



Australian Government
The Treasury

TSY/AU

Australian Budget 2018

Australian Budget 2018

ECONOMIC OUTLOOK

International outlook

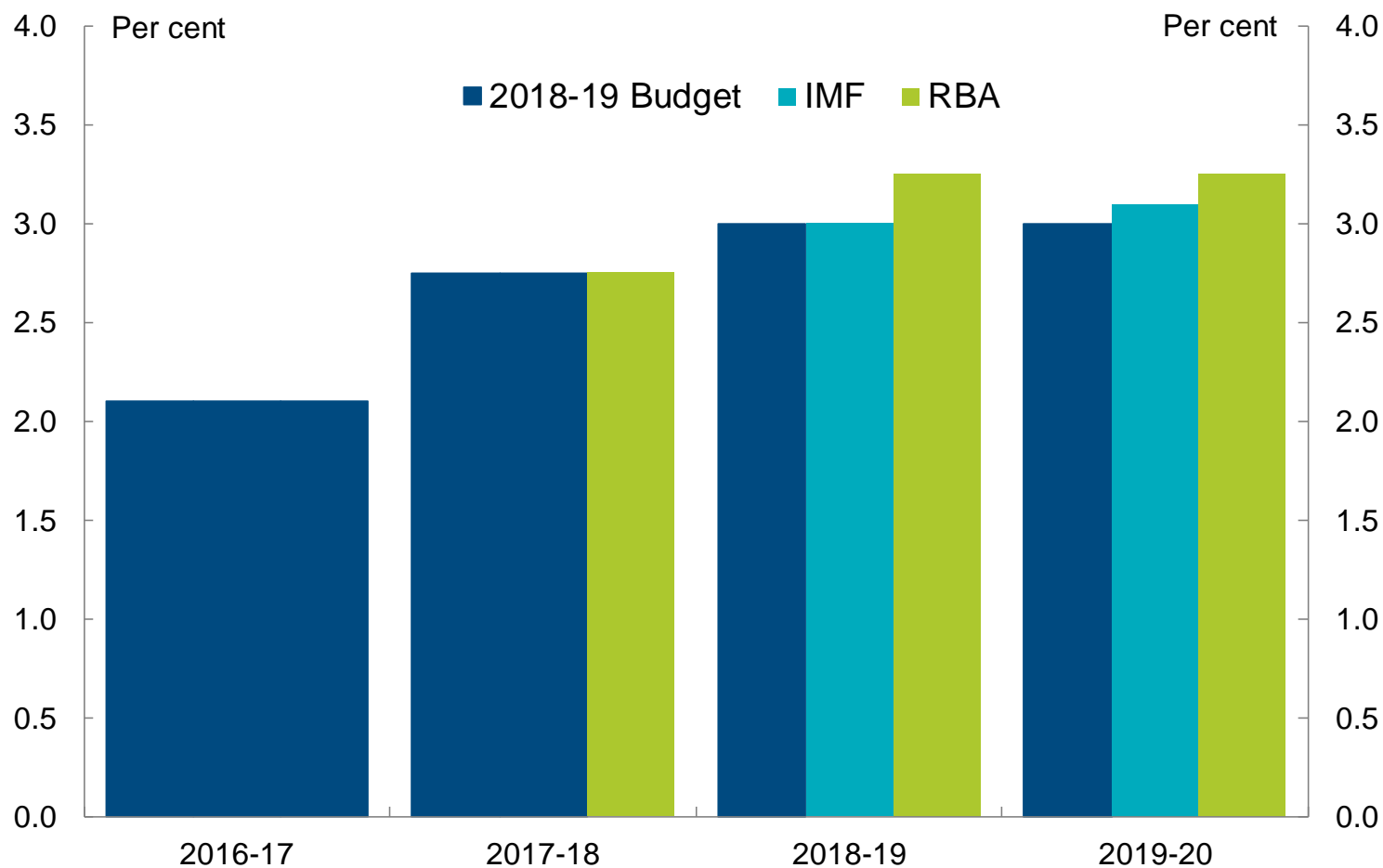
International GDP growth forecasts (per cent)^(a)

	2017	2018f	2019f	2020f
China	6.9	6½	6¼	6
India	6.4	7½	7¾	7¾
Japan	1.7	1¼	1	¾
United States	2.3	2¾	2½	2
Euro area	2.4	2	1¾	1½
Other East Asia (b)	4.5	4¼	4¼	4¼
Major trading partners	4.6	4¼	4¼	4¼
World	3.8	3¾	3¾	3¾

(a) World and other East Asia growth rates are calculated using GDP weights based on purchasing power parity (PPP), while growth rates for major trading partners are calculated using goods export trade weights.

(b) Other East Asia comprises the Association of Southeast Asian Nations group of five (ASEAN-5), comprising Indonesia, Malaysia, the Philippines, Thailand and Vietnam, along with Hong Kong, South Korea, Singapore and Taiwan.

Australia: real growth

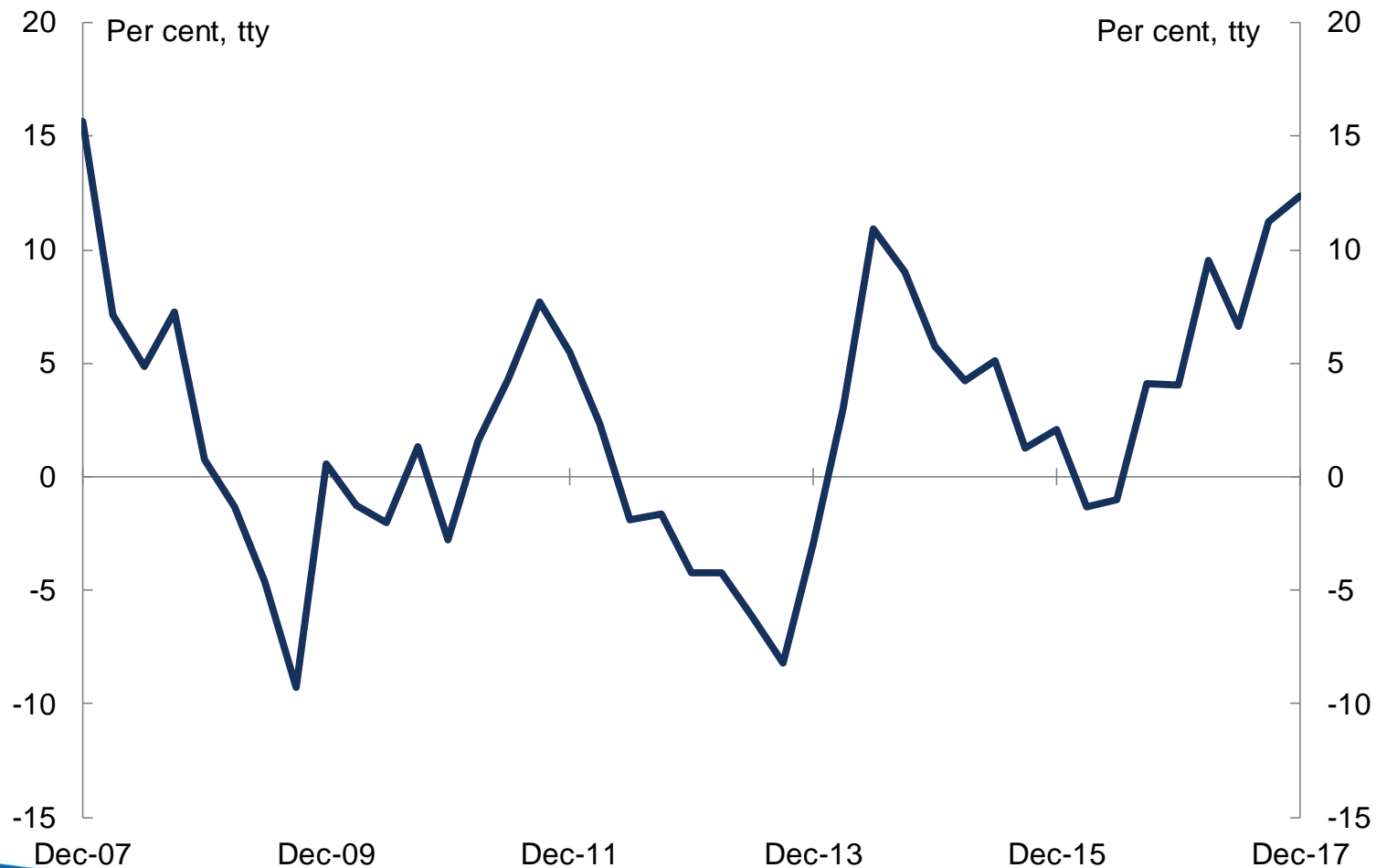


Domestic outlook

Domestic economy forecasts (per cent change unless otherwise indicated)

	2016-17	2017-18f	2018-19f	2019-20f
Real GDP	2.1	2¾	3	3
Household consumption	2.6	2¾	2¾	3
Dwelling investment	2.8	-3	1½	0
Total business investment	-4.0	4½	3	4½
Exports	5.5	2½	4	2½
Imports	4.9	5	2	2½
CPI	1.9	2	2¼	2½
Wage price index	1.9	2¼	2¾	3¼
Employment	1.9	2¾	1½	1½
Unemployment rate (per cent)	5.6	5½	5¼	5¼

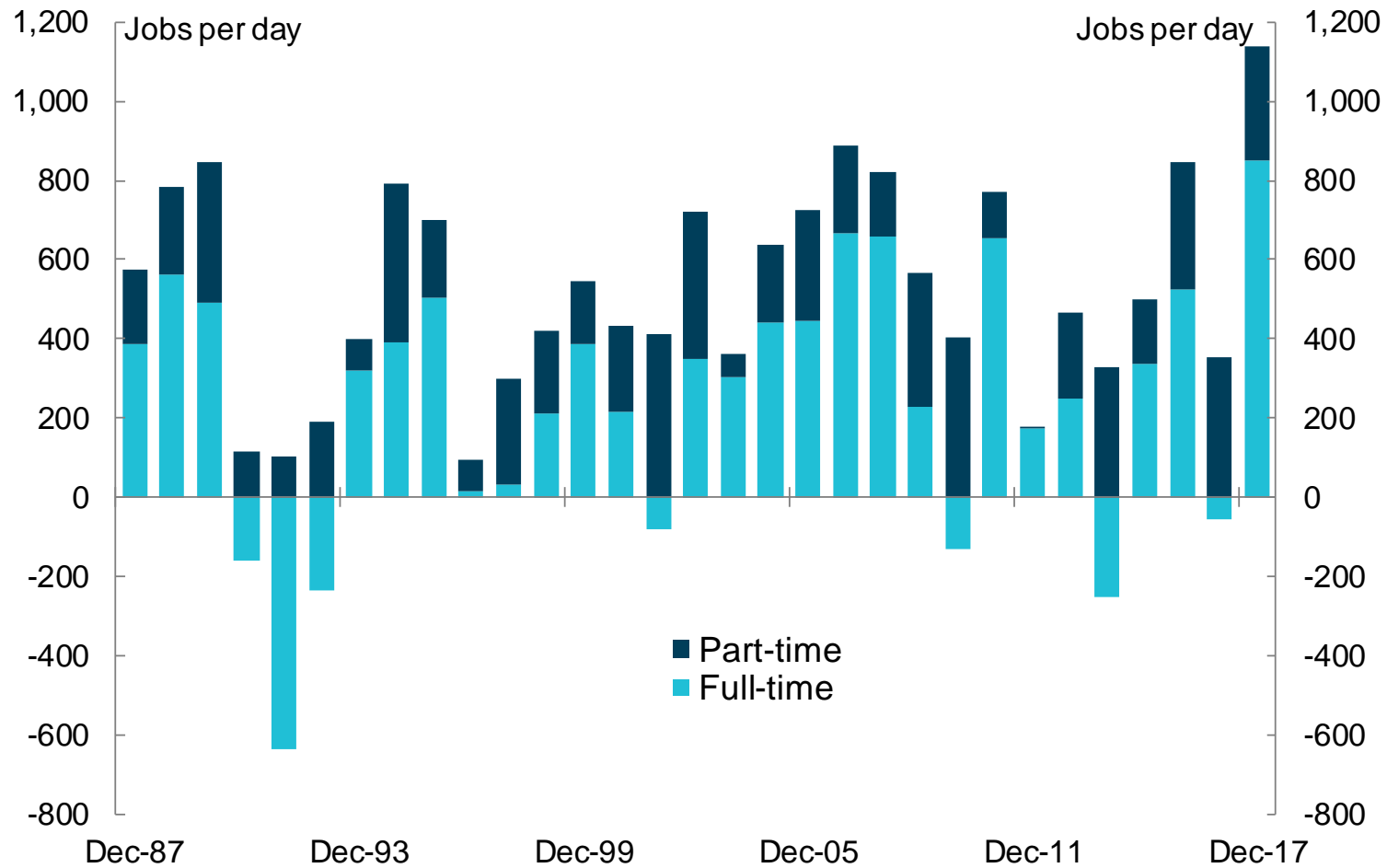
Non-mining business investment



Source: ABS cat. no. 5206.0 and Treasury.

Note: Data represent new non-mining business investment and assume all asset transfers occur in the non-mining sector.

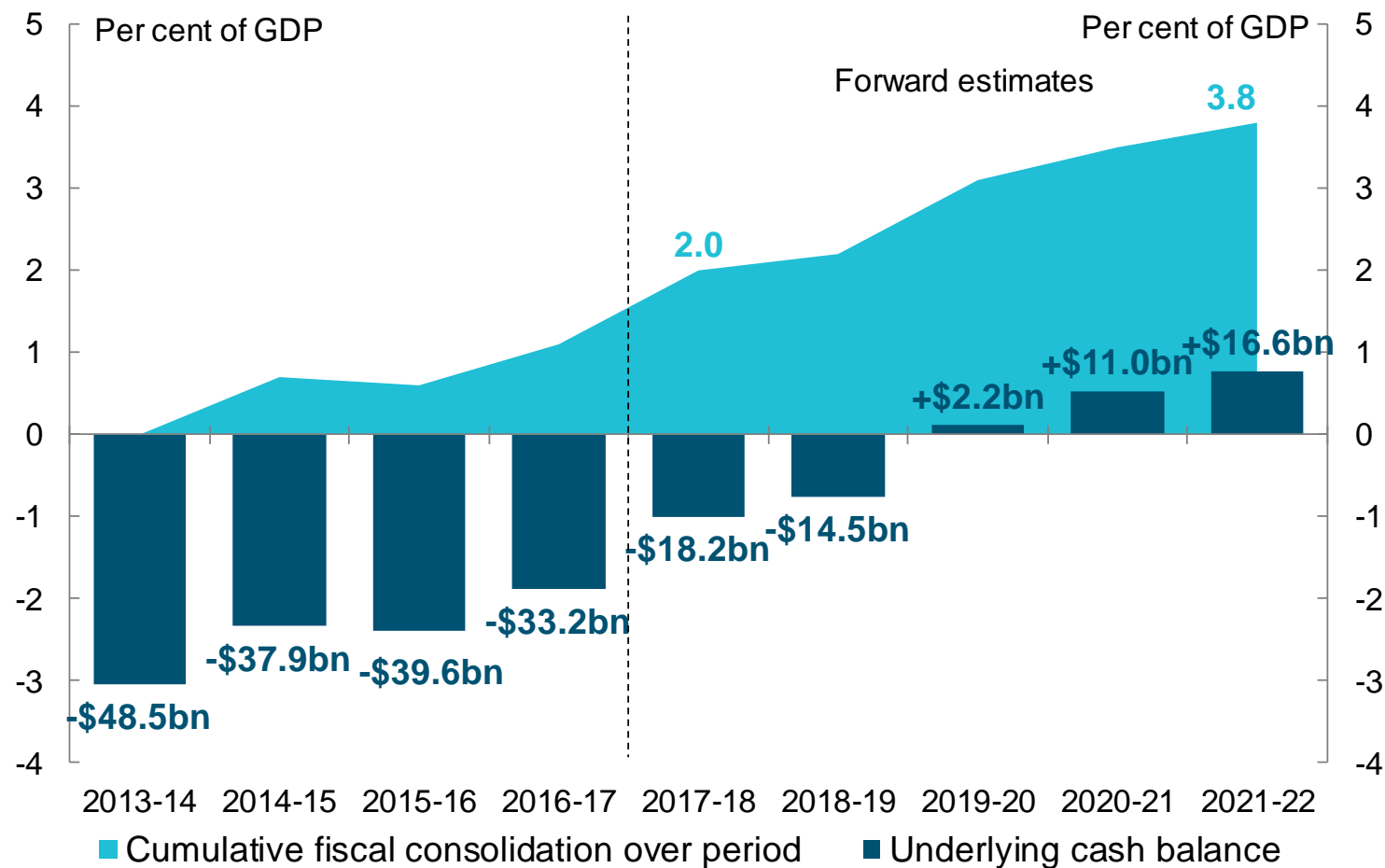
Employment



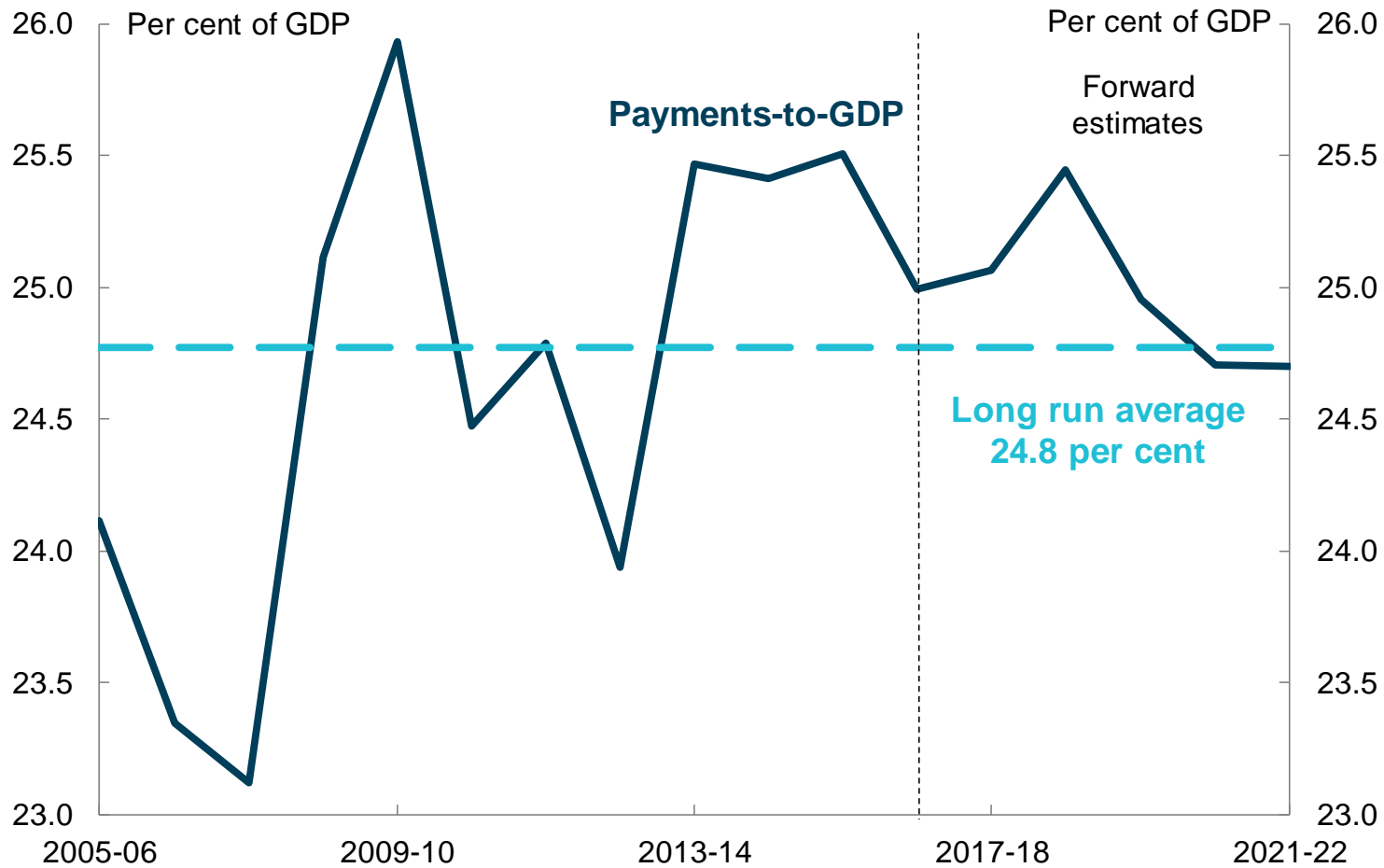
Australian Budget 2018

FISCAL OUTLOOK

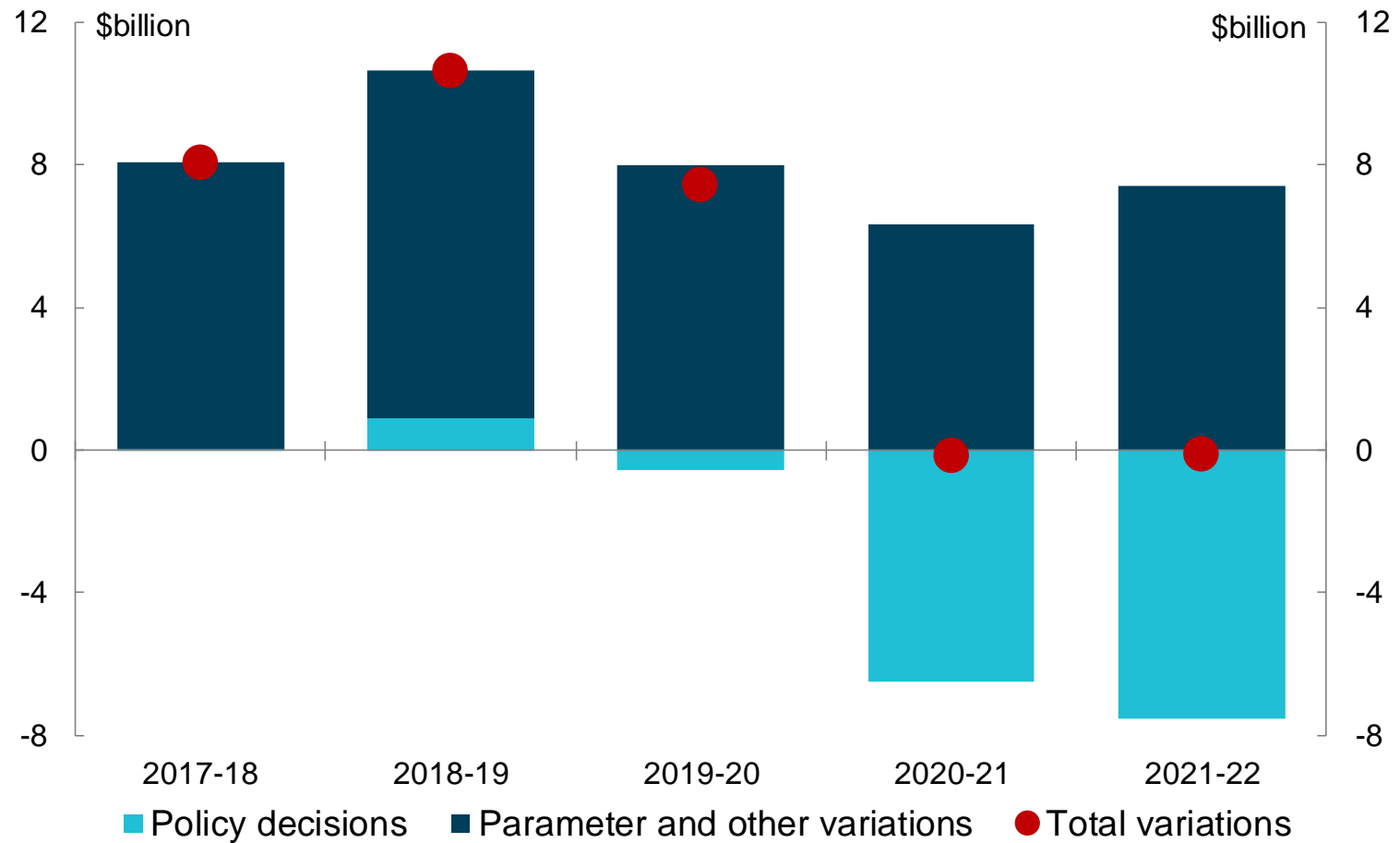
Underlying cash balance



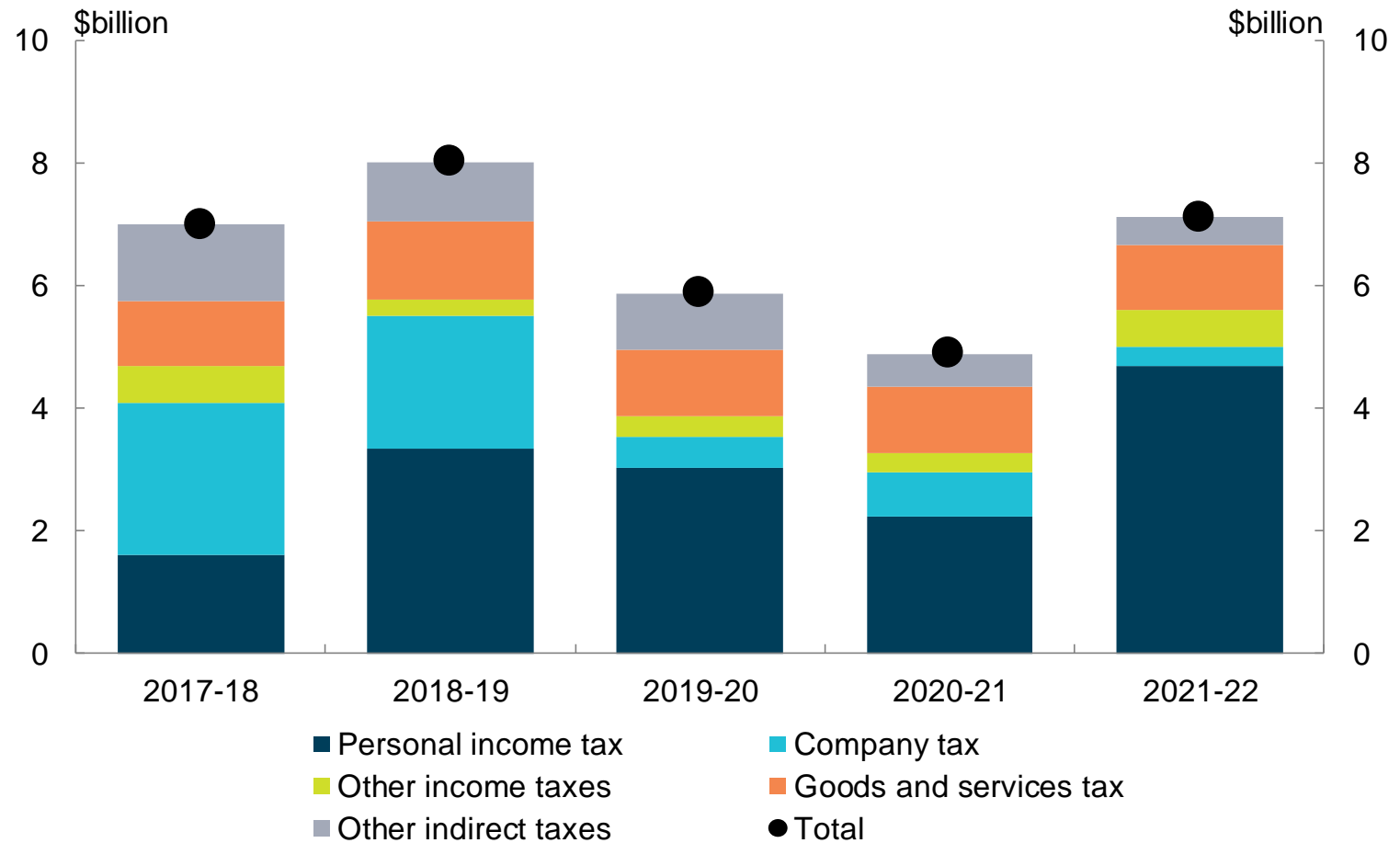
Government payments



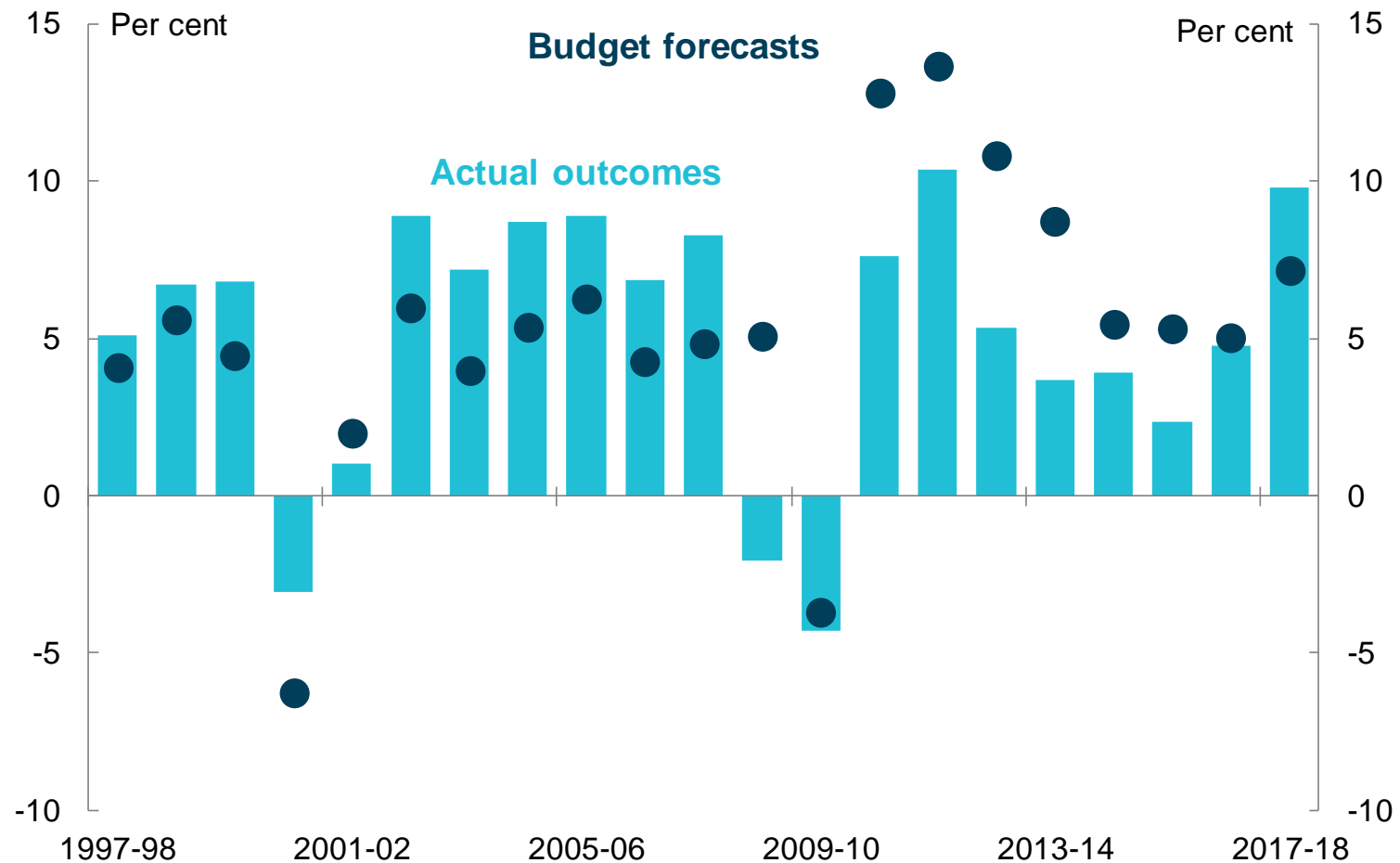
Changes in total tax receipts



Impact of the economy

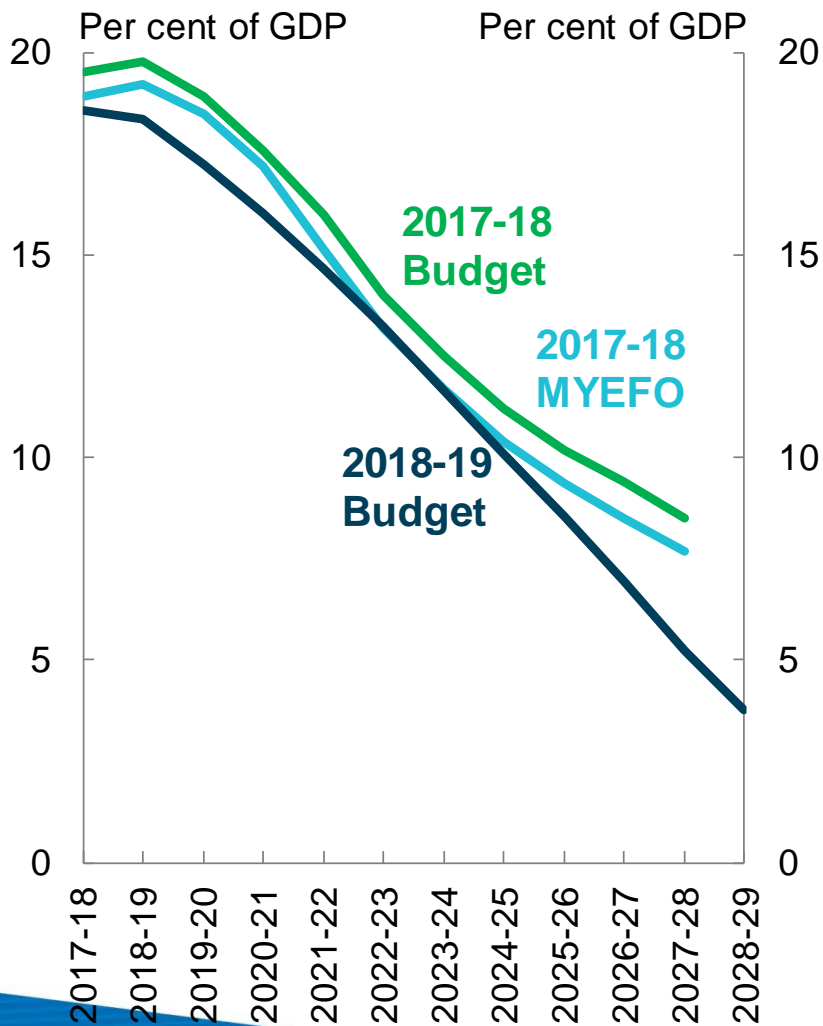


Tax forecasts ... and outcomes

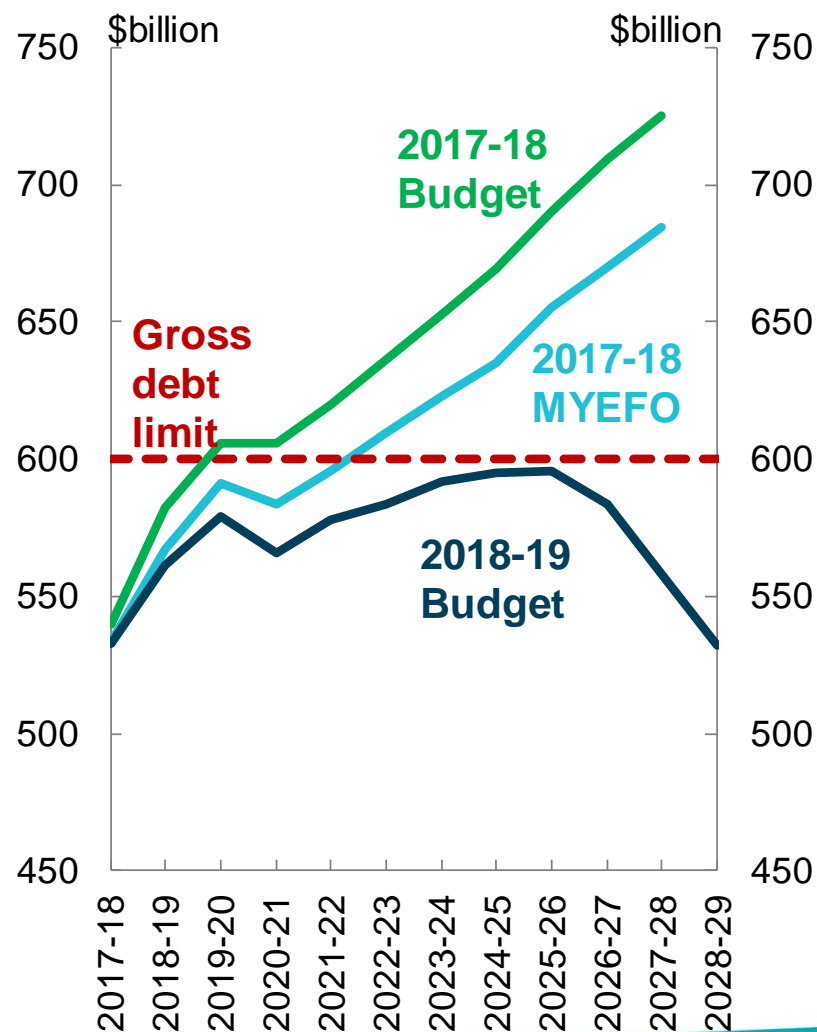


Debt

Net debt



Gross debt



Australian Budget 2018

BUDGET PRIORITIES

A STRONGER ECONOMY

The Australian economy in its 27th year of consecutive growth

Business conditions are at the highest level since the global financial crisis

1,000 jobs a day on average over the past year

Global growth at fastest pace in six years

Tax relief to encourage and reward working Australians

- Seven-year personal income tax plan for lower, fairer and simpler taxes
- Immediate relief for low and middle income earners
- Tackling bracket creep
- Helping families with cost of living pressures
- Simplifying the personal tax system by abolishing the 37 per cent tax bracket
- No increase in the Medicare Levy because a stronger economy delivers stronger revenue



Keep backing business to invest and create more jobs

- Legislating lower taxes for Australian businesses
- Extending the \$20,000 instant asset write-off
- \$75 billion for transport infrastructure
- Building a stronger and smarter economy
- A 21st century Medical Industry Growth Plan
- Supporting Australia's international competitiveness and exports in agriculture and the defence industry



Guaranteeing the essential services that Australians rely on

- Supporting more choices for a longer life
- Continuing to guarantee the Medicare Benefits Schedule
- Backing the Gonski Review
- Record funding for a new hospital agreement
- Fully funding the National Disability Insurance Scheme
- Lower energy bills and more investment to keep the lights on



Keeping Australians Safe

- Strengthening airport security
- Managing biosecurity risks to protect our environment, exports and agricultural and tourism sectors
- Improving the national security architecture
- Continuing Operation Sovereign Borders to combat the threat of people smugglers



Ensuring that the Government lives within its means

- Disciplined fiscal management and tax and welfare integrity
- Maintaining the trajectory to projected surplus in 2020-21
- No longer borrowing for recurrent expenditure
- Limiting payments growth to 1.6 per cent
- Ensuring multinationals pay their fair share of tax
- Tackling the black economy

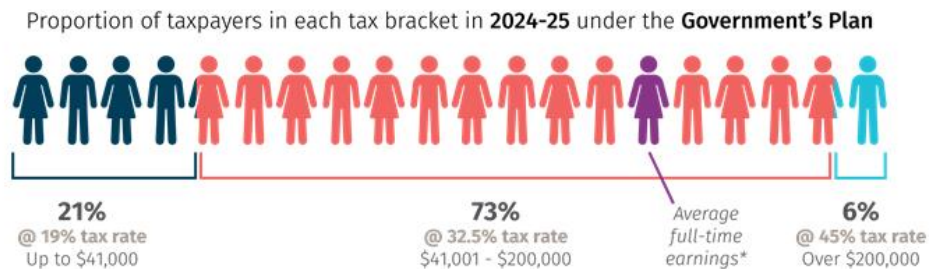
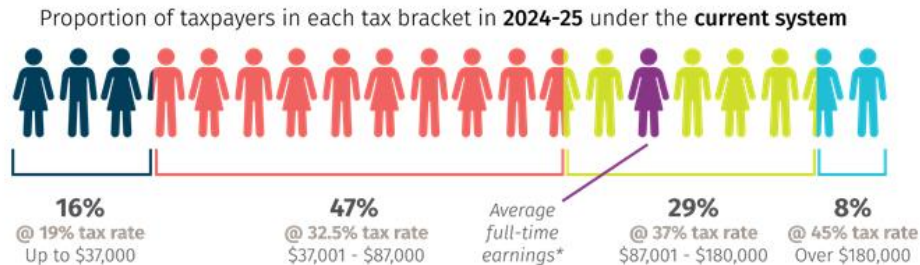
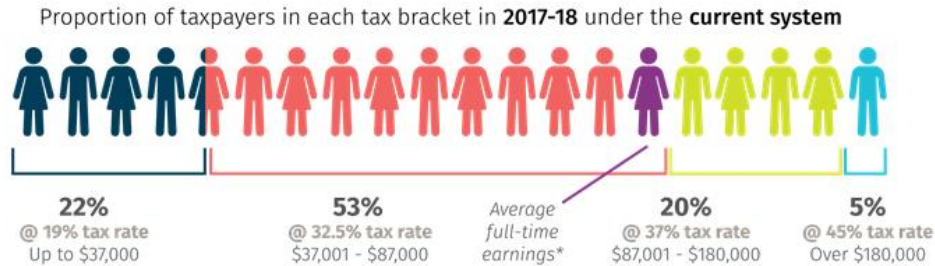


Personal income tax package

New personal tax rates and thresholds: 2018-19, 2022-23 and 2024-25

	Current thresholds (\$)	New thresholds (\$), from:		
<i>Rate (%)</i>		1 July 2018	1 July 2022	1 July 2024
Tax free	0 - 18,200	0 - 18,200	0 - 18,200	0 - 18,200
19	18,201–37,000	18,201– 37,000	18,201–41,000	18,201–41,000
32.5	37,001–87,000	37,001–90,000	41,001-120,000	41,001-200,000
37	87,001–180,000	90,001–180,000	120,000-180,000	—
45	Over 180,000	Over 180,000	Over 180,000	Over 200,000
Low & middle income tax offset	-	Up to \$530	-	-
Low income tax offset	Up to \$445	Up to \$445	Up to \$645	Up to \$645

Impact of changes



Business growth and investment

Keep backing
business to
invest and create
more jobs

- Legislating lower taxes for Australian businesses
- Extending the \$20,000 instant asset write-off
- \$75 billion for transport infrastructure
- Building a stronger and smarter economy
- A 21st century Medical Industry Growth Plan
- Supporting Australia's international competitiveness and exports in agriculture and the defence industry



- Business tax measures
- Infrastructure investment
- Stronger and smarter economy
- International competitiveness in agriculture and defence