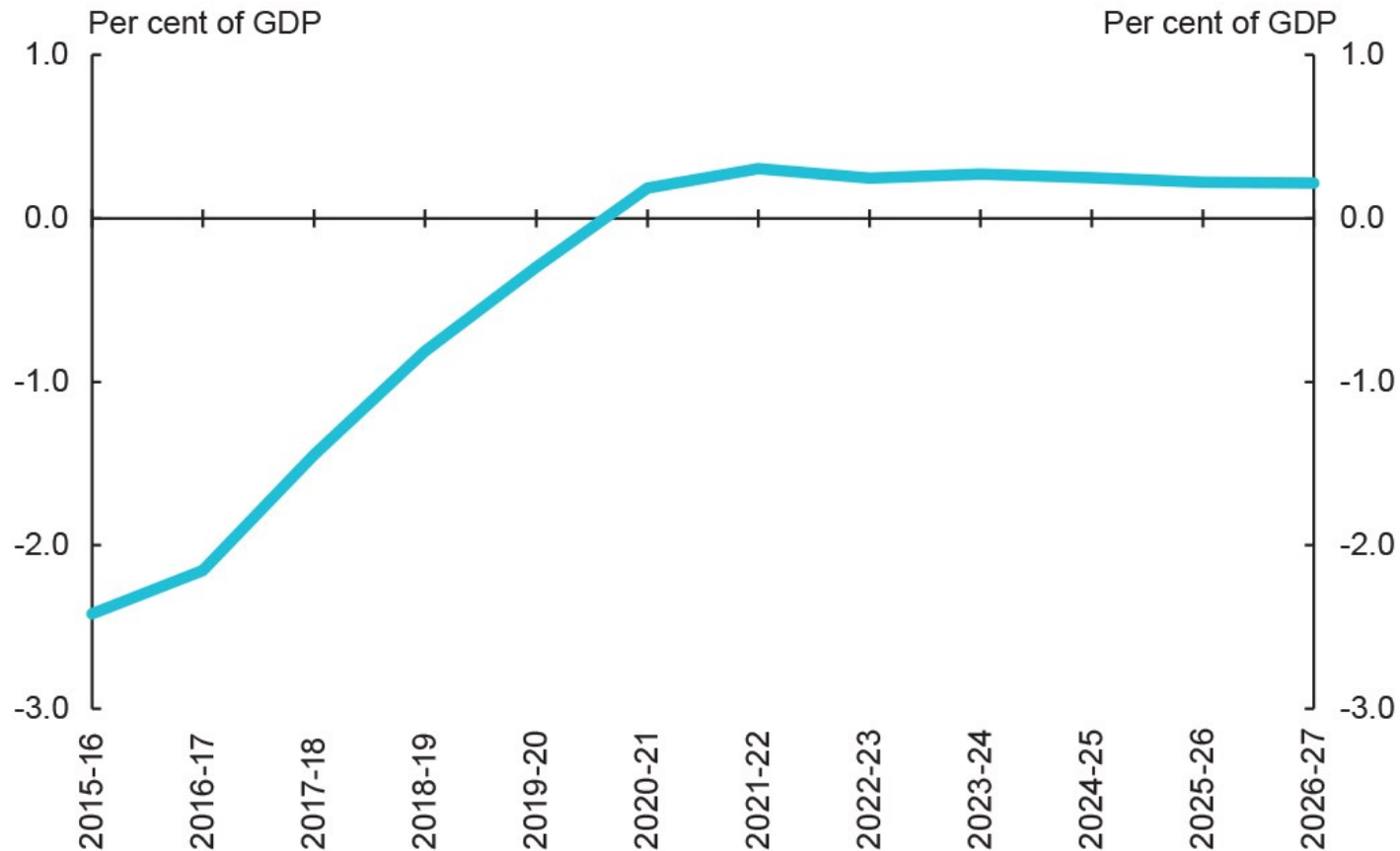
Note: dotted lines denote 30 year averages

# Deficits are diminishing





# The budget is projected to return to balance by 2020-21





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# The National Innovation & Science Agenda



## Culture and capital

Incubator Support Programme

Increasing access to company losses

Insolvency laws reform to promote business continuity

Intangible asset depreciation

Changes to Venture Capital Limited Partnerships

Tax incentives for investors

Reforms to Employee Share Schemes

Access to crowd-sourced equity funding

CSIRO Innovation Fund

Biomedical Translation Fund



## Collaboration

Innovation Connections

ARC Linkage Projects scheme

Cyber Security Growth Centre

Global Innovation Strategy

Maintaining world class research infrastructure

New research funding arrangements for universities

Measuring impact and engagement of university research

Advancing quantum computing technology



## Talent and skills

Inspiring STEM literacy

Embracing the digital age

Supporting innovation through visas

Expanding Opportunities for women in STEM



## Government as an exemplar

Data sharing for innovation

Building and maintaining Australia's data science research capability through Data61

Digital Marketplace

Business Research and Innovation Initiative

Innovation and Science Australia

**\$1.1 billion over 4 years**

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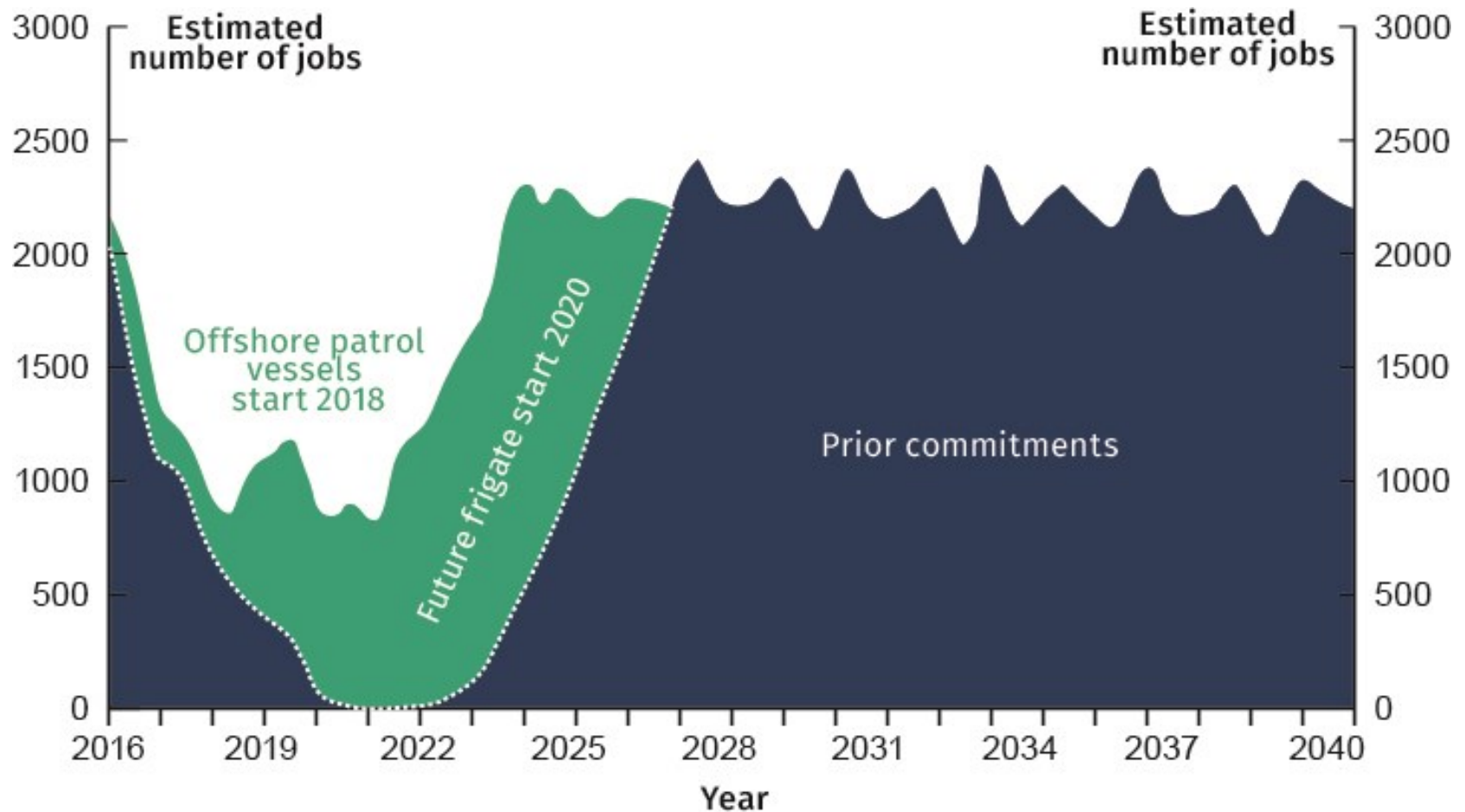
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# Preventing the shipbuilding workforce 'valley of death'



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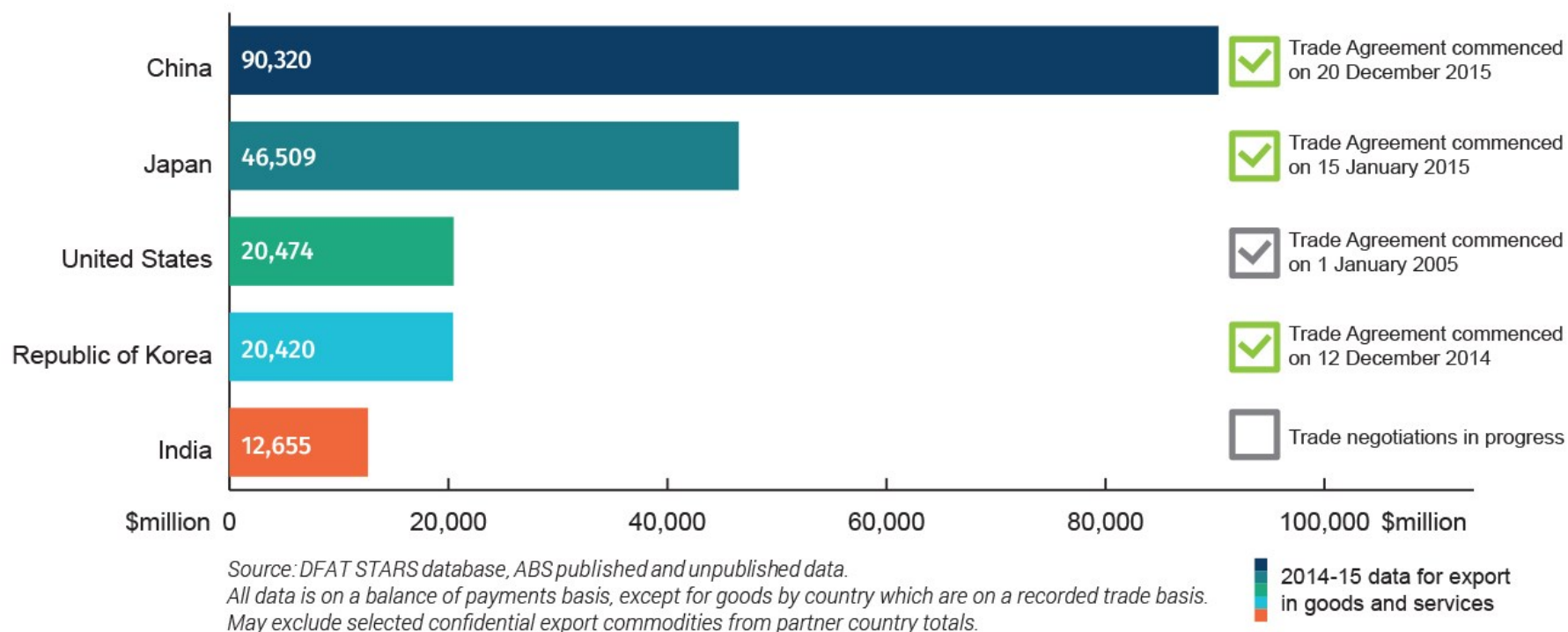
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# Four of Australia's five largest export markets are currently covered by export trade agreements



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# We are helping over 3 million small businesses to invest and grow

## 2015 Budget

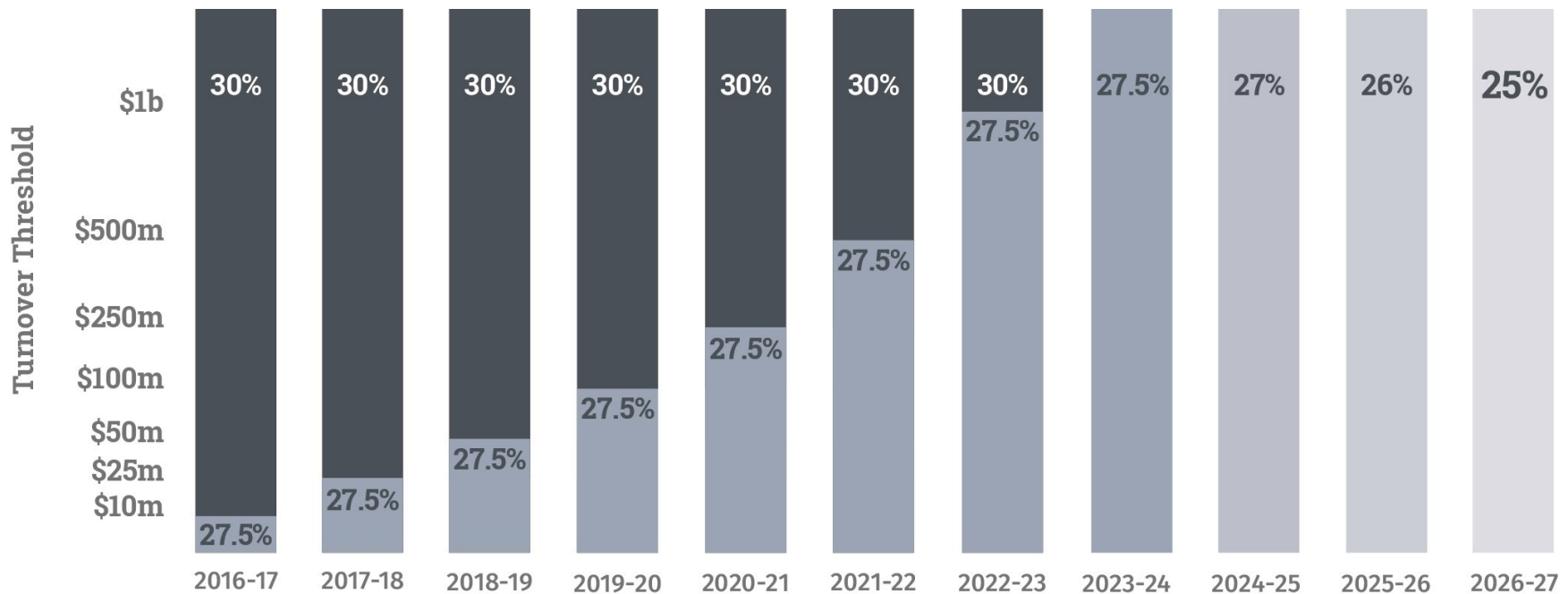
Tax changes for businesses with turnover below \$2 million:

- Company tax rate for small business cut to 28.5 per cent.
- 5 per cent unincorporated tax discount.
- Immediate tax deductibility on each asset costing less than \$20,000.
- Benefits around 3 million small businesses.

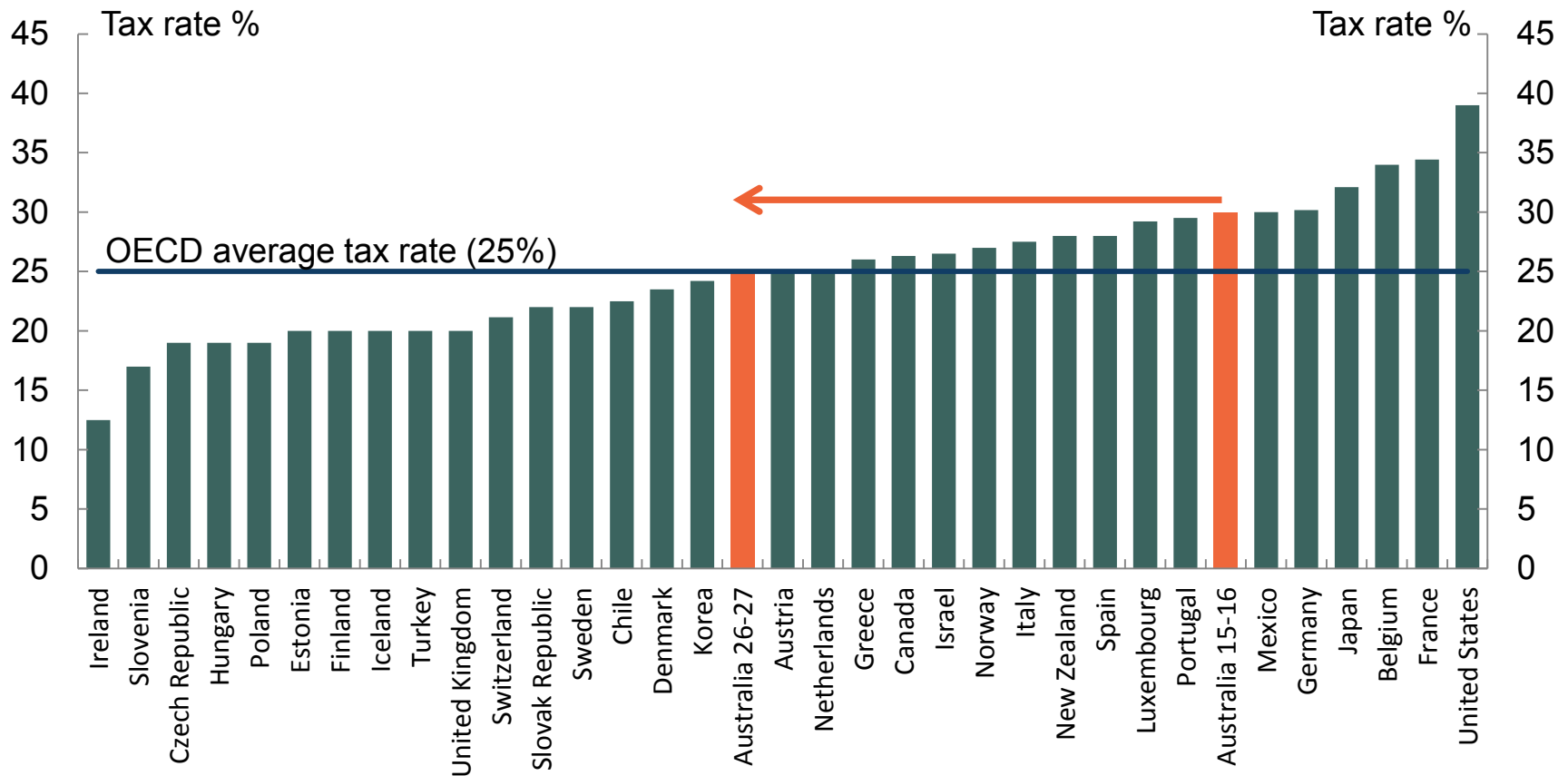
## 2016 Budget

- Small business entity turnover threshold increased to \$10 million per annum for most small business concessions.
- Company tax rate for small business cut to 27.5 per cent.
- Unincorporated tax discount increased to 8 per cent for businesses with turnover below \$5 million.
- Access to tax concessions increased to over 90,000 additional small businesses.

# The company tax rate for all companies will decrease to 25 per cent over the next ten years



# Australia's corporate tax rate will be more competitive



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# Targeting tax avoidance nets \$3.9bn



## **Tougher laws**

- A new Diverted Profits Tax preventing multinationals shifting profits made in Australia offshore to avoid paying tax
- Preventing multinationals from exploiting cross-country tax differences to defer or avoid paying tax
- Aligning transfer pricing rules with the latest international guidelines



## **Stronger compliance**

- A new Tax Avoidance Taskforce that will strengthen the ATO's audit and compliance activities
- A new Tax Transparency Code encouraging greater tax transparency by large corporations
- Protecting whistleblowers that provide information on tax avoidance to the ATO
- Progressing a disclosure regime to uncover aggressive tax planning schemes
- Increasing penalties for breach of tax reporting obligations by large companies

# Fit for purpose superannuation

## **Sustainable**

Targeting tax concessions where they're needed most

## **Flexible**

Adjusting the settings for modern work patterns

## **Integrity**

A system that meets its core purpose and objective

The objective of superannuation is  
**'to provide income in retirement to substitute or supplement the Age Pension'.**

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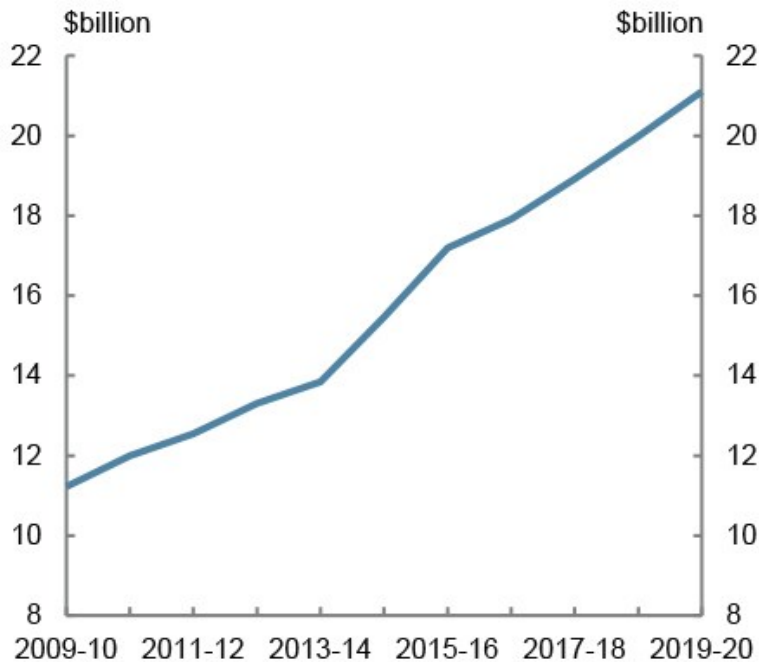
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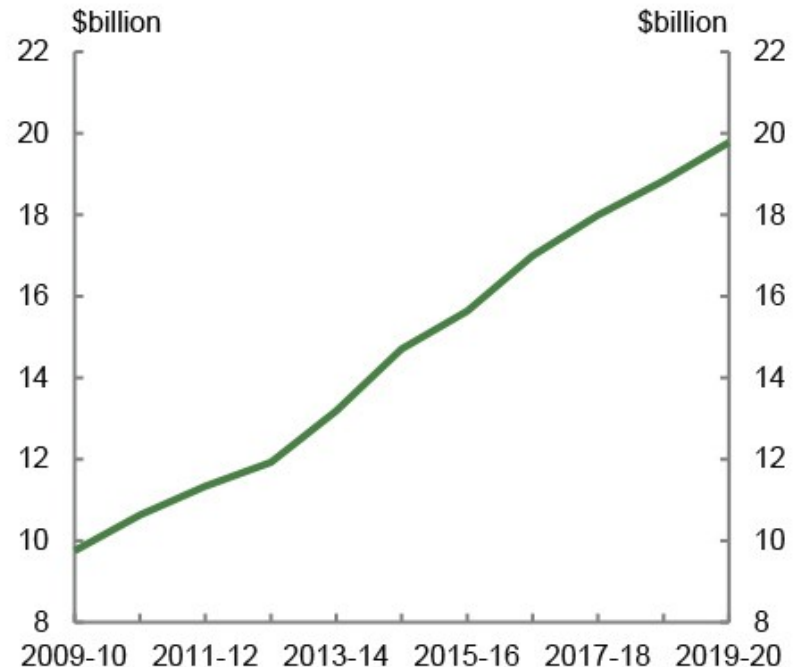


# Commonwealth public hospital and schools funding

National Healthcare Specific Purpose Payments and National Health Reform Funding.

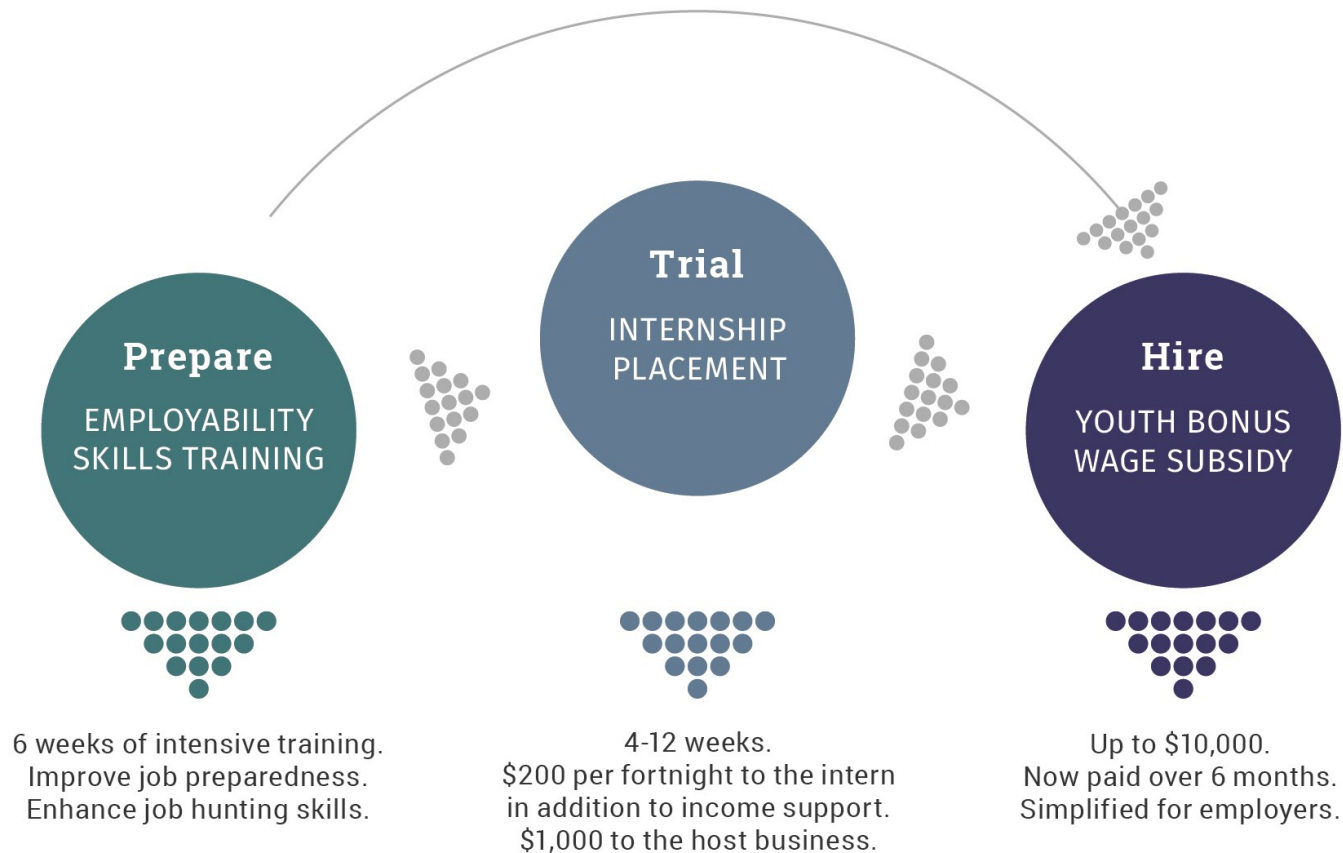


National Specific Purpose Payments for schools.



# Youth Jobs PaTH (Prepare-Trial-Hire)

## 120,000 new placements



## \$920 million

for the extension of the following programmes from 2019-20:

- Roads to Recovery
- Black Spot
- Heavy Vehicle Safety and Productivity
- Bridges Renewal
- National Network Maintenance

The Government has committed to provide \$3.3 billion in additional infrastructure funding under the Asset Recycling Initiative to NSW, Victoria, the ACT and NT.

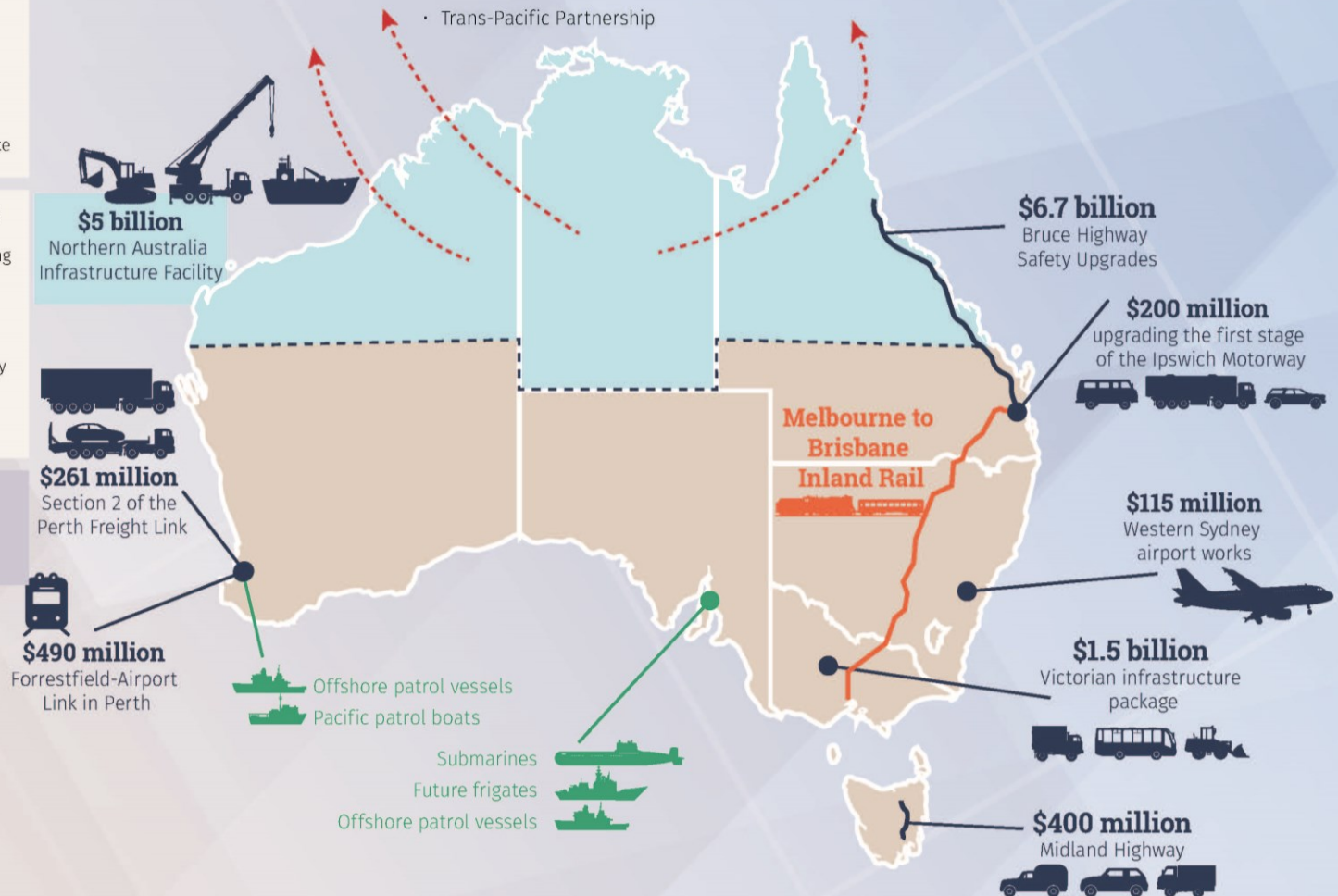
This funding will unlock over \$23 billion in State and Territory infrastructure spending, including for the Sydney and Melbourne Metro projects.

## \$2 billion

National Water Infrastructure Loan Facility to support major water infrastructure projects

## Growing Australian exports

- Trade Agreements with China, Japan and Korea
- Trans-Pacific Partnership



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