



BUDGET

OVERVIEW

12 MAY 2009

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CONTENTS

Budget at a glance	1
Most challenging global economic conditions since the Great Depression	2
Global economy triggers contraction but Australia is better placed	4
Early and decisive stimulus is cushioning the blow	6
Stimulus now and investment for the future	8
Supporting Australian small business	9
Supporting Australian jobs now and in the future	10
Nation building infrastructure for future productivity and prosperity	12
Investing in Australia's clean energy future	14
Enhancing renewable technologies	15
Building blocks of the recovery	16
Planting the seeds of future growth by supporting world-class universities	18
Continuing the Education Revolution	20
Investing in innovation	21
Delivering a fair go for pensioners and a sustainable system	22
A historic move to Paid Parental Leave	24
Investing in our health	25
Continuing the reform agenda for a stronger future	26
Securing Australia	28
A clearer picture	29
Making the tough choices to ensure sustainability	30
Returning the Budget to surplus	32
Managing our debt	33
Appendix A Australian Government budget aggregates	34
Appendix B Assessment against the fiscal target	35
Appendix C Real gains for households	36
Appendix D Increased pension support	37
Appendix E Major initiatives in the 2009-10 Budget	38
Appendix F Major savings in the 2009-10 Budget	39
Appendix G Australian Government taxation and spending	40
Appendix H Detailed economic forecasts for 2009-10 and 2010-11	41
Appendix I Historical budget and net financial worth data	42

KEY INITIATIVES OF THE 2009-10 BUDGET

The \$22 billion Nation Building Infrastructure centrepiece:

- \$3.4 billion for roads
- \$4.6 billion for metro rail
- \$389 million for ports and freight infrastructure
- \$4.5 billion for the Clean Energy Initiative, which includes \$1.0 billion of existing funding
- \$2.6 billion in projects focused on universities and research from the Education Investment Fund
- \$3.2 billion in projects focused on hospitals and health infrastructure from the Health and Hospitals Fund
- Partnering with the private sector to build the \$43 billion National Broadband Network

Supporting Jobs, Delivering for Pensioners, and Positioning for the Recovery

A pension increase of \$32.49 per week for singles and \$10.14 per week combined for couples on the full rate

A crucial boost of \$2.7 billion in funding for tertiary education, research and innovation

\$1.5 billion for the Jobs and Training Compact, providing education and services to support young people, retrenched workers and local communities

Enhancing participation with 18 weeks of Paid Parental Leave

A 50 per cent Small Business Tax Break for eligible assets

Extending the First Home Owners Boost for an extra 6 months

Honouring our promise of tax cuts

Hard choices and a clear strategy to return the Budget to surplus

The global recession has stripped around \$210 billion from expected tax receipts

Running a temporary deficit and continuing important programs is vital to support jobs

Necessary and responsible borrowing that is markedly less than other major advanced economies

Budget savings of \$22.6 billion over four years, including through vital structural reform

Fully offsetting the cost of the pension package over time, notwithstanding the ageing of the population

In the final year, the budget impact of new spending is fully offset

Budget at a glance

This Budget supports jobs today by investing in the infrastructure Australia needs for tomorrow, while making the hard choices necessary to chart the course back to surplus.

Most challenging global economic conditions since the Great Depression

The global economy is experiencing the worst recession since the Great Depression, which has dragged the Australian economy into recession.

Real GDP is expected to contract slightly in 2009-10. This contraction is expected to be milder than almost any other advanced economy. An economic recovery is expected to gather pace from early 2010. The downturn will impact significantly on jobs, with employment contracting over 2009-10, and gradually growing in late 2010.

Stimulus and nation building investment

This Budget supports jobs now, and invests in the future, to ensure the economy is well placed to make the most of the global recovery.

The centrepiece of the Budget is a significant program of investment in nation building infrastructure, including roads, metro rail, ports, universities and energy efficiency.

The net measures in the Budget raise the level of GDP by $\frac{3}{4}$ of a per cent in 2009-10. These measures will support the housing sector, jobs and small business.

Making the hard decisions

The Government has made the hard decisions required to deliver a fairer pension system and put the Budget on a sustainable footing.

Government programs have been better targeted, to ensure support is provided to those who need it most.

Delivering on the deficit exit strategy

Projected budget deficits have increased mainly as a result of the impact of the global recession on revenues. The Government's strategy is expected to see the budget return to surplus in 2015-16.

Budget aggregates^(a)

	Actual	Estimates			Projections	
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Underlying cash balance (\$b)(a)	19.7	-32.1	-57.6	-57.1	-44.5	-28.2
Per cent of GDP	1.7	-2.7	-4.9	-4.7	-3.4	-2.0
Fiscal balance (\$b)	21.0	-32.9	-53.1	-56.0	-41.8	-30.3
Per cent of GDP	1.9	-2.7	-4.5	-4.6	-3.2	-2.2

Excludes expected Future Fund earnings.

Major economic parameters^(a)

	Forecasts			Projections	
	2008-09	2009-10	2010-11	2011-12	2012-13
Real GDP	0	- 1/2	2 1/4	4 1/2	4 1/2
Employment	- 1/4	-1 1/2	1/2	2 1/2	2 1/2
Unemployment rate	6	8 1/4	8 1/2	7 1/2	6 1/2
CPI	1 3/4	1 3/4	1 1/2	2	2 1/2
Nominal GDP	5 3/4	-1 1/2	3 3/4	6 1/4	6 3/4

Real and nominal GDP are year average. CPI and employment are through the year growth to the June quarter. The unemployment rate is the rate in the June quarter.

Most challenging global economic conditions since the Great Depression

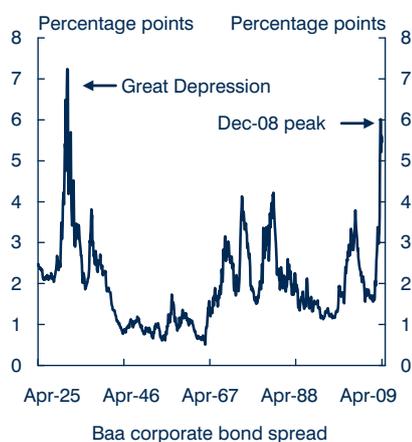
Distressed financial markets

Global financial market stress intensified rapidly in September 2008 to levels unseen since the early 1930s.

Global equity prices are still a fraction of their pre-crisis levels, while indicators of stress in money and credit markets remain elevated.

Credit-related losses since the start of 2007 already total more than US\$1.3 trillion and, according to IMF estimates, could ultimately reach around US\$4.1 trillion.

This will place further pressure on bank balance sheets and suggests that a return to normal conditions may still be some time away.



Acute financial market strains

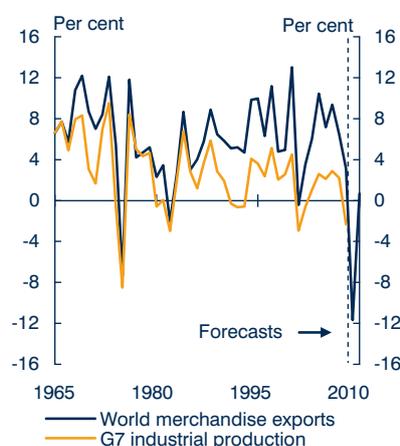
Synchronised fall in activity

As the crisis took hold, industrial production plummeted globally, and exports collapsed.

Household spending also fell as confidence slumped to record lows in many countries.

In the major economies, GDP outcomes were worse than already pessimistic expectations.

With an estimated annualised contraction of 6¼ per cent, the global economy experienced the sharpest and most synchronised downturn on record in the December quarter of 2008.



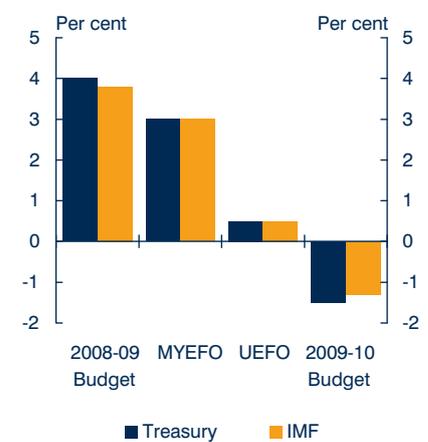
Collapsing trade and industrial production

Virtually every advanced economy is expected to be in recession in 2009.

World trade is set to record the sharpest fall since World War II.

Labour markets are deteriorating rapidly, with millions joining the jobless queues globally.

The speed and severity of the unfolding events has resulted in steep downward revisions to 2009 global growth forecasts.



Sharp revisions of global GDP forecasts

With financial markets at their most stressed since the early 1930s, and economic activity falling simultaneously in economies around the world in an unprecedented manner, no country has been immune from the global recession.

The world economy is set to contract in 2009, for the first time in six decades. The worst global recession since the Great Depression is expected to be followed by a modest recovery in 2010.

A deep recession

Strong financial and real economy linkages have turned the global financial crisis into a global recession.

The world economy is now expected to contract by 1½ per cent in 2009.

Advanced economies are in the midst of a deep recession while growth in emerging economies has slowed dramatically.

Global fiscal positions have worsened, with advanced economy budget deficits projected to be 8.8 per cent of GDP in 2009.

Exceptional policy actions

Central banks have slashed interest rates to support economic activity and dramatically expanded their balance sheets to ensure adequate liquidity.

Guarantees and capital injections are working to stabilise the global financial system.

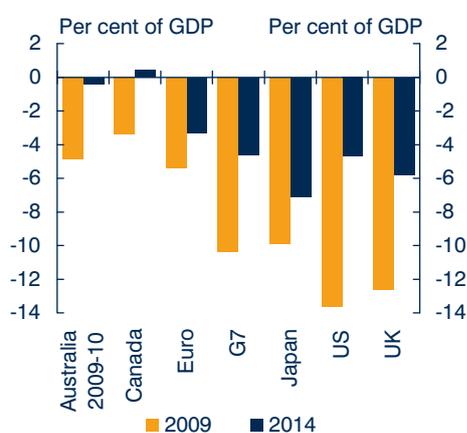
Major economies have agreed to inject large fiscal stimulus to support activity and jobs. Such stimulus, as well as the operation of the automatic stabilisers, is expected to raise G-20 GDP by up to 3¼ percentage points in 2009.

A modest global recovery

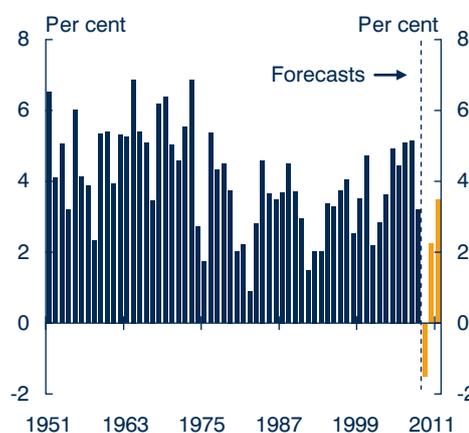
Notwithstanding these policy measures, the recovery is expected to be modest and gradual.

History shows that episodes of financial crisis have been associated with much deeper and longer recessions and much weaker recoveries.

Global economic growth is expected to remain below average until the end of 2011, with output in the US, euro area and Japan expected to remain below pre-crisis levels.



Expectations for 2009 fiscal positions deteriorate



Global economic growth

Global economy triggers contraction but Australia is better placed

Australia is not immune

As a result of the global recession, Australia's GDP is expected to contract by ½ of a per cent in 2009-10. This is a smaller contraction than in all major advanced economies.

With the sharp contraction in our major trading partners, export volumes are expected to fall by 4 per cent in 2009-10.

The largest terms of trade boom in six decades is now unwinding, taking around \$35 billion each year out of the economy.

The drop in commodity prices and weaker demand are expected to cause a sharp fall in business investment, which is forecast to decline by 18½ per cent in 2009-10.

Household wealth has fallen and confidence has been shaken dramatically. Despite these headwinds, consumption is forecast to contract by just ¼ of a per cent in 2009-10, with the fiscal stimulus measures providing much needed support.

Rising unemployment

The most devastating impact of the global recession will be on the unemployed in Australia.

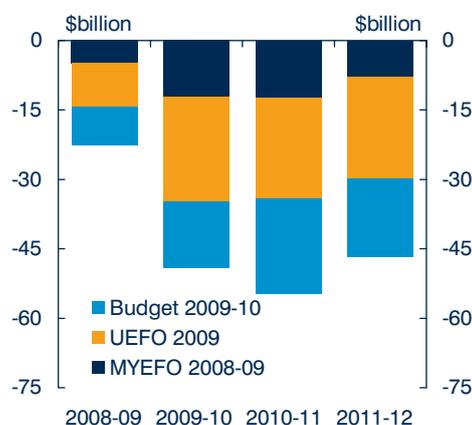
The unemployment rate is expected to peak at 8½ per cent in 2010-11 before falling as the economy recovers. The global recession has resulted in job losses in most countries with many advanced economies expected to record double-digit unemployment rates.

Revenues hit hard

The global recession has led to successive downward revisions to taxes since the 2008-09 Budget, which together have reduced tax receipts by around an estimated \$210 billion over the forward estimates to 2012-13.

These revisions wipe out the tax receipt windfalls from the terms of trade boom since the 2005-06 Budget.

In 2008-09, the write down is expected to be \$23 billion — the biggest downward revision since 1930-31. In 2009-10, estimated tax receipts have been revised down by \$50 billion.



The boom in key commodities is unwinding

Downward revisions to receipts since 2008-09 Budget

Australia is not immune from the global recession. Output is expected to decline, which will cost jobs and see a sharp rise in the unemployment rate. Budget revenues have been hit hard with the global recession reducing tax receipts by around an estimated \$210 billion in the five years from 2008-09.

Australia is better placed than most countries to weather the storm of the global recession. Despite the forecast contraction, Australia is expected to perform better than almost all other advanced economies.

Australia better placed

Australia enters this downturn from a position of relative strength. The Government acted early to shore up confidence in the financial system, provide stimulus to the economy and cushion the impact on growth and jobs.

As many advanced economies started to crumble, Australia maintained growth through most of 2008 with the December quarter recording the first contraction in GDP since December 2000. In contrast, most other advanced economies were already experiencing a deep recession by the end of 2008.

This starting point, coupled with the timely and substantial policy actions taken to support activity and jobs,

means the contraction in Australia is expected to be much milder than elsewhere.

Advanced economies are expected to contract by 3¾ per cent in 2009, compared to a fall of ½ of a per cent in Australia in 2009-10.

Australia's financial system remains strong and well regulated, competitive and dynamic. Our banks are considered to be among the safest in the world and enjoy continued access to global capital markets. This bodes well for our recovery as global threats subside.

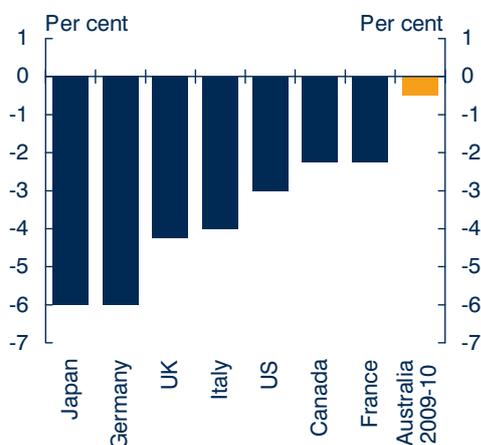
Australia's strong net public debt position has given us greater scope to take decisive action to stimulate the economy and support the financial

system. Even after taking into account falling revenues and the Government's stimulus response, Australia's net public debt position will remain markedly lower than the major advanced economies.

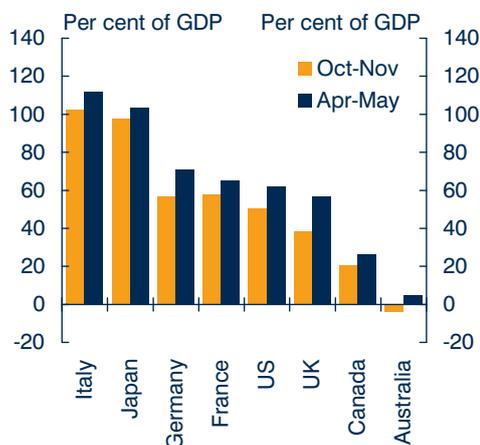
Investing in the future

The Government is also undertaking significant investment — in essential infrastructure and skills — to position us for recovery.

The Government is investing in road, rail and port infrastructure to lift Australia's export capacity. The Government's COAG agenda provides substantial investment in the areas of education and health to help lift long-term productivity and growth.



Australia's and G7 2009 GDP growth



Expectations for 2009 net public debt

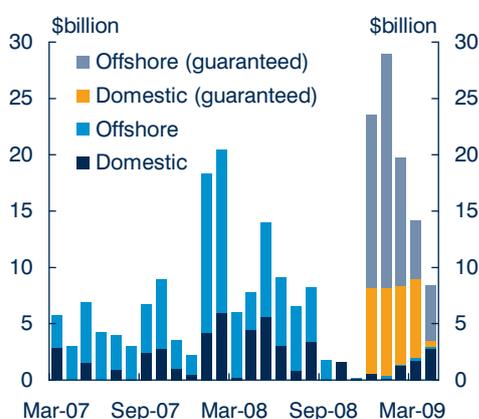
Early and decisive stimulus is cushioning the blow

Maintaining stability in the financial system

In response to the serious deterioration in global financial markets, the Government took early and decisive action to provide certainty that bank deposits are safe and to ensure that the financial sector could continue to lend.

Since its introduction, the Government's guarantee of wholesale borrowing has supported a significant increase in the issuance of bank bonds. Over \$100 billion in debt has been issued under the guarantee up to the end of April.

This has enabled banks to continue lending to households and businesses, providing vital support to our economy.



Banks' bond issuances

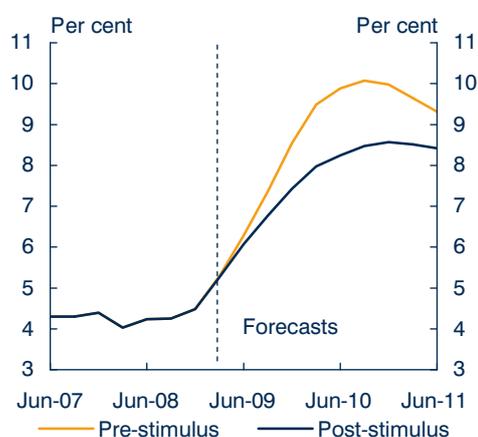
Supporting activity and jobs

The Government's early and decisive fiscal stimulus packages have helped to cushion Australia's economy from the worst impacts of the global recession.

Without this action the forecast contraction in the economy in 2009-10 would have been four times larger.

The stimulus packages are expected to raise the level of GDP by 2¾ per cent in 2009-10 and 1½ per cent in 2010-11, supporting up to 210,000 jobs.

In the absence of policy action, the forecast for unemployment would have peaked 1½ percentage points higher at around 10 per cent.



Impact of the stimulus measures on the unemployment rate

Fiscal stimulus has supported the strong and decisive monetary policy response from the Reserve Bank of Australia, which has seen mortgage interest rates fall to their lowest levels in more than 40 years.

By taking measures to support the financial system and bolster growth, the Government's actions are working in the same direction as monetary policy to support jobs and economic activity.

Economic Security Strategy

The one-off cash payments and the First Home Owners Boost (FHOB) in the \$10.4 billion Economic Security Strategy (ESS) were designed to be implemented quickly,

The Government's bank guarantees have helped maintain confidence in domestic financial markets, and enabled lending to continue to provide further support to economic activity. The Government's economic stimulus strategy has cushioned Australia from the worst effects of the global recession. Without these initiatives, the contraction in the Australian economy in 2009-10 would have been four times larger.

As well as supporting jobs and economic activity, the Government's fiscal stimulus measures are assisting first home buyers and building physical and social infrastructure. The Government has also supported jobs through its employment assistance measures.

and to have a short-lived impact on the budget balance. The measures were targeted at those areas most in need of support — household consumption and dwelling investment.

To date, the FHOB has helped stimulate housing activity by assisting over 59,000 first home buyers to enter the housing market.

Retail sales are 4.5 per cent above their pre-stimulus levels of November 2008; growth of 3.8 per cent in December 2008 was the strongest in eight years.

Nation Building and Jobs Plan

Two-thirds of the Nation Building and Jobs Plan (NBJP) is a direct

investment of \$29.9 billion in schools, housing, energy efficiency, community infrastructure and roads, and support to small businesses. The NBJP will drive the largest annual increase in public investment on record.

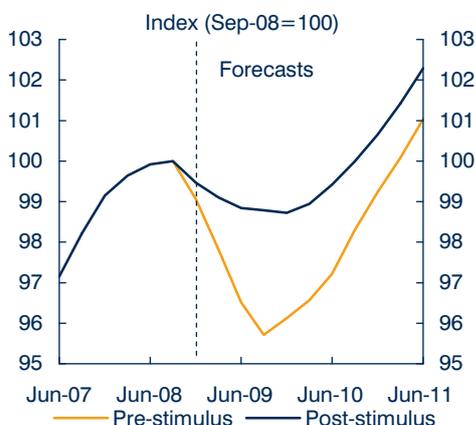
The centrepiece of the NBJP is the Building the Education Revolution program. Every school in Australia will benefit from a share of \$14.7 billion of investment in school infrastructure and maintenance.

The NBJP also provides \$12.2 billion in immediate stimulus by delivering valuable assistance to individuals and families through one-off bonuses.

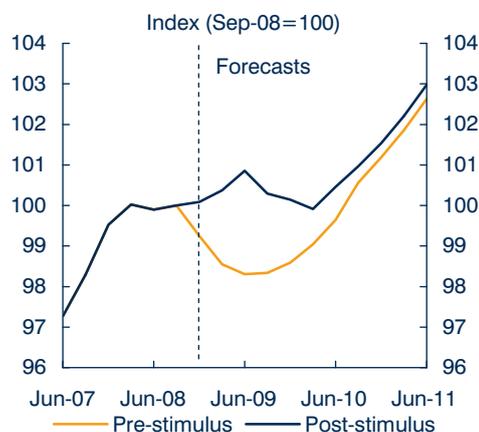
Supporting investment and skills

To support growth and prosperity as we emerge from the global recession, the Government has taken early action to help people get back into work and learn the skills needed for future jobs.

The Government is investing \$1.5 billion through its Jobs and Training Compact, which aims to provide support to those affected by the downturn. This includes \$299 million to provide retrenched workers with intensive employment assistance and \$155 million in support for apprentices and their employers.



Stimulus effect on real GDP



Stimulus effect on household consumption

Stimulus now and investment for the future

The Government is supporting growth and jobs now, and delivering the investments needed to strengthen the economy for the future. The net measures in this Budget raise the level of GDP by $\frac{3}{4}$ of a per cent in 2009-10, providing an additional boost to demand when the economy needs it most.

Balanced fiscal stimulus

The Government has balanced its fiscal policy response to the global recession between short- and long-term priorities.

Measures involving bonus payments to low- and middle-income Australians are adding immediately to demand when it is most needed, and where it will be most effective.

This is being supported by direct investment in schools, energy efficient homes and through the First Home Owners Boost.

Further support

The net measures in the Budget raise the level of GDP by $\frac{3}{4}$ of a per cent in 2009-10 — the period when the economy is forecast to be weakest.

Measures have been targeted to provide additional support to those on lower incomes, who are often credit constrained and most likely to spend additional payments.

FHOB extension

To further support housing activity and the construction industry, the Government has decided to extend the First Home Owners Boost for an additional six months at a cost of \$539 million.

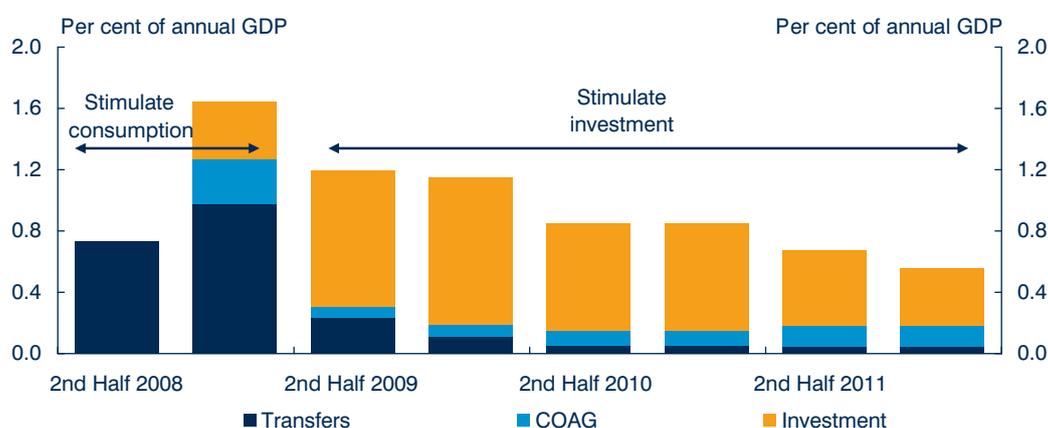
The Boost will continue at current levels until 30 September 2009. From 1 October to 31 December 2009, the Boost will halve to \$10,500 for established homes and \$14,000 for new homes, including the \$7,000 First Home Owners Scheme grant.

Investing in drivers of growth

Over time, the immediate stimulus will scale back, transitioning to investments in long-term infrastructure projects, which will provide a larger and more sustained boost to the economy.

The infrastructure measures delivered in this Budget represent a critical investment in the drivers of Australia's long-run economic growth. They will provide a much needed boost to productivity, to jobs and to our capacity to export.

By investing in productive capacity, Australia will be well positioned to take advantage of the economic recovery.



Allocation of fiscal stimulus

Supporting Australian small business

The Government recognises the vital contribution made by small businesses to the economy. Around four million private sector jobs in Australia are in small businesses. To support small businesses feeling the effects of the downturn, the Government will introduce measures to help with business investment, managing cash flows and improving online capabilities.

Small Business Tax Break

The Government will inject an additional \$141 million to expand the Small Business and General Business Tax Break for small businesses. This provides an even greater incentive to invest in new capital items such as vehicles as well as existing equipment.

Small businesses will be able to claim a bonus tax deduction of 50 per cent of the cost of eligible assets ordered between 13 December 2008 and 31 December 2009 and installed by 31 December 2010. This will give a small business spending \$30,000 an extra \$6,000 upfront tax deduction. The 30 per cent rate announced earlier this year can still be accessed by all other businesses that acquire eligible

assets before 30 June 2009, as well as the rate of 10 per cent applying for eligible assets acquired before 31 December 2009.

Small Business Assistance

The Government will provide \$10 million over two years to establish a Small Business Support Line, which will link to Business Enterprise Centres and provide initial advice and referral services for small business on matters such as obtaining finance and cash flow management. The ATO will also receive \$168 million to assist small businesses and help them remain viable.

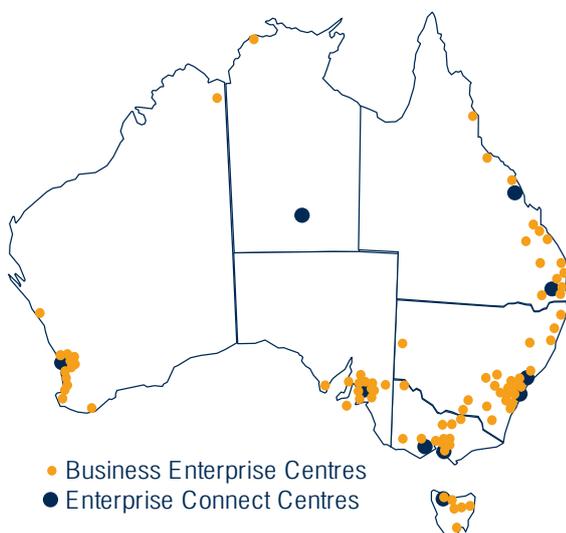
Small businesses will benefit from the Government's investment in a company to build and operate the National

Broadband Network. The project will support up to 37,000 jobs at its peak.

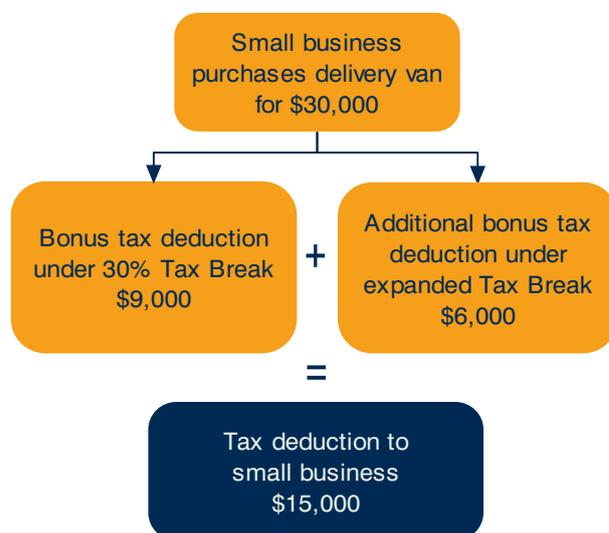
To enable small businesses to access the benefits of the digital economy, the Government will provide \$10 million to eligible organisations to help businesses improve their e-commerce capabilities.

Improving business cash flow

The Government has also provided cash flow relief to small businesses by announcing reduced PAYG instalments in 2008-09 and 2009-10. This complements the Government's earlier guarantee of on-time payment for small business contracts as well as planned changes to business regulation which will help to reduce compliance costs.



Support Line builds on network of business advisory centres



Expanded Small Business Tax Break

Supporting Australian jobs now and in the future

Boosting demand

The most effective thing that can be done to support employment is to avoid a prolonged slowdown in demand.

The Government's support, including through the Economic Security Strategy, the Nation Building and Jobs Plan and the \$22 billion investment in Nation Building Infrastructure, will also help cushion the impact of the global recession on Australian jobs.

The strategy has been designed to strengthen the future capacity of the economy, while at the same time providing immediate stimulus.

The Government's actions will support up to 210,000 Australian jobs.

Jobs and Training Compact

The Government's \$1.5 billion Jobs and Training Compact is aimed at providing relief and assistance to those affected by the downturn. It will also better position Australia for when global growth returns.

The Jobs and Training Compact provides greater incentives for training through the new Training Supplement and support for Young Australians, Retrenched Workers and Local Communities

A new Training Supplement

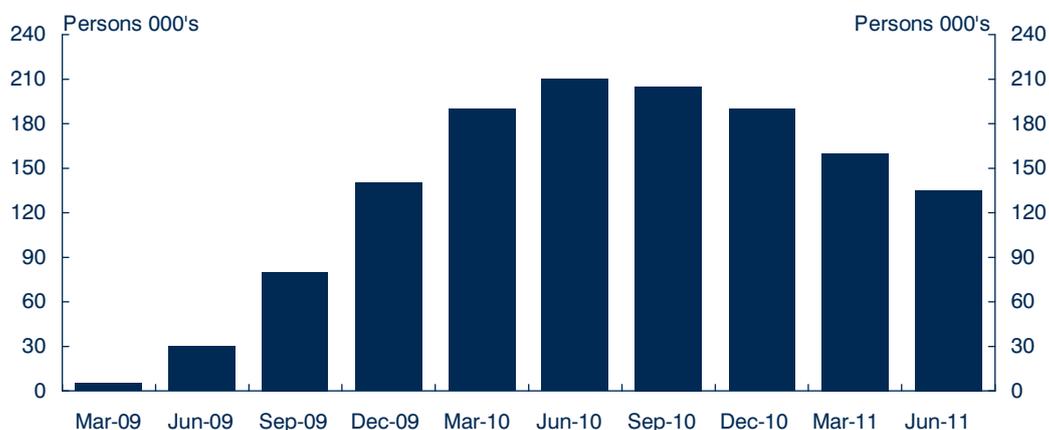
The Government will help eligible income support recipients to undertake approved training through a new temporary training supplement of \$41.60 per fortnight.

The supplement will assist those who have not completed Year 12 or who are upgrading their qualification by providing extra income support while they are undertaking training.

This builds on the Government's earlier temporary increase in the Education Entry Payment from \$208 to \$1,158 for eligible job seekers who undertake approved training.

A Compact with Young Australians

The Government's \$277 million Compact with Young Australians will keep them engaged in education and training and increase educational attainment, preventing many from experiencing long-term unemployment.



Jobs supported by Government's stimulus

The Government has a comprehensive strategy to support jobs. The Nation Building Infrastructure package and the Nation Building and Jobs Plan will keep more Australians in work. The Jobs and Training Compact for Australia is a further \$1.5 billion investment to improve Australians' job prospects, boost their skills and better position Australia for the recovery.

Australia cannot stop investing in its future; that is why this Government is looking after those who are often hit hardest by tough economic times — such as apprentices, school leavers, and retrenched workers. Investment in training, education and skills is essential to ensure that these groups are not lost to the downturn — instead they will be the ones to help boost the recovery.

Key elements of the Compact include:

- a training place for every young person aged under 25 who wishes to up-skill
- requiring anyone under the age of 17 to be in school, training or work and
- increasing Year 12 attainment to 90 per cent by 2015.

Many young Australians get their start through apprenticeships. As part of the compact the Government is providing additional funding of \$155 million to support both out-of-trade apprentices and lost-job apprentices; and will encourage the use of apprentices in Government infrastructure projects.

Compact with Retrenched Workers

The Government's \$438 million Compact with Retrenched Workers will provide immediate support to Australians who experience a job loss.

The Compact includes:

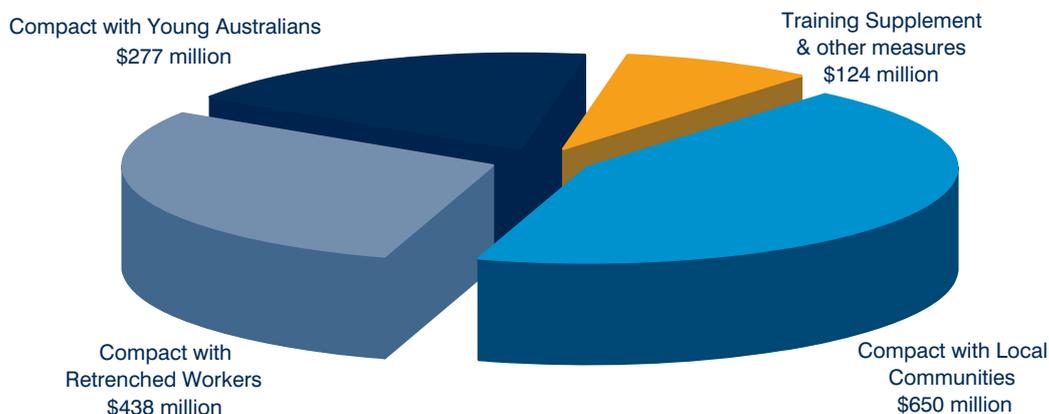
- \$299 million to give retrenched workers immediate access to intensive employment services
- strengthening the safety net by increasing the liquid assets test threshold from \$2,500 to \$5,000 for single people with no dependants and \$5,000 to \$10,000 for others
- 10,000 training places through the Productivity Places Program (PPP) taking the total to 711,000.

Compact with Local Communities

The Government will build on its \$800 million Local Community Infrastructure Program by providing \$650 million through its Jobs Fund to support local jobs in areas hardest hit by the downturn.

The Job Fund includes:

- \$300 million for projects that help protect the environment or promote sustainability
- \$200 million to Get Communities Working for local council and not-for-profit projects and
- \$150 million for local infrastructure projects that create immediate jobs.



Funding for the Jobs and Training Compact

Nation building infrastructure for future productivity and prosperity

Investing in Australia's economic infrastructure

Investment in Australia's economic infrastructure is vital. The Government is investing \$22 billion to improve Australia's transport, energy, communications, education and health infrastructure.

The Government is supporting jobs today by investing in the infrastructure needed for tomorrow. This investment will support around 15,000 jobs each year, peaking at around 18,000 jobs in 2011-12 (in addition to those jobs supported by the National Broadband Network). In the short term, this will provide a direct stimulus that lifts demand for goods and services.

In the medium and long term, it will support economic growth by raising aggregate supply and expanding the productive capacity of the Australian economy.

Road, rail and ports

Australia's transport networks are critical economic infrastructure that underpin future productivity and improve the connectedness of our communities.

The Government will invest \$8.5 billion to expand Australia's land transport networks targeting roads, rail and ports — the building blocks for Australia's future productivity and growth.

Metro rail networks

The Government is committed to building world-class infrastructure that enhances the amenity and productivity of our cities. As Australia's major cities continue to grow and expand, investment in urban infrastructure is urgently needed to support sustainable development and renewal.

The Government is investing \$4.6 billion to improve metropolitan rail networks in six major cities: Melbourne, Sydney, Brisbane, Perth, Adelaide and the Gold Coast. More efficient metro rail networks will deliver economic and social benefits through faster travel times, less road congestion and lower greenhouse gas emissions.

Metro rail	Project total	Metro rail, roads and ports	Project total
Regional Rail Express (Vic)	\$3.2 billion	Brisbane rail feasibility study (Qld)	\$20 million
Gold Coast light rail (Qld)	\$365 million	Hunter Expressway (NSW)	\$1.5 billion
Gawler rail line modernisation (SA)	\$294 million	Ipswich Motorway (Qld)	\$884 million
Noarlunga to Seaford rail (SA)	\$291 million	Kempsey Bypass (NSW)	\$618 million
Northbridge rail link (the Hub) (WA)	\$236 million	Bruce Highway —Cooroy to Curra (Qld)	\$488 million
West Metro Sydney (NSW)	\$91 million	Oakajee Port (WA)	\$339 million
O-Bahn track extension (SA)	\$61 million	Port of Darwin expansion (NT)	\$50 million
East-West Rail Tunnel (Vic)	\$40 million		

Investing in the building blocks for recovery

Economic infrastructure is essential to promoting Australia's future prosperity. The Government is investing \$22 billion to support jobs and improve Australia's core infrastructure. This significant investment in the building blocks for the future will generate benefits that will improve the living standards of all Australians.

The investment Australia puts in place now will allow us to take advantage of the global recovery. The Government's commitment to nation building infrastructure will drive a more diverse, competitive and sustainable economy generating enduring and substantial economic, social and environmental benefits into the future.

Roads

The Government is investing \$3.4 billion to improve the quality and efficiency of Australia's road networks.

Network 1 (N1) is Australia's busiest freight route stretching along the eastern seaboard from Melbourne to Cairns.

The Government is making a number of strategic investments in the N1 — including the Hunter Expressway, Kempsey Bypass and the Bruce Highway from Cooroy to Curra to complete duplications, bypasses, flood proofing and other safety measures by 2013.

This investment will deliver economic benefits to Australian businesses through faster transit times and lower transportation costs.

This will help Australian businesses remain globally competitive into the future.

Ports

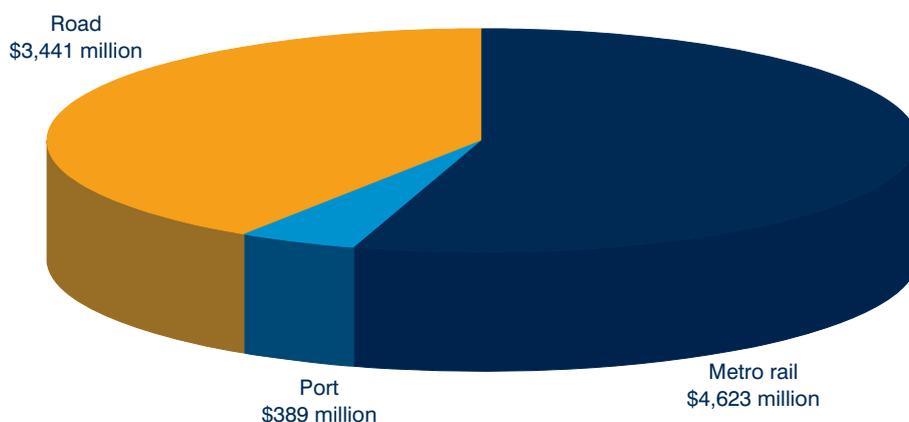
Before the economic downturn, capacity constraints and infrastructure bottlenecks were evident in some of Australia's key export gateways.

Over the next four years, the Government will commit \$389 million towards developing, constructing and

expanding critical port infrastructure in Western Australia and the Northern Territory.

This investment in Australia's gateways will play an important role in driving economic growth into the future — improving access for Australia's mineral resources and commodities to global markets.

Together, these investments in Australia's roads, rail and ports build on the Government's investment of more than \$26 billion under the Nation Building Program.



Road, rail and port infrastructure spending

Investing in Australia's clean energy future

The Government will invest \$4.5 billion as part of a new Clean Energy Initiative designed to assist Australia's transition to a low-pollution economy, improve our competitiveness and help us build the jobs of the future.

Clean Energy Initiative

A \$4.5 billion investment in a Clean Energy Initiative (including \$1.0 billion in existing funding) will strengthen Australia's climate change response by encouraging further innovation in clean energy generation and low-emissions technologies, helping us build the low-pollution economy and jobs of the future.

The Initiative comprises three new elements:

- a \$2.0 billion investment in carbon capture and storage (CCS) projects under a CCS Flagships program
- a \$1.5 billion Solar Flagships program to demonstrate large-scale solar technologies

- a new independent body, Renewables Australia, with \$465 million seed funding, to support leading-edge renewable technology research and development

CCS Flagships

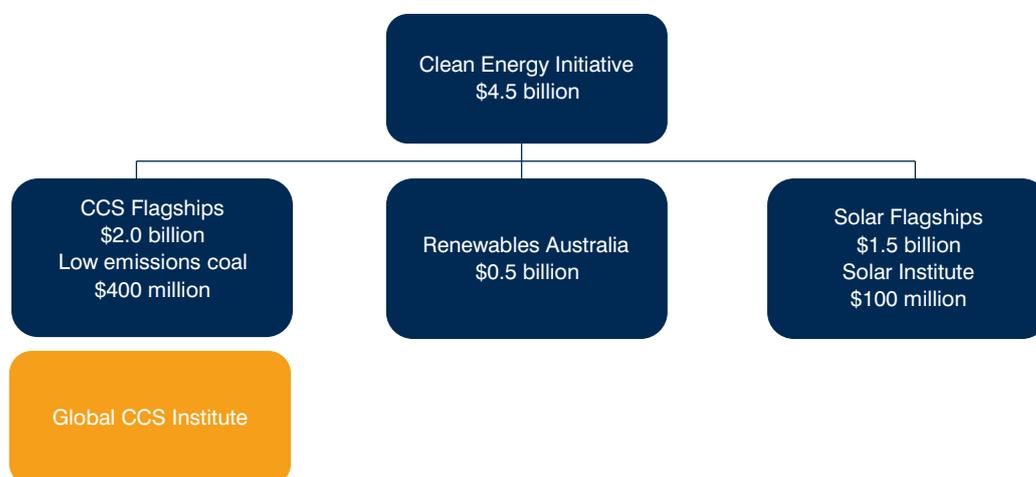
The Government will invest \$2.0 billion over nine years to support first-of-a-kind industrial-scale demonstration projects for CCS technology in Australia.

The projects are expected to comprise the development of a carbon dioxide storage hub as well as demonstrating a range of technologies to capture carbon dioxide from coal-fired power stations.

Together with the \$400 million National Low Emissions Coal Initiative and the Cooperative Research Centre for Greenhouse Gas Technologies, the new CCS Flagships program will complement the recently launched Global CCS Institute, and will ensure that Australia continues to be a world leader in the development of this technology.

National Energy Efficiency Initiative

In addition to the Clean Energy Initiative, the Government will provide a \$100 million grant in 2009-10, which will create an energy network in one demonstration project that integrates a smart grid with smart meters in homes.



Driving innovation in low-emissions and renewable technologies

Enhancing renewable technologies

As part of the Clean Energy Initiative, the Government will establish a new innovation investment body, Renewables Australia, and a new Solar Flagships program that will encourage further innovation and will drive significant investment in renewable technologies.

Renewables Australia

The Government will establish a new renewable technology innovation body — Renewables Australia — with an initial funding allocation of \$465 million over four years. Renewables Australia will support the development, commercialisation and deployment of new and existing renewable technologies.

Renewables Australia will facilitate investment across the whole innovation chain, including investment in high priority research and in essential renewable-related systems such as renewable energy transmission infrastructure.

A new specialist board with expertise in research, venture capital, intellectual property and commercialisation will be established to oversee investments. This will ensure that investments with long-term strategic significance are identified and properly supported.

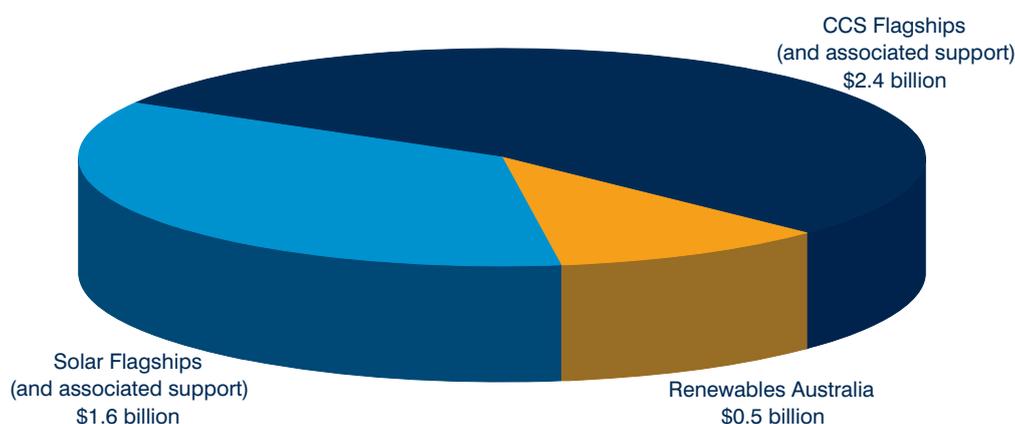
Solar Flagships

The Government will establish a new Solar Flagships program with funding of \$1.5 billion over six years that will invest in large-scale solar electricity generation projects. Through the development of up to four major projects the program will demonstrate solar at a capacity of 1,000 MW, which is similar in scale to that of a large coal-fired power station.

A Solar Flagships manager will be selected by a competitive process and will manage the development and operation of the power stations as an integrated commercial enterprise.

Together with the existing \$100 million Australian Solar Institute, the new Solar Flagships program reflects the Government's commitment to realise Australia's solar energy potential.

The Clean Energy Initiative will complement the Carbon Pollution Reduction Scheme and expanded 20 per cent Renewable Energy Target and will enhance Australia's presence in the renewable and low-emissions technology field.



\$4.5 billion Clean Energy Initiative

Building blocks of the recovery

National Broadband Network

The Government has established a company to invest up to \$43 billion in a National Broadband Network (NBN) to provide superfast broadband to Australian homes and businesses.

The NBN will address underinvestment in key national infrastructure and support future growth in the demand for telecommunications services.

A new fibre optic network will connect up to 90 per cent of homes and workplaces. Broadband speeds of up to 100 Mbps will be available, placing Australia as a world leader.

In other parts of Australia, households, businesses and communities will

have consistent broadband speeds of 12 Mbps or more. These services will be delivered through next-generation wireless and satellite technologies. This is much faster than existing speeds in many areas of Australia.

Jobs and businesses

The rollout of this vast network will draw on a large and diverse workforce. At its peak, it is expected 37,000 jobs will be supported.

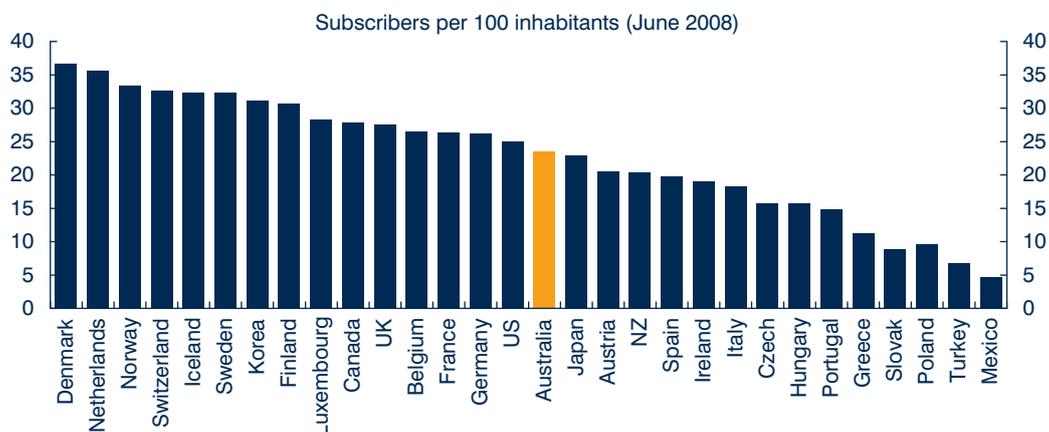
Australian businesses engaged in e-commerce will have faster and more accessible broadband. They will be able to offer innovative new services. Businesses will also be able to work smarter using broadband-based tools and services.

Rural and regional communities

In rural and regional Australia, the NBN with help connect communities, families and friends. It will help to revitalise our regions and improve the delivery of social services.

The Government's Rural and Regional NBN Initiative will provide \$80 million for local projects — the enhanced Digital Regions Initiative, rural NBN Coordinators to promote broadband take up and the ABC's Regional Broadband Hubs to support community-based broadband material.

This nation building network is anticipated to be rolled out in Tasmania from mid-2009, and in the rest of Australia from 2010.



Broadband take up (OECD countries)

Australia is investing in a superfast broadband network that will help transform the Australian economy and allow us to take advantage of the global recovery. The network, built in partnership with the private sector, will be the single largest nation building infrastructure project in Australian history.

The Government is stimulating economic activity through increased investment in critical social infrastructure. An additional \$17.9 billion is being spent in the areas of health and education. This builds on the Government's investment in social housing and local community infrastructure. These initiatives will support jobs today as well as build economic capacity and improve amenities for future generations.

Investing in healthcare

In 2008-09, the Government established the Health and Hospitals Fund to provide for capital investment in health facilities. This Budget will make the first investments from the Fund.

In all, the Government is committing \$3.2 billion in hospital infrastructure, cancer care and translational medical research.

This package will improve health infrastructure and lead to improved health outcomes. By focusing efforts on infrastructure investment, the funding will support increased employment and increased economic activity.

Building the Education Revolution

The Government has announced a \$14.7 billion long-term investment in Australian schools as part of the Nation Building and Jobs Plan.

Social housing

The Government is investing \$6.4 billion in social housing for the construction of 20,000 new social housing dwellings and repairs to existing public housing. This is in addition to the \$400 million provided under the National Partnership on Social Housing.

The Government is also providing an additional \$1.9 billion over 10 years (a total investment of \$5.5 billion including existing resources) in the Remote Indigenous Housing National

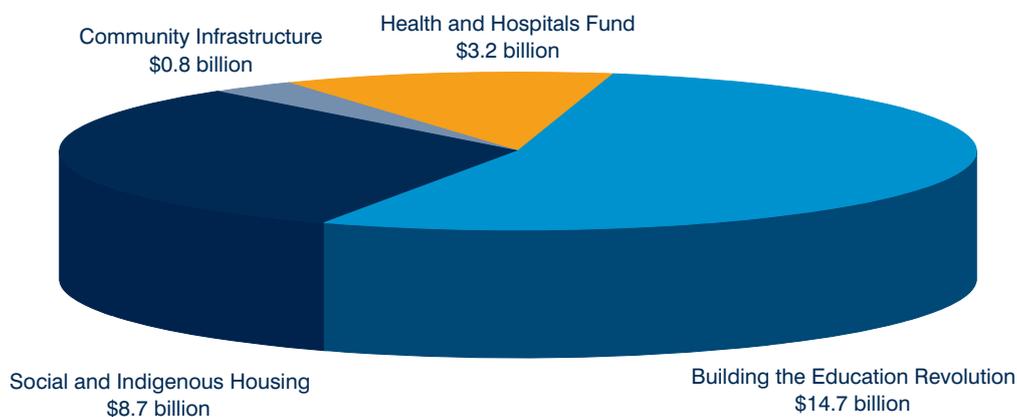
Partnership to address overcrowding, homelessness and poor housing conditions in remote Indigenous communities.

Local community infrastructure

The Government will invest \$800 million over 2008-09 and 2009-10 to improve local community infrastructure.

Through the Community Infrastructure Program, the Government is improving job opportunities in regional Australia and enhancing the amenity of local communities and regional centres.

\$250 million of the total funding has already been shared between all local councils in Australia.



Additional investment in social and community infrastructure

Planting the seeds of future growth by supporting world-class universities

Demand-driven funding

A new approach is needed for higher education for the 21st century, one based on acknowledging the central importance of students.

The current system limits the capacity of universities to respond to changes in student preferences and demand, causing potential students to miss out on studies of their choice.

The Government will invest \$491 million over four years to uncap the number of public university places from 2012, allowing universities to offer a place to all eligible students.

This will result in an additional 50,000 new students receiving places by 2013 and help achieve the Government's

ambition that 40 per cent of all 25-34 year-olds attain a bachelor level qualification or above by 2025.

Quality and Performance

To maintain high standards within the new system, a more robust quality assurance process, overseen by a new independent national regulatory body, will be introduced.

The Government will invest \$206 million over two years in performance funding, to drive institution-led solutions to improve teaching quality, participation, student engagement and completion rates.

The Government will set agreed performance outcomes across a range

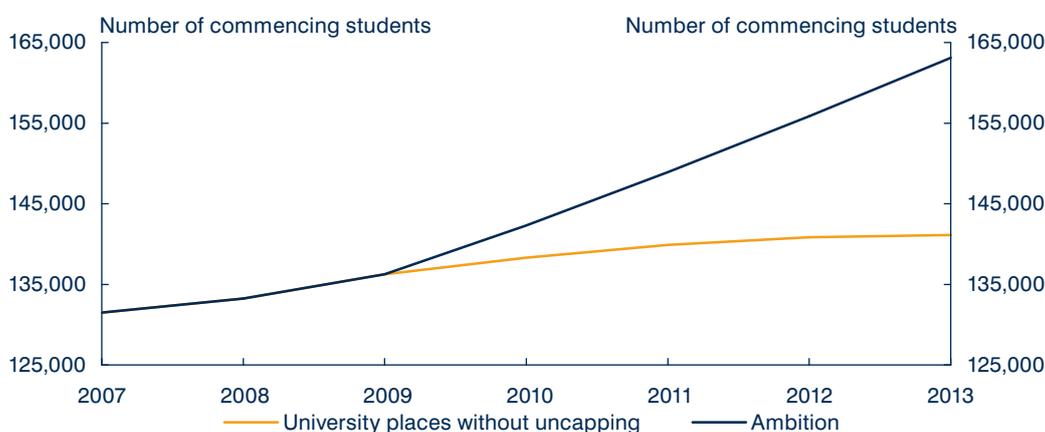
of indicators with reward funding attached.

Making the system fairer

The Government will implement a two-pronged strategy to encourage universities to take a greater leadership role in providing education to all groups in society.

\$325 million over four years will be invested to reward institutions for attracting and retaining low socio-economic status (SES) students.

Universities will also be given \$108 million over four years to build long-term partnerships with schools in disadvantaged areas to promote the benefits of higher education.



Uncapping places will increase the number of commencements in universities

This Budget continues the Government's drive for a world-class education system. The Government is undertaking the most substantial reforms of the higher education system in the last 20 years, replacing the old outdated 'command and control' system with a new model for the 21st century — focusing on student choice, equity, quality, benchmarked outcomes and greater transparency of institutional performance.

The Government is investing \$2.1 billion over five years as well as additional funding from future Education Investment Fund rounds. This investment in education and training plants the seeds for Australia's future growth and will position Australia as a leader in the provision of education and training services, with modern facilities and high-quality teaching.

Reforming student income support

To support more participation in higher education, the Government will reform the student income support system to boost the level of assistance to those most in need.

The Government has taken the tough decision to tighten the definition of independence, to ensure that only students who have demonstrated genuine self-support can qualify for Youth Allowance through independence prior to turning 22 years of age.

The savings from tightening the independence test will be reinvested to provide greater levels of support and more generous means testing

arrangements for lower income students.

Investing for the future

Education is a key building block for future growth. That is why the Government is investing \$578 million over three years to increase the rate of indexation for higher education funding.

This change will improve funding across learning, teaching and research, reduce pressure to cross-subsidise courses and help Australia compete in an increasingly international market for higher education.

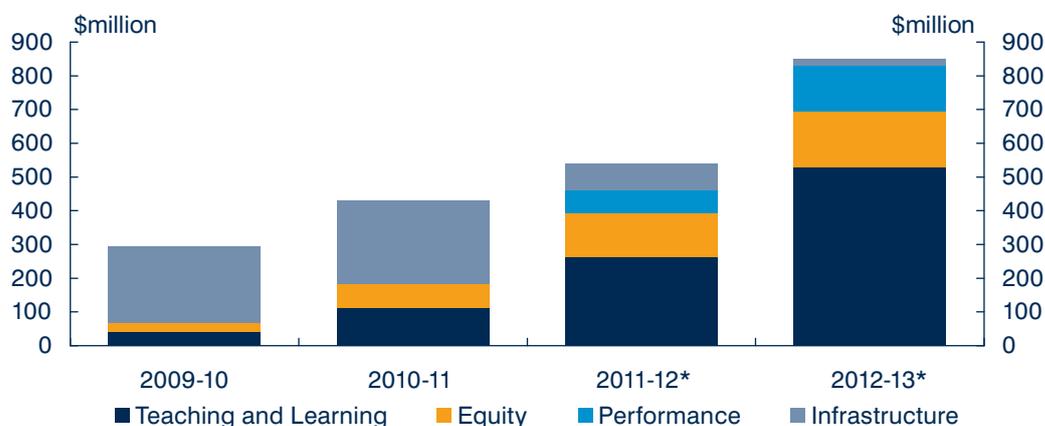
21st century infrastructure

To support the increased investment in teaching and learning the Government

is rolling out the second Education Investment Fund (EIF) funding round.

This funding round commits \$613 million to fund 11 higher education projects, such as the Queensland University of Technology Science and Technology Precinct and La Trobe University's Rural Health School, and 12 vocational education and training projects. In addition, \$750 million has been provided for future EIF funding rounds.

This builds on other significant capital investment, including \$500 million in the last Budget, \$500 million in the 2008 Nation Building Package and \$580 million for the first EIF funding round.



*Plus future EIF rounds

Universities will benefit from a significant boost in funding

Continuing the Education Revolution

This Budget continues the Education Revolution. The Government is investing in education and training to help boost the recovery. This effort builds on long-term reforms aimed at improving the quality and delivery of education within Australia.

A Compact with Young Australians

The Government's \$277 million Compact with Young Australians will guarantee training places for every young person under 25 who wishes to upskill and ensure young people participate full-time in study, training or employment, until age 17. It will also bring forward — from 2020 to 2015 — the commitment in the National Education Agreement that 90 per cent of young Australians attain Year 12 or equivalent qualifications.

Improving schools and training

New national funding agreements between the Commonwealth and the States will lead to increased flexibility,

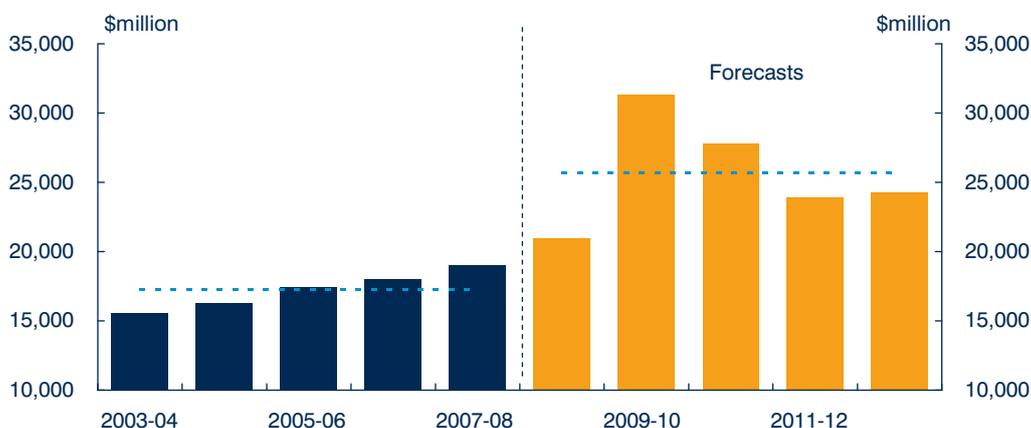
accountability and transparency for the schooling and vocational education and training sectors. In addition, schools will benefit from new National Partnerships including:

- \$1.5 billion to address the needs of disadvantaged schools by facilitating innovative approaches to running schools
- \$550 million to improve the quality of teachers and school leaders through training and rewarding teachers and principals
- \$540 million to deliver sustained improvement in literacy and numeracy outcomes for all students through incentive payments to the States and Territories.

Building the Education Revolution

As part of the Nation Building and Jobs Plan's Building the Education Revolution, the Government will also make a long-term investment of \$14.7 billion in Australian schools to:

- build or upgrade large-scale infrastructure in every primary school, special school and K-12 school in Australia
- build around 500 new science laboratories and language learning centres in secondary schools
- fund up to \$200,000 for each Australian school for maintenance of facilities or minor building projects.



Commonwealth education expenditure excluding student assistance (in 2008-09 dollars)

Investing in innovation

The Government recognises the critical role of innovation in improving Australia's productivity and prosperity. The Government is acting now to prepare Australia for a faster and more prosperous recovery from the global recession, through an additional \$2.4 billion in measures to increase business innovation, our public sector research base and research infrastructure.

Innovation is critical to Australia's growth and its ability to fully confront both current and emerging economic, social and environmental challenges. In light of the review of the National Innovation System, the Government is undertaking a number of reforms involving a \$2.4 billion investment.

Improving research quality

Recognising the importance of adequately funding the indirect costs of university research, the Government will provide an additional \$512 million to support research excellence in universities. The Government will also provide \$36 million to improve university research standards through

the Excellence in Research for Australia initiative. Postgraduate students and researchers will also benefit from an extra \$79 million in support.

Investing in critical research infrastructure

The Government will provide \$901 million from the Education Investment Fund (EIF) for the Super Science initiative, to support the development of key future industries. A further \$322 million from the EIF will provide for a range of research projects.

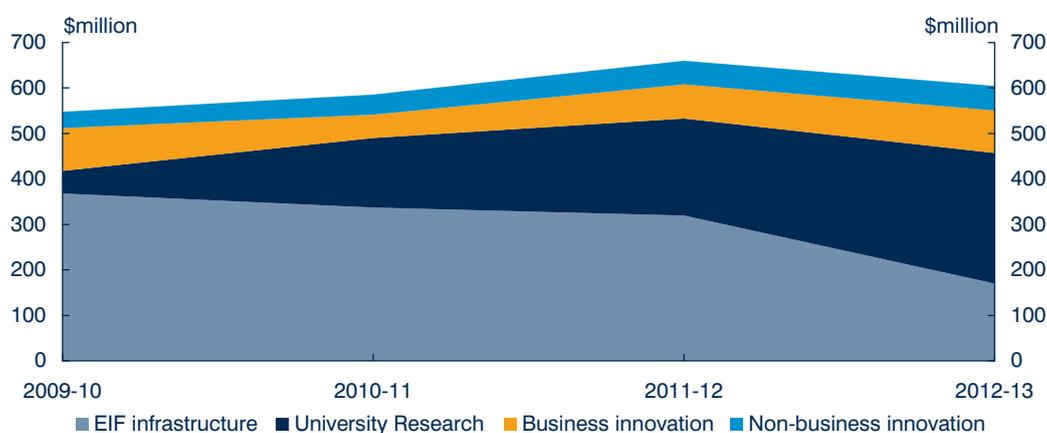
Encouraging business innovation

To strengthen incentives for business to invest in research, the Government will introduce a simplified research

and development tax credit to replace the current research and development tax concessions. This effectively doubles the support for innovative small and medium-sized firms, while improving incentives for smaller firms in tax loss. Funding of \$196 million will be provided to establish the Commonwealth Commercialisation Institute to support business in realising the benefits of research.

Investing in enabling technologies

The Government will provide \$46 million to build our capacity in future technologies, including through the development of a National Enabling Technologies Strategy.



N.B. \$28 million of infrastructure expenditure in 2008-09 not shown.

Delivering a fair go for pensioners and a sustainable system

Supporting seniors, carers and those with disability

The Government is delivering an extra \$32.49 per week to full rate single pensioners and \$10.14 per week combined to couple pensioners, in conjunction with revised income test arrangements to better target the pension to those most in need.

The new pension package for singles will be two-thirds of the couple combined package — up from 60 per cent. An increase in the single base pension of \$30 per week will achieve a new legislated benchmark for singles of 27.7 per cent of Male Total Average Weekly Earnings, up from 25 per cent. These are both 10 per cent increases.

Simplifying the pension

The Government will combine existing allowances into a new fortnightly Pension Supplement. Singles will also receive an extra \$2.49 per week through this new supplement, and couples \$10.14 per week combined.

Recognising carers

To provide additional support to carers, the Government will introduce a permanent Carer Supplement of \$600 per annum for Carer Payment recipients and \$600 per annum for Carer Allowance recipients for each eligible person in their care.

Changes to the income test

To better target the pension to those most in need, from 20 September 2009

the Government will increase the rate at which the pension is withdrawn from 40 to 50 cents for each additional dollar of private income. More than 70 per cent of existing pensioners will be better off immediately under the new arrangements, which include extra assistance for all full-rate pensioners.

Some part-rate pensioners will gradually transition to the new arrangements when they provide a better outcome for them. These pensioners will receive an increase in their entitlements of \$10.14 per week (singles and couples combined). Their existing payments, plus the \$10.14 per week increase, will be maintained in real terms until they are better off under the new arrangements.



Delivering a fair pension — the Government is providing more support to those in most need

The global recession has highlighted the importance of the pension as a safety net for those most vulnerable in society. Despite the difficult fiscal circumstances, the Government has delivered substantial increases in pension payments, particularly for singles on the full rate who are doing it toughest, at a cost of \$14.2 billion over four years. More assistance has also been provided for carers at a total cost of \$1.8 billion over five years.

The Government has taken some tough savings decisions to support its pension reform package, ensuring that spending is focused where it is most needed, and that the increased cost of the pension is fully offset over the long term, despite the ageing of the population.

Rewarding work

Under the new arrangements, the Government will increase rewards to work through a Work Bonus. From 20 September 2009, half of the first \$500 of fortnightly employment income will not count as part of the income test. This will ensure that part-rate pensioners who work will retain more of their pension entitlements — up to \$125 extra per fortnight.

Increasing Age Pension age

To respond to the long-term cost of demographic change, and to reflect improvements in life expectancy, the Government will progressively increase the qualifying age for the Age Pension.

The Age Pension age will be increased to 67 years, at a rate of six months every two years, beginning in 2017.

Pension Bonus Scheme

The Government will close the Pension Bonus Scheme from 20 September 2009. Existing members of the scheme will continue to accrue entitlements.

Superannuation changes

To improve equity and contribute to a sustainable retirement income system, the Government will reduce the cap on concessional superannuation contributions from \$50,000 to \$25,000 and the transitional cap for the over 50s from \$100,000 to \$50,000. The Government will also temporarily reduce the superannuation

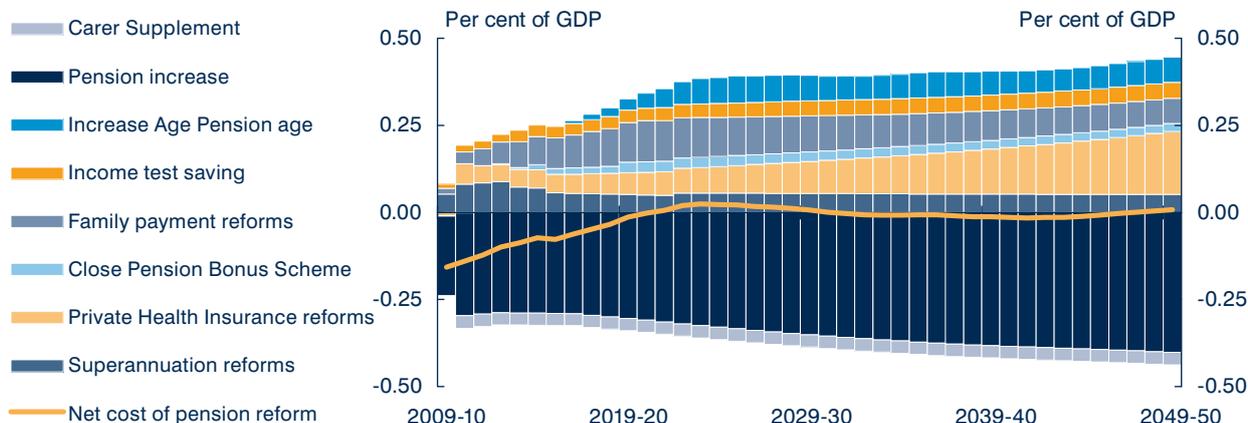
co-contribution matching rate from 150 per cent to 100 per cent for contributions made in 2009-10 to 2011-12, and to 125 per cent for 2012-13 and 2013-14. The scheme remains generous despite the temporary reductions.

Family payments

From 1 July 2009, the Government will maintain higher income thresholds for certain family payments at current levels for three years and index family payment rates by cost of living only.

Private Health Insurance (PHI)

The Government will reduce the generosity of the PHI rebate for higher income earners.



Pension reform — ensuring long-term sustainability

A historic move to Paid Parental Leave

To boost participation in the long run, and to improve work-life balance, the Government is implementing a long overdue Paid Parental Leave scheme.

It is time to deliver a Paid Parental Leave scheme

The Government is investing \$731 million over five years to implement a Paid Parental Leave (PPL) scheme (for eligible working parents), from 1 January 2011.

Eligible primary carers earning less than \$150,000 will receive taxable payments from their employer at the weekly rate of the Federal Minimum Wage — currently \$543.78 — for a continuous period of up to 18 weeks.

The Government will pre-pay statutory PPL to employers who will then make the payments to their eligible employees.

The scheme is closely based on the Productivity Commission's Inquiry Report *Paid Parental Leave: Support for Parents with Newborn Children*, and delivers on the Government's commitment to implement a statutory PPL scheme for Australian families.

Benefits of the scheme

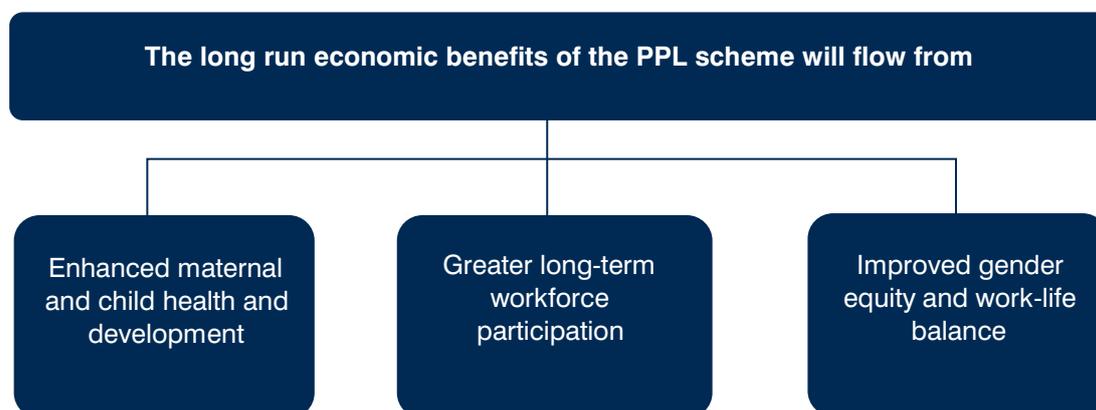
The Government is taking a decisive and historic step to position Australia for the recovery. The PPL scheme will underpin higher long-run workforce participation by helping parents to combine work and family commitments.

The PPL scheme will better enable parents, mothers in particular, to maintain attachment to their workplace. Employers will benefit through increased access to skilled employees.

In the long run this will encourage greater female workforce participation by helping to address lifetime economic impacts of mothers' childbearing and caring roles.

Parents will have the opportunity to spend more time at home, improving maternal and child health outcomes.

The statutory PPL scheme will help to achieve broader objectives of work and family life balance, gender equity and greater workforce participation.



The PPL scheme will deliver long-term economic benefits

Investing in our health

This Budget continues the Government's commitment to a more effective health system by providing increased funding for public hospitals, reforms to deliver more choice and better access to services for patients across Australia, as well as investment in health infrastructure.

Better hospitals

The Government is investing \$64 billion over five years under the National Healthcare SPP and National Partnerships to rebuild our public hospitals. This is an increase of over \$20 billion, compared to the previous Australian Health Care Agreements.

This includes \$2.5 billion over five years to drive hospital and health workforce reform with the States and Territories.

Infrastructure investment

In 2008-09, the Government established the Health and Hospitals Fund to provide for capital investment in health facilities. In this Budget, the Government will make its first investment from this Fund.

The Government is investing \$3.2 billion in hospital infrastructure, translational medical research infrastructure and a national cancer statement. These investments will deliver better health outcomes while stimulating the economy.

Maternity Services Reform

The Government is providing \$121 million over four years to reform maternity services to increase access for women and their babies to collaborative models of care, such as through greater involvement of midwives. This new spending has been achieved by removing excessive cost pressures in the health system.

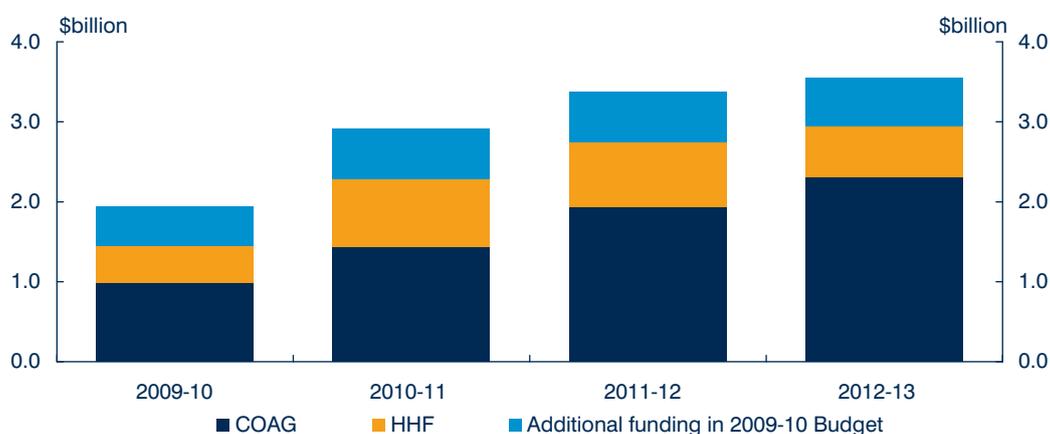
Enhancing rural health

A new Rural Health Workforce Strategy will provide \$134 million over four years to attract medical practitioners to areas of need.

Workforce

The Government will also provide \$60 million over four years to give nurse practitioners appropriate access to the MBS and PBS from November 2010.

This will strengthen and improve the health workforce by providing a role for nurse practitioners outside acute care, and will allow doctors to focus on tasks that require their level of expertise.



Continued investment in Australia's health system

Continuing the reform agenda for a stronger future

COAG reforms

COAG's reform agenda includes the most significant reforms in decades to service delivery by the Federal, State and Territory governments.

The reforms will improve the quality and effectiveness of government services by focusing on agreed objectives and outcomes, and rewarding high performance.

This new approach is set out in six historic National Agreements aimed at improving government services in the areas of health, education, skills and workforce development, disability services, housing and Indigenous disadvantage.

Key policy priorities include:

- a major funding injection for public hospitals
- improving the quality of school education
- new social housing.

Social Inclusion

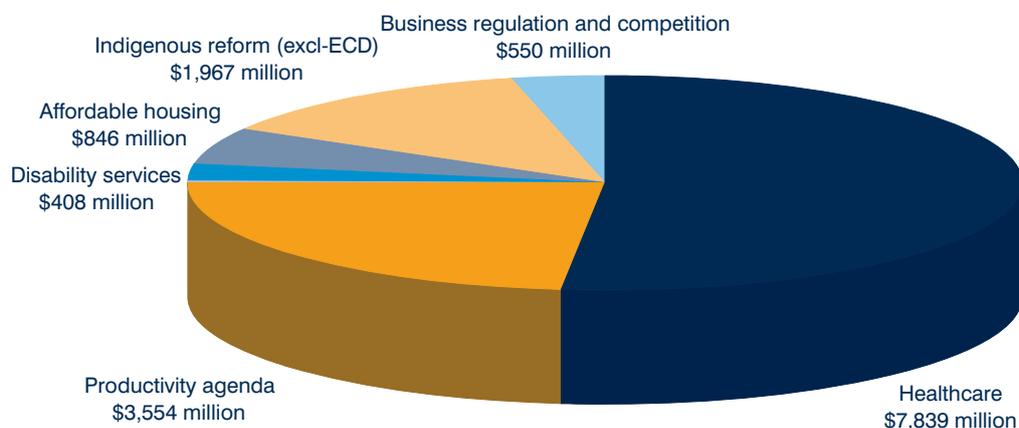
Downturn or not, there will always be people in our society who suffer disadvantage. Through National Partnerships, the Government is working to improve the social inclusion of the disadvantaged on a range of fronts, including homelessness, disability services, low socio-economic status schools and Indigenous outcomes.

Indigenous reform

In December 2007, COAG agreed to six ambitious targets to close the gap between Indigenous and non-Indigenous Australians across urban, regional and remote areas.

To help achieve these targets, Commonwealth, State and Territory governments committed \$4.6 billion in funding across five Indigenous National Partnerships, including:

- early childhood development (ECD)
- health
- remote housing
- economic participation
- remote service delivery.



Additional Commonwealth funding in the November 2008 COAG package, by sector, 2008-09 to 2012-13

The Government is continuing its domestic policy reform agenda. In November 2008, it pursued ambitious reforms costing \$15.2 billion through the Council of Australian Governments to reshape the way key services such as health, education and housing are funded and delivered. The Government has also taken further strides to promote social inclusion, and respond to Indigenous disadvantage.

The Government is committed to tackling climate change and this Budget will make significant investments, including the \$4.5 billion Clean Energy Initiative, to assist the economy transition to a low pollution future. The Government is taking a balanced, yet ambitious, approach to introducing the Carbon Pollution Reduction Scheme. It is also stepping up its diplomatic efforts to influence Australia's strategic environment.

Tackling climate change

Over nine years, the \$4.5 billion Clean Energy Initiative will encourage innovation in clean energy and low-emissions technology. This, together with the \$3.9 billion Energy Efficient Homes program and the ten year \$1.3 billion Green Car Innovation Fund, will help prepare the economy for the introduction of a carbon price and the transition to a low-pollution future.

Carbon Pollution Reduction Scheme (CPRS)

To help manage the impacts of the global recession, the Government will delay the start of the CPRS to 1 July 2011 and introduce a fixed carbon price of \$10 per tonne for one year when the scheme begins.

The Government is committed to reducing Australia's carbon pollution by 25 per cent below 2000 levels by 2020 if an ambitious 450 parts per million global agreement is reached.

The Government will introduce the CPRS legislation this year. Early passage of the legislation will provide business certainty for future investment decisions. If we continue to lock in high-emissions investments, the transformational task ahead will be greater and more costly.

The Government will also provide further support to emissions-intensive trade-exposed industries; top up to the \$2.75 billion Climate Change Action Fund; and establish the Australian Carbon Trust.

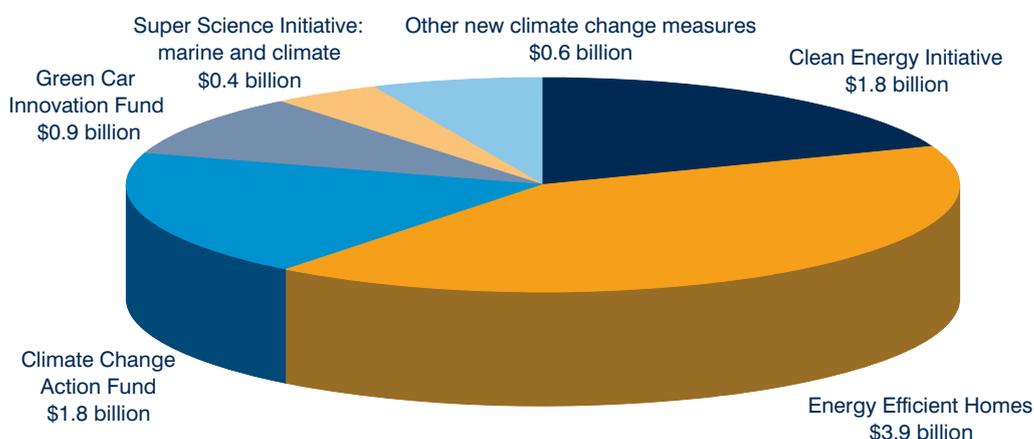
Securing Australia's place in the world

In the midst of the global recession, it is vital that Australia step up its bilateral and multilateral efforts to enhance global and regional stability and prosperity.

Australia has been increasingly active in forums such as the G-20, APEC and the East Asia Summit.

This Budget provides \$460 million over four years for key foreign policy initiatives that are vital to our economic, strategic and national security interests.

Within this total, the Government will provide \$110 million over four years to boost key economic and strategic relationships with India, Pakistan, Africa, Latin America and the Pacific.



Pushing ahead on the climate change agenda (over five years from 2008-09)

Securing Australia

The Government has delivered a Defence White Paper to meet Australia's security needs in the decades ahead. This Budget provides funding to enhance Australia's national security by building a stronger defence force. It also provides a significant boost to border security to combat people smuggling.

Delivering 'Force 2030'

The 2009 Defence White Paper provides a comprehensive plan for Australia's national security to 2030.

The plan is built upon greater funding certainty for Defence through average real growth in underlying defence funding of 3 per cent a year until 2017-18, new stable indexation arrangements that reduce Defence budget volatility, and an extensive program of savings and reinvestment.

The Strategic Reform Program is an ambitious reform program that will drive deep reforms and efficiencies throughout the Defence organisation to 2030, and deliver around \$20 billion in

savings in the next decade alone, to be reinvested in Defence priorities.

Together, these actions will allow for next-generation capabilities to be acquired, such as combat aircraft, armoured vehicles and submarines.

The Government is also providing \$1.7 billion in the 2009-10 Budget for military operations, including in Afghanistan, East Timor and the Solomon Islands.

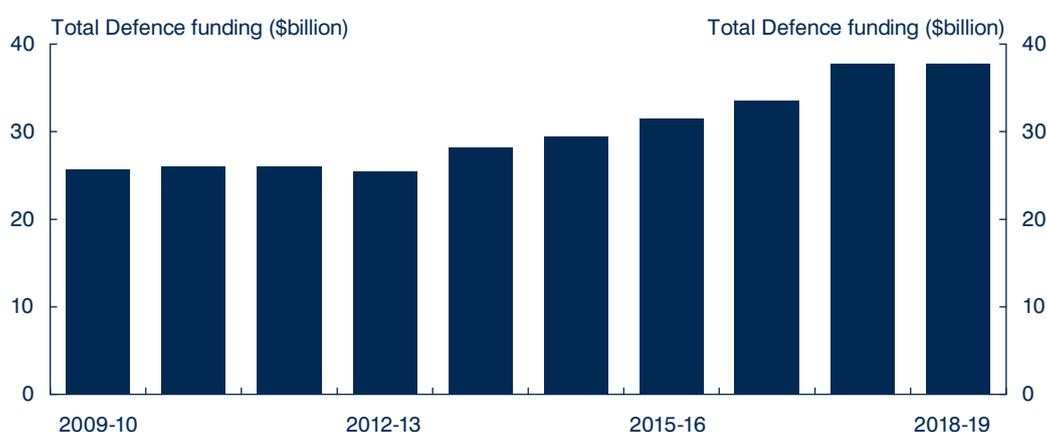
National and border security

The Government is providing a significant boost to Australia's border security, with \$1.3 billion being committed in this Budget to enhance

national security and border protection and to combat people smuggling.

The Government has allocated \$654 million over six years for a whole-of-government strategy to combat people smuggling and strengthen border security. This includes strengthened engagement in source and transit countries for people smuggling, and \$365 million for aerial and maritime surveillance of our waters.

The 2009-10 Budget also provides \$685 million over four years to strengthen our national security framework, funding measures across aviation security, counter-terrorism, foreign policy, enhanced regional security cooperation and e-security.



Total Defence funding over the decade

A clearer picture

This Budget has been framed against the backdrop of the most challenging global environment in generations. This has called for changes in the approach to the preparation of the Budget forward estimates — an extension of the economic forecasting period and the adoption of economic projection assumptions that take account of the economic cycle.

Reasons for the change

The recent approach to preparing economic parameters for the Budget has been to include economic forecasts for the current year and the Budget year, and project for a further three years based on long-term trends. This approach dates from the mid-1990s and has been used over a period when the economy has grown reasonably close to its trend rate.

With the economy expected to contract in 2009-10 and then stage a subsequent recovery, this approach would provide a misleading picture of the Budget position over the forward estimates period.

Additional forecast year

Treasury has forecast an additional forecast year for the 2009-10 Budget. A forecast for 2010-11 has been prepared on the basis that the usual assumption of trend growth after the Budget year would overstate the fiscal position. GDP growth in 2010-11 is forecast to be 2¼ per cent, below the long-run trend of 3 per cent.

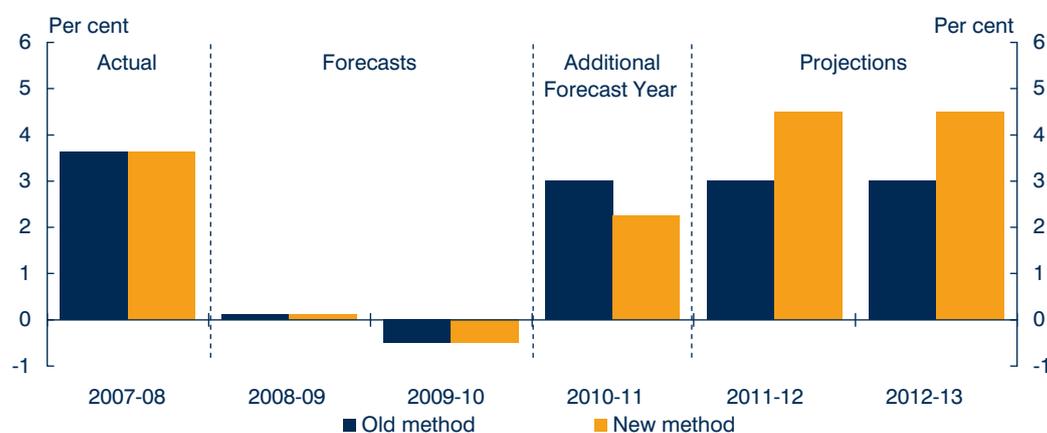
Projections based on the economic cycle

It is usual to assume further out — in the projection years — that the economy grows at trend rates. This is an unrealistic assumption when the economy is expected to recover from a period of substantial weakness.

Based on past experience, the economy is expected to grow at 4½ per cent in 2011-12 and 2012-13 as the economy recovers and unemployment falls. The unemployment rate is expected to fall by 1 percentage point in each of the projection years.

The approach is also in line with that taken in budgets in the early 1990s when above-trend rates of growth were assumed as the economy recovered from recession.

Other countries are also assuming above trend growth in their forward estimates as their economies are expected to recover. The US, UK, New Zealand and Sweden are all adopting such an approach.



Real GDP growth under old and new methodologies

Making the tough choices to ensure sustainability

Tough decisions have been taken to make the budget sustainable

The Government has had a hard look at benefits that are delivered through the taxation system to ensure that tax expenditures are cost effective. The Budget contains a number of changes to improve the integrity of the taxation system and make sure that everyone pays their fair share of tax. These include:

- tightening the rules applying to non-commercial businesses losses to prevent high income individuals deducting losses from activities that are unlikely to make a profit against their salary or other income.

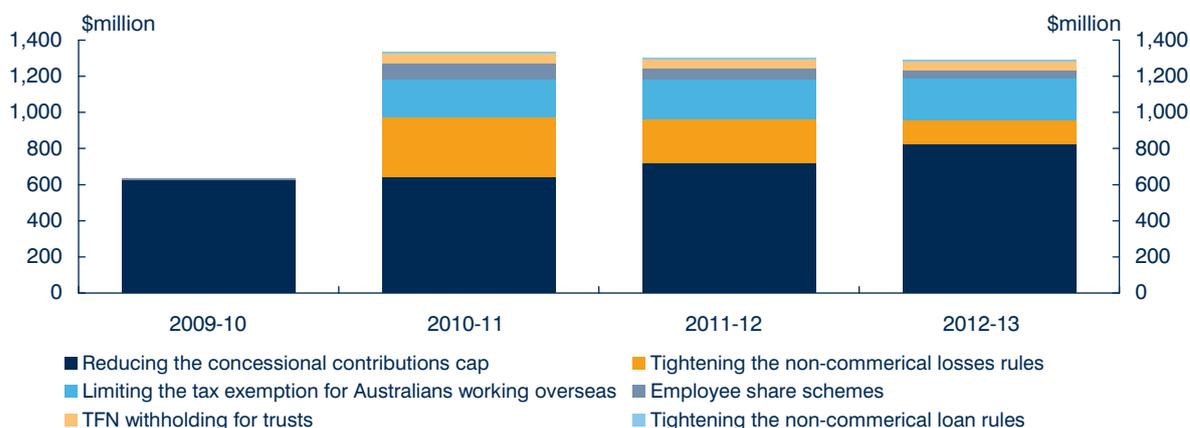
These activities are often more like hobbies or lifestyle choices

- better targeting the tax exemption for Australians' foreign employment income to employees such as aid and defence workers and those whose work is declared to be in Australia's national interest
- better targeting the concessions for employee share schemes
- reducing the concessional superannuation contributions caps
- extending the tax file number withholding arrangements to distributions by trusts with fewer than 20 beneficiaries

- ensuring shareholders in private companies and their associates are taxed when they use company assets for private purposes.

These changes will improve the integrity of the taxation system by helping to ensure that everyone pays their fair share of tax.

The changes will increase taxation revenue by around \$4.6 billion over the forward estimates period.



Tax savings increase revenue by \$4.6 billion over the forward estimates

The global recession has put significant pressure on the Australian Government Budget. The Government is determined to assist Australians more vulnerable to the impacts of the downturn, but is equally committed to returning the Budget to surplus as the economy recovers. This will mean ensuring spending is directed to high-priority areas.

Savings will be achieved in areas where sustainability of existing arrangements will come under pressure in the years to come. The changes announced in the Budget will bring greater fairness to these arrangements and support priority spending areas.

Fairer private health insurance incentives

The Government is rebalancing its suite of private health insurance policies from 1 July 2010.

The existing Private Health Insurance rebate will remain unchanged for singles earning less than \$75,000 and families less than \$150,000, but will be progressively reduced for those earning above these amounts — phasing out for people on high incomes.

The Medicare levy surcharge rate will also increase for singles earning above \$90,000 and families above \$180,000 to continue to provide higher income Australians with incentives to take out private health insurance.

These measures will save \$1.9 billion over five years, and are expected to result in PHI coverage levels at more than 99 per cent of current levels.

Family payments

To limit growth in payments made to higher income families, the Government will pause CPI indexation of upper income eligibility thresholds for three years, saving \$1.4 billion over four years.

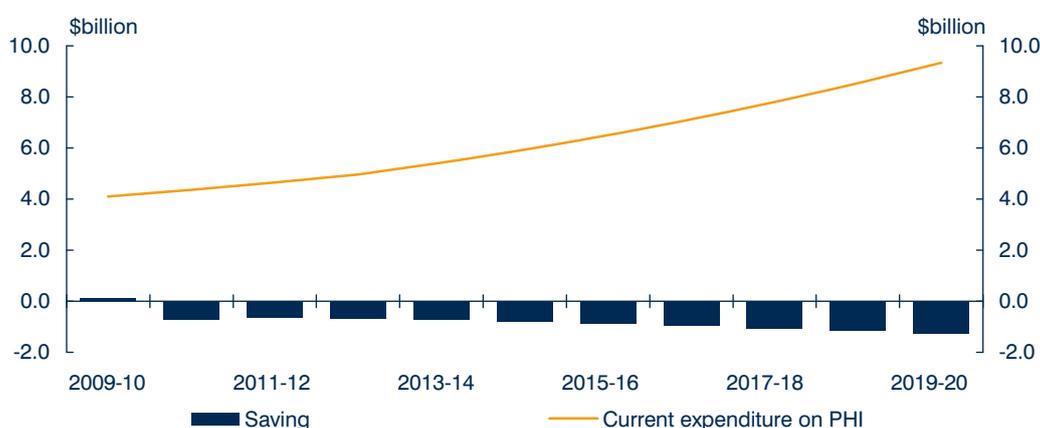
The indexation pauses will affect eligibility for FTB-B, the Baby Bonus and dependency tax offsets for families earning over \$150,000 on an annual basis. For FTB-A the income limit at which payments cease will remain around \$112,000 (for a family with two children under 13).

To further reform the family payment system, Family Tax Benefit Part A (FTB-A) will, in future, be indexed by the CPI only. The maximum rate for children aged under 16 will no longer be linked to the couple pension rate. This measure will save \$1.0 billion over four years.

Medicare Safety Net

The Government will cap Extended Medicare Safety Net (EMSN) benefits from 1 January 2010 where doctors are charging excessive fees, such as for obstetrics and Assisted Reproductive Technology.

Benefits will be capped once a patient has met the relevant EMSN threshold, ensuring better value for money for patients and Government.



Savings from reform to private health insurance rebate

Returning the Budget to surplus

The Government has a clear fiscal strategy to return the Budget to surplus once the economy begins to recover. This Budget provides short term spending when it is most needed, and secures fiscal sustainability by offsetting spending in the last year of the forward estimates. The Government's strategy is currently expected to see the Budget return to surplus by 2015-16.

Deficit exit strategy

The most challenging global economic conditions since the Great Depression have wiped billions of dollars off the Australian economy and placed considerable short-term pressure on the budget.

The Government has a clear strategy that is currently expected to see the budget return to a surplus position in 2015-16.

The net measures in the Budget raise the level of GDP by $\frac{3}{4}$ of a per cent in 2009-10 when the economy is at its weakest, continuing important programs and cushioning the impact of the global recession on jobs.

To preserve fiscal sustainability, all new spending is offset in 2012-13. The deficit is expected to more than halve by the final year of the forward estimates.

As the economy improves, and companies restore profitability and jobs growth accelerates, tax receipts will always improve.

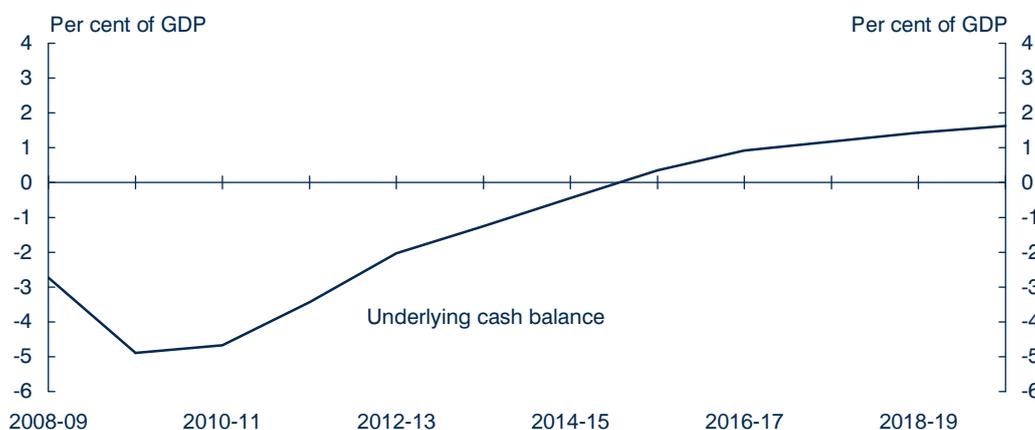
The Government will allow the recovery in tax revenue to flow through to the budget. This will ensure that the dividends from the recovery flow directly to a stronger budget position.

As the economy recovers and returns to above trend growth the Government will take the hard decisions to contain real spending growth at 2 per cent per annum.

The government has already begun to deliver on its deficit exit strategy by holding real spending growth below 2 per cent in the years when the economy is projected to grow above trend (in 2011-12 and 2012-13).

Surplus by 2015-16

Spending restraint in accordance with the fiscal strategy and improved revenue is projected to return the budget to surplus by 2015-16.



Medium-term projection of the underlying cash balance

Managing our debt

The global recession has seriously affected budgets across the world. Since the 2008-09 Budget, tax revenues have fallen by around an estimated \$210 billion over the forward estimates to 2012-13. Despite this, the Australian Government's borrowings will remain small by world standards. The Government's balance sheet is projected to remain strong over the medium-term projection period.

Since the onset of the global financial crisis, government revenues have fallen by around an estimated \$210 billion over the forward estimates to 2012-13.

The Government has kept ahead of the curve, providing fiscal stimulus to support the economy and jobs.

In these difficult times a temporary deficit, along with temporary borrowing, is the only responsible course of action. The alternative would be significant spending cuts or tax increases, which would only lead to a deeper and more protracted recession and more Australians out of work.

Across the forward estimates, the Government's net debt position is forecast to increase from -0.4 per cent

of GDP in 2008-09 to 13.6 per cent of GDP in 2012-13.

Net debt is projected to stabilise shortly thereafter at 13.8 per cent of GDP in 2013-14, before returning to 3.7 per cent at the end of the medium-term projections in 2019-20.

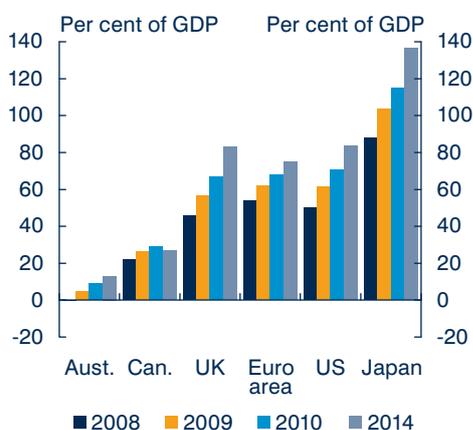
The global recession has affected governments' budgets everywhere. The Australian Government's net debt position is small compared with current debt levels in most advanced countries.

The IMF has estimated that, in 2014, Japan and Italy's net debt will be more than 125 per cent of GDP. At the same time, the UK, US, Germany and France will all have net debt levels of at least 80 per cent of GDP.

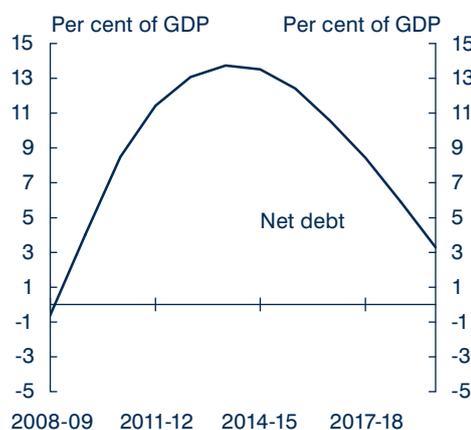
Government expenditure now on nation-building infrastructure and world class universities and hospitals will position Australia to take full advantage of the global recovery.

As the economy recovers and grows above trend, the Government will move the Budget back to surplus and repay the debt taken on to support the economy.

Hard choices to return to surplus are at the core of this Budget. The Government will stimulate the economy now, invest in the future and stick to the deficit exit strategy.



Australian and G7 public sector net debt



Medium-term projections of government net debt

Appendix A

Australian Government budget aggregates

The table below shows the main cash and accrual budget aggregates for the Australian Government general government sector over the period 2007-08 to 2012-13. The underlying cash deficit is estimated to be \$57.6 billion in 2009-10. In accrual terms, a fiscal deficit of \$53.1 billion is expected.

	Actual	Estimates			Projections	
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Revenue (\$b)	303.7	295.9	290.6	294.8	320.8	349.7
Per cent of GDP	26.8	24.7	24.7	24.1	24.7	25.2
Expenses (\$b)	280.1	324.4	338.2	344.5	356.4	375.0
Per cent of GDP	24.8	27.1	28.7	28.2	27.4	27.0
Net operating balance (\$b)	23.6	-28.5	-47.6	-49.7	-35.6	-25.3
Net capital investment (\$b)	2.6	4.3	5.5	6.3	6.1	5.0
Fiscal balance (\$b)	21.0	-32.9	-53.1	-56.0	-41.8	-30.3
Per cent of GDP	1.9	-2.7	-4.5	-4.6	-3.2	-2.2
Underlying cash balance (\$b)(a)	19.7	-32.1	-57.6	-57.1	-44.5	-28.2
Per cent of GDP	1.7	-2.7	-4.9	-4.7	-3.4	-2.0
<i>Memorandum item:</i>						
Headline cash balance (\$b)	28.2	-35.9	-59.8	-58.9	-48.5	-25.1

(a) Excludes expected Future Fund earnings.

Assessment against the fiscal target

The table below shows the net budget impact of policy decisions taken since the February 2009 *Updated Economic and Fiscal Outlook*. In this Budget, the Government has fully offset all new spending in 2012-13.

In assessing performance against the fiscal strategy, the total effect of policy decisions is adjusted to account for the impact of the changed implementation arrangements for Carbon Pollution Reduction Scheme (CPRS) and for policy decisions that have previously been provided for in the contingency reserve.

In cash terms, the revised CPRS implementation package adversely affects the Budget in 2009-10, 2010-11 and 2011-12, and improves the Budget in 2012-13. This reflects the temporary timing divergence between CPRS expenditures and revenues during the transition period. In assessing performance against the fiscal target, and its contribution to medium term sustainability, these temporary cash effects are disregarded.

In the 2008-09 Budget, provision was made for a number of programs that were reasonably expected to affect the budget estimates. For example, a provision of around \$12.5 billion was put aside for nation building infrastructure. Delivery of these programs, which have previously been provided for, does not increase expected spending and accordingly the total effect of policy decisions should be adjusted for contingency reserve offsets.

	Estimates			Projections	
	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m
Effect of policy decisions since UEFO					
Spends	-4,343	-14,457	-11,623	-13,390	-8,369
Saves	89	2,496	5,630	6,438	8,006
Total effect of policy decisions since UEFO	-4,254	-11,961	-5,993	-6,952	-363
Less Carbon Pollution Reduction Scheme (CPRS)	-3	-2,800	-110	-915	3,655
Add Contingency reserve offsets to policy decisions	10	3,223	3,740	4,726	4,308
Net Budget impact	-4,242	-5,937	-2,143	-1,311	290

Appendix C

Real gains for households

The spending power of Australian families will continue to increase over the coming years. Working families will continue to benefit from this Government's increased assistance for education, child care and dental care. Age pensioners will benefit from increases in the rate of the Age Pension and the new, simpler fortnightly Pension Supplement. Other older Australians will benefit from the new Seniors Supplement.

Projected improvement in the real disposable incomes and the net tax thresholds of different household types from 2007-08 to 2010-11

Family type and wage as percentages of AWOTE(a)	Real disposable income(b) (\$2008-09)			Real net tax threshold(c) (\$2008-09)		
	2007-08	2010-11	% change	2007-08	2010-11	% change
Single person (67%)	\$33,390	\$35,831	7.3%	\$18,976	\$19,971	5.2%
Single person (100%)	\$46,475	\$49,122	5.7%	\$18,976	\$19,971	5.2%
Single person (167%) (d)	\$71,648	\$75,459	5.3%	\$18,976	\$19,971	5.2%
Sole parent (0%)	\$27,574	\$28,915	4.9%	\$52,442	\$56,145	7.1%
Sole parent (67%)	\$46,913	\$49,950	6.5%	\$52,442	\$56,145	7.1%
Single income couple (133%)	\$61,939	\$64,932	4.8%	\$33,036	\$34,597	4.7%
Single income couple (167%)	\$73,815	\$77,989	5.7%	\$33,036	\$34,597	4.7%
Dual income couple (100 & 33%)	\$64,743	\$68,716	6.1%	\$35,287	\$36,295	2.9%
Dual income couple (100 & 67%)	\$79,864	\$84,952	6.4%	\$35,406	\$37,364	5.5%
Single income couple with children (100%) (e)	\$55,967	\$58,947	5.3%	\$52,442	\$56,145	7.1%
Single income couple with children (133%)	\$67,373	\$70,861	5.2%	\$52,442	\$56,145	7.1%
Single income couple with children (167%)	\$78,808	\$81,089	2.9%	\$52,442	\$56,145	7.1%
Dual income couple with children (100 & 33%) (f)	\$72,610	\$78,093	7.6%	\$62,302	\$68,570	10.1%
Dual income couple with children (100 & 67%) (g)	\$88,527	\$94,342	6.6%	\$66,106	\$76,064	15.1%
Dual income couple with children (167 & 100%) (d)(h)	\$123,404	\$132,250	7.2%	\$65,385	\$74,857	14.5%
Senior single (0%)	\$14,938	\$17,491	17.1%	\$28,847	\$31,538	9.3%
Senior couple (0 & 0%)	\$24,608	\$26,373	7.2%	\$46,308	\$54,712	18.1%

(a) AWOTE is average weekly ordinary time earnings for full-time employees.

(b) Disposable income is the sum of private income and government cash transfers less net tax paid.

(c) The net tax threshold is the private income at which taxes paid exceed cash benefits received.

(d) Assumed to have an average-priced hospital insurance policy and receive the private health insurance rebate.

(e) Families with children have two, aged 3 and 8 years. Families spend enough on eligible education expenses to claim the maximum Education Tax Refund in respect of the 8 year old, where eligible.

(f) Younger child is in long day care, two days per week at \$5.70 per hour in 2007-08 and \$6.80 per hour in 2010-11; older child is not in paid care. For the calculation of net tax thresholds, the hours of care are consistent with the income of the second earner.

(g) Younger child is in long day care, four days per week at \$5.70 per hour in 2007-08 and \$6.80 per hour in 2010-11; older child is not in paid care. For the calculation of net tax thresholds, the hours of care are consistent with the income of the second earner.

(h) Younger child is in long day care, five days per week at \$5.24 per hour in 2007-08 and \$6.26 per hour in 2010-11; older child is not in paid care. For the calculation of net tax thresholds, the hours of care are consistent with the income of the second earner.

Appendix D

Increased pension support

The table below shows the benefits being delivered to single Age Pensioners, including those with income from employment.

Private income (\$per year)	Pension and supplement before change CPI Indexed (\$pf)	Disposable income before change (\$pf) ¹	Disposable income after change (\$pf) ¹	Change in pension package (\$pf)	Change in tax paid (\$pf) ²	Net gain (\$pw)
0	606.58	606.58	673.36	66.78	-	33.39 ³
1,000	606.58	645.04	711.82	66.78	-	33.39 ³
2,000	606.58	683.50	750.28	66.78	-	33.39 ³
3,000	606.58	721.96	788.74	66.78	-	33.39 ³
4,000	601.84	755.69	827.21	71.52	-	35.76 ⁴
5,000	586.46	778.76	865.66	86.90	-	43.45
10,000	509.53	894.15	1,032.83	138.67	-	69.34
15,000	432.61	1,009.53	1,157.81	148.28	-	74.14
20,000	355.69	1,124.92	1,244.90	129.06	9.07	59.99
25,000	278.76	1,234.09	1,301.15	109.83	42.76	33.53
30,000	201.84	1,301.59	1,352.83	90.60	39.36	25.62
35,000	124.92	1,362.46	1,402.82	71.36	31.00	20.18
40,000	48.00	1,422.46	1,452.82	52.13	21.77	15.18

Note: Pension rates for 20 September 2009 are estimates based on Budget parameters.

- 1 Disposable income is private income plus pension income less tax.
- 2 “-” indicates the individual is not a taxpayer, “0” indicates there is no change in net income tax paid.
- 3 Includes full increase of \$32.49 per week from pension reform and estimated MTAW increase of \$0.90 based on existing entitlements.
- 4 Non-shaded outcomes reflect the positive impact of the Work Bonus for part-pensioners who retain more of their pension entitlements as a result of earning employment income.

Appendix E

Major initiatives in the 2009-10 Budget

The table below provides a summary of the major initiatives in the 2009-10 Budget and their impact on the fiscal balance. More comprehensive information is provided in Budget Paper No. 2, *Budget Measures 2009-10*.

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m	Total \$m
Building blocks of the future economy						
Nation Building Plan for the Future – Building Australia Fund – Investing in Network 1	-742.0	-75.0	-424.0	-624.0	-526.0	-2,391.0
Nation Building Plan for the Future – Building Australia Fund – Investing in metro rail	-263.0	-196.0	-469.7	-834.6	-1,143.4	-2,906.7
Nation Building Plan for the Future – Investing in public transport links for our major cities	-32.0	-30.0	-79.0	-65.0	-74.0	-280.0
Clean Energy Initiative	0.0	-400.0	-300.0	-300.0	-300.0	-1,300.0
Delivering world-class universities, research and hospitals						
An Innovation and Higher Education Sector for the 21st Century – Sustainable Research Excellence in Universities	0.0	-30.5	-120.5	-160.5	-200.5	-512.0
An Innovation and Higher Education Sector for the 21st Century – Research and Development Tax Credit	0.0	-125.1	-363.9	-42.6	-62.3	-593.9
Education Investment Fund	-68.0	-595.4	-935.4	-650.6	-317.1	-2,566.5
Health and Hospitals Fund	-186.0	-465.7	-847.5	-813.2	-643.0	-2,955.4
Diagnostic imaging and pathology services – bulk-billing incentives	0.0	-33.2	-47.1	-50.8	-54.3	-185.3
Improving Maternity Services Package	0.0	-14.2	-25.4	-30.5	-50.4	-120.5
Rural Health Workforce Strategy	0.0	-26.7	-32.7	-35.0	-40.0	-134.4
Supporting the economy and jobs now						
Extension of the First Home Owners Boost	0.0	-486.2	-47.3	-5.5	0.0	-539.0
Jobs and Training Compact	-136.4	-799.5	-471.1	-123.9	41.4	-1,489.5
Fair Work Australia – implementation of workplace relations legislation	0.0	-61.1	-33.3	-29.0	-26.3	-149.7
Secure and sustainable pensions						
Increase to pension payment	-4.5	-2,714.1	-3,614.8	-3,787.2	-3,992.8	-14,113.4
New carer supplement	-384.8	-8.2	-445.8	-469.3	-492.7	-1,800.8
A historic move to Paid Parental Leave						
Paid Parental Leave	-0.5	-13.6	-190.4	-259.7	-266.6	-730.7

Appendix F

Major savings in the 2009-10 Budget

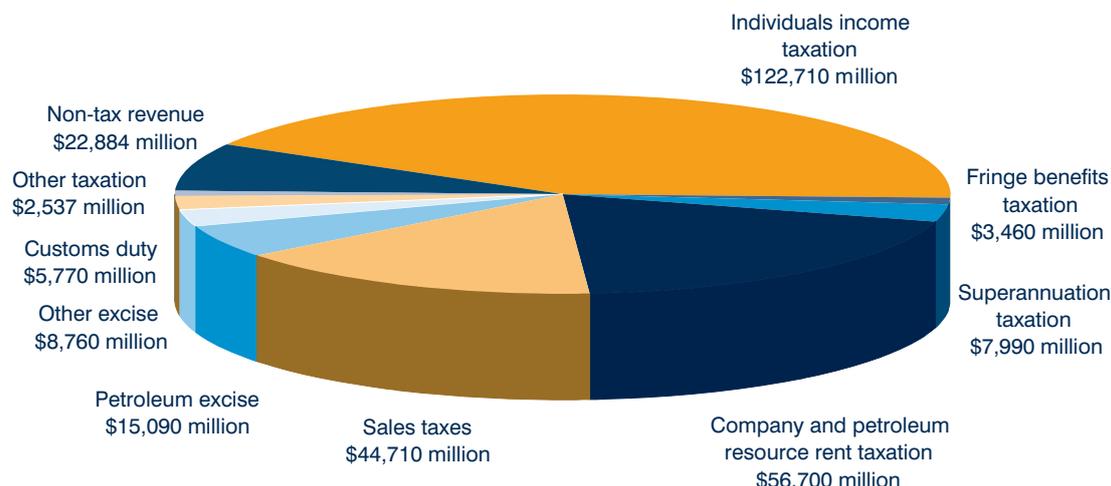
The table below provides a summary of major savings in the 2009-10 Budget and their impact on the fiscal balance. More comprehensive information is provided in Budget Paper No. 2, *Budget Measures 2009-10*.

	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m	Total \$m
Secure and sustainable pensions						
Superannuation – reducing the concessional contributions caps	0.0	620.1	623.5	703.6	807.6	2,754.7
Private health insurance – fair and sustainable support	-1.0	-124.6	695.4	650.2	680.8	1,900.8
Tighten the income test taper	-0.4	132.9	284.7	364.1	451.5	1,232.7
Reform of Family Payments – pause to indexation of upper income thresholds of FTB-A, FTB-B and Baby Bonus	-0.6	209.6	292.0	435.1	459.5	1,395.5
Superannuation – contributing to sustainable retirement income reform by temporarily reducing the Government co-contribution	0.0	385.0	395.0	410.0	205.0	1,395.0
Family Tax Benefit Part A (FTB-A) – removing the link to pension indexation	0.0	43.1	189.5	292.0	498.7	1,023.3
Investing in our health						
Capping Safety Net Benefits for Items with Excessive Fees	0.0	18.8	111.1	142.1	179.6	451.6
Ensuring appropriate use of clinical procedures and adjusting to modern technologies	0.0	24.7	40.1	42.9	45.7	153.4
Diagnostic imaging and pathology services – changes to fees for fully depreciated diagnostic imaging equipment	0.0	-0.2	-0.6	64.7	70.6	134.5
Extending the PBS Reference Pricing Policies – Therapeutic Group Premium Policy	0.0	12.7	29.3	30.4	41.5	113.8
Improving fairness and integrity in the tax system						
Tightening access to non-commercial business losses	0.0	0.0	330.0	240.0	130.0	700.0
Superannuation – payment of small and insoluble lost accounts to unclaimed monies	0.0	0.0	183.7	36.1	9.7	229.6
Promoting a level playing field for small business	0.0	43.9	52.7	67.3	78.6	242.5
Better targeting of income tax exemption for overseas workers	0.0	0.0	215.0	225.0	235.0	675.0
Better targeting the concessions for Employee Share Schemes	0.0	10.0	90.0	60.0	40.0	200.0
Reprioritising spending						
Defence savings	0.0	0.0	100.0	200.0	1,700.0	2,000.0
Increasing visa application charges	0.0	86.0	95.6	106.6	114.1	402.3

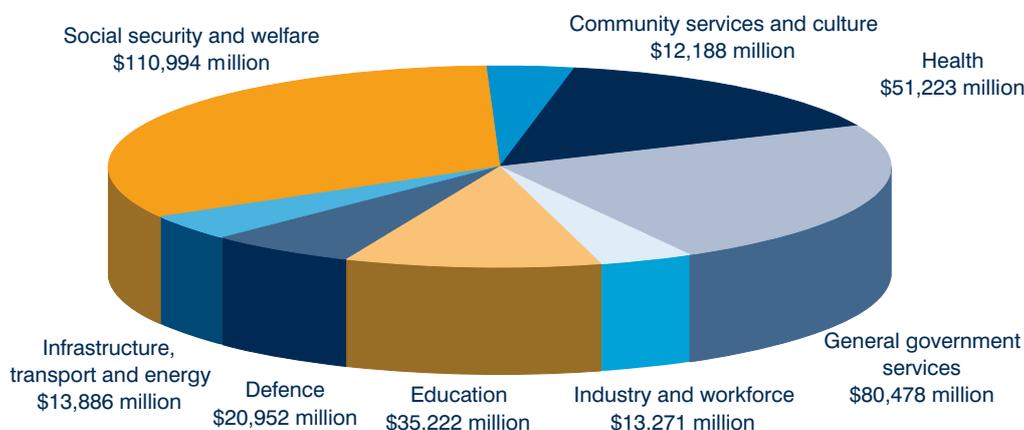
Australian Government taxation and spending

The charts below summarise Australian Government revenues and expenses for 2009-10 on an accrual basis. Total revenue for 2009-10 is expected to be \$291 billion, a decrease of 4 per cent on estimated revenue since the February 2009 *Updated Economic and Fiscal Outlook*. Total expenses for 2009-10 are expected to be \$338.2 billion, an increase of 2 per cent on estimated expenses since the February 2009 *Updated Economic and Fiscal Outlook*.

Where revenue comes from



Where taxpayers' money is spent



Appendix H

Detailed economic forecasts for 2009-10 and 2010-11

The table below shows the Government's macroeconomic forecasts.^(a) The Australian economy is expected to contract by ½ of a per cent in 2009-10. More comprehensive information is provided in Budget Paper No. 1, *Budget Strategy and Outlook 2009-10*, Statement 2.

	Outcomes(b)	Estimates	Forecasts	
	2007-08	2008-09	2009-10	2010-11
Panel A - Demand and output(c)				
Household consumption	3.7	1	- 1/4	1 3/4
Private investment				
Dwellings	1.6	-2 1/2	0	11 1/2
Total business investment(d)	14.2	2 1/2	-18 1/2	3 1/2
Non-dwelling construction(d)	11.4	1/2	-26	3
Machinery and equipment(d)	16.0	3	-16 1/2	4
Private final demand(d)	5.5	1/2	-4	2 3/4
Public final demand(d)	4.6	5	7 3/4	- 1/2
Total final demand	5.3	1 1/2	-1 1/4	2
Change in inventories(e)	0.2	-1 1/2	1/4	3/4
Gross national expenditure	5.5	1/4	-1 1/4	2 1/2
Exports of goods and services	4.3	- 1/2	-4	4 1/2
Imports of goods and services	12.9	-1 1/2	-6 1/2	6 1/2
Net exports(e)	-1.9	1/4	3/4	- 1/2
Gross domestic product	3.6	0	- 1/2	2 1/4
Non-farm product	3.6	- 1/4	- 1/2	2 1/4
Farm product	4.5	13	1	0
Nominal gross domestic product	8.2	5 3/4	-1 1/2	3 3/4
Panel B - Other selected economic measures				
External accounts				
Terms of trade	5.2	8 3/4	-13 1/4	0
Current account balance (per cent of GDP)	-6.2	-3	-5 1/4	-5 3/4
Labour market				
Employment (labour force survey basis)(f)	2.4	- 1/4	-1 1/2	1/2
Unemployment rate (per cent)(g)	4.2	6	8 1/4	8 1/2
Participation rate (per cent)(g)	65.5	65 1/4	64 3/4	64 1/4
Prices and wages				
Consumer Price Index(f)	4.5	1 3/4	1 3/4	1 1/2
Gross non-farm product deflator	4.3	5 3/4	-1	1 1/2
Wage Price Index(f)	4.1	4 1/4	3 1/4	3 1/4

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

(b) Calculated using original data.

(c) Chain volume measures except for nominal gross domestic product which is in current prices.

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

(e) Percentage point contribution to growth in GDP.

(f) Through the year growth rate to the June quarter.

(g) Estimate for the June quarter.

Note: The forecasts are based on several technical assumptions. The exchange rate is assumed to remain around its recent average level — a trade-weighted index of around 59 and a United States dollar exchange rate of around 72 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\$56 per barrel. The farm sector forecasts are based on an assumption of average seasonal conditions in the future, but account for current low water storage levels.

Appendix I

Historical budget and net financial worth data

The table below 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 2009-10*, Statement 10.

	Receipts		Payments		Underlying cash balance(a)		Net financial worth	
		Per cent		Per cent		Per cent		Per cent
	\$m	of GDP	\$m	of GDP	\$m	of GDP	\$m	of GDP
1976-77	21,890	23.3	23,157	24.6	-1,266	-1.3	na	na
1977-78	24,019	23.4	26,057	25.4	-2,037	-2.0	na	na
1978-79	26,129	22.5	28,272	24.3	-2,142	-1.8	na	na
1979-80	30,321	23.0	31,642	24.0	-1,322	-1.0	na	na
1980-81	35,993	24.1	36,176	24.2	-184	-0.1	na	na
1981-82	41,499	24.1	41,151	23.9	348	0.2	na	na
1982-83	45,463	24.5	48,810	26.3	-3,348	-1.8	na	na
1983-84	49,981	23.9	56,990	27.2	-7,008	-3.3	na	na
1984-85	58,817	25.4	64,853	28.1	-6,037	-2.6	na	na
1985-86	66,206	26.0	71,328	28.0	-5,122	-2.0	na	na
1986-87	74,724	26.7	77,158	27.6	-2,434	-0.9	na	na
1987-88	83,491	26.2	82,039	25.7	1,452	0.5	na	na
1988-89	90,748	25.1	85,326	23.6	5,421	1.5	na	na
1989-90	98,625	24.8	92,684	23.3	5,942	1.5	na	na
1990-91	100,227	24.5	100,665	24.6	-438	-0.1	na	na
1991-92	95,840	23.0	108,472	26.0	-12,631	-3.0	na	na
1992-93	97,633	22.3	115,751	26.4	-18,118	-4.1	na	na
1993-94	103,824	22.6	122,009	26.5	-18,185	-4.0	na	na
1994-95	113,458	23.3	127,619	26.2	-14,160	-2.9	na	na
1995-96	124,429	24.0	135,538	26.2	-11,109	-2.1	na	na
1996-97	133,592	24.5	139,689	25.6	-6,099	-1.1	na	na
1997-98	140,736	24.4	140,587	24.3	149	0.0	na	na
1998-99	152,063	25.0	148,175	24.4	3,889	0.6	na	na
1999-00	166,199	25.8	153,192	23.7	13,007	2.0	-67,956	-10.5
2000-01	182,996	26.5	177,123	25.7	5,872	0.9	-72,808	-10.6
2001-02	187,588	25.5	188,655	25.6	-1,067	-0.1	-78,642	-10.7
2002-03	204,613	26.2	197,243	25.2	7,370	0.9	-84,314	-10.8
2003-04	217,775	25.9	209,785	24.9	7,990	0.9	-73,845	-8.8
2004-05	235,984	26.3	222,407	24.8	13,577	1.5	-59,941	-6.7
2005-06	255,943	26.5	240,136	24.8	15,756	1.6	-63,129	-6.5
2006-07	272,637	26.1	253,321	24.2	17,182	1.6	-39,668	-3.8
2007-08	294,917	26.1	271,843	24.0	19,704	1.7	-17,765	-1.6
2008-09(e)	289,784	24.2	318,295	26.6	-32,114	-2.7	-82,331	-6.9
2009-10(e)	281,983	23.9	336,644	28.6	-57,593	-4.9	-135,968	-11.5
2010-11(e)	288,266	23.6	342,448	28.0	-57,051	-4.7	-193,091	-15.8
2011-12(p)	310,225	23.9	351,982	27.1	-44,535	-3.4	-236,451	-18.2
2012-13(p)	340,093	24.5	365,480	26.4	-28,150	-2.0	-268,701	-19.4

(a) Excludes expected Future Fund earnings from 2005-06 onwards.

(e) Estimates.

(p) Projections.

na Data not available.