

The Bottom Line

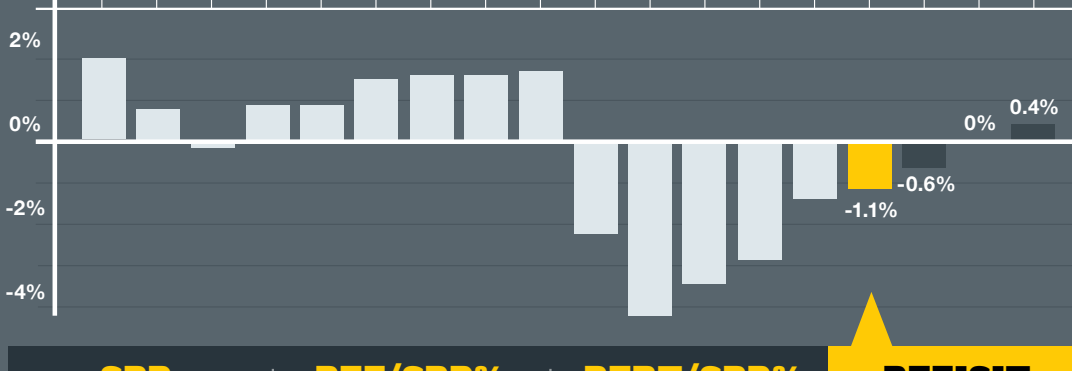
For Business

THE DEFICIT

ECONOMY DRIVES DEFICIT

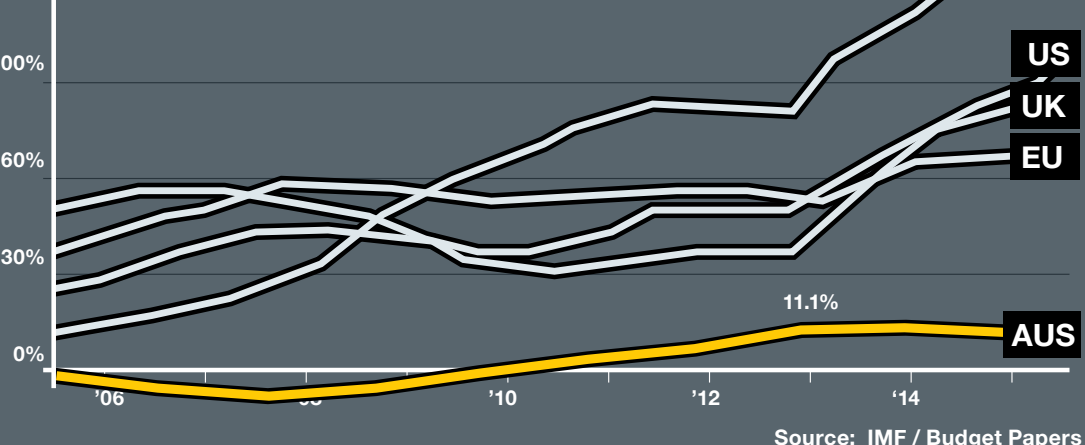
The Australian economy has grown overall production (GDP) but export revenues are down due to lower commodity prices. Falling export revenue has significantly impacted company profits and government revenue. The budget has been driven into deficit by the economy.

Deficit/Surplus as % of GDP



GDP	DEF/GDP%	DEBT/GDP%	DEFICIT
\$1.6T	-1.1%	11.1%	\$18B

Net Govt. Debt as % GDP



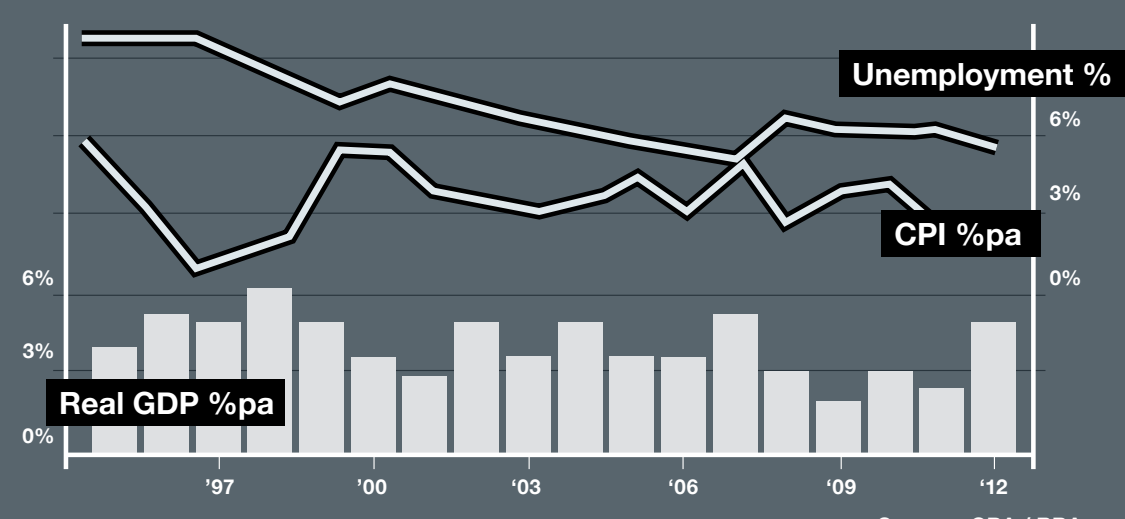
Source: IMF / Budget Papers

KEY ECONOMIC INDICATORS

AUSTRALIAN PACKAGE REMAINS ATTRACTIVE

Budget GDP growth forecasts for the next couple of years have the economy running slightly below trend (3.5%). Medium to longer term forecasts have GDP recovering.

Unemployment, Inflation, and Real GDP

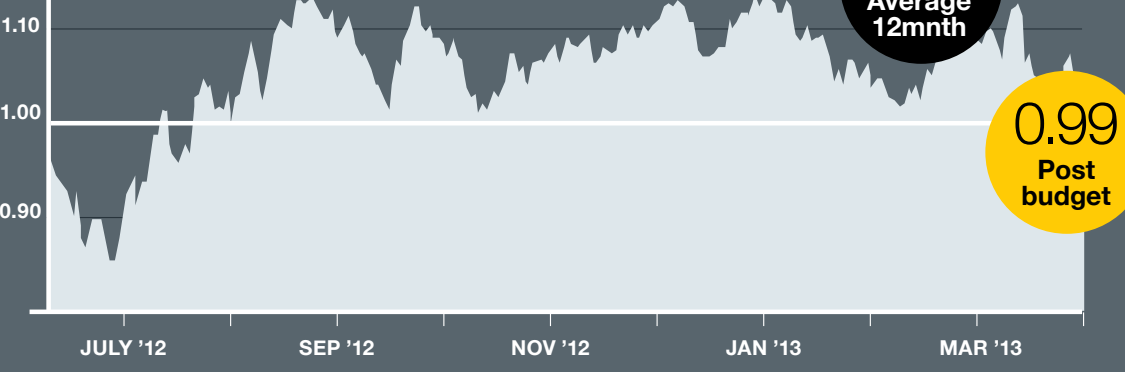


Source: CBA / RBA

ACHIEVING RESERVE CURRENCY STATUS

Recent dip below parity is expected to be temporary. The twelve month outlook is expected to see AUD above parity, averaging \$1.03. Central Bank buying will continue to feature in AUD strength.

AUD / USD

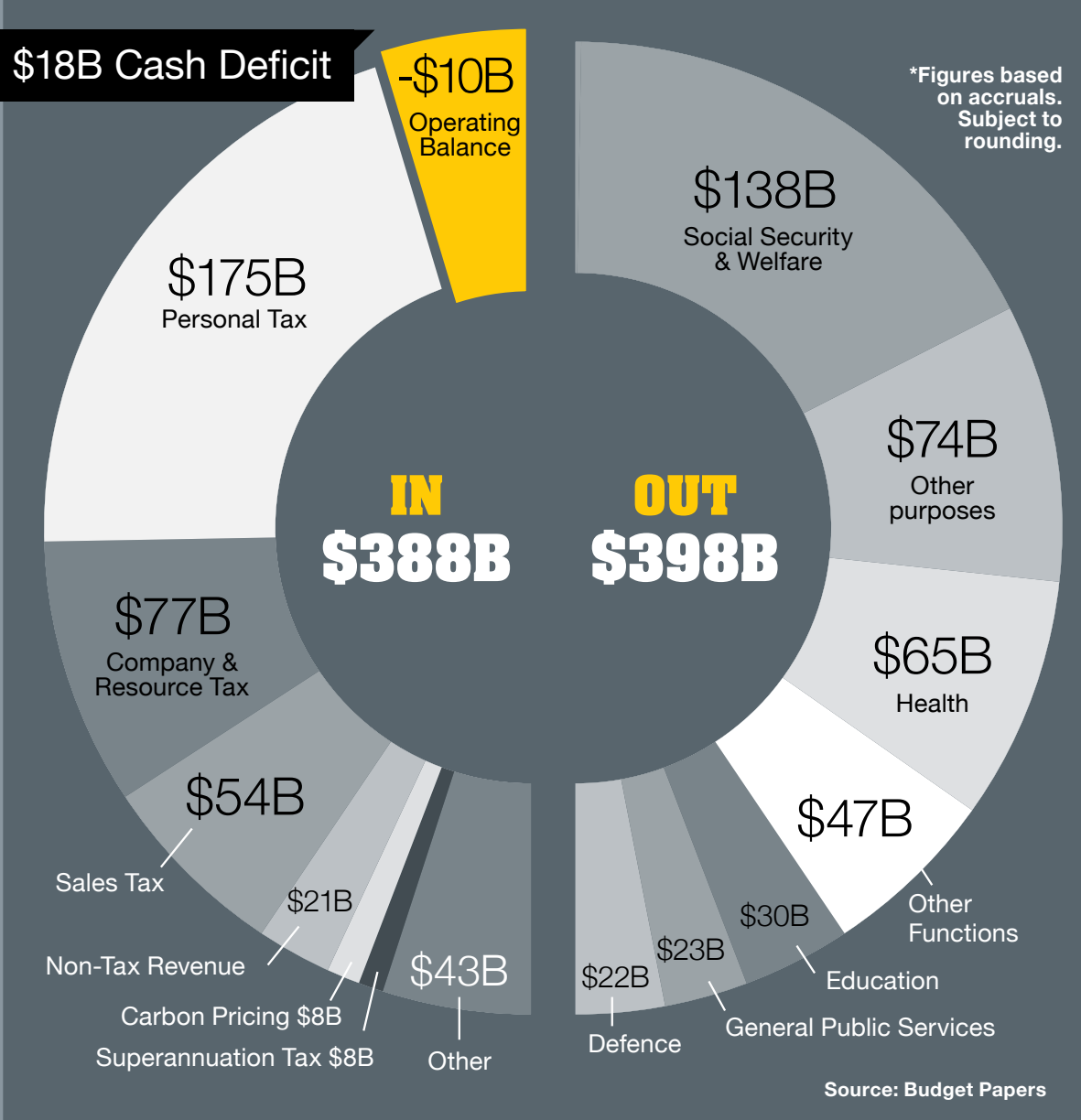


Source: RBA

REVENUE & EXPENDITURE

BUDGET FEATURES SOME BIG TICKET SPENDING

The federal budget is calculated on an accruals and a cash basis. The pie-chart shows the break up of expenditure and revenue in percentage terms for major categories. The chart shows operating balance of negative \$10B, equivalent to a cash deficit of \$18B.



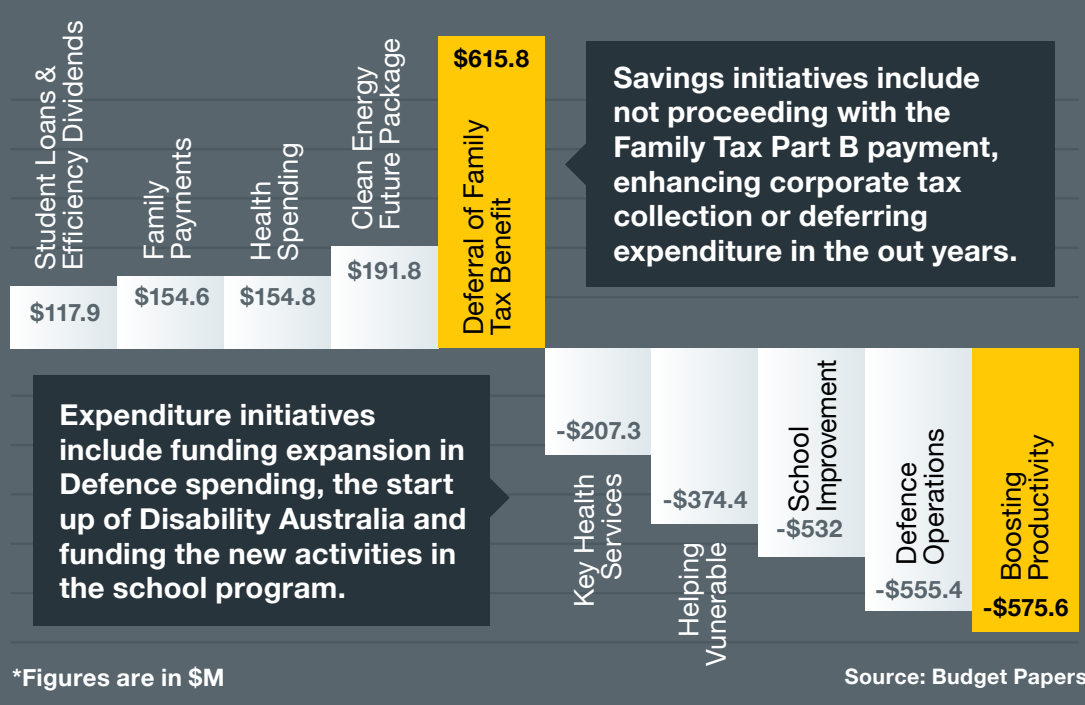
*Figures based on accruals. Subject to rounding.

Source: Budget Papers

BUDGET IMPACT

REALITY BITES

The budget impact chart shows the spending and savings initiatives from the Budget. Each bar represents the estimated cost or saving in the 2013-2014 year. Where the effect is zero the item has been foreshadowed in the budget but not funded or cut in the 2013-14 year.



Expenditure initiatives include funding expansion in Defence spending, the start up of Disability Australia and funding the new activities in the school program.

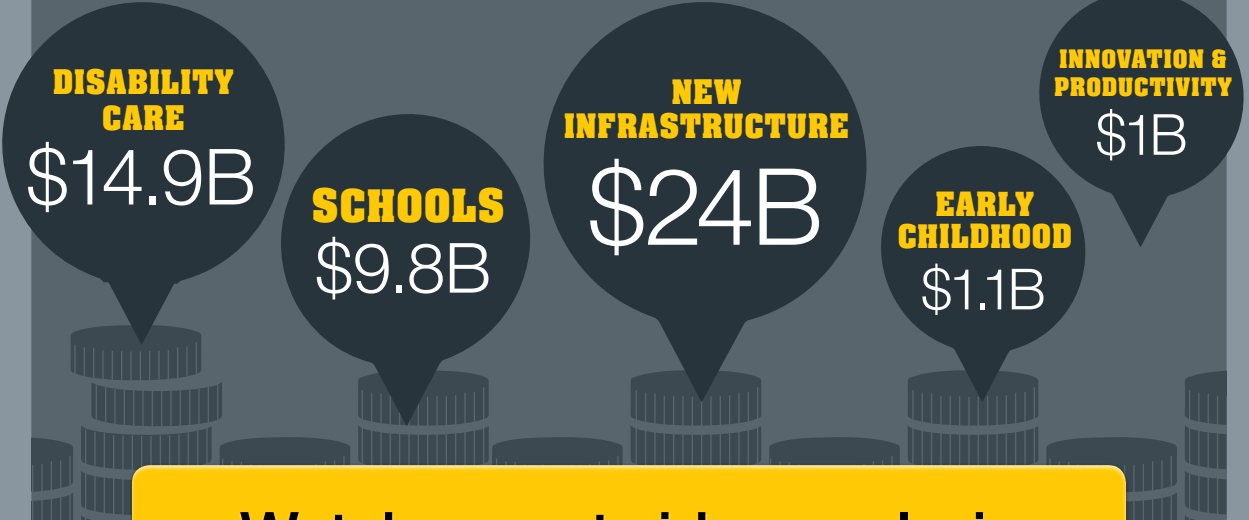
Savings initiatives include not proceeding with the Family Tax Part B, enhancing corporate tax collection or deferring expenditure in the out years.

*Figures are in \$M

Source: Budget Papers

MAJOR INITIATIVES

The budget has foreshadowed a number of major initiatives identified in this list. Majority have a multi-year schedule with funding accruing over the life cycle of each initiative.



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