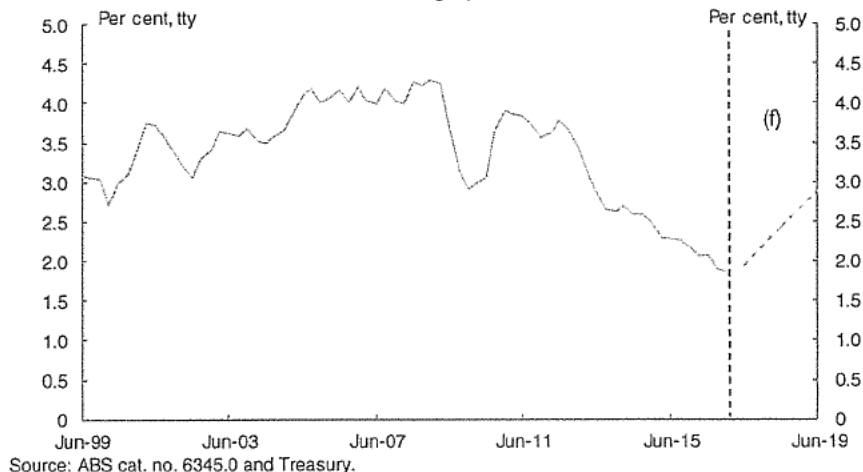


PROTECTED:
SENSITIVE: CABINET

Statement 2: Economic Outlook

Chart 7: Wage price index

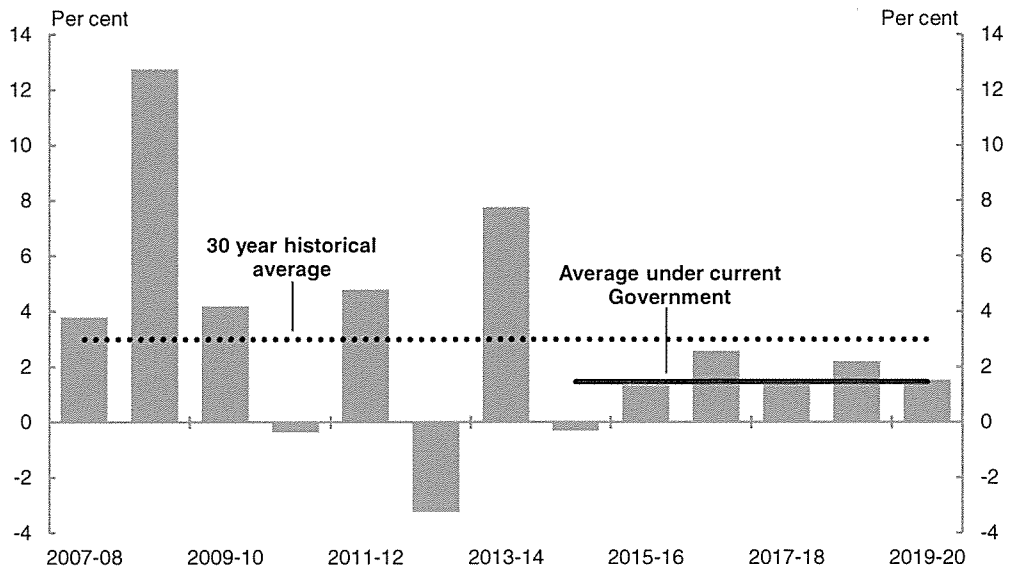


Source: ABS cat. no. 6345.0 and Treasury.

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Real growth in payments



Date: 20/4/2017

Net Operating Balance	Underlying Cash Balance
Definition:	
Revenues less expenses	Operating receipts <i>less</i> operating payments <i>plus</i> net investments in non-financial assets <i>less</i> net acquisitions of non-financial assets via finance leases <i>less</i> net Future Fund earnings (until 2019-20)
Accounting basis:	
Accrual-based measure from external reporting standards	Cash-based measure derived from external reporting standards.
What it excludes:	
Does not include net acquisitions of non-financial assets or investments in financial assets for policy purposes (such as equity).	Does not include investments in financial assets for policy purposes.
What it conceptually shows:	
Indicates the sustainability of the existing level of government services (by including accruing costs).	Indicates whether the government has sufficient cash to cover its activities and also reflects the government's cash investment / saving balance.
Links to the balance sheet	
Partly explains the change in net worth, which is a measure of the government's contribution to the wealth of Australia.	Partly explains the change in the stock of the Government's gross debt on issue.

Date: 20/4/2017

Chart 1: Adjusted net operating balance

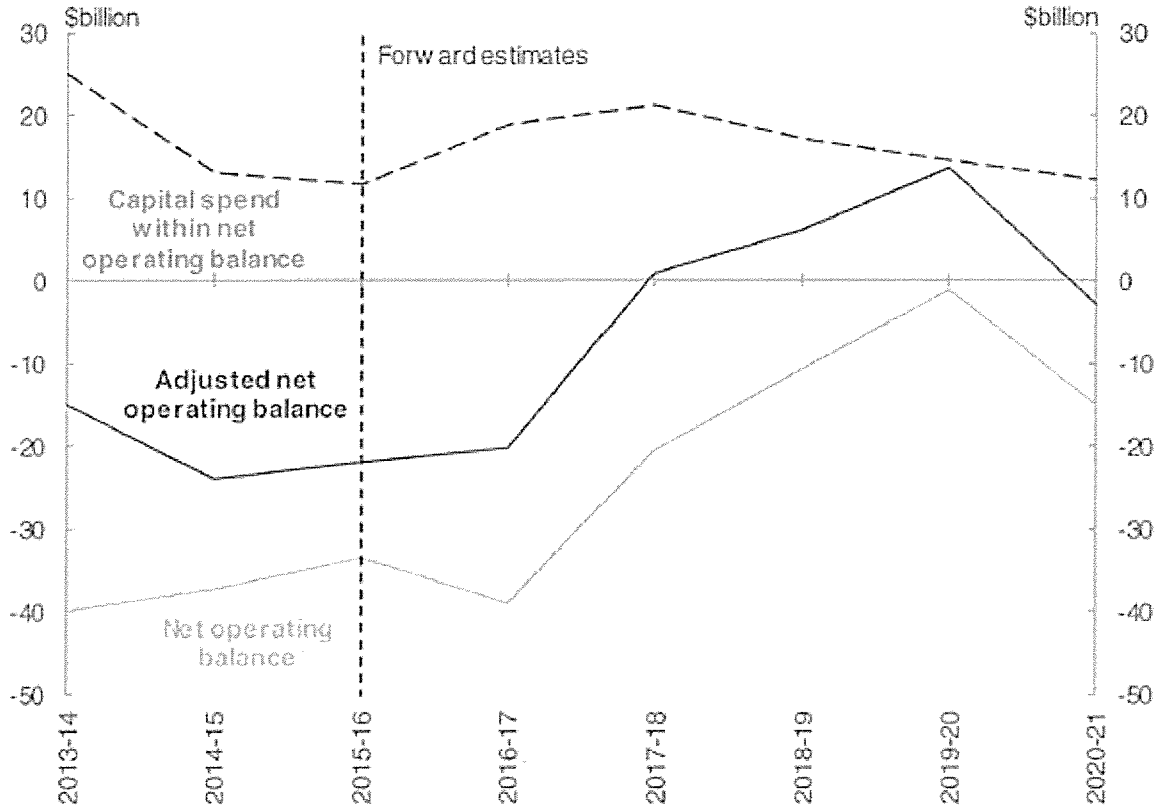


Table 7: PDI expense in 2017-18 notionally allocated by portfolio

	\$b
Cumulated PDI expense	180.6
<i>Attribution to portfolios</i>	
Agriculture and Water Resources	-0.3
Attorney-General's	-0.3
Communications and the Arts	2.7
Defence	6.5
Education and Training	62.3
Employment	3.7
Environment	-1.3
Finance	5.6
Foreign Affairs and Trade	2.1
Health and Aged Care	35.4
Immigration and Border Protection	0.9
Industry, Innovation and Science	-1.2
Infrastructure and Regional Development	-6.6
Parliament	0.0
Prime Minister and Cabinet	2.8
Social Services	105.8
Treasury excluding PDI & GST	-37.8

Table 10: PDI expense notionally allocated by function

	Actuals												Estimates		Projections	
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21			
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m			
PDI expense	3,546	6,303	9,273	11,421	12,521	13,414	14,491	15,339	16,001	17,203	18,470	19,203	19,449			
<i>Allocation by function</i>																
General public services	209	357	585	700	849	1,090	853	866	971	766	806	843	788			
Defence	233	374	531	656	692	717	825	931	1,013	1,087	1,140	1,212	1,274			
Public order and safety	43	67	100	121	128	142	154	173	184	184	184	184	168			
Education	275	648	836	878	932	962	1,078	1,149	1,185	1,237	1,303	1,352	1,360			
Health	598	955	1,460	1,875	2,006	2,074	2,276	2,480	2,583	2,768	2,933	3,034	3,077			
Social security and welfare	1,515	2,029	3,049	3,832	4,316	4,556	5,125	5,443	5,535	6,087	6,794	7,072	7,183			
Housing and community amenities	62	168	144	187	221	271	168	170	169	196	177	163	144			
Recreation and culture	38	61	85	115	119	122	123	124	128	134	131	128	130			
Fuel and Energy	71	157	154	195	195	219	236	230	242	257	269	283	291			
Agriculture, forestry and fishing	33	52	66	89	79	77	84	81	101	110	108	95	90			
Mining, manufacturing and construction	23	30	38	68	96	112	123	111	127	141	159	169	172			
Transport and communication	84	123	121	276	164	272	223	253	378	406	297	249	196			
Other economic affairs	79	160	236	304	348	351	348	329	348	334	320	316	315			
Other purposes	684	1,120	1,867	2,124	2,376	2,449	2,674	2,999	3,037	3,495	3,848	4,103	4,240			

Table 11: Cumulated PDI expense from 2007-08 to 2020-21 notionally allocated by function

	\$b
Cumulated PDI expense	180.6
<i>Attribution to functions</i>	
General public services	3.5
Defence	13.8
Public order and safety	0.9
Education	13.2
Health	30.6
Social security and welfare	62.3
Housing and community amenities	-1.2
Recreation and culture	0.3
Fuel and Energy	1.8
Agriculture, forestry and fishing	-0.3
Mining, manufacturing and construction	2.5
Transport and communication	-1.6
Other economic affairs	1.8
Other purposes	52.9

Table 5: Interest payments notionally allocated by portfolio

	Actuals							Estimates			Projections	
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Interest payments	3,970	6,411	9,551	10,875	11,846	13,972	13,924	14,977	15,377	16,520	17,796	19,731
Interest payments allocated by portfolio												
Agriculture and Water Resources	36	51	69	74	76	68	68	81	113	121	126	123
Attorney-General's	44	78	144	125	135	140	142	150	158	152	152	152
Communications and the Arts	43	81	117	145	158	113	111	115	192	216	230	240
Defence Total	564	1,088	1,698	1,765	1,902	1,653	1,720	1,921	2,015	2,038	2,125	2,239
Education and Training	8	17	28	33	38	1,209	1,221	1,417	1,540	1,660	1,828	1,941
Employment	4	13	23	37	28	126	110	95	120	130	132	133
Environment	36	109	69	71	160	228	81	77	99	102	98	102
Finance	99	205	340	435	443	407	417	454	469	448	607	538
Foreign Affairs and Trade	68	119	206	216	250	279	278	259	309	277	298	354
Health and Aged Care	653	991	1,542	1,647	2,058	1,874	1,797	2,430	2,752	2,983	3,208	3,377
Immigration and Border Protection	35	67	112	143	190	220	202	209	200	175	155	155
Industry, Innovation and Science	69	137	201	479	575	346	169	134	160	195	213	219
Infrastructure and Regional Development	114	100	81	134	98	110	213	153	237	248	233	219
Parliament	3	4	6	7	8	8	8	10	10	11	11	12
Prime Minister and Cabinet	8	16	38	50	30	76	99	105	112	121	119	121
Social Services	964	1,560	2,395	2,945	3,288	4,719	5,376	5,331	5,114	5,611	6,269	6,664
Treasury (excluding PDI & GST)	937	1,290	1,757	1,872	1,839	2,378	1,882	2,010	2,151	2,307	2,354	2,276
Total interest payments attributed to portfolios	3,725	5,923	8,728	10,383	11,372	13,951	13,894	14,951	15,773	16,817	18,159	19,896

Table 9: Interest payments in 2017-18 notionally allocated by function

	\$b
Interest payments in 2017-18	16.6
<i>Attribution to functions</i>	
General public services	-18.8
Defence	4.8
Public order and safety	-0.5
Education	0.4
Health	4.2
Social security and welfare	24.0
Housing and community amenities	1.8
Recreation and culture	0.0
Fuel and Energy	0.4
Agriculture, forestry and fishing	0.4
Mining, manufacturing and construction	0.7
Transport and communication	1.1
Other economic affairs	-1.7

Table 8: Change in borrowing requirements notionally allocated by function

	Actuals														Estimates			Projections		Cumulated Total \$b
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21							
	\$b	\$b	\$b	\$b	\$b	\$b	\$b	\$b	\$b	\$b	\$b	\$b	\$b	\$b						
Change in borrowing requirement	45.7	46.0	44.2	42.7	23.4	62.1	49.3	51.7	82.2	36.9	36.8	30.0	2.7	553.5						
<i>Allocation by function</i>																				
General public services	2.4	2.6	2.8	2.6	1.6	5.0	2.9	2.9	5.0	1.6	1.6	1.3	0.1	32.5						
Defence	2.7	2.7	2.5	2.5	1.3	3.3	2.8	3.1	5.2	2.3	2.3	1.9	0.2	32.8						
Public order and safety	0.5	0.5	0.5	0.5	0.2	0.7	0.5	0.6	0.9	0.4	0.4	0.3	0.0	5.9						
Education	3.2	4.7	4.0	3.3	1.7	4.5	3.7	3.9	6.1	2.7	2.6	2.1	0.2	42.5						
Health	6.9	7.0	7.0	7.0	3.7	9.6	7.7	8.4	13.3	5.9	5.8	4.7	0.4	87.5						
Social security and welfare	17.5	14.8	14.5	14.3	8.1	21.1	17.4	18.3	28.4	13.1	13.5	11.0	1.0	193.2						
Housing and community amenities	0.7	1.2	0.7	0.7	0.4	1.3	0.6	0.6	0.9	0.4	0.4	0.3	0.0	8.0						
Recreation and culture	0.4	0.4	0.4	0.4	0.2	0.8	0.4	0.4	0.7	0.3	0.3	0.2	0.0	4.8						
Fuel and Energy	0.8	1.1	0.7	0.7	0.4	1.0	0.8	0.8	1.2	0.6	0.5	0.4	0.0	9.2						
Agriculture, forestry and fishing	0.4	0.4	0.3	0.3	0.1	0.4	0.3	0.3	0.5	0.2	0.2	0.1	0.0	3.6						
Mining, manufacturing and construction	0.3	0.2	0.2	0.3	0.2	0.5	0.4	0.4	0.7	0.3	0.3	0.3	0.0	4.0						
Transport and communication	1.0	0.9	0.6	1.0	0.3	1.3	0.8	0.9	1.9	0.9	0.6	0.4	0.0	10.5						
Other economic affairs	0.9	1.2	1.1	1.1	0.7	1.8	1.2	1.1	1.8	0.7	0.6	0.5	0.0	12.6						
Other purposes	7.9	8.2	8.9	7.9	4.4	11.3	9.8	10.1	15.6	7.5	7.7	6.4	0.6	106.3						

Table 4: Change in borrowing requirements notionally allocated by portfolio

	Actuals							Estimates				Projections		Cumulated
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Total
	\$b	\$b	\$b	\$b	\$b	\$b	\$b	\$b	\$b	\$b	\$b	\$b	\$b	\$b
Change in borrowing requirement	45.7	46.0	44.2	42.7	23.4	62.1	49.3	51.7	82.2	36.9	36.8	30.0	2.7	553.5
<i>Allocation by portfolio</i>														
Agriculture and Water Resources	0.4	0.4	0.4	0.3	0.2	0.3	0.2	0.3	0.6	0.3	0.3	0.2	0.0	3.8
Attorney-General's	0.5	0.6	0.7	0.6	0.3	0.6	0.5	0.5	0.8	0.3	0.3	0.2	0.0	6.0
Communications and the Arts	0.5	0.6	0.6	0.6	0.3	0.5	0.4	0.4	1.0	0.5	0.5	0.4	0.0	6.3
Defence	7.2	8.4	8.1	7.3	3.9	7.4	6.1	6.6	10.5	4.5	4.3	3.6	0.3	78.1
Education and Training	0.1	0.1	0.1	0.1	0.1	5.4	4.3	4.9	8.0	3.7	3.7	3.1	0.3	34.0
Employment	0.1	0.1	0.1	0.2	0.1	0.6	0.4	0.3	0.6	0.3	0.3	0.2	0.0	3.2
Environment	0.4	0.6	0.4	0.3	0.3	1.0	0.3	0.3	0.5	0.2	0.2	0.2	0.0	4.9
Finance	1.2	1.6	1.7	1.8	0.9	1.8	1.5	1.6	2.4	1.0	1.2	0.9	0.1	17.7
Foreign Affairs and Trade	0.8	0.9	1.0	0.9	0.5	1.2	1.0	0.9	1.6	0.6	0.6	0.6	0.0	10.8
Health and Aged Care	8.0	7.7	7.8	7.6	4.2	8.3	6.4	6.4	14.3	6.6	6.5	5.4	0.5	91.7
Immigration and Border Protection	0.4	0.5	0.6	0.6	0.4	1.0	0.7	0.7	1.0	0.4	0.3	0.2	0.0	6.9
Industry, Innovation and Science	0.8	1.1	1.0	2.0	1.4	1.5	0.6	0.5	0.9	0.4	0.4	0.3	0.0	11.1
Infrastructure and Regional Development	1.4	0.8	0.4	0.6	0.2	0.5	0.8	0.5	1.2	0.5	0.5	0.3	0.0	7.7
Parliament	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.4
Prime Minister and Cabinet	0.1	0.1	0.2	0.2	0.1	0.3	0.4	0.4	0.6	0.3	0.2	0.2	0.0	3.0
Social Services	12.1	12.1	12.1	12.1	6.8	21.0	19.1	18.4	25.6	12.3	12.7	10.6	1.0	176.9
Treasury excluding PDI & GST	11.5	10.0	8.9	7.7	3.8	10.6	6.7	6.9	11.2	5.1	4.8	3.6	0.3	91.0

Table 5: Cumulated increase in borrowings from 2007-08 to 2020-21 notionally allocated by portfolio

	\$b
Increase in borrowings	553.5
<i>Attribution to portfolios</i>	
Agriculture and Water Resources	-0.9
Attorney-General's	-1.0
Communications and the Arts	8.2
Defence	19.9
Education and Training	191.1
Employment	11.4
Environment	-3.9
Finance	17.3
Foreign Affairs and Trade	6.5
Health and Aged Care	108.7
Immigration and Border Protection	2.7
Industry, Innovation and Science	-3.6
Infrastructure and Regional Development	-20.2
Parliament	0.1
Prime Minister and Cabinet	8.7
Social Services	324.4
Treasury excluding PDI & GST	-115.8

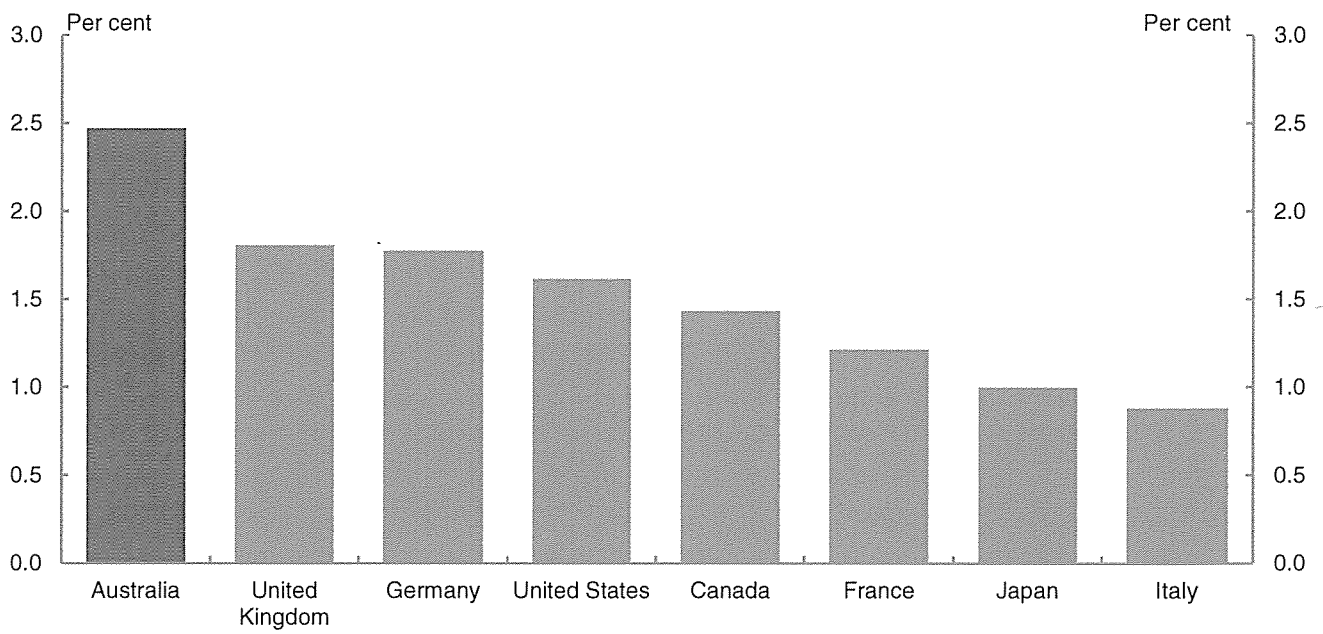
Table 9: Cumulated increase in borrowings from 2007-08 to 2020-21 notionally allocated by functions

	\$b
Increase in borrowings	553.5
<i>Attribution to functions</i>	
General public services	10.8
Defence	42.2
Public order and safety	2.6
Education	40.5
Health	93.9
Social security and welfare	191.0
Housing and community amenities	-3.6
Recreation and culture	1.0
Fuel and Energy	5.6
Agriculture, forestry and fishing	-1.0
Mining, manufacturing and construction	7.6
Transport and communication	-4.9
Other economic affairs	5.4
Other purposes	162.3

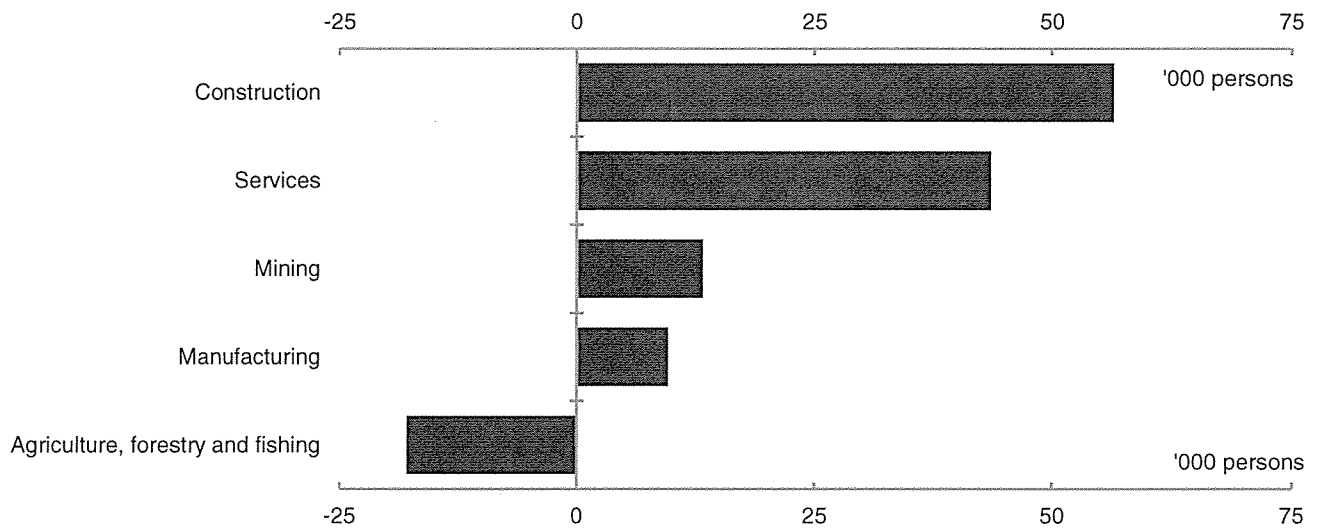
Table 8: Total increase in borrowings from 2007-08 to 2020-21 notionally allocated by functions

	\$b
Increase in borrowings	550.3
<i>Attribution to functions</i>	
General public services	15.2
Defence	59.1
Public order and safety	3.7
Education	56.3
Health	133.8
Social security and welfare	267.2
Housing and community amenities	-4.5
Recreation and culture	1.5
Fuel and Energy	7.8
Agriculture, forestry and fishing	-1.2
Mining, manufacturing and construction	10.7
Transport and communication	-6.9
Other economic affairs	7.7

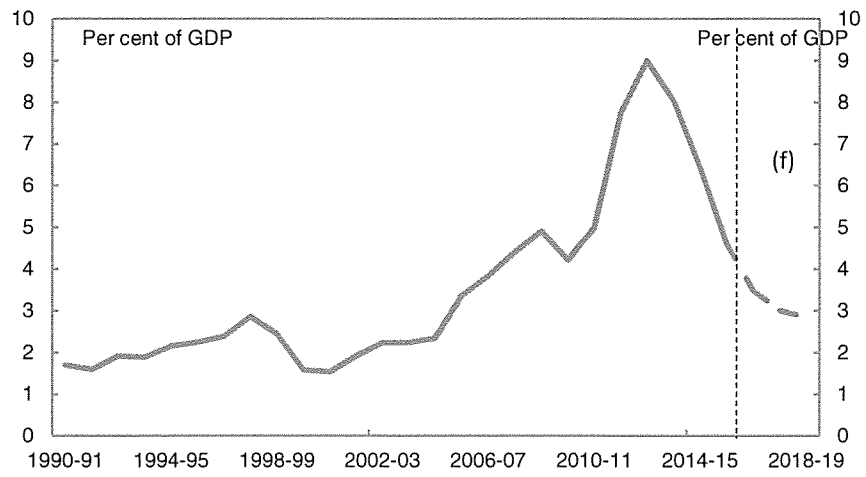
GDP growth in Australia and the G7



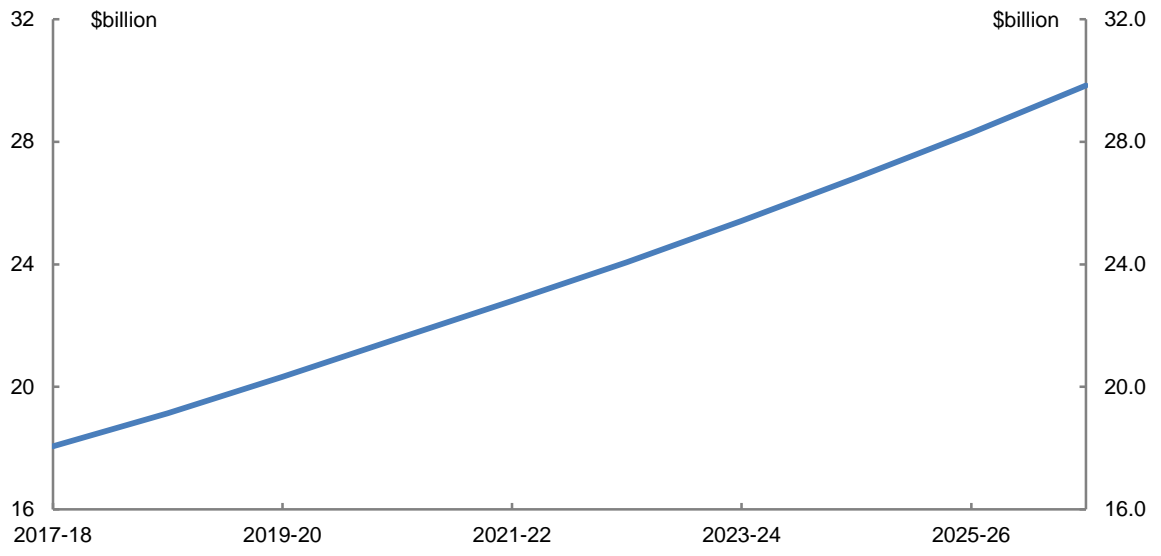
Employment by Industry



Mining investment as a percentage of GDP

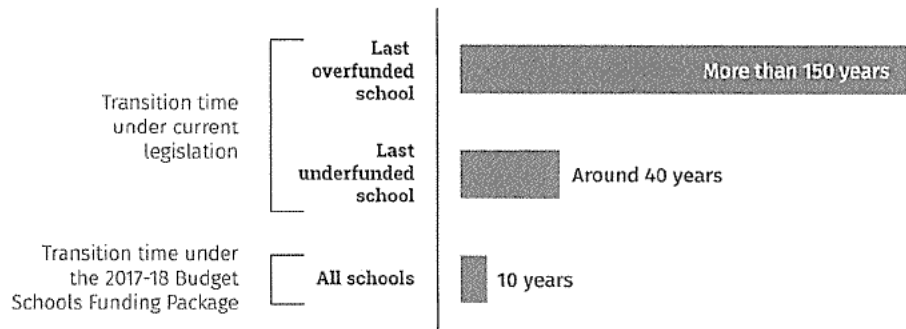


Schools chart



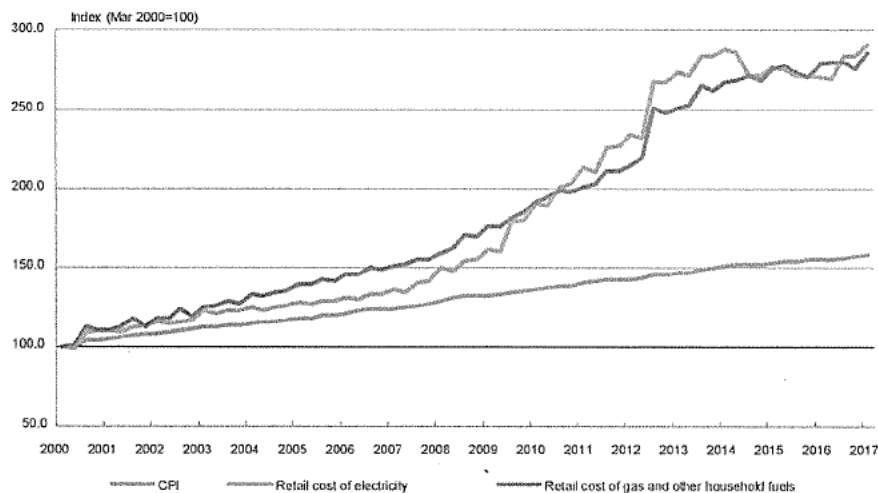
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Faster transition to needs-based funding



Reliable and affordable energy for Australians

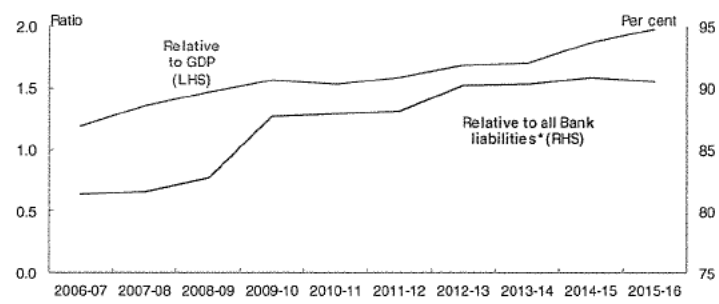
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Size of affected bank liabilities

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