



**Parliament of Australia**  
**Parliamentary Budget Office**

# 2014–15 Mid-year Economic and Fiscal Outlook—charts

A graphical summary of the 2014-15 MYEFO relative to  
the 2014-15 Budget, showing the impacts of policy  
decisions and other factors

*Date issued: 9 January 2015*

© Commonwealth of Australia 2015

ISBN 978-0-9925131-4-6 (Online)

This work is licensed under the Creative Commons Attribution-NonCommercial-NoDerivs 3.0 Australia License.



The details of this licence are available on the Creative Commons website:  
<http://creativecommons.org/licenses/by-nc-nd/3.0/au/>

#### **Use of the Coat of Arms**

The terms under which the Coat of Arms can be used are detailed on the following website: [www.itsanhonour.gov.au/coat-arms](http://www.itsanhonour.gov.au/coat-arms)

**Produced by:** Parliamentary Budget Office

**Design consultants:** Wilton Hanford Hanover

#### **Assistant Parliamentary Budget Officer**

Fiscal Policy Analysis Division

Parliamentary Budget Office

Parliament House

PO Box 6010

CANBERRA ACT 2600

Phone: (02) 6277 9500

Email: [pbo@pbo.gov.au](mailto:pbo@pbo.gov.au)

# Contents

Notes	4
Underlying cash balance	5
Total receipts	6
Total payments	7
Revenue – individuals and other withholding taxes	8
Revenue – company tax	9
Revenue – excise and customs duties	10
Revenue – non-tax revenue	11
Expenses – Family Tax Benefit	12
Expenses – job seeker income support	13
Expenses – aged care	14
Expenses – child care fee assistance	15
Expenses – parents’ income support	16
Expenses – National Disability Insurance Scheme	17
Expenses – Medicare Benefits Schedule	18
Expenses – assistance to the states and territories for public hospitals	19
Expenses – private health insurance rebate	20
Expenses – schools	21
Expenses – higher education	22
Defence (expenses and net capital investment)	23
Expenses – public debt interest	24
Expenses – public sector superannuation	25
Expenses – Official Development Assistance	26

## Notes

These charts provide a visual summary of the key drivers of the 2014–15 Mid-year Economic and Fiscal Outlook (MYEFO), and the policy decisions underpinning them.

Data contained in these charts are primarily based on information published in the 2014-15 MYEFO, as well as the Final Budget Outcome for 2013-14, and government agency annual reports. Where applicable, additional information provided by the Treasury and the Department of Finance (Finance) has supplemented the publicly available information.

The charts prepared at the aggregate level for the *underlying cash balance*, *total receipts*, and *total payments* have all been prepared on a cash basis. Charts on revenue heads and selected programs are prepared on an accruals basis, consistent with the presentation of decisions in the MYEFO papers.

Consistent with MYEFO, the charts show the financial impact of policy decisions up to and including 2017–18. The charts show movements due to parameter and other variations since the 2014-15 Budget (Budget), which are available for the 2014-15 to 2017-18 years.

The PBO does not have access to the details of provisions for individual items in the Contingency Reserve. Accordingly, the charts in this report are subject to the qualification that they are prepared in the absence of information on the possible impact of any provisions in the Contingency Reserve.

# Underlying cash balance

Figure 1: Underlying cash balance – change from 2014-15 Budget to 2014-15 MYEFO estimates

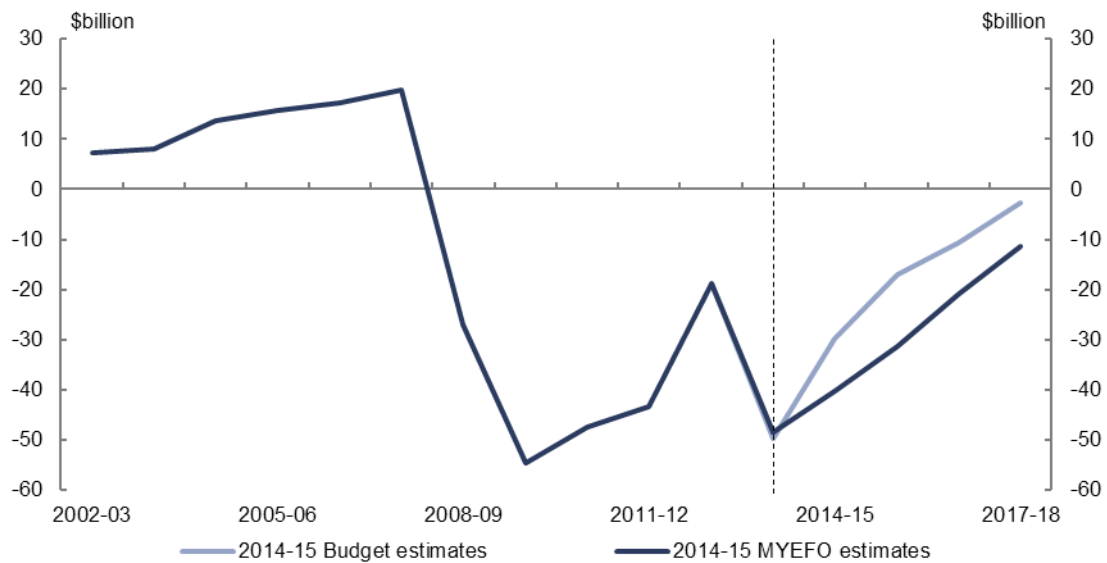
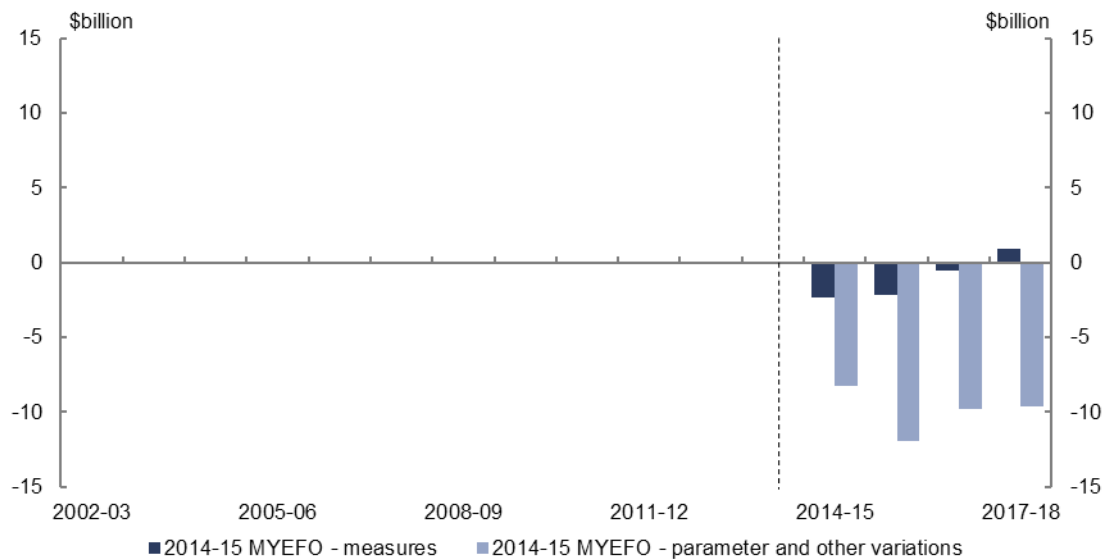


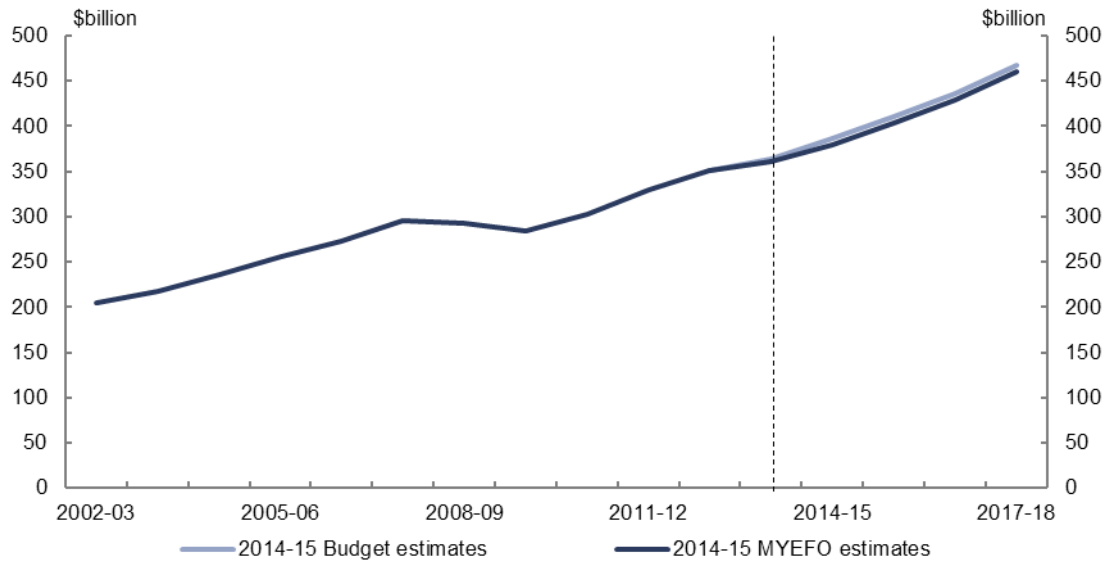
Figure 2: Underlying cash balance – change from 2014-15 Budget to 2014-15 MYEFO estimates by measures and other variations



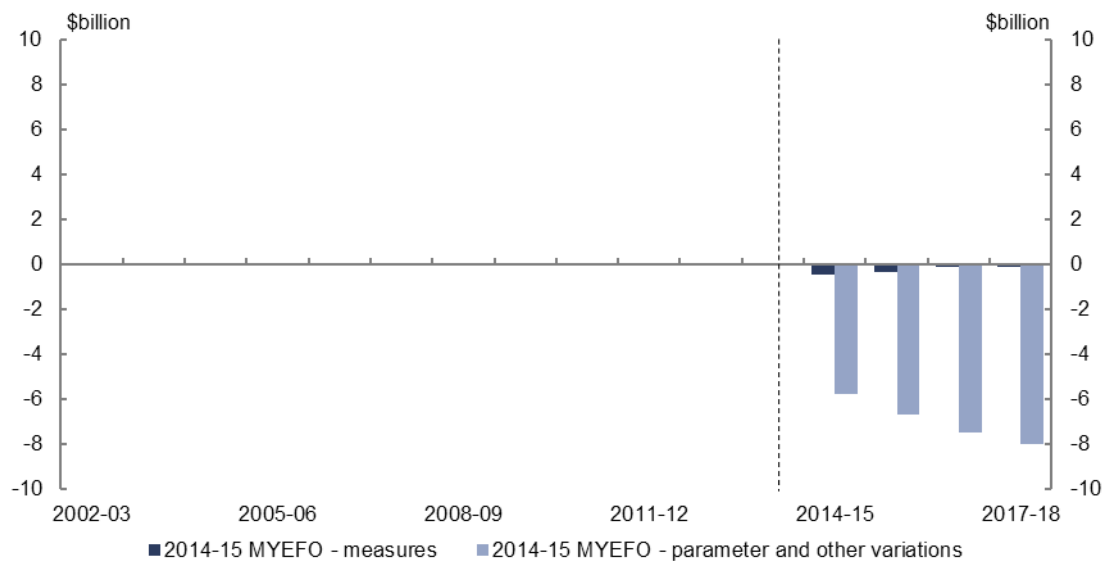
- Policy decisions are expected to decrease the underlying cash balance by \$4.1 billion over the four years to 2017-18, relative to the 2014-15 Budget.
- Parameter and other variations are expected to decrease the underlying cash balance by \$39.6 billion over the four years to 2017-18, relative to the 2014-15 Budget. Most of the reduction occurs through lower receipts.

# Total receipts

**Figure 3: Total receipts – change from 2014-15 Budget to 2014-15 MYEFO estimates**



**Figure 4: Total receipts – change from 2014-15 Budget to 2014-15 MYEFO estimates by measures and other variations**



- Relative to the 2014-15 Budget, policy decisions are expected to decrease total receipts by \$1.1 billion over the four years to 2017-18.
- Parameter and other variations are expected to decrease total receipts by \$28.1 billion over the four years to 2017-18, relative to the 2014-15 Budget, largely due to lower company tax receipts.

# Total payments

Figure 5: Total payments – change from 2014-15 Budget to 2014-15 MYEFO estimates

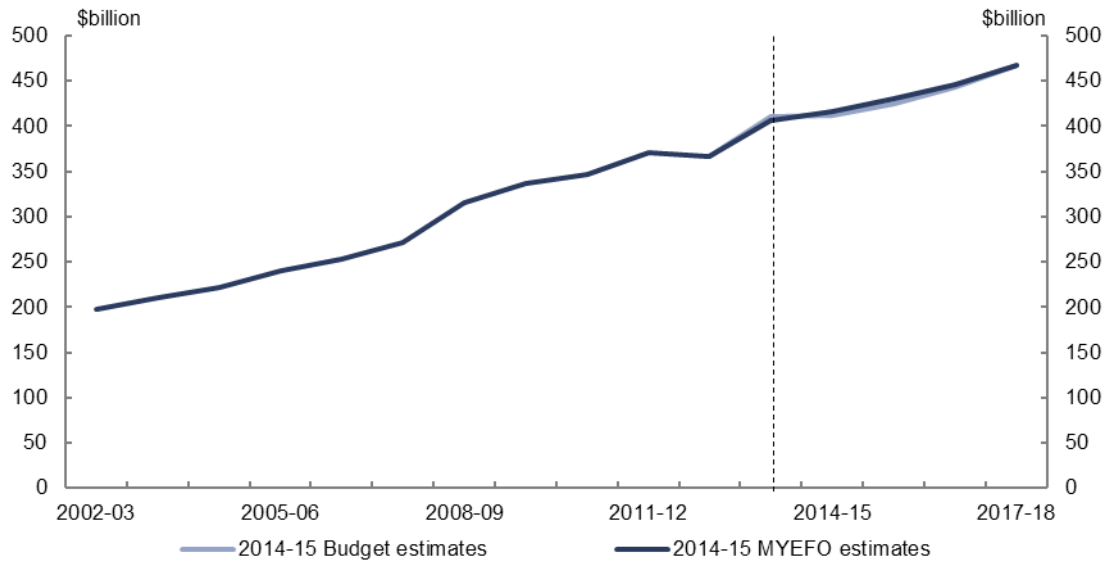
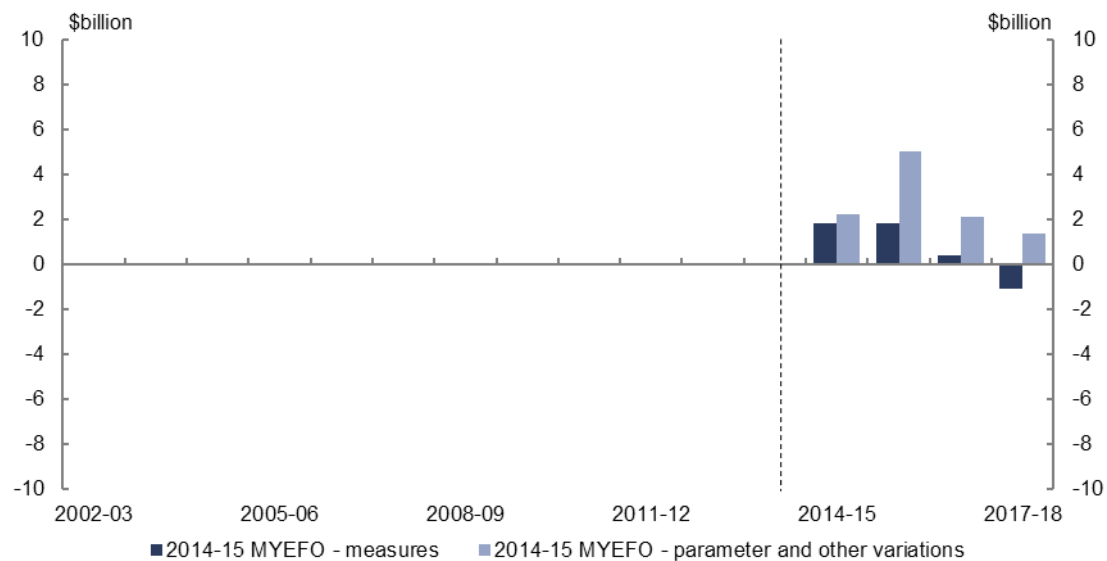


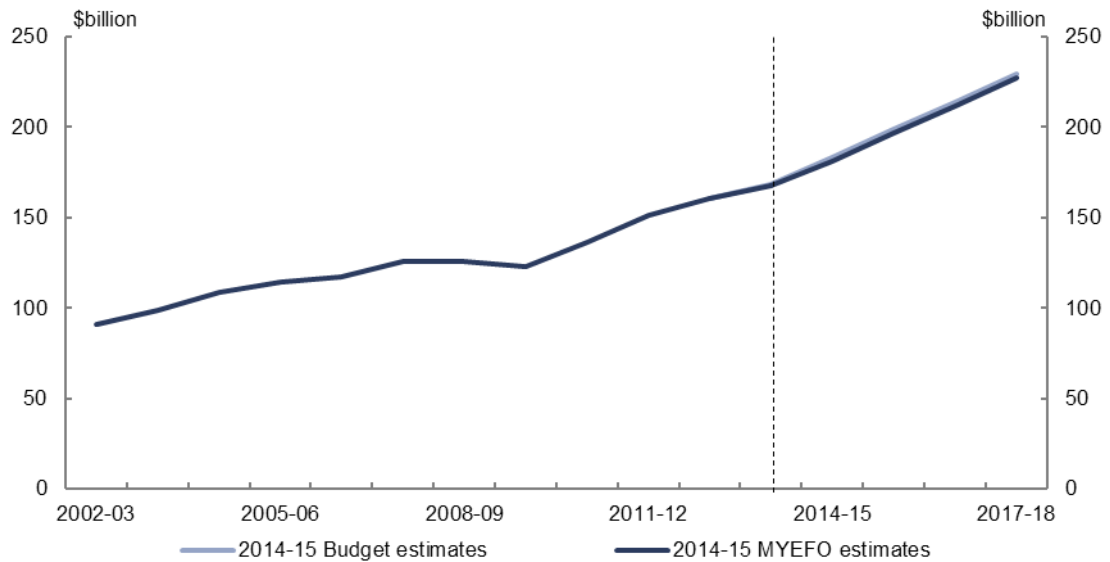
Figure 6: Total payments – change from 2014-15 Budget to 2014-15 MYEFO estimates by measures and other variations



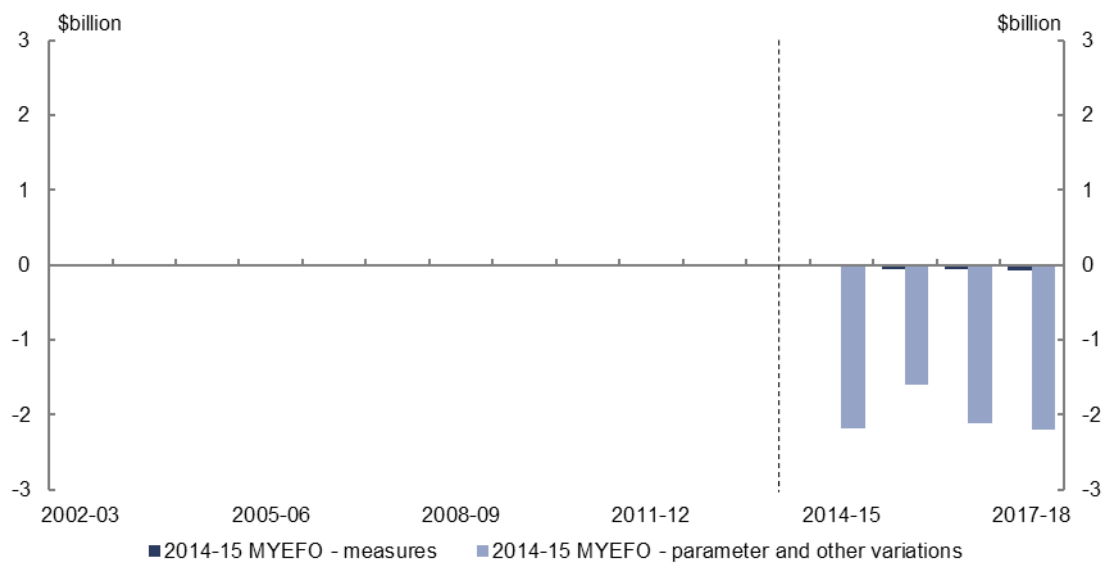
- Relative to the 2014-15 Budget, policy decisions are expected to increase total payments by \$3.0 billion over the four years to 2017-18. The largest contributors to the increase are the extensions to the Schoolkids Bonus, the Income Support Bonus and the Low Income Super Contribution, which result in increased payments of \$6.8 billion over the four years. Partly offsetting this impact is a reduction in Official Development Assistance of \$3.7 billion over the four years to 2017-18.
- Parameter and other variations are expected to increase total payments by \$10.7 billion over the four years to 2017-18, relative to the 2014-15 Budget.

# Revenue – individuals and other withholding taxes

**Figure 7: Revenue – individuals and other withholding taxes – change from 2014-15 Budget to 2014-15 MYEFO estimates**



**Figure 8: Revenue – individuals and other withholding taxes – change from 2014-15 Budget to 2014-15 MYEFO estimates by measures and other variations**



- Relative to the 2014-15 Budget, policy decisions are expected to decrease individuals and other withholding tax revenue by \$0.2 billion over the four years to 2017-18, largely reflecting changes to the taxation of employee share schemes.
- Parameter and other variations are expected to decrease individuals and other withholding tax revenue by \$8.1 billion over the four years to 2017-18, relative to the 2014-15 Budget, largely reflecting a weaker outlook for wages growth and weaker employment growth in the short term.



# Revenue – company tax

Figure 9: Revenue – company tax – change from 2014-15 Budget to 2014-15 MYEFO estimates

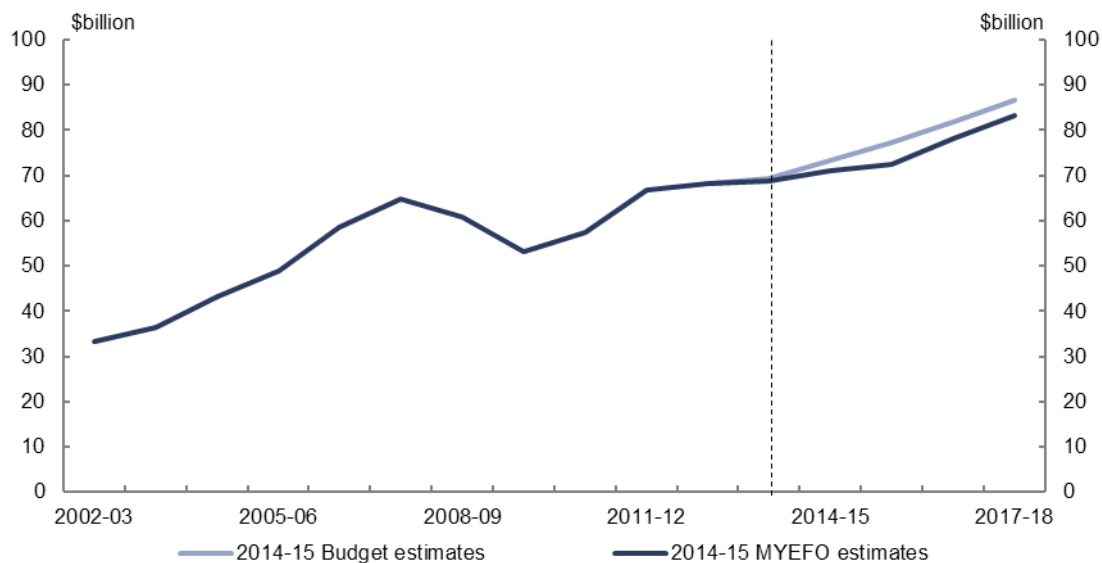
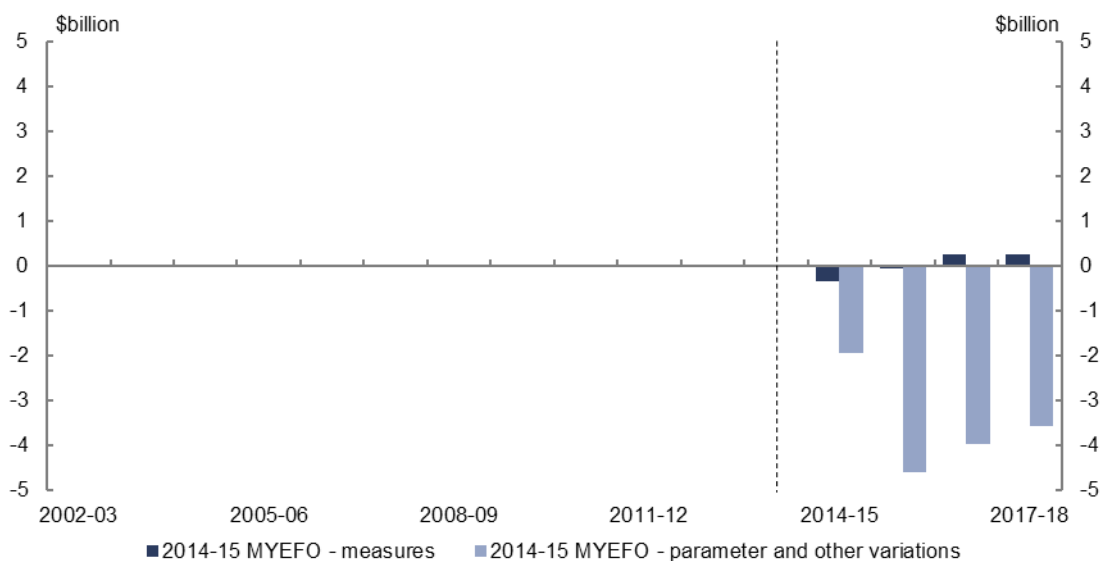


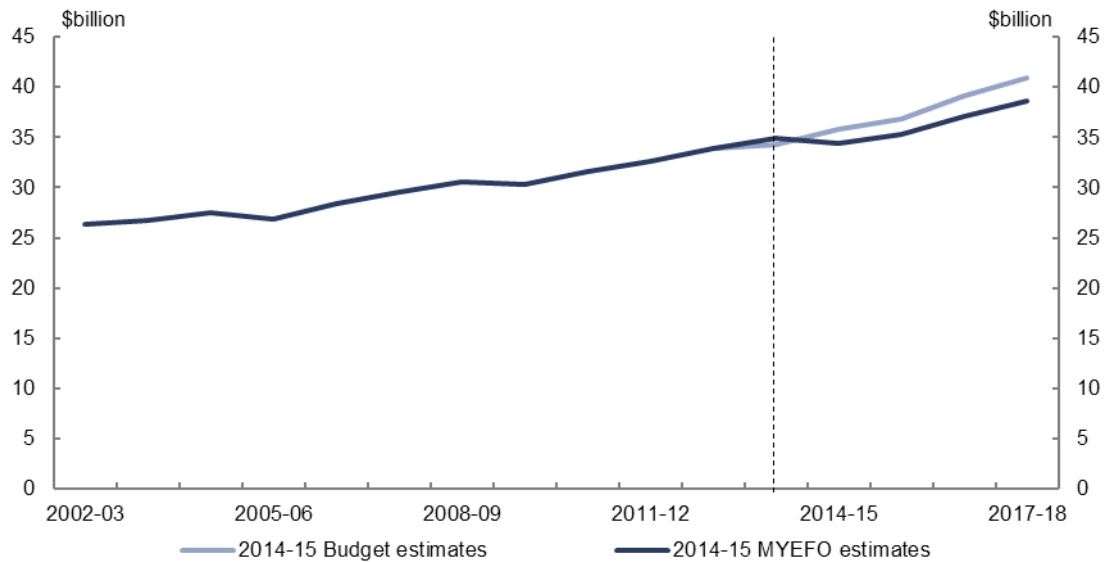
Figure 10: Revenue – company tax – change from 2014-15 Budget to 2014-15 MYEFO estimates by measures and other variations



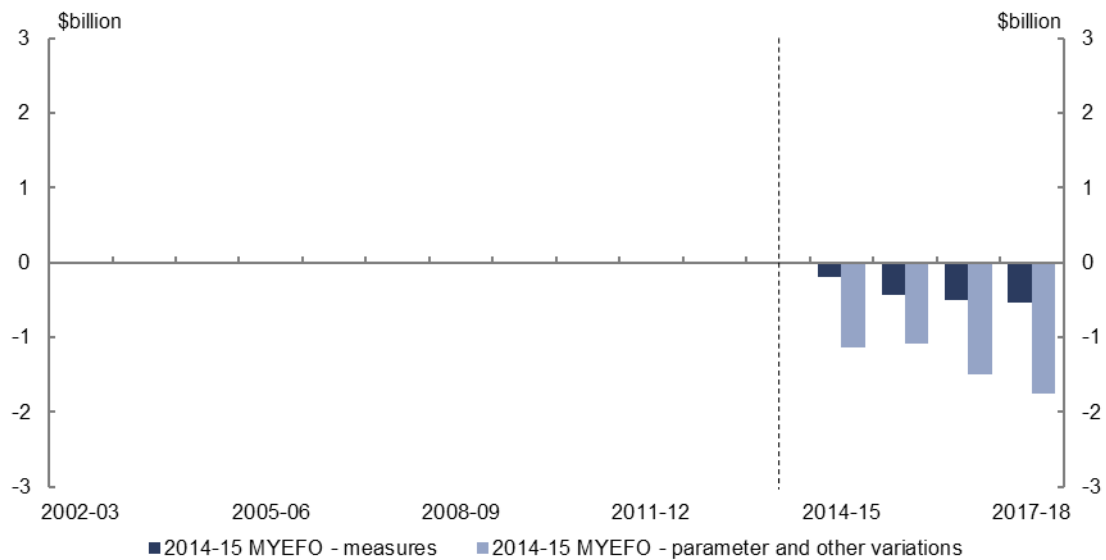
- Relative to the 2014-15 Budget, policy decisions are expected to decrease company tax revenue by \$0.1 billion over the four years to 2017-18. Reduced revenue due to the decision to amend the start date of the Research and Development targeting measure is largely offset by increased revenue from extending the effective life of in-house computer software for the purposes of depreciation.
- Parameter and other variations are expected to decrease company tax revenue by \$14.1 billion over the four years to 2017-18, relative to the 2014-15 Budget, largely reflecting the impact of the sharper-than-anticipated fall in commodity prices, particularly for iron ore.

# Revenue – excise and customs duties

**Figure 11: Revenue – excise and customs duties – change from 2014-15 Budget to 2014-15 MYEFO estimates**



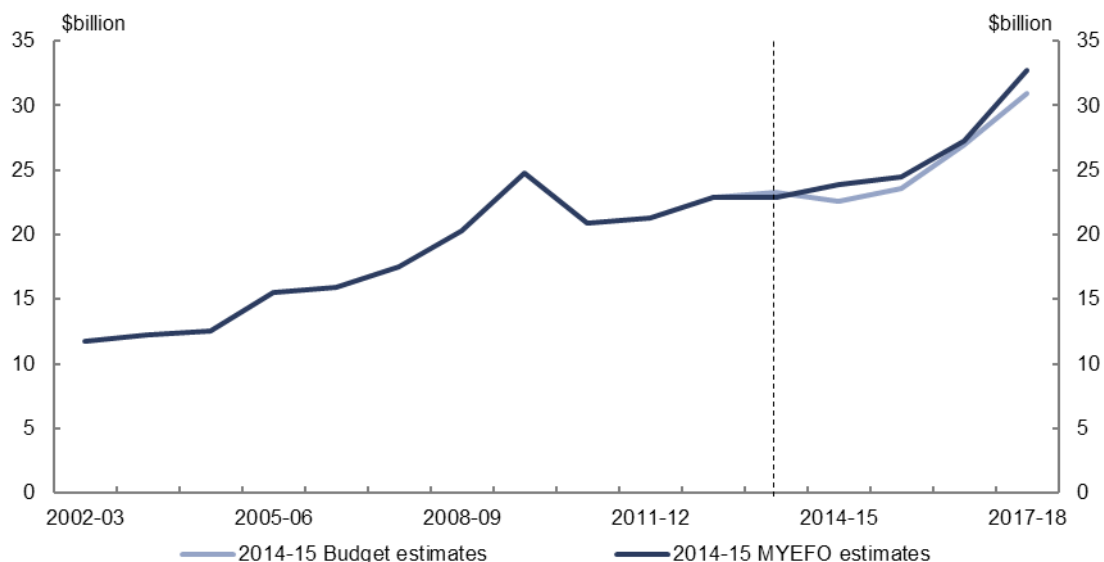
**Figure 12: Revenue – excise and customs duties – change from 2014-15 Budget to 2014-15 MYEFO estimates by measures and other variations**



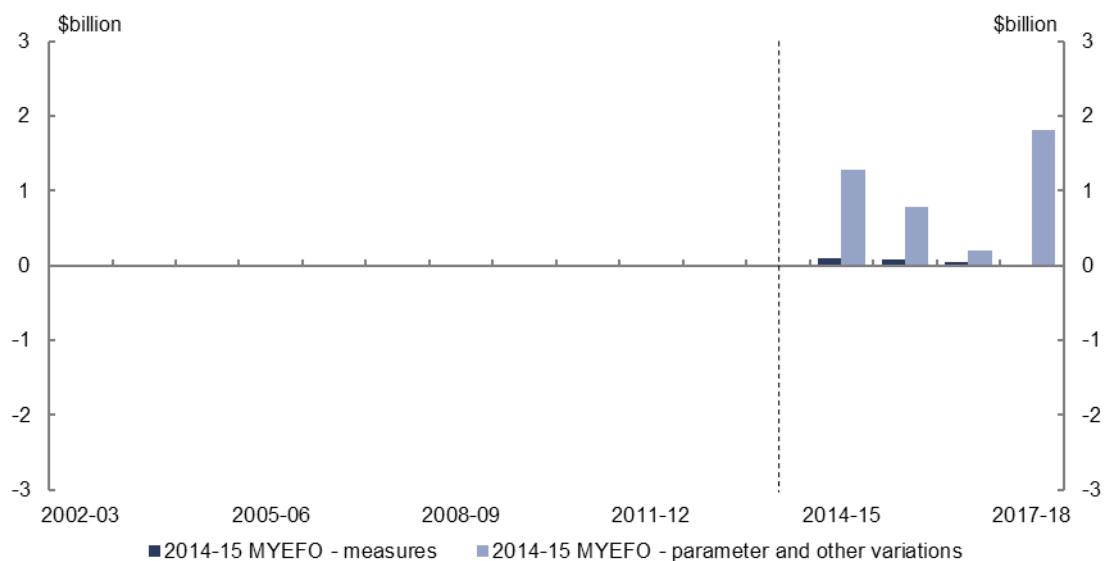
- Relative to the 2014-15 Budget, policy decisions are expected to decrease excise and customs duties revenue by \$1.7 billion over the four years to 2017-18, largely reflecting lower tariffs under the Japan-Australia Economic Partnership Agreement.
- Parameter and other variations are expected to decrease excise and excise equivalent customs duty revenue by \$5.5 billion over the four years to 2017-18, relative to the 2014-15 Budget, largely as a result of lower expected fuel excise collections and the provision for reduced tariff revenue under the China Free Trade Agreement.

# Revenue – non-tax revenue

**Figure 13: Revenue – non-tax revenue – change from 2014-15 Budget to 2014-15 MYEFO estimates**



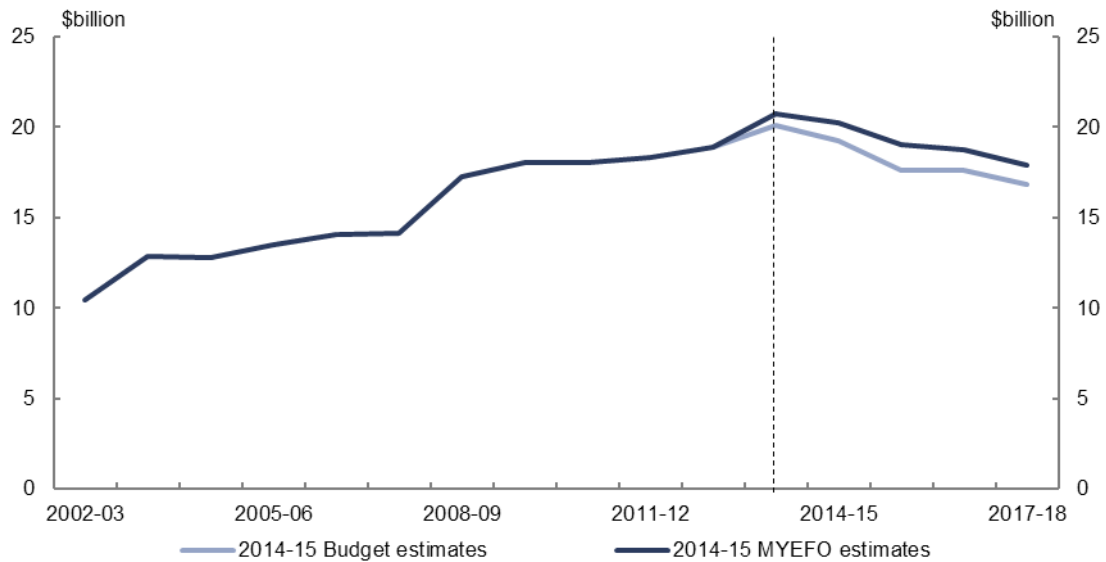
**Figure 14: Revenue – non-tax revenue – change from 2014-15 Budget to 2014-15 MYEFO estimates by measures and other variations**



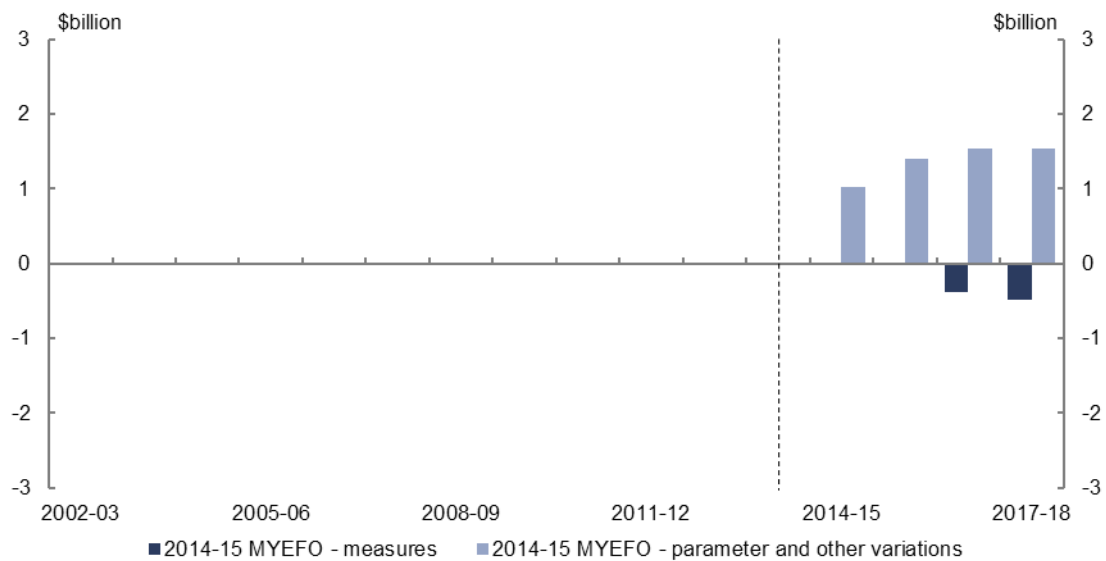
- Relative to the 2014-15 Budget, policy decisions are expected to increase non-tax revenue by \$0.2 billion over the four years to 2017-18, including the decision to increase the visa application charge for Partner Visas.
- Parameters and other variations are expected to increase non-tax revenue by \$4.1 billion over the four years to 2017-18, relative to the 2014-15 Budget, largely due to an increase in expected dividend revenue.

# Expenses – Family Tax Benefit

**Figure 15: Expenses – Family Tax Benefit – change from 2014-15 Budget to 2014-15 MYEFO estimates**



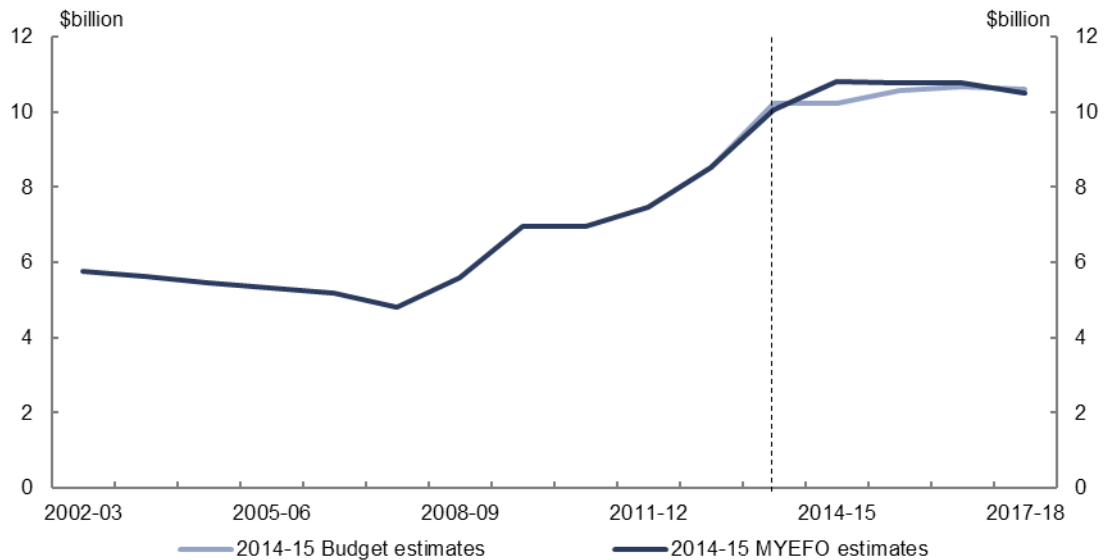
**Figure 16: Expenses – Family Tax Benefit – change from 2014-15 Budget to 2014-15 MYEFO estimates by measures and other variations**



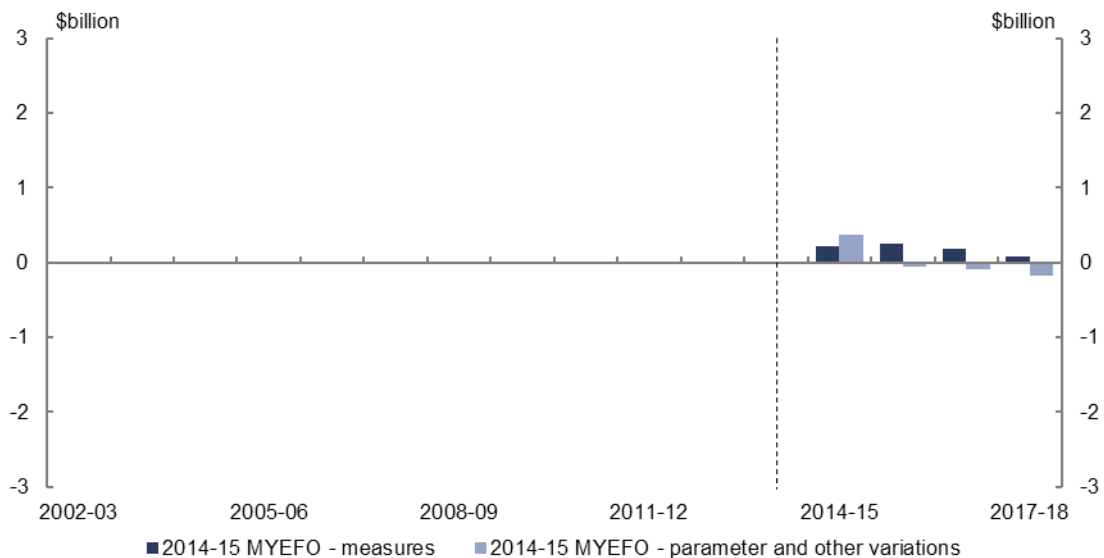
- Relative to the 2014-15 Budget, policy decisions are expected to decrease expenses on Family Tax Benefit by \$0.9 billion over the four years to 2017-18, largely due to the measure to extend the pause in the indexation of payment rates until 1 July 2017.
- Parameter and other variations are expected to increase expenses on the Family Tax Benefit by \$5.5 billion over the four years to 2017-18, relative to the 2014-15 Budget, including the impact of lower expected wage growth driving up average payment rates and recipient numbers, and the impact of delays in passing legislation for 2014-15 Budget measures.

# Expenses – job seeker income support

**Figure 17: Expenses – job seeker income support – change from 2014-15 Budget to 2014-15 MYEFO estimates**



**Figure 18: Expenses – job seeker income support – change from 2014-15 Budget to 2014-15 MYEFO estimates by measures and other variations**



- Relative to the 2014-15 Budget, policy decisions are expected to increase expenses on job seeker income support by \$0.7 billion over the four years to 2017-18, largely reflecting the measure to retain the Income Support Bonus until 31 December 2016.
- Parameter and other variations are expected to leave expenses on job seeker income largely unchanged over the four years to 2017-18. Increased expenses as a result of the impact of delays in passing legislation for 2014-15 Budget measures is largely offset by lower expected customer numbers.

# Expenses – aged care

Figure 19: Expenses – aged care – change from 2014-15 Budget to 2014-15 MYEFO estimates

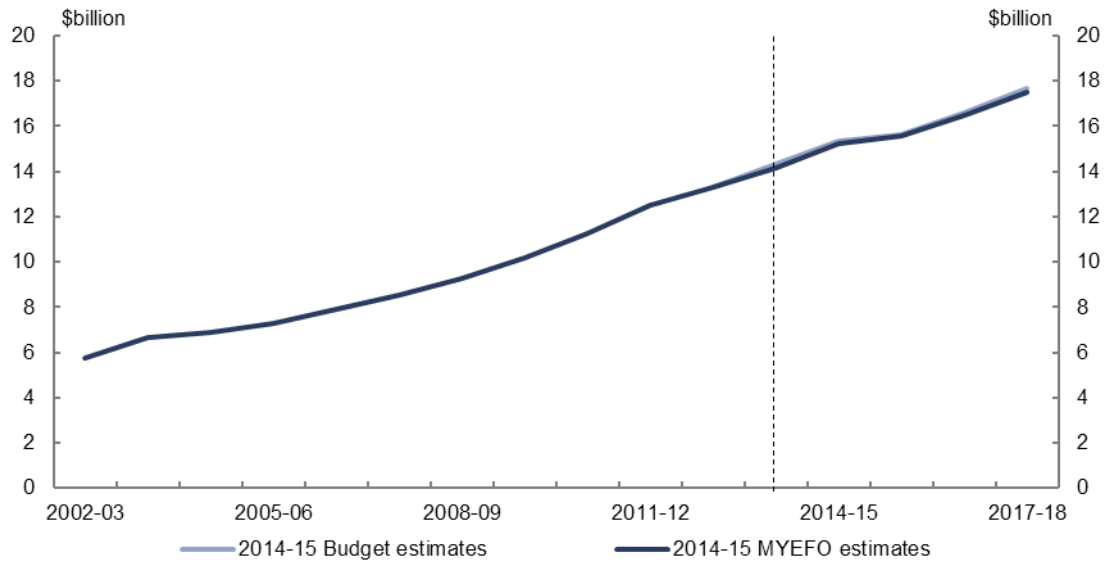
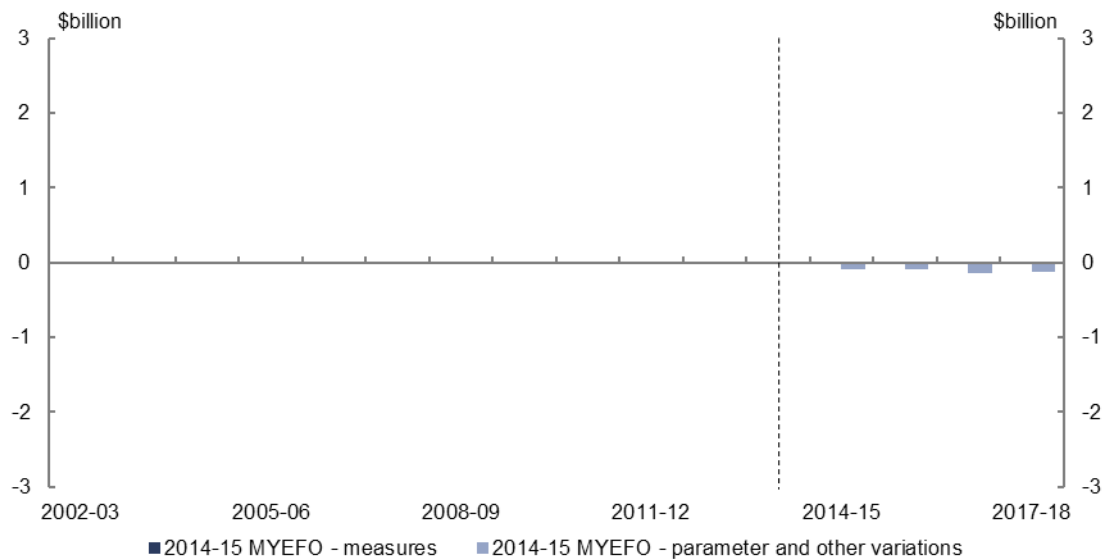


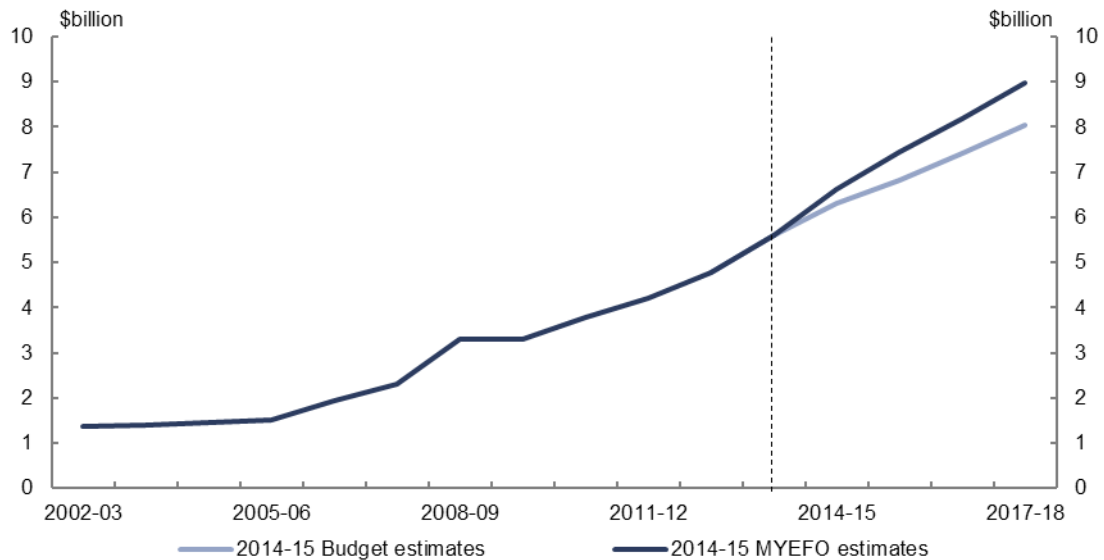
Figure 20: Expenses – aged care – change from 2014-15 Budget to 2014-15 MYEFO estimates by measures and other variations



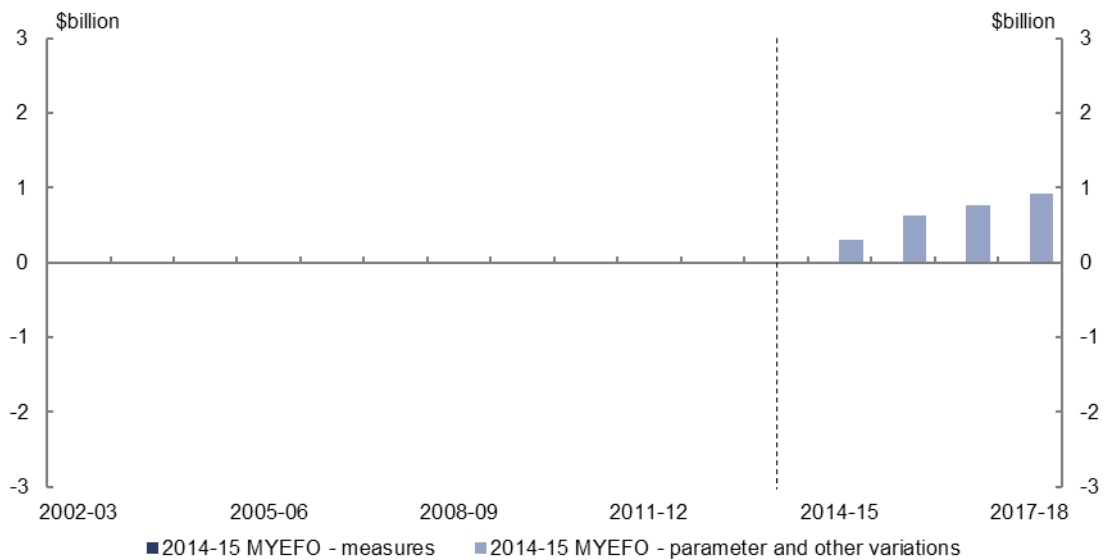
- Parameter and other variations are expected to decrease expenses on aged care by \$0.5 billion over the four years to 2017-18, relative to the 2014-15 Budget, including lower expected operational residential aged care places for approved care recipients.

# Expenses – child care fee assistance

**Figure 21: Expenses – child care fee assistance – change from 2014-15 Budget to 2014-15 MYEFO estimates**



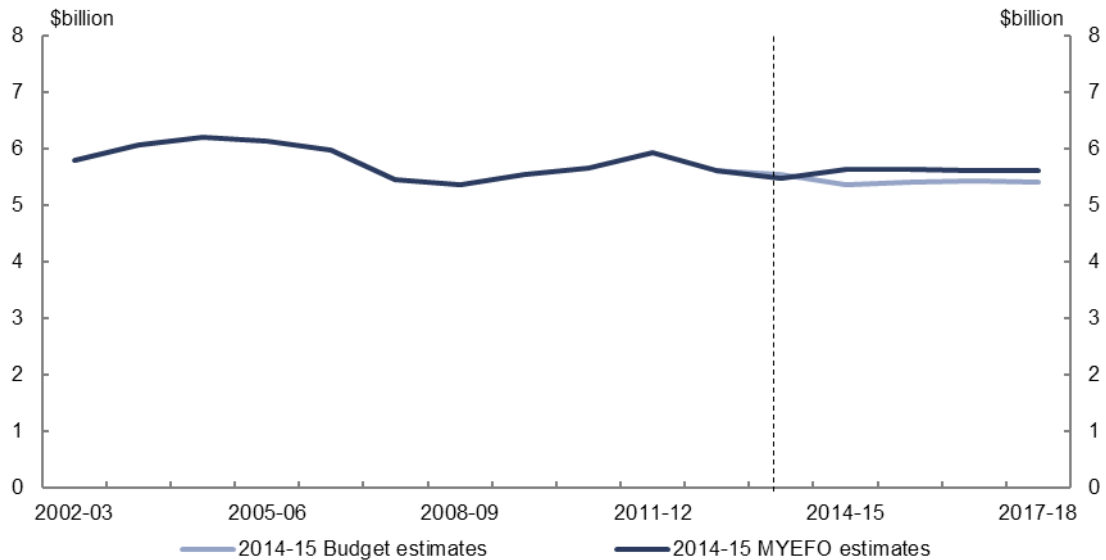
**Figure 22: Expenses – child care fee assistance – change from 2014-15 Budget to 2014-15 MYEFO estimates by measures and other variations**



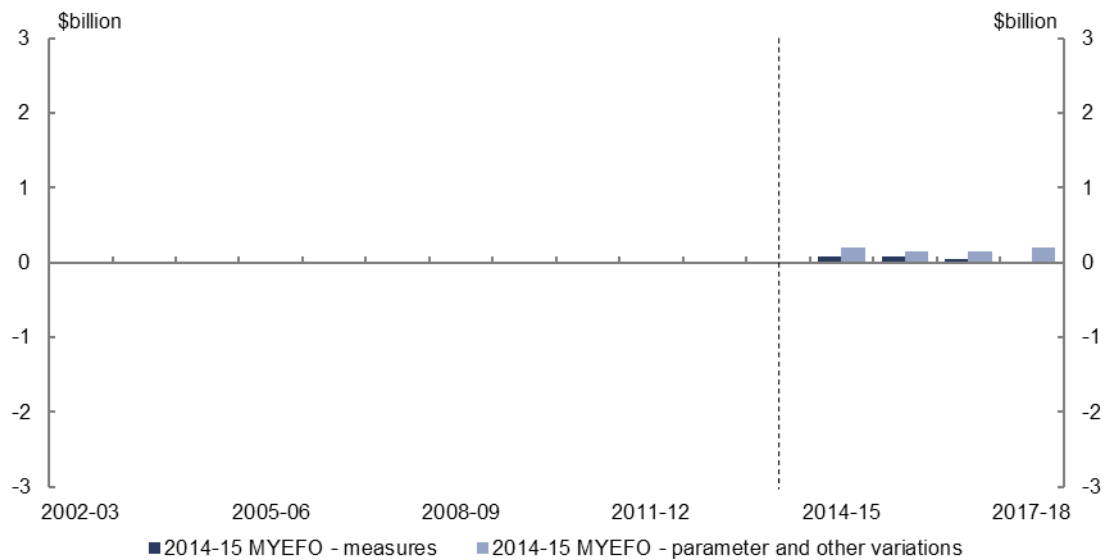
- Parameter and other variations are expected to increase expenses on child care fee assistance by \$2.6 billion over the four years to 2017-18, relative to the 2014-15 Budget, largely reflecting higher expected utilisation of demand driven child care services, and higher expected fees.

# Expenses – parents’ income support

**Figure 23: Expenses – parents’ income support – change from 2014-15 Budget to 2014-15 MYEFO estimates**



**Figure 24: Expenses – parents’ income support – change from 2014-15 Budget to 2014-15 MYEFO estimates by measures and other variations**

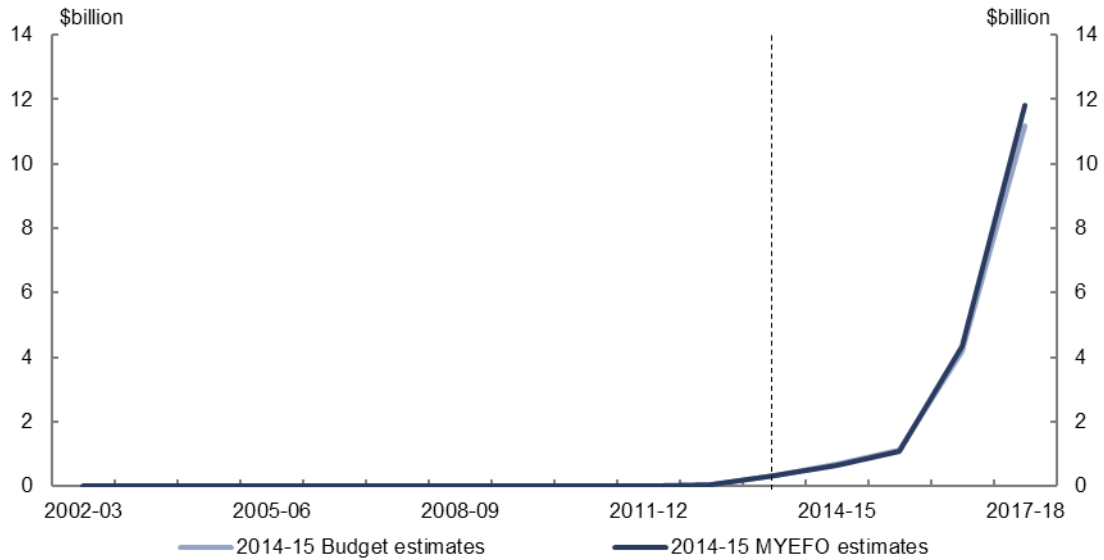


- Relative to the 2014-15 Budget, policy decisions are expected to increase expenses on parents’ income support by \$0.2 billion over the four years to 2017-18, largely reflecting the measure to retain the Income Support Bonus until 31 December 2016.
- Parameters and other variations are expected to increase expenses on parents’ income support by \$0.7 billion, including a delay in the passing of legislation for 2014-15 Budget measures and higher expected customer numbers and average payment rates.

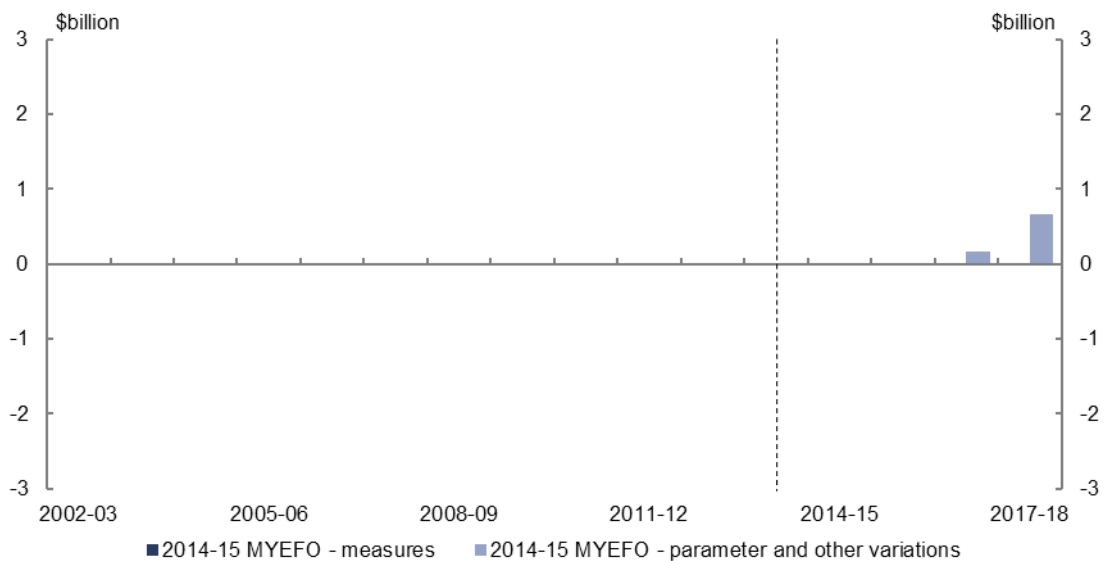


# Expenses – National Disability Insurance Scheme

**Figure 25: Expenses – National Disability Insurance Scheme – change from 2014-15 Budget to 2014-15 MYEFO estimates**



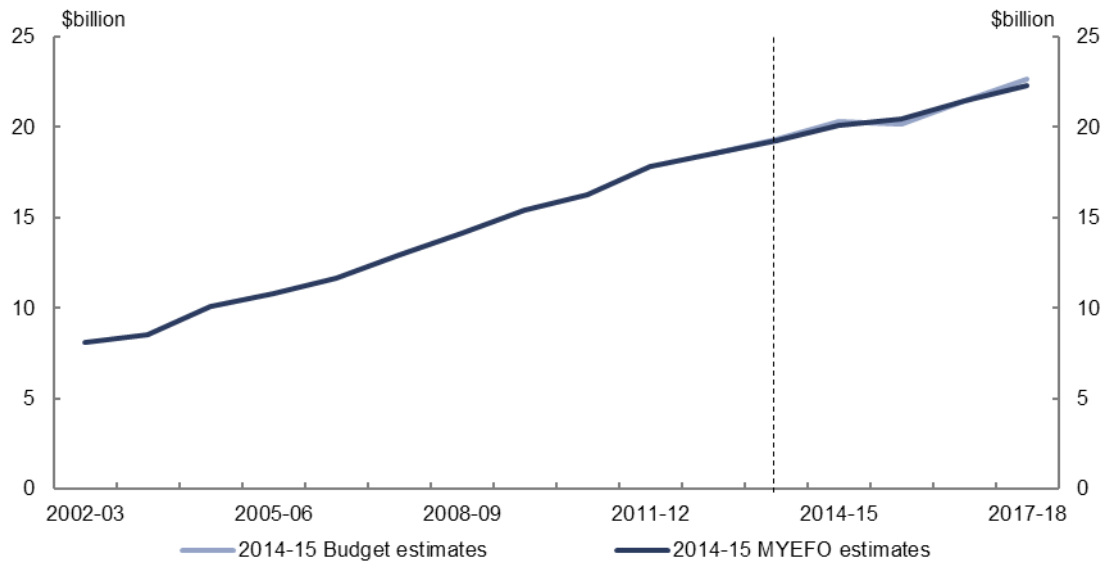
**Figure 26: Expenses – National Disability Insurance Scheme – change from 2014-15 Budget to 2014-15 MYEFO estimates by measures and other variations**



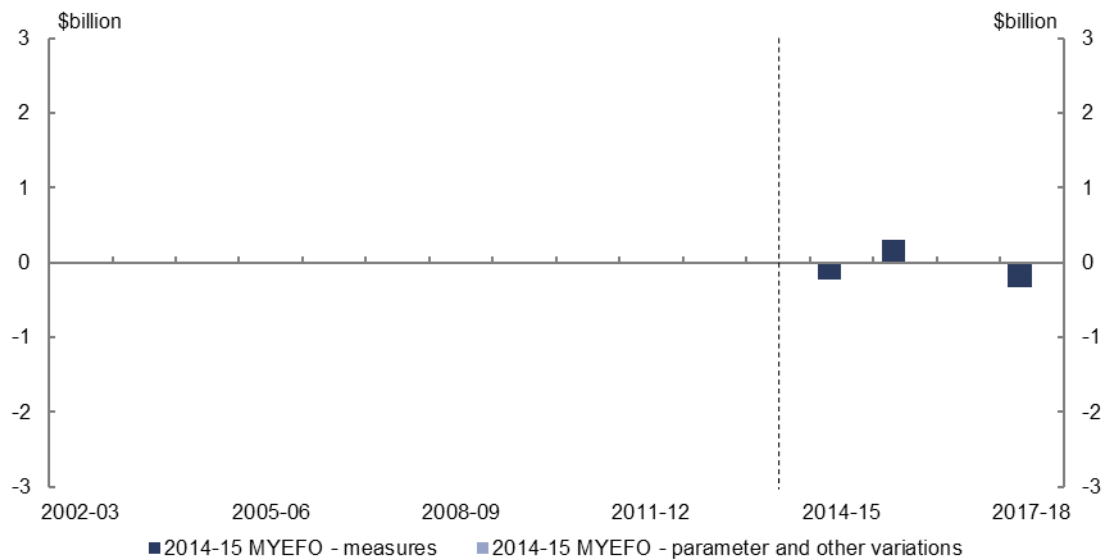
- Parameter and other variations are expected to increase National Disability Insurance Scheme expenses by \$0.8 billion over the four years to 2017-18, relative to the 2014-15 Budget. This increase largely reflects the inclusion of expenses associated with resources received free of charge, which are also recognised in non-tax revenue.

# Expenses – Medicare Benefits Schedule

**Figure 27: Expenses – Medicare Benefit Schedule – change from 2014-15 Budget to 2014-15 MYEFO estimates**



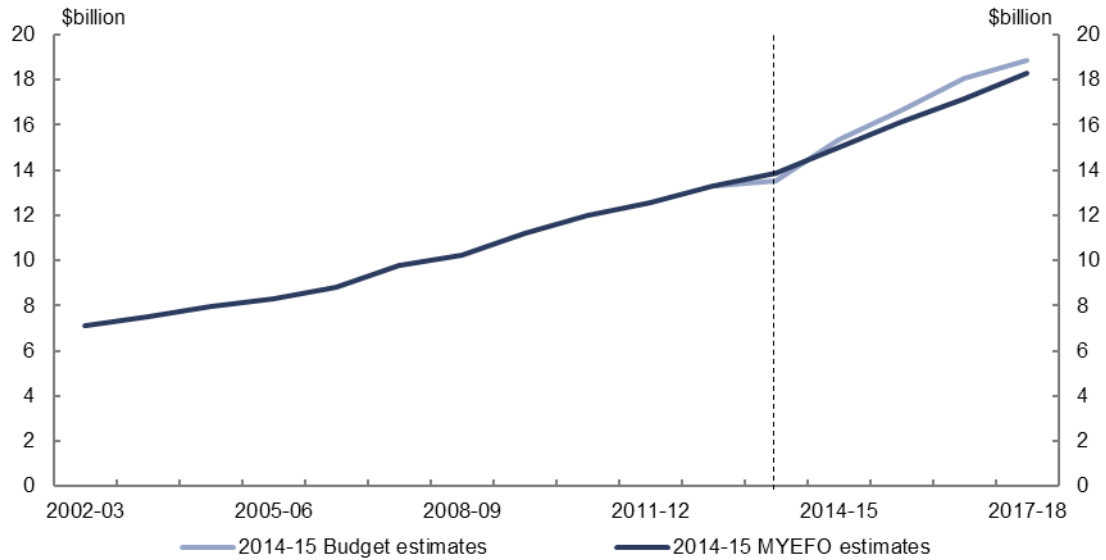
**Figure 28: Expenses – Medicare Benefit Schedule – change from 2014-15 Budget to 2014-15 MYEFO estimates by measures and other variations**



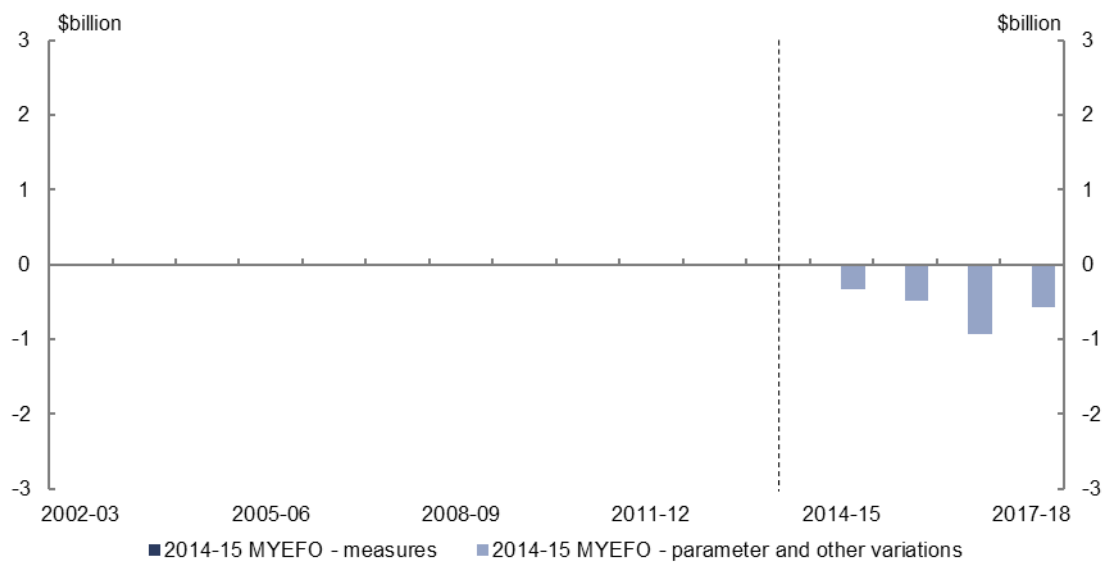
- Relative to the 2014-15 Budget, policy decisions are expected to decrease expenses on Medicare spending by \$0.3 billion over the four the years to 2017-18, including:
  - the decision not to proceed with the 2014-15 Budget measure introducing patient contributions for GP, pathology and diagnostic imaging consultations;
  - introducing optional patient contributions together with reductions in Medicare Benefit Schedule rebates for GP consultations for non-concessional patients;
  - amending standard GP consultation lengths; and
  - extending the pause on indexation of some Medicare Benefit Schedule fees.

# Expenses – assistance to the states and territories for public hospitals

**Figure 29: Expenses – assistance to the states and territories for public hospitals – change from 2014-15 Budget to 2014-15 MYEFO estimates**



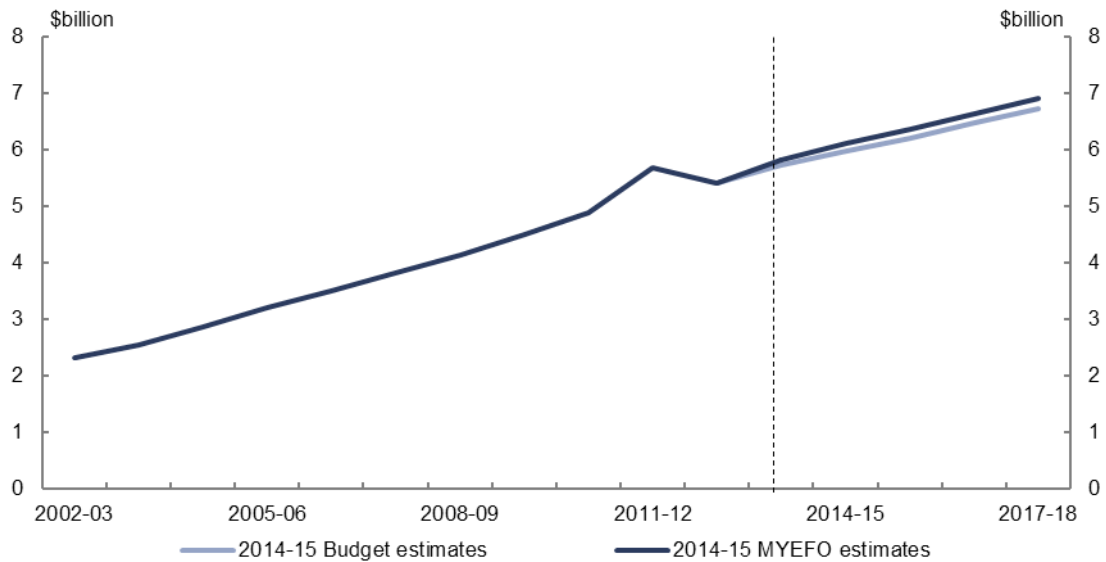
**Figure 30: Expenses – assistance to the states and territories for public hospitals – change from 2014-15 Budget to 2014-15 MYEFO estimates by measures and other variations**



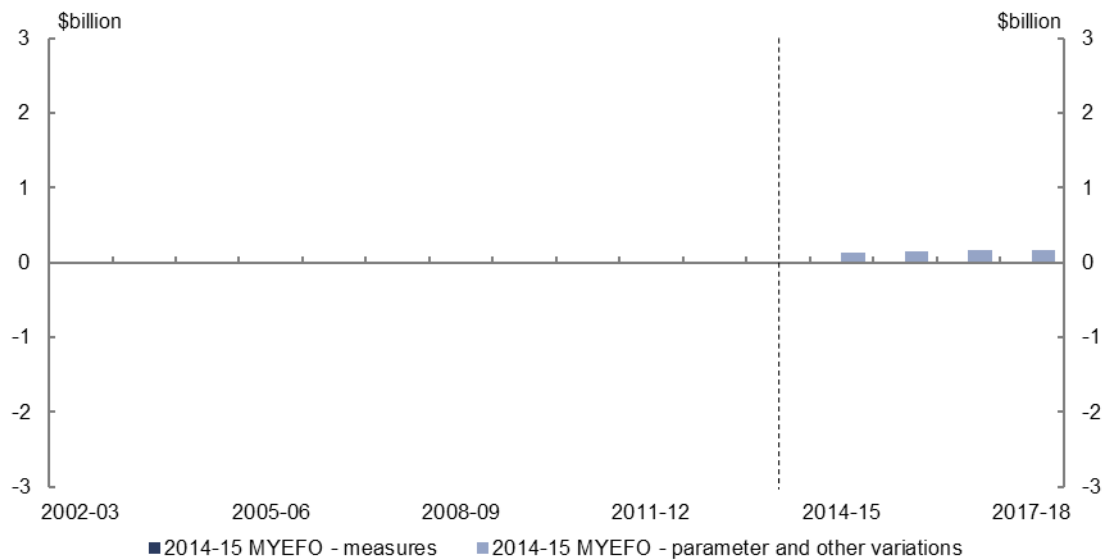
- Parameter and other variations are expected to decrease expenses on assistance to the states and territories for public hospitals by \$2.3 billion over the four years to 2017-18, relative to the 2014-15 Budget, largely reflecting lower expected projections for the national efficient price of hospital activities.

# Expenses – private health insurance rebate

**Figure 31: Expenses – private health insurance rebate – change from 2014-15 Budget to 2014-15 MYEFO estimates**



**Figure 32: Expenses – private health insurance rebate – change from 2014-15 Budget to 2014-15 MYEFO estimates by measures and other variations**



- Relative to the 2014-15 Budget, parameter and other variations are expected to increase spending on the private health insurance rebate by \$0.6 billion over the four years to 2017-18. This increase is largely the result of stronger than expected growth in the number of people with health cover and a greater proportion of policy holders over 65, who attract a higher rebate.

# Expenses – schools

Figure 33: Expenses - schools – change from 2014-15 Budget to 2014-15 MYEFO estimates

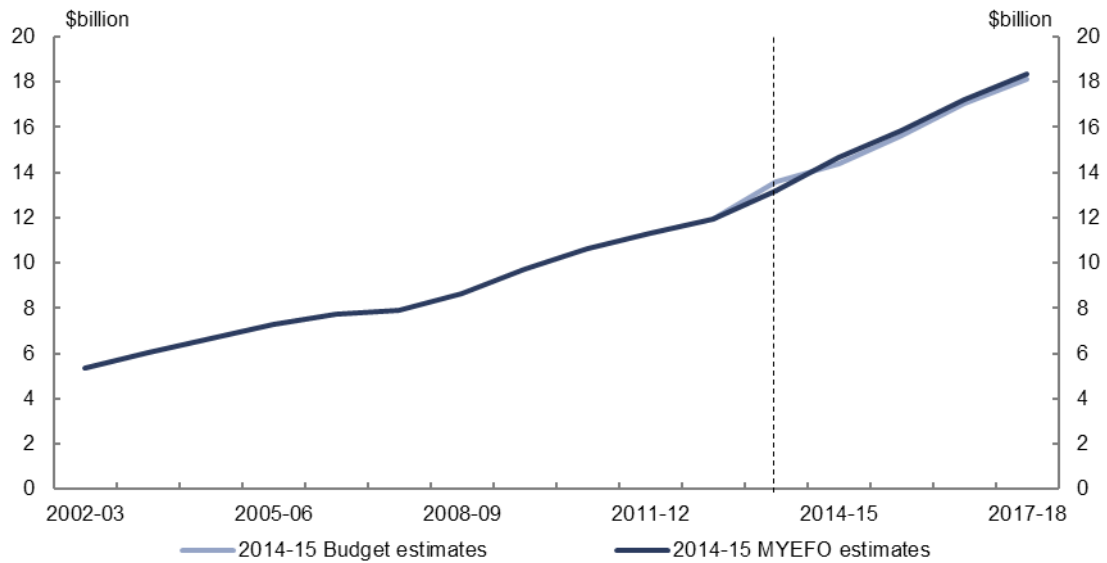
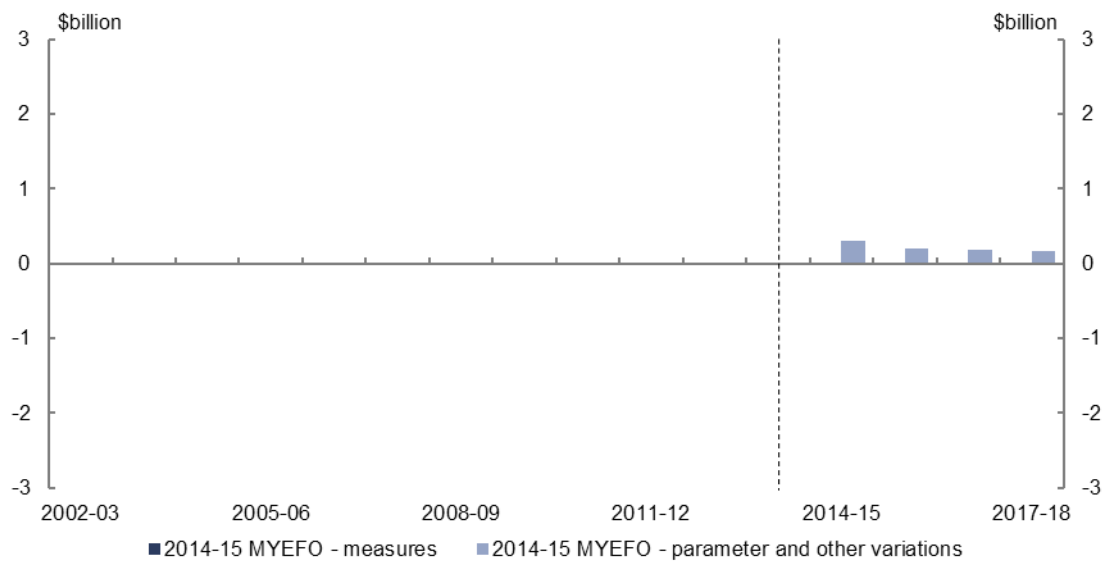


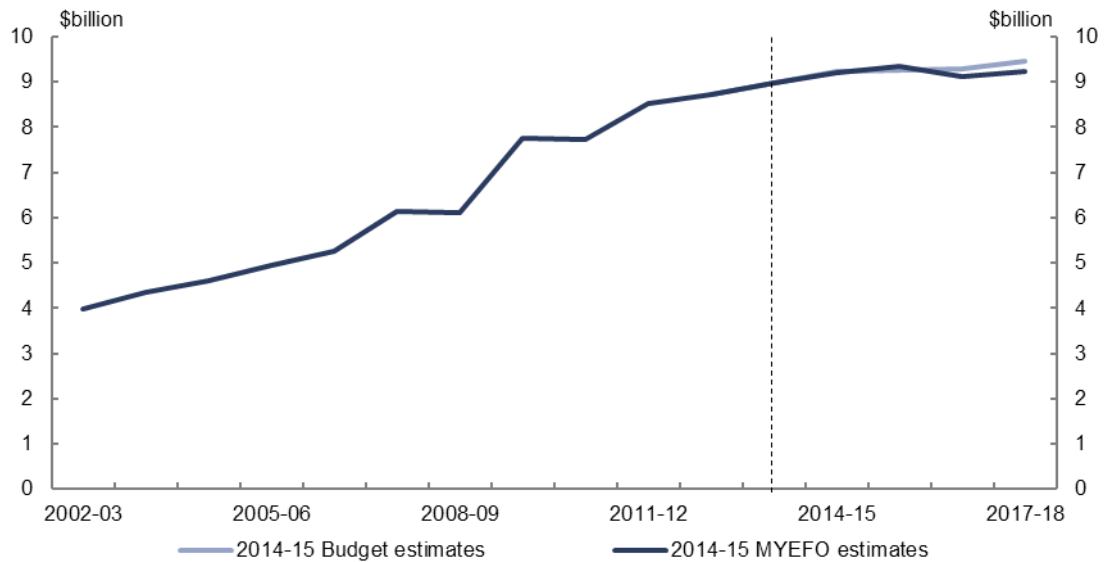
Figure 34: Expenses - schools – change from 2014-15 Budget to 2014-15 MYEFO estimates by measures and other variations



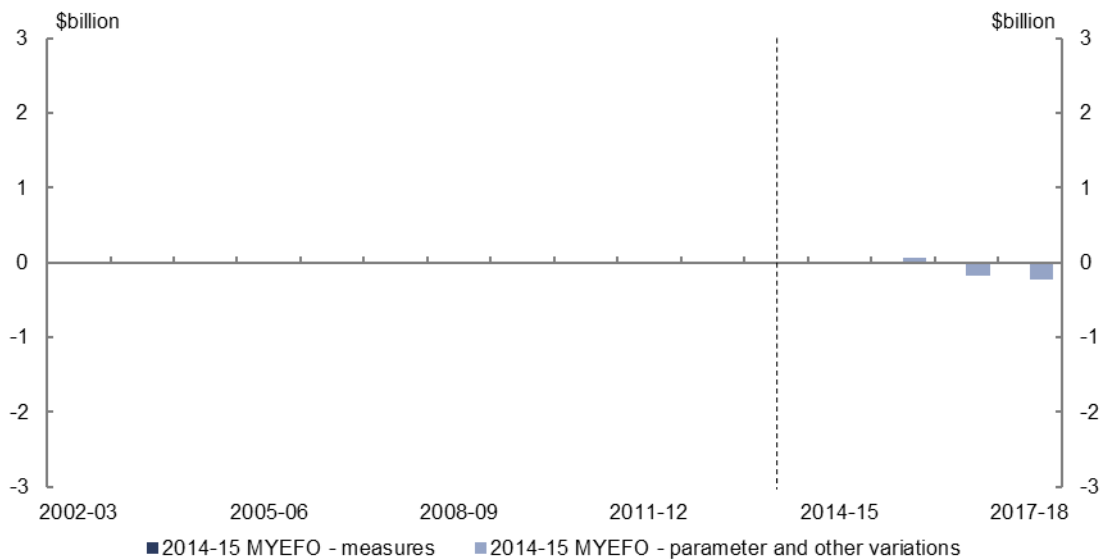
- Parameter and other variations are expected to increase spending on schools by \$0.9 billion over the four years to 2017-18, relative to the 2014-15 Budget. This increase reflects higher expected enrolments in non-government schools and consequential changes in the Commonwealth share of base funding.

# Expenses – higher education

**Figure 35: Expenses – higher education – change from 2014-15 Budget to 2014-15 MYEFO estimates**



**Figure 36: Expenses – higher education – change from 2014-15 Budget to 2014-15 MYEFO estimates by measures and other variations**

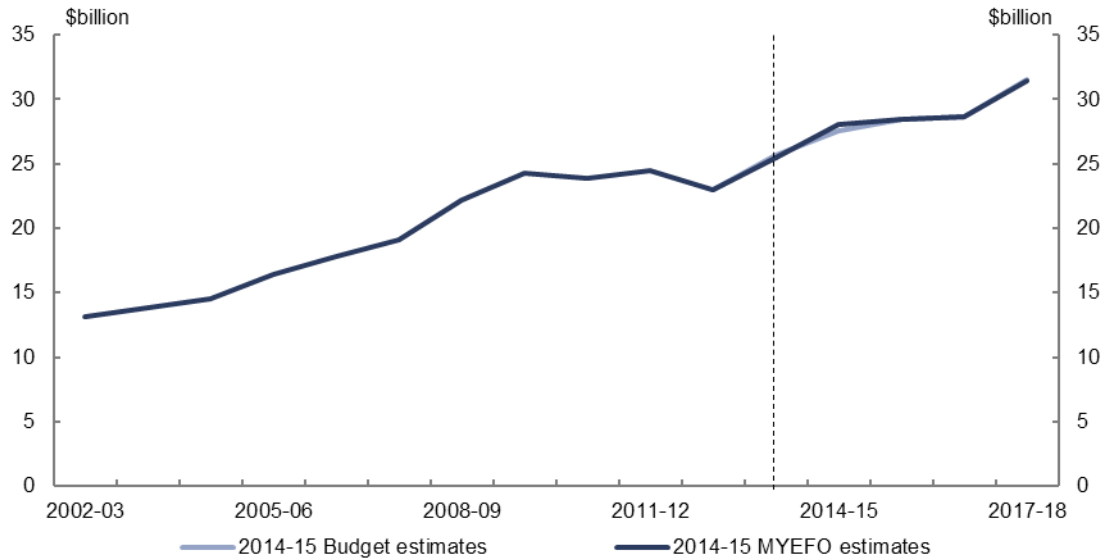


- Parameter and other variations are expected to decrease expenses on higher education<sup>1</sup> by \$0.4 billion over the four years to 2017-18, relative to the 2014-15 Budget, reflecting a moderation in the expected rate of enrolments after a period of rapid growth following the introduction of the demand driven system in 2012.

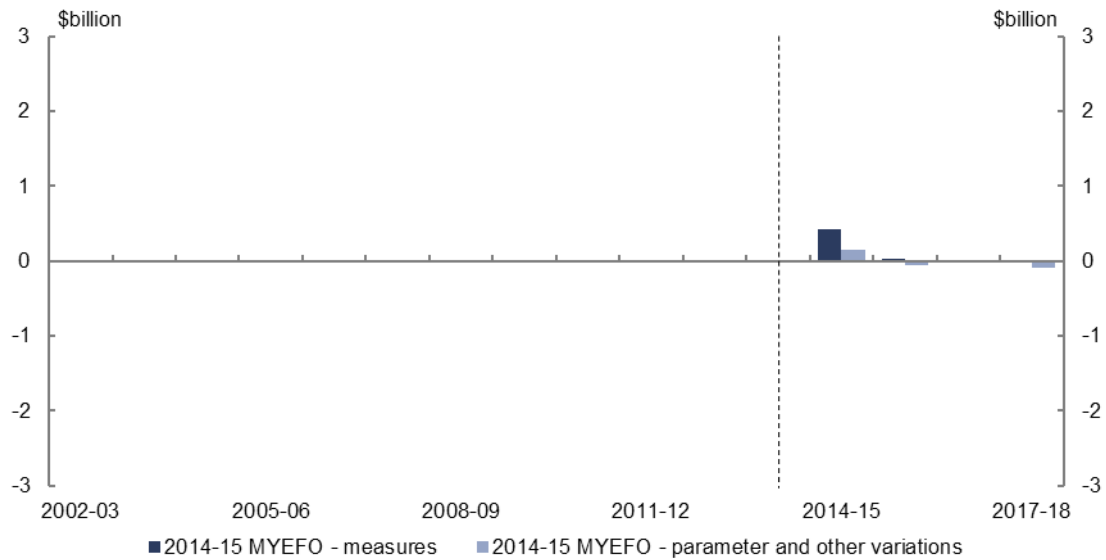
<sup>1</sup> The largest components of higher education spending are the Commonwealth Grants Scheme, Investment in Higher Education Research, and Higher Education Support programs. Higher education spending does not include the Higher Education Loan Programme.

# Defence (expenses and net capital investment)

**Figure 37: Defence (expenses and net capital investment) – change from 2014-15 Budget to 2014-15 MYEFO estimates**



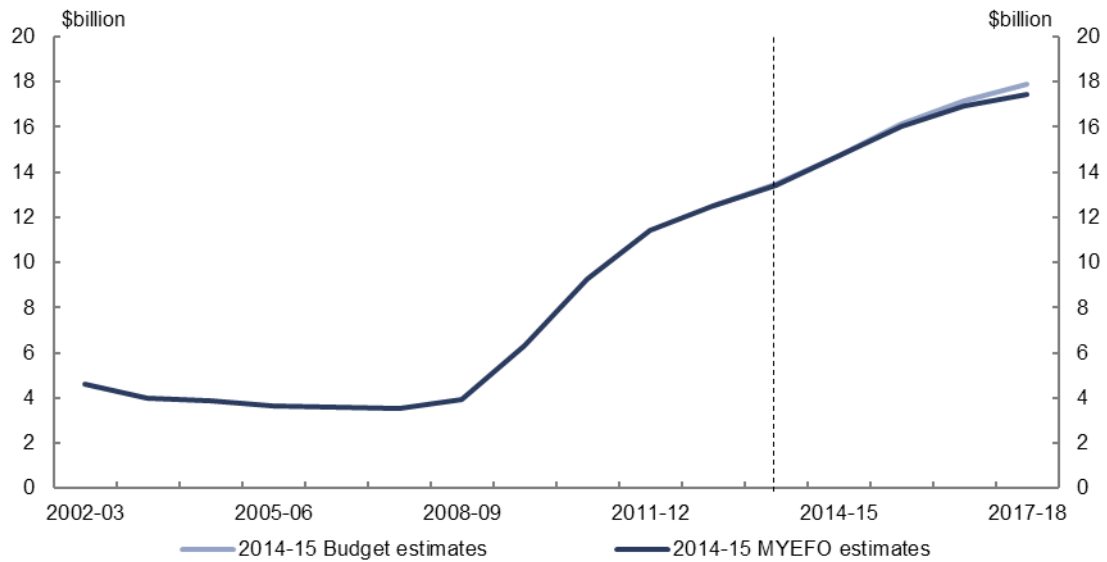
**Figure 38: Defence (expenses and net capital investment) – change from 2014-15 Budget to 2014-15 MYEFO estimates by measures and other variations**



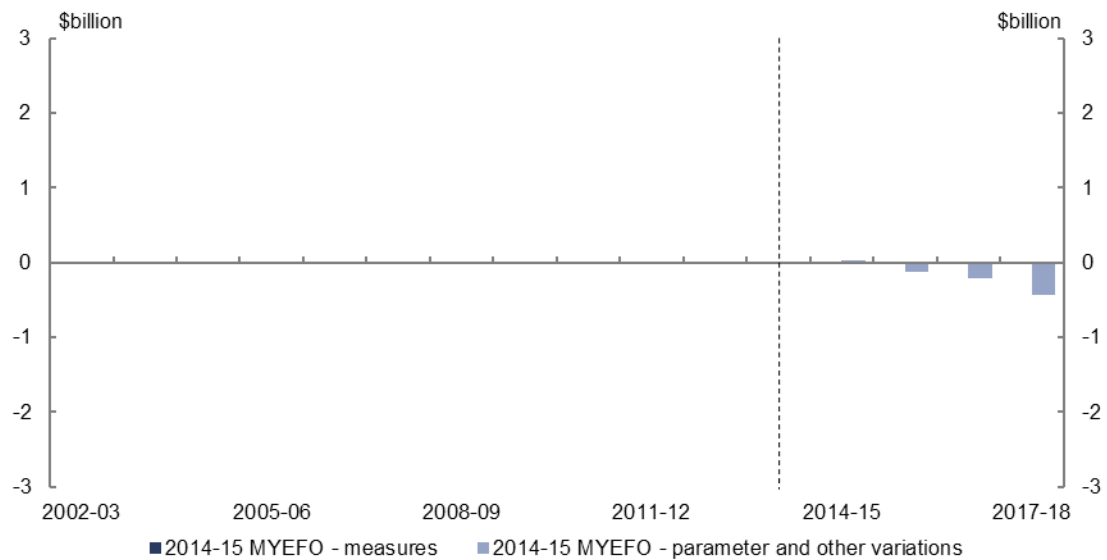
- Relative to the 2014-15 Budget, policy decisions are expected to increase spending on defence by \$0.5 billion over the four years to 2017-18, including the decision to commence Operation Okra, the Australian Defence Force’s contribution to the international effort to disrupt and degrade the Islamic State in Iraq and the Levant threat in Iraq.

# Expenses – public debt interest

**Figure 39: Expenses – public debt interest – change from 2014-15 Budget to 2014-15 MYEFO estimates**



**Figure 40: Expenses – public debt interest – change from 2014-15 Budget to 2014-15 MYEFO estimates by measures and other variations**

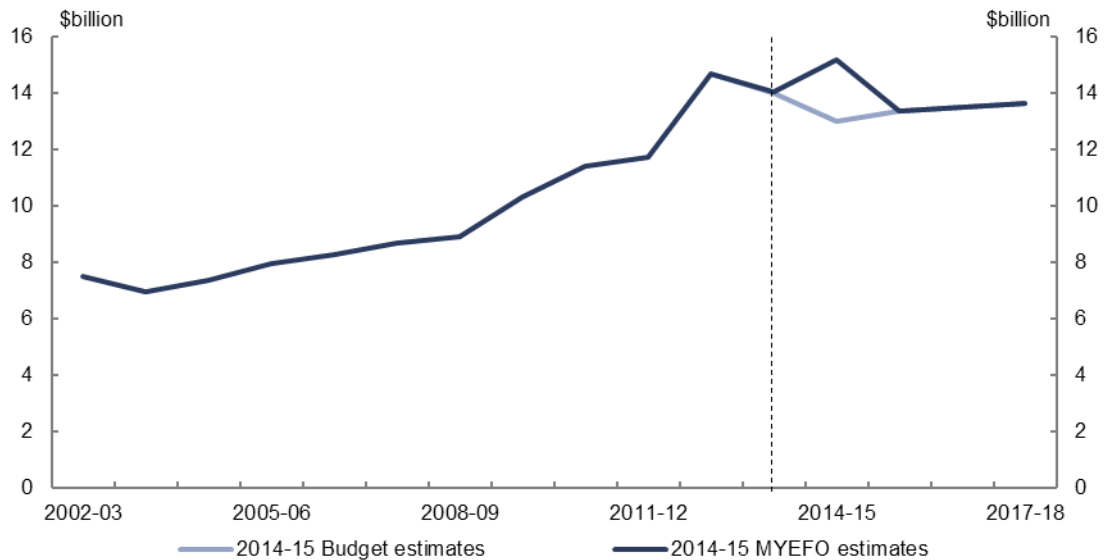


- Relative to the 2014-15 Budget, public debt interest is expected to decrease by \$0.7 billion over the four years to 2017-18 as a result of projected lower interest rates on government debt being partially offset by the deterioration in the headline cash balance.

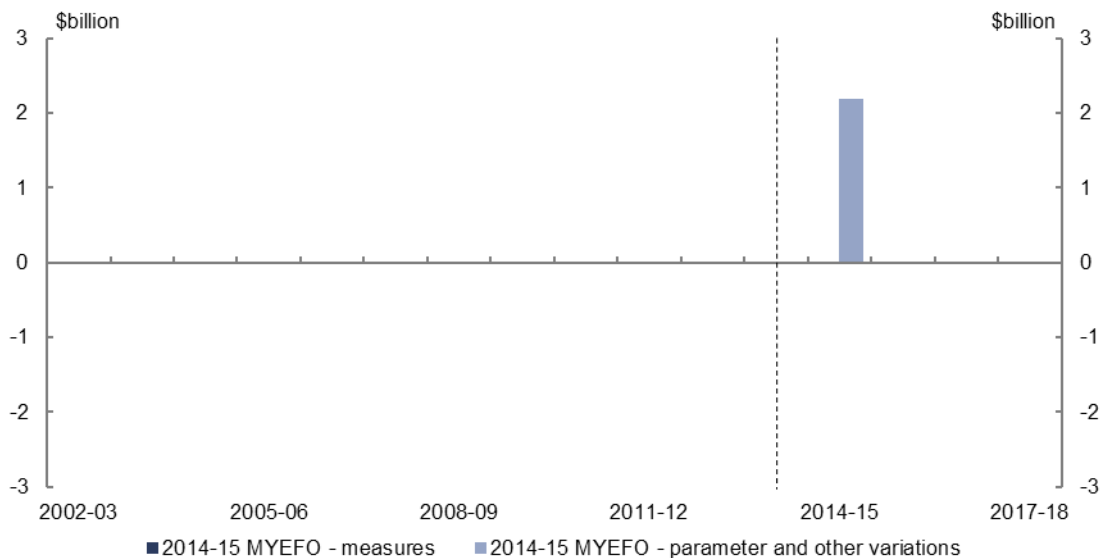


# Expenses – public sector superannuation

**Figure 41: Expenses – public sector superannuation – change from 2014-15 Budget to 2014-15 MYEFO estimates**



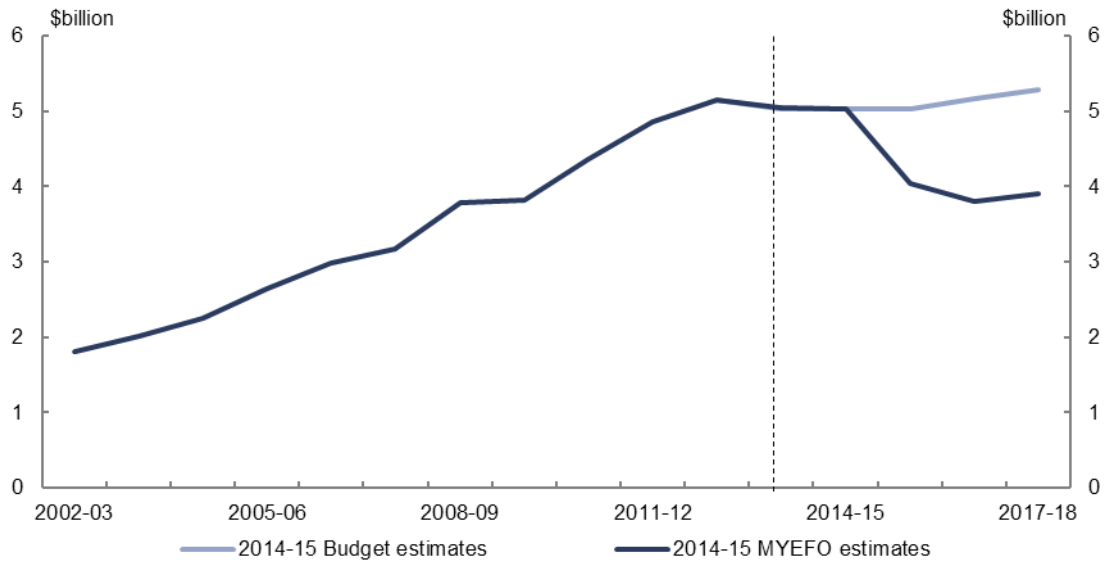
**Figure 42: Expenses – public sector superannuation – change from 2014-15 Budget to 2014-15 MYEFO estimates by measures and other variations**



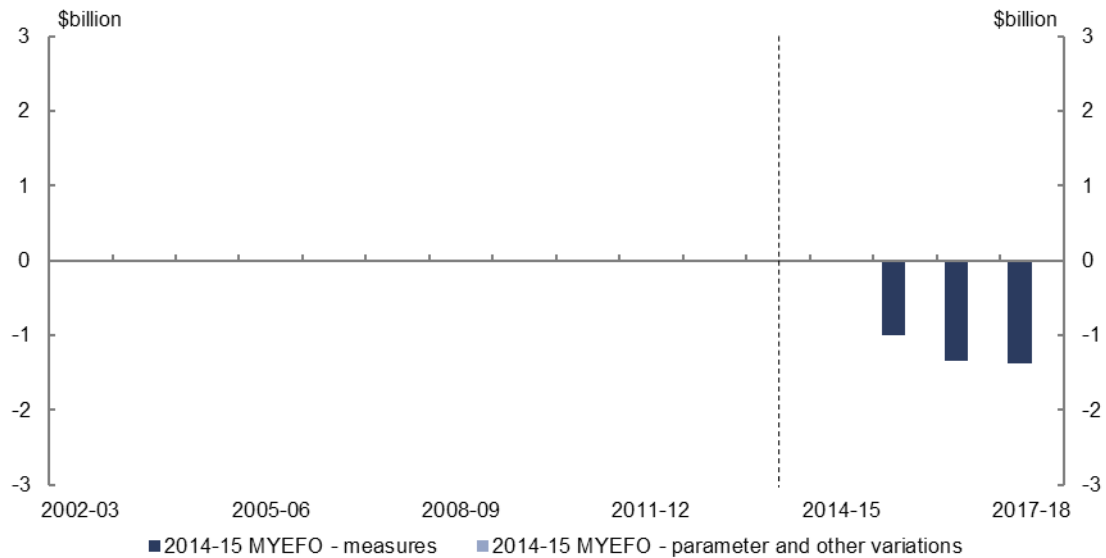
- Parameter and other variations are expected to increase public sector superannuation expenses by \$2.2 billion in 2014-15. This is due to the practice of changing the discount rate for the current year to the long-term government bond rate at MYEFO, from an actuarially based rate used at the Budget.

# Expenses – Official Development Assistance

**Figure 43: Expenses – Official Development Assistance – change from 2014-15 Budget to 2014-15 MYEFO estimates**



**Figure 44: Expenses – Official Development Assistance – change from 2014-15 Budget to 2014-15 MYEFO estimates by measures and other variations**



- Relative to the 2014-15 Budget, the policy decision to reduce funding for Official Development Assistance by \$3.7 billion is expected to decrease expenses over the four years to 2017-18.



[www.pbo.gov.au](http://www.pbo.gov.au)