



Dr Martin Parkinson PSM
Secretary to the Treasury

Budget 2014

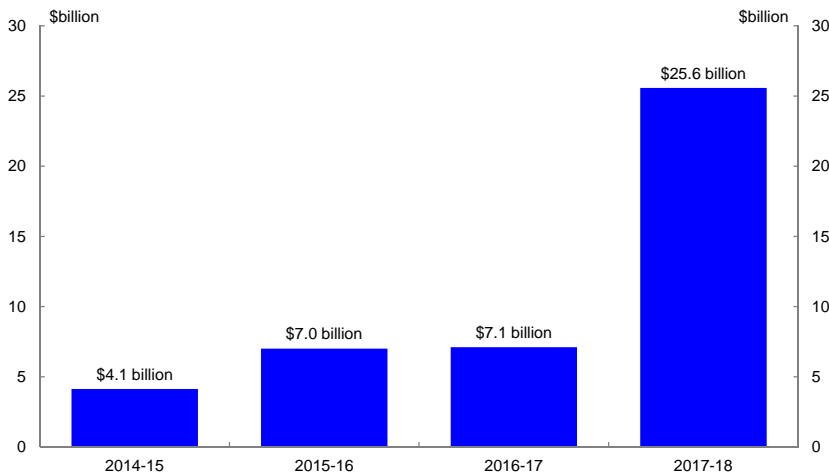
Tuesday, 20 May 2014



The 2014-15 Budget and sustaining broad-based growth in living standards

Dr Martin Parkinson PSM
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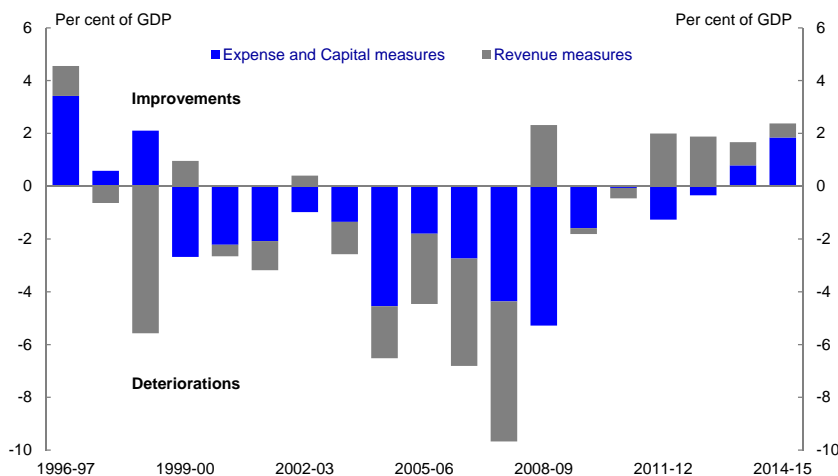
Improvement to the underlying cash balance since the 2013-14 MYEFO



Note: The 2017-18 figure is based on the difference between the 2013-14 MYEFO medium-term projection for 2017-18 and the 2014-15 Budget estimate.
Source: Treasury.

1

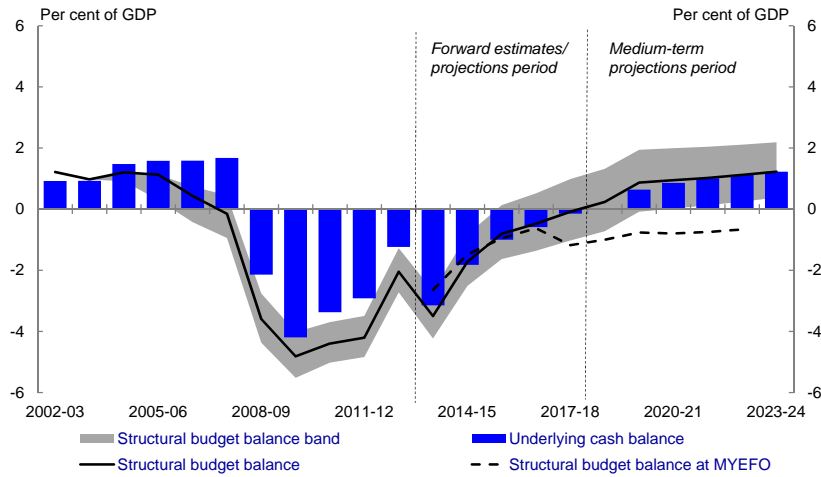
Net impact of policy decisions on the budget balance



Note: Each column represents the four-year impact of policy decisions made that year, based on data at time of publication. Columns up to 1999-2000 include impacts on public debt interest. Columns up to 1999-2000 reflect cash impacts; subsequent columns reflect fiscal impacts.
Source: Treasury.

2

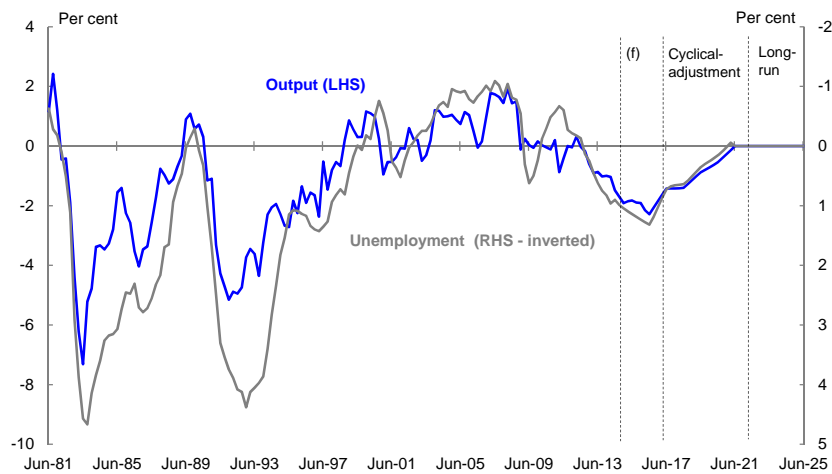
Structural budget balance estimates 2014-15 Budget



Note: The structural budget balance at MYEFO (dashed line) differs from the estimates published in the 2013-14 MYEFO as it reflects the impact of the change to the medium-term economic projections methodology made at the 2014-15 Budget to ensure comparability.
Source: 2014-15 Budget Paper No. 1, Statement 3 and Treasury.

3

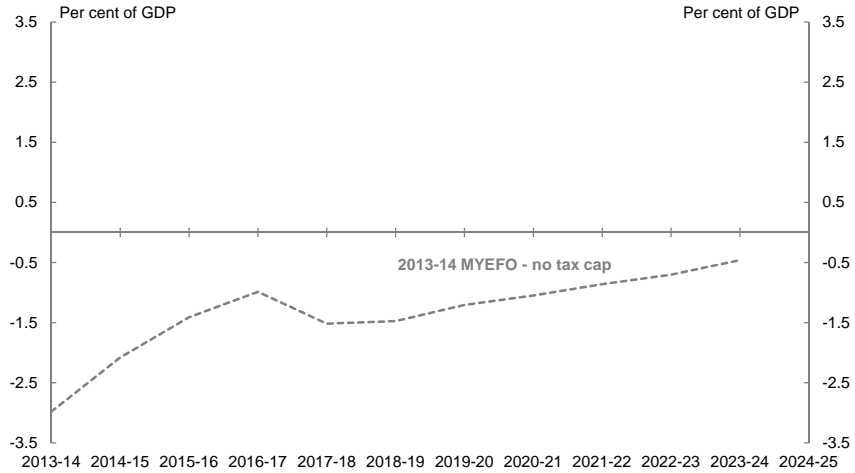
Output and unemployment gap estimates



Source: Treasury.

4

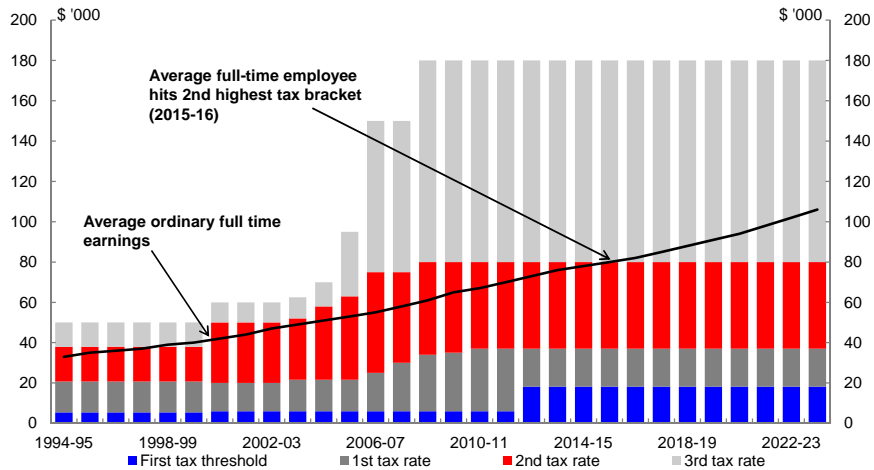
Underlying cash balance projections



Note: The underlying cash balance excludes Future Fund earnings and payments.
Source: Treasury.

5

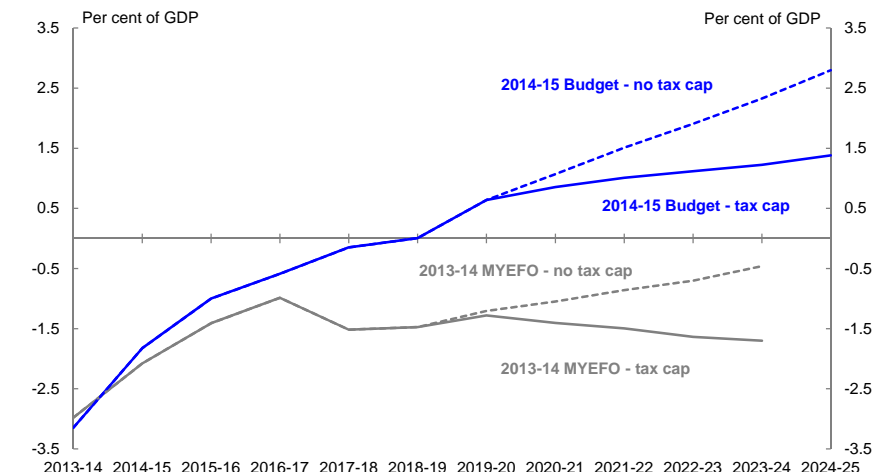
Average full-time employee earnings and personal income tax thresholds



Notes: Based on 2014-15 Budget parameters.
Source: ABS cat. no. 6302.0 and Treasury.

6

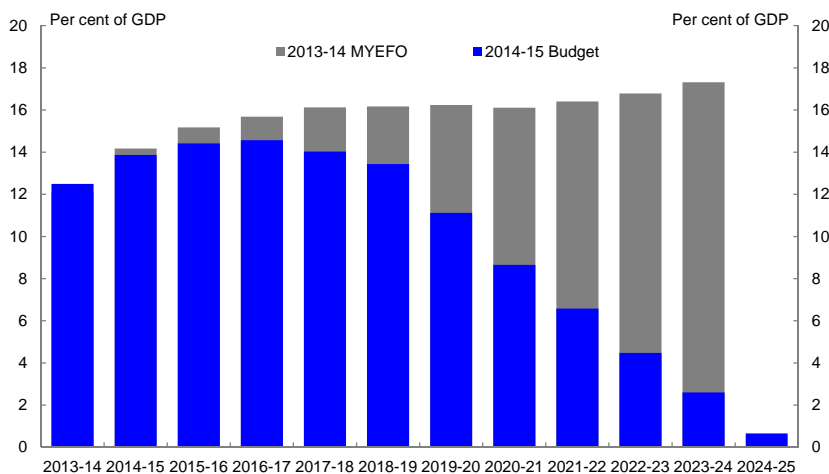
Underlying cash balance projections



Note: The underlying cash balance excludes Future Fund earnings and payments. 2013-14 MYEFO - tax cap projection was not published in the 2013-14 MYEFO.
Source: Treasury.

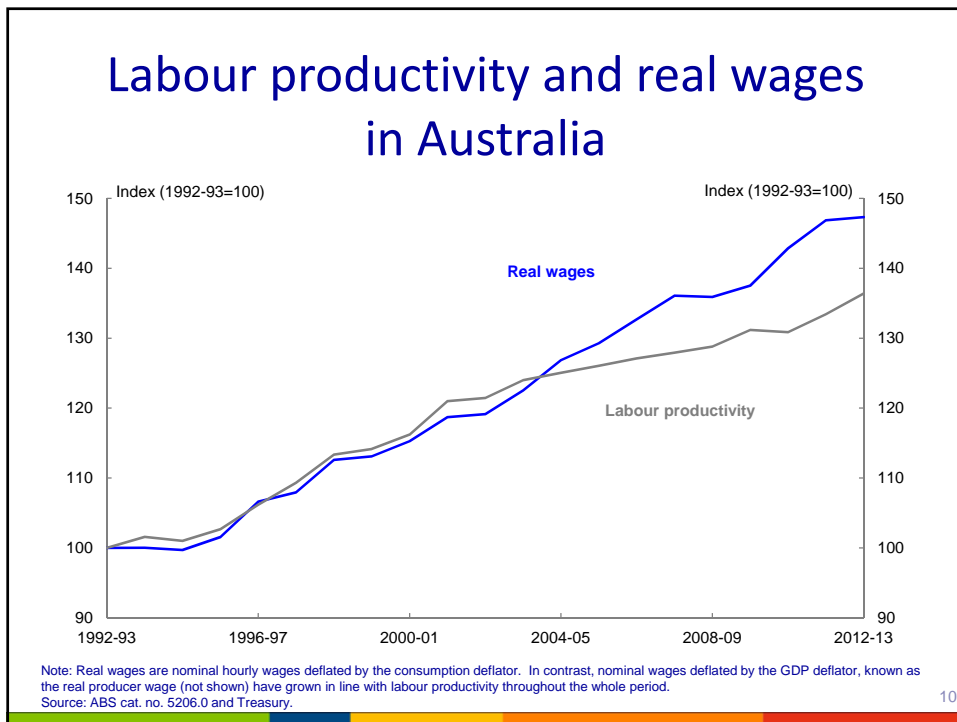
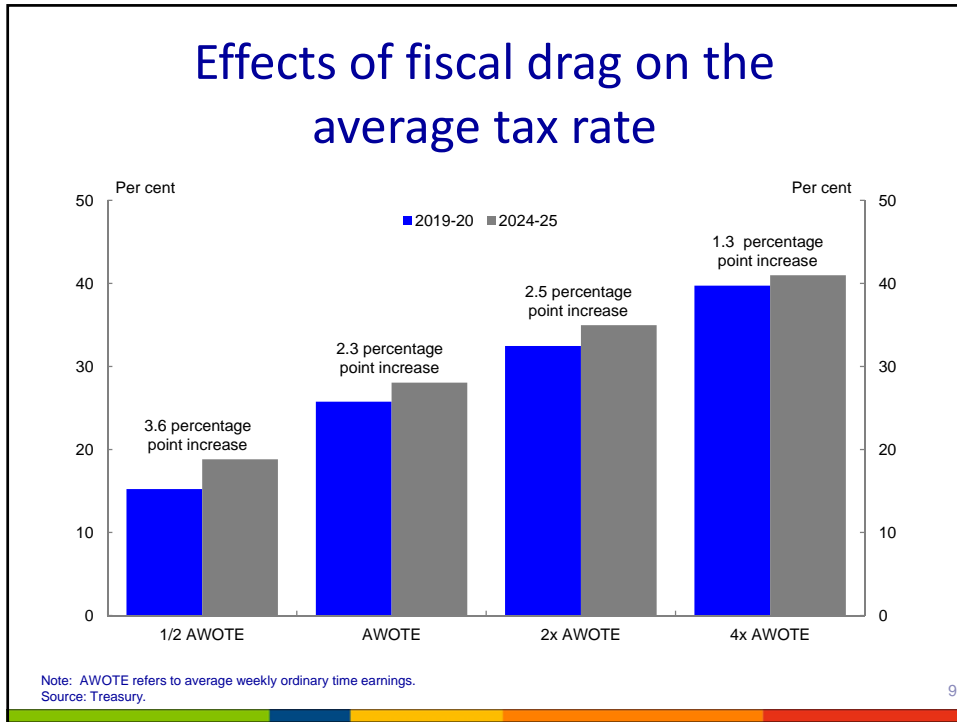
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Net debt projections

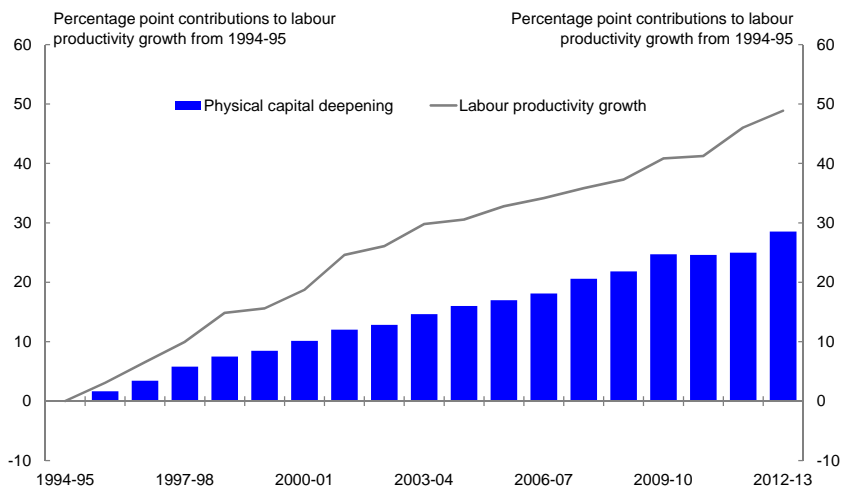


Note: A tax-to-GDP cap of 23.9 per cent has been applied to these projections. 2013-14 MYEFO tax cap projection was not published at MYEFO.
Source: Treasury.

8



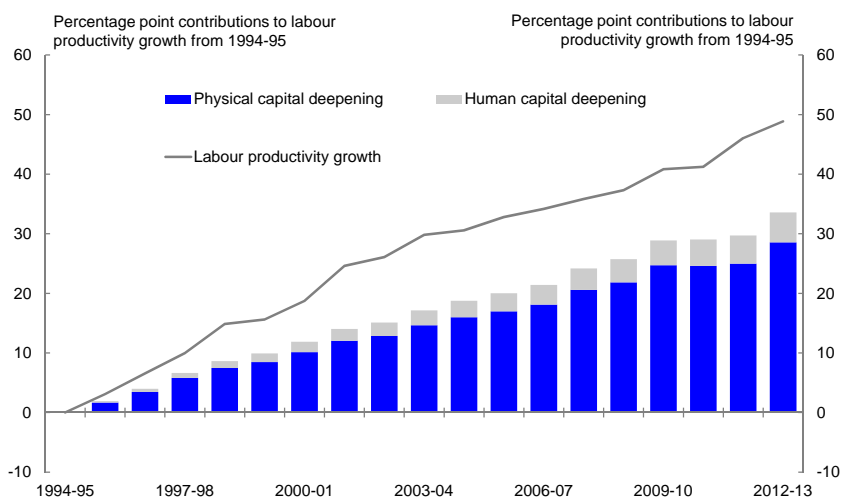
Market sector labour productivity



Note: Data relate to the 16 industry market sector. Results are derived using a Tornqvist index to aggregate nominal value-added shares across industries.
Source: ABS unpublished data and Treasury.

11

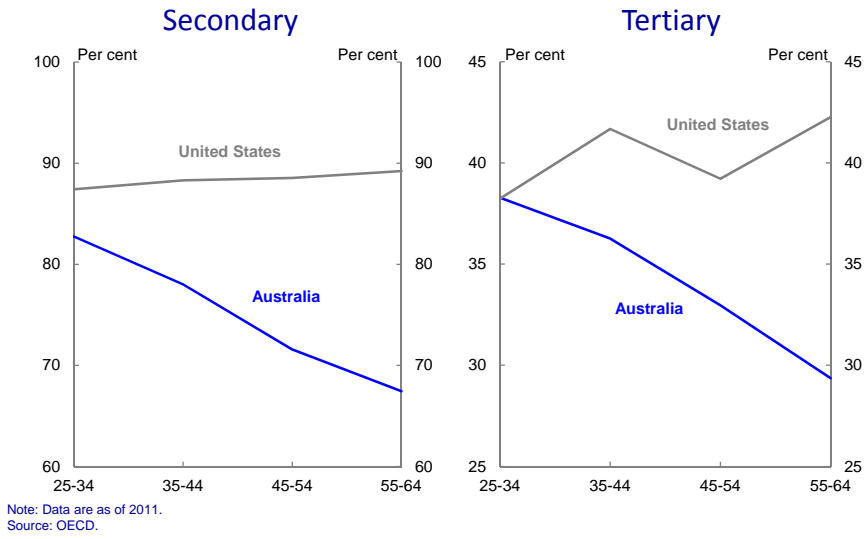
Market sector labour productivity



Note: Data relate to the 16 industry market sector. Results are derived using a Tornqvist index to aggregate nominal value-added shares across industries. Human capital deepening reflects changes in quality-adjusted labour inputs relative to hours worked.
Source: ABS unpublished data and Treasury.

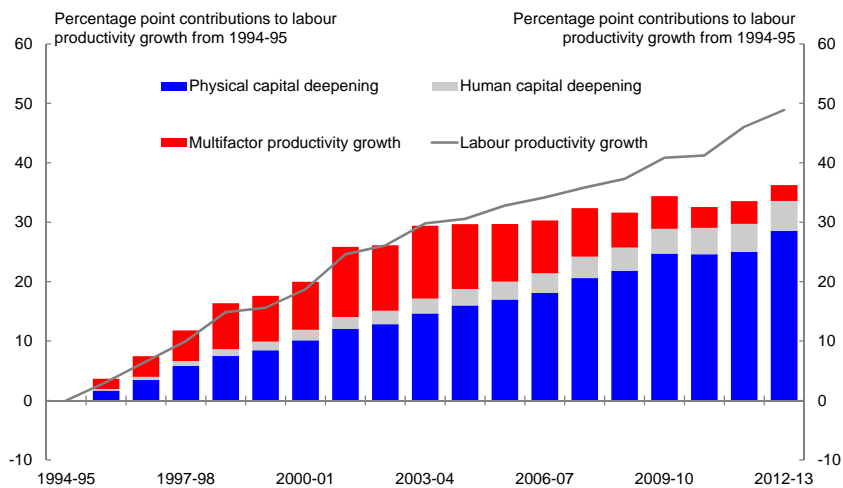
12

Proportion of males completing secondary and tertiary education



13

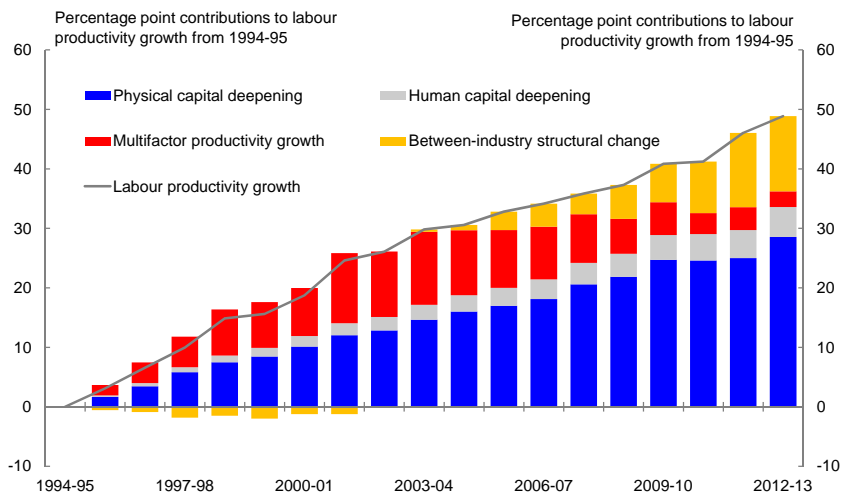
Market sector labour productivity



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14

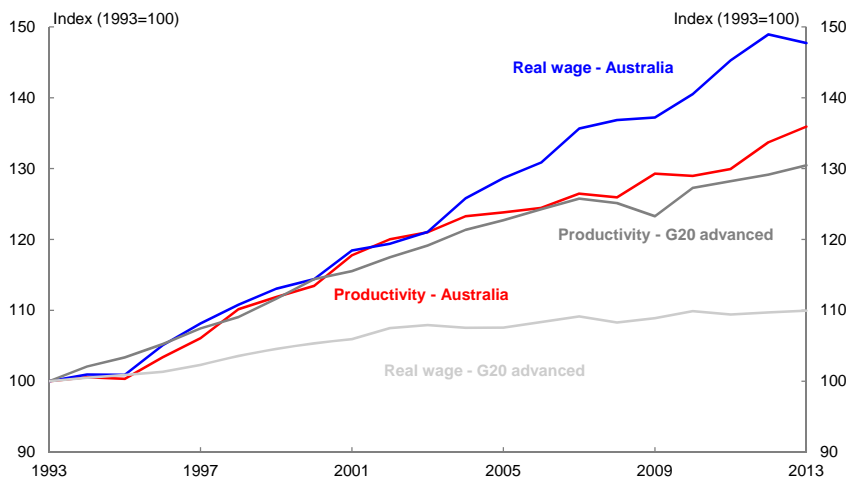
Market sector labour productivity



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15

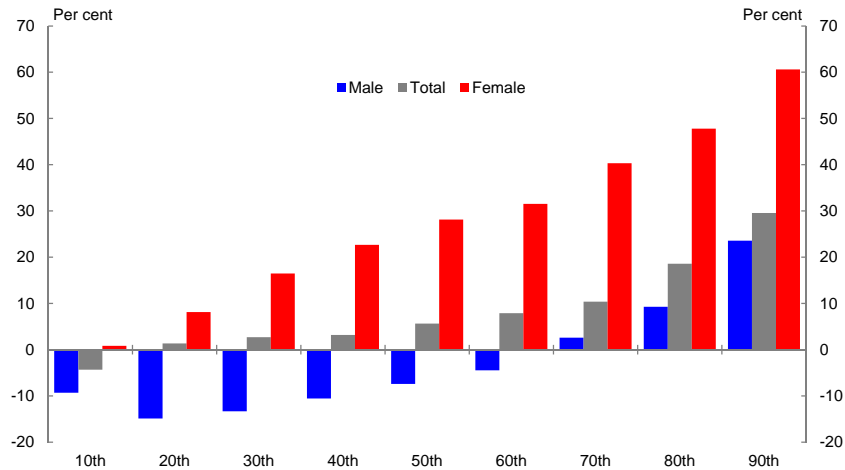
Labour productivity and real wages in Australia and G20 advanced economies



Note: The methodology used to calculate G20 advanced aggregates is described in Appendix I of ILO's Global Wage Report 2012-13. Source: ABS cat. no. 5206.0 and unpublished International Labour Organisation estimates.

16

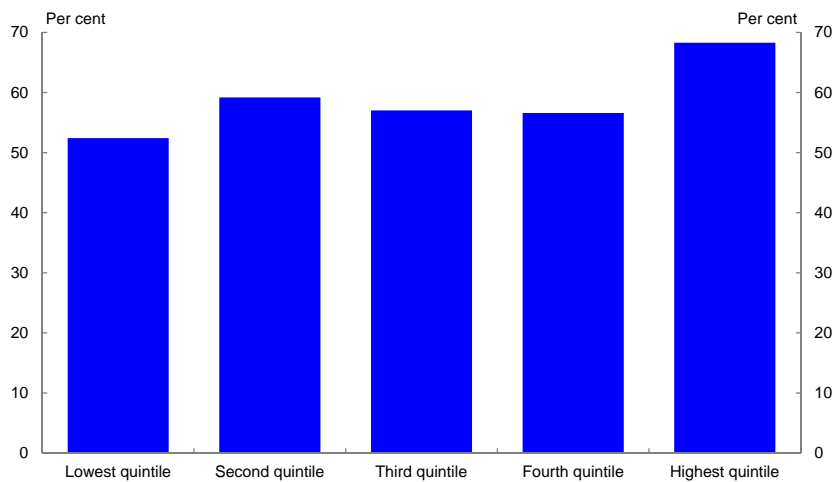
US hourly real wages growth by decile 1979-2011



Source: Economic Policy Institute, The State of Working America, 12th Edition.

17

Australian real disposable household income growth from 1994-95 to 2011-12

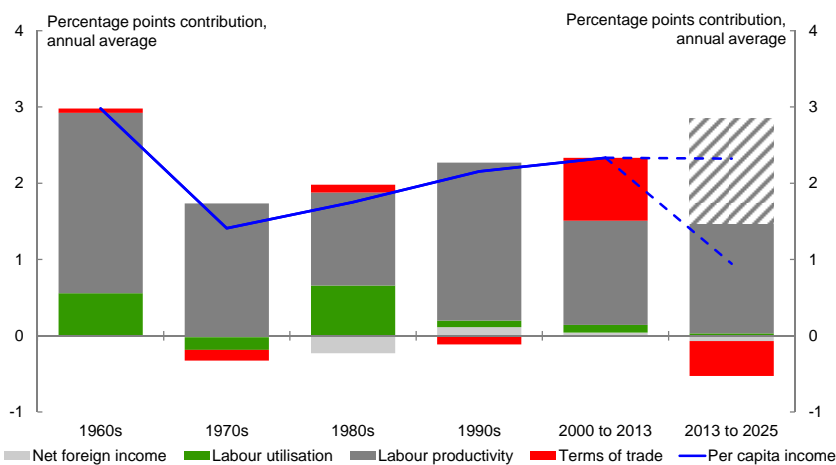


Source: ABS cat. no. 6523.0.

18

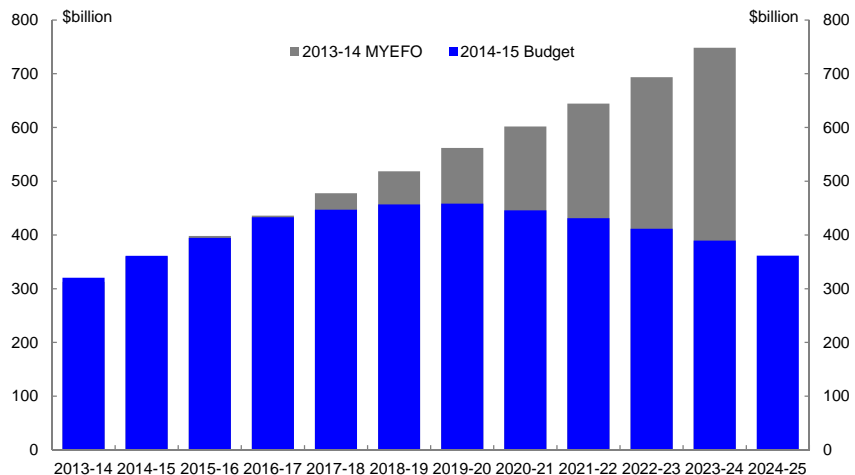
Backpocket

Sources of growth in national income per capita



Note: Contributions to income growth in the period 2013 to 2025 are consistent with the forecasts and projections detailed in 2014-15 Budget Statement 2. The hatched area represents the additional labour productivity growth required to achieve long-run average growth in real gross national income. Source: ABS cat. no. 5204.0 and Treasury.

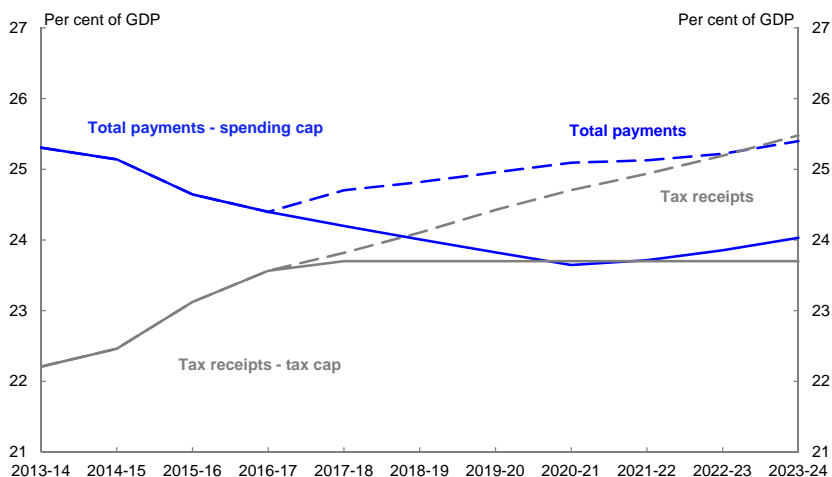
Face value of Commonwealth Government Securities on issue projections



Note: A tax-to-GDP cap of 23.9 per cent has been applied on these projections. 2013-14 MYEFO tax cap projection was not published at MYEFO. Source: Australian Office of Financial Management and Treasury.

20

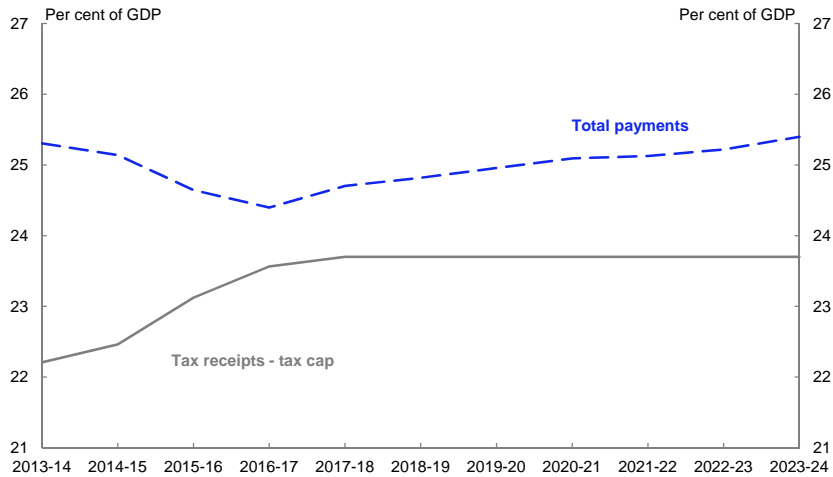
Total payments & tax receipts projections at the 2013 PEFO



Note: The tax cap (23.7 per cent of GDP) and spending cap (2 per cent per annum cap on real spending growth) are consistent with the former Government's fiscal strategy. Tax receipts make up the bulk, but not all, of total receipts. Non-tax receipts make up around 1.5 per cent of GDP a year. Source: Treasury.

21

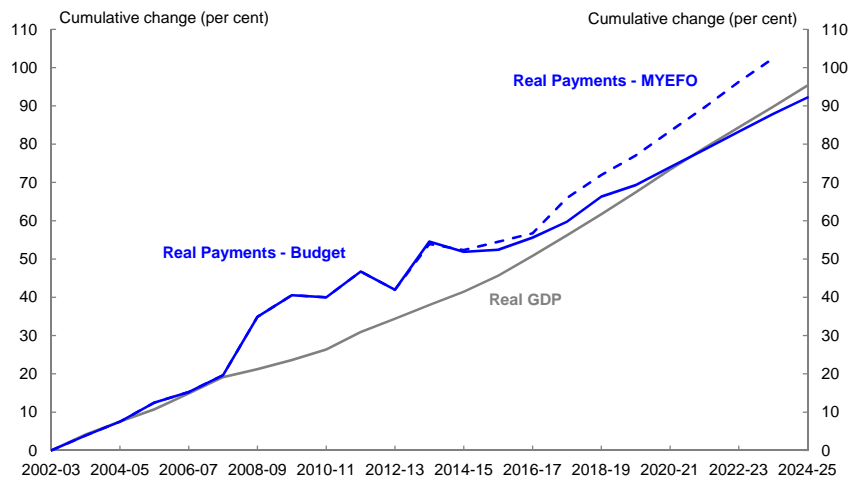
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22

Growth in real payments and GDP



Source: ABS cat. no. 5206.0 and 6401.0, 2014-15 Budget, previous budget papers and Treasury calculations.

23



Mr Rob Nicholl
Chief Executive Officer, Australian Office of Financial Management

*“Does the 2014-15 Budget and fiscal policy regime
set a new course for the CGS market?”*

Tuesday 03 June, Radisson Blu Sydney

The Hon Andrew Constance MP
Treasurer, New South Wales

Budget 2014-15

Wednesday 18 June, Four Seasons Sydney

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