



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

# 2016–17 Mid-Year Economic and Fiscal Outlook — charts

A graphical summary of the 2016–17 MYEFO relative to  
the 2016–17 Budget, showing the impacts of policy  
decisions and other factors

*Date issued: 12 January 2017*

© Commonwealth of Australia 2017

ISSN 978-0-9953836-0-9 (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

**Designed by:** Studio Tweed

#### **First 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	1
Underlying cash balance	3
Total receipts	4
Total payments	5
Revenue – individuals and other withholding taxes	6
Revenue – company tax	7
Revenue – goods and services tax	8
Revenue – excise and customs duties	9
Revenue – non-tax revenue	10
Expenses – Age Pension	11
Expenses – Family Tax Benefit	12
Expenses – Disability Support Pension	13
Expenses – aged care	14
Expenses – job seeker income support	15
Expenses – income support for carers	16
Expenses – child care fee assistance	17
Expenses – parents’ income support	18
Expenses – Medicare Benefits Schedule	19
Expenses – assistance to the states and territories for public hospitals	20
Expenses – pharmaceutical benefits	21
Expenses – private health insurance rebate	22
Expenses – National Disability Insurance Scheme	23
Expenses – assistance to the states and territories for schools	24
Expenses – higher education grants	25

Higher Education Loan Programme	26
Defence (expenses and net capital investment)	27
Expenses – public debt interest	28
Expenses – public sector superannuation	29
Expenses – road and rail infrastructure	30
Official Development Assistance	31

# Notes

These charts provide a visual summary of the key drivers of the 2016–17 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 2016–17 MYEFO, as well as the 2016–17 Budget, the 2015–16 Final Budget Outcome and government agency annual reports. Where applicable, additional information provided by agencies has supplemented the publicly available information.

At the aggregate level the *underlying cash balance*, *total receipts*, and *total payments* charts have been prepared on a cash basis. Charts on individual revenue heads and expenditure programs have been prepared on an accruals basis (apart from the Higher Education Loan Programme and Official Development Assistance), consistent with the presentation of decisions in the Budget papers.

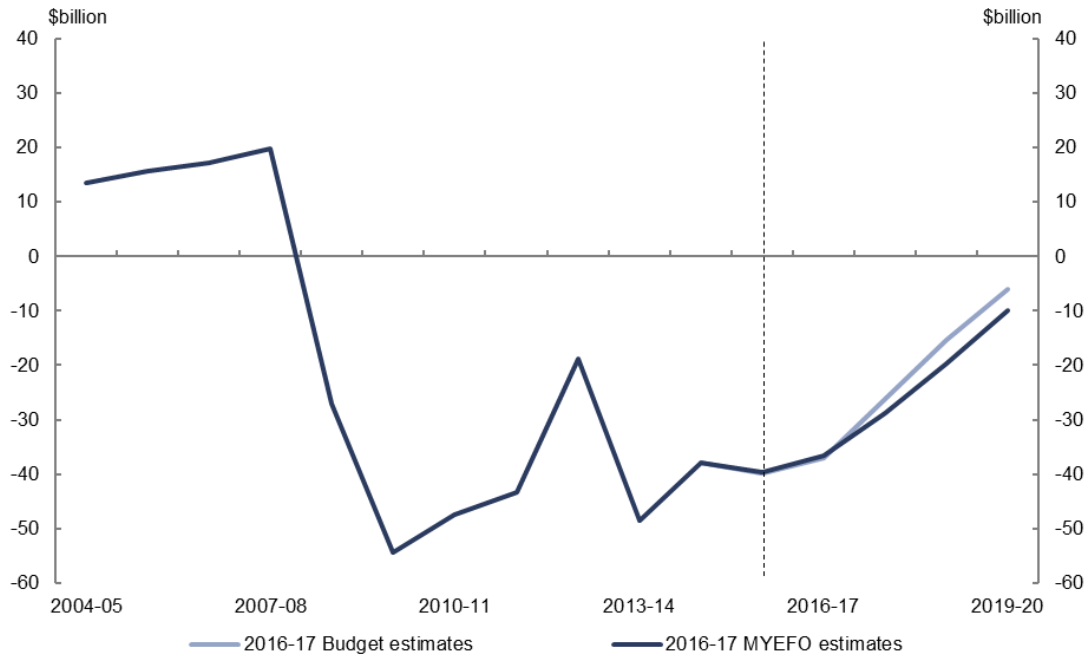
Consistent with MYEFO, the charts show the financial impact of policy decisions up to and including 2019–20. The charts show movements due to parameter and other variations since the 2016–17 Budget, which are available for the 2016–17 to 2019–20 years.

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.

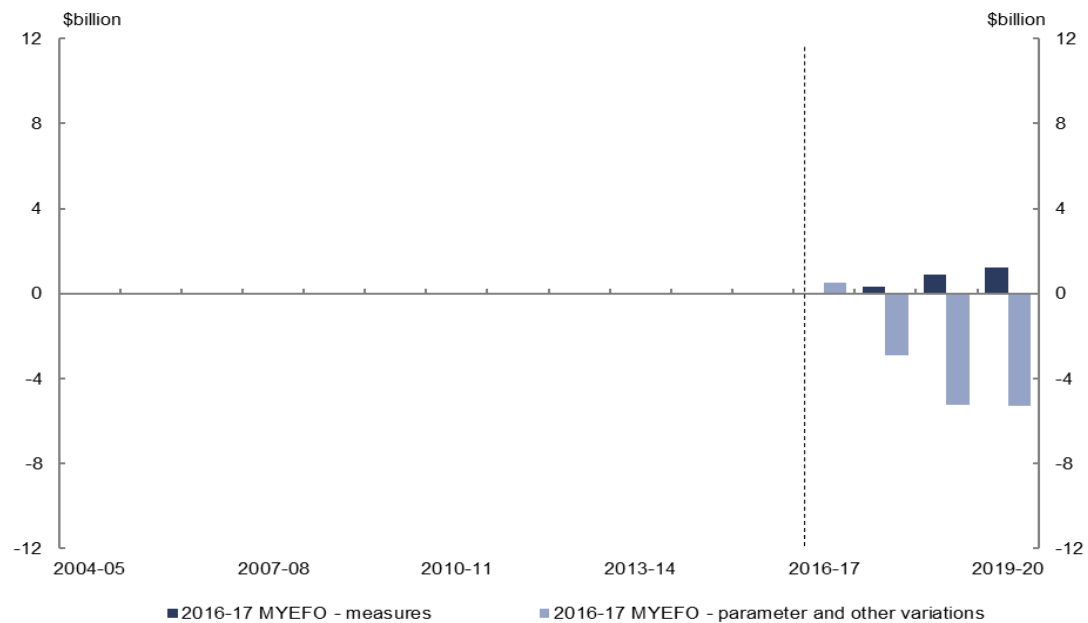


# Underlying cash balance

**Figure 1: Underlying cash balance – change from 2016–17 Budget to 2016–17 MYEFO estimates**



**Figure 2: Underlying cash balance – change from 2016–17 Budget to 2016–17 MYEFO by measures and other variations**



- Relative to the 2016–17 Budget, policy decisions are expected to increase the underlying cash balance by \$2.5 billion over the four years to 2019–20.
- Parameter and other variations are expected to decrease the underlying cash balance by \$12.8 billion over the four years to 2019–20, relative to the 2016–17 Budget.

# Total receipts

Figure 3: Total receipts – change from 2016–17 Budget to 2016–17 MYEFO estimates

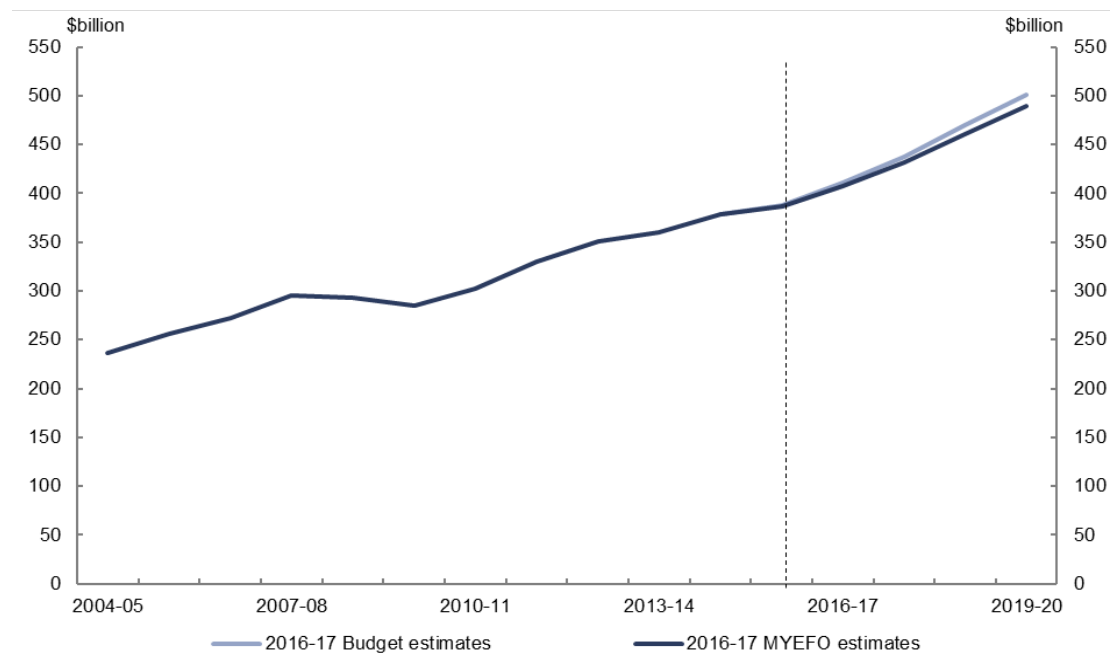
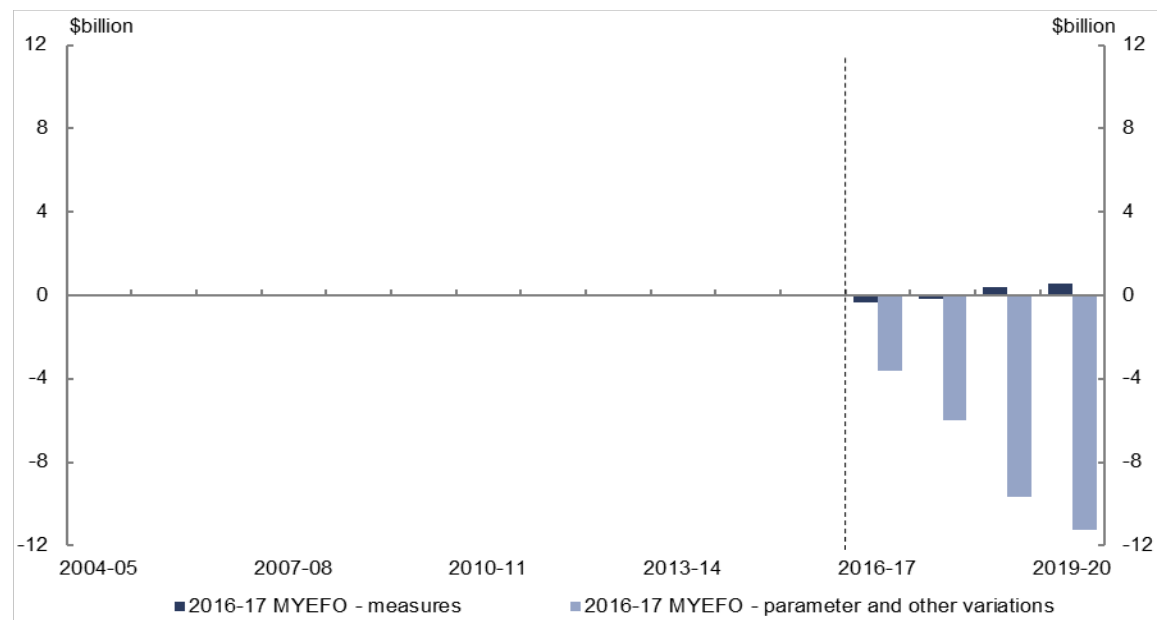


Figure 4: Total receipts – change from 2016–17 Budget to 2016–17 MYEFO by measures and other variations



- Relative to the 2016–17 Budget, policy decisions are expected to increase total receipts by \$0.5 billion over the four years to 2019–20.
- Parameter and other variations are expected to decrease total receipts by \$30.5 billion over the four years to 2019–20, relative to the 2016–17 Budget.



# Total payments

Figure 5: Total payments – change from 2016–17 Budget to 2016–17 MYEFO estimates

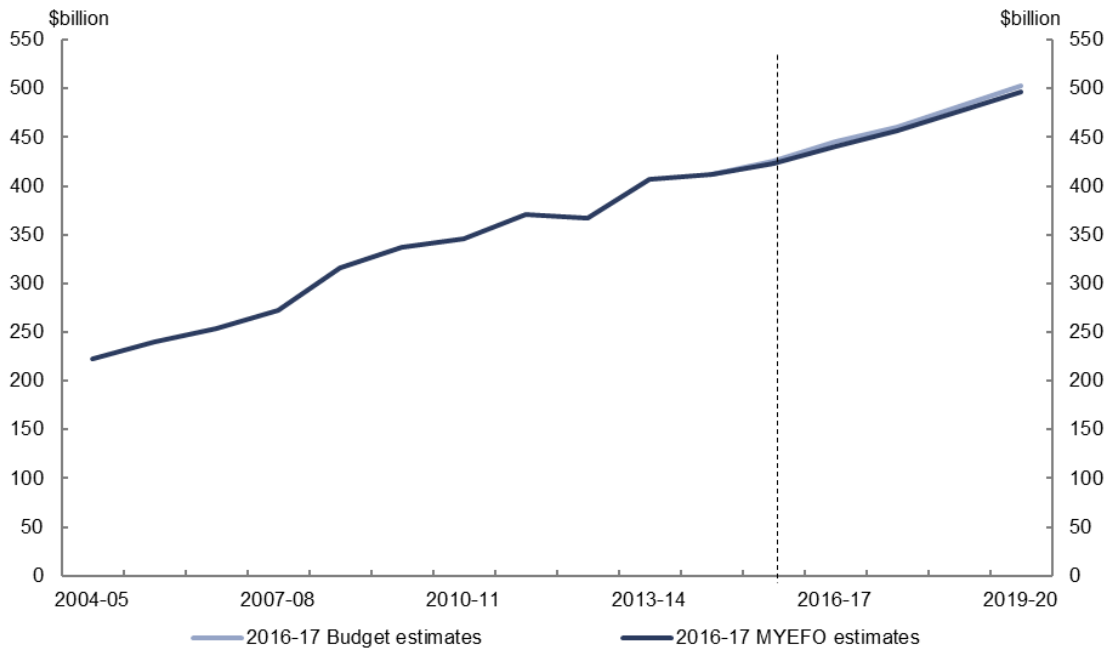
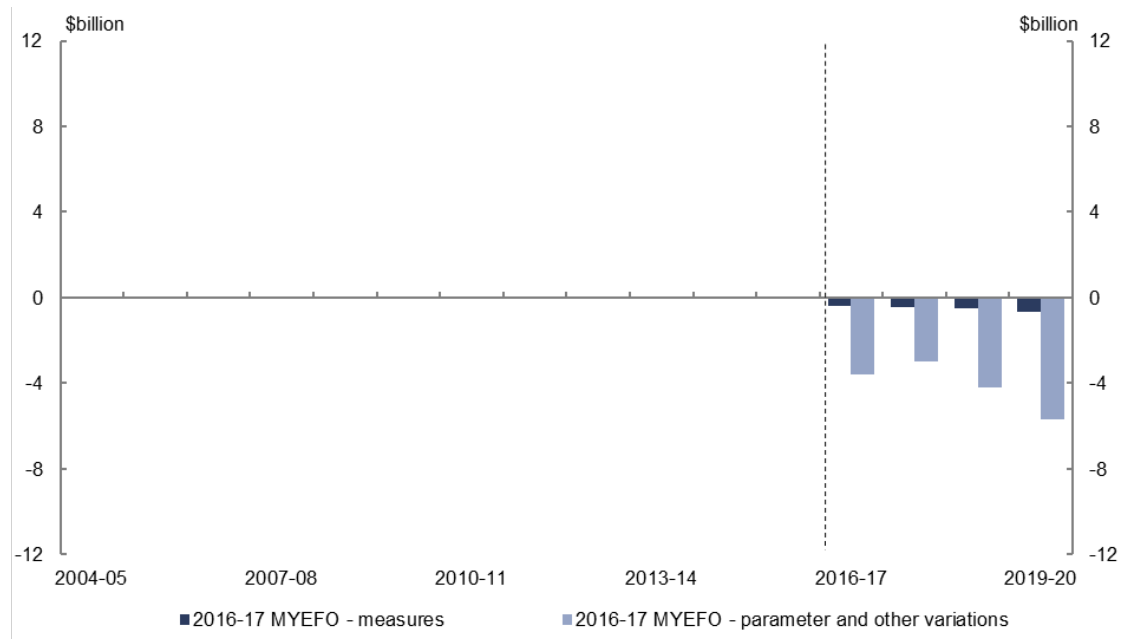


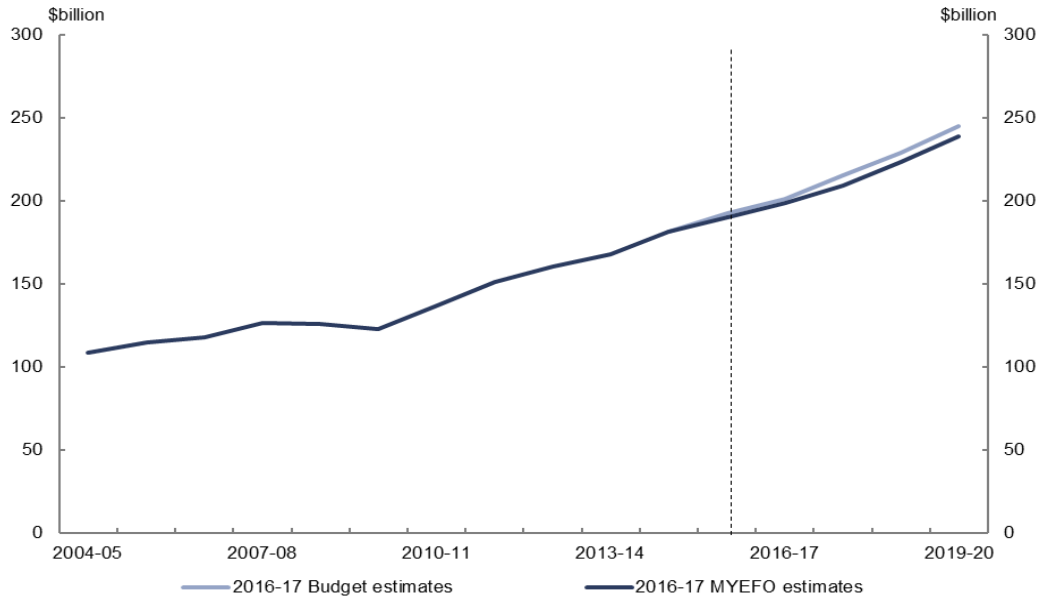
Figure 6: Total payments – change from 2016–17 Budget to 2016–17 MYEFO by measures and other variations



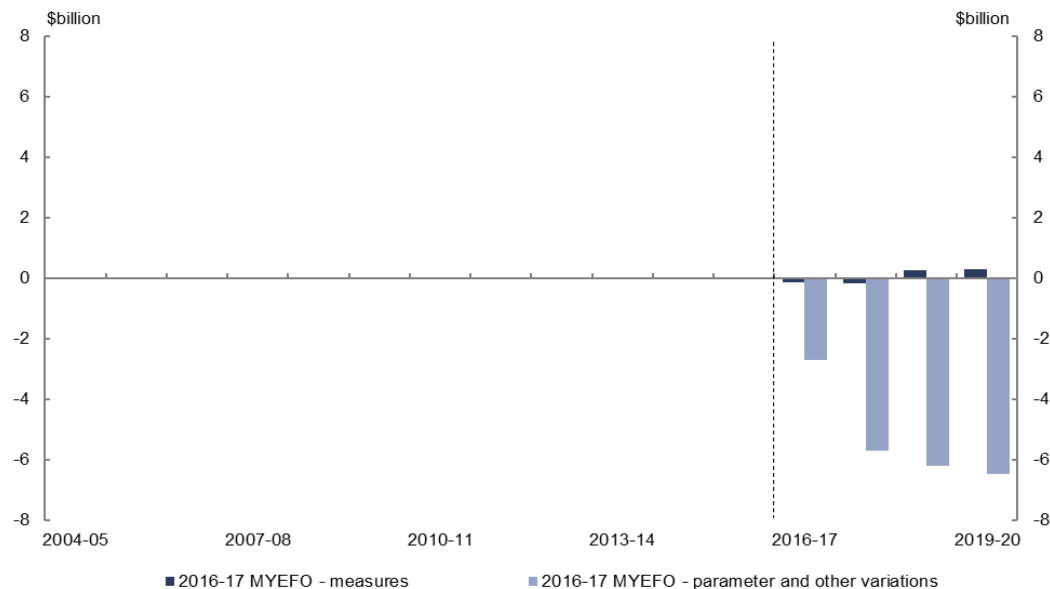
- Relative to the 2016–17 Budget, policy decisions are expected to decrease total payments by \$2.0 billion over the four years to 2019–20.
- Parameter and other variations are expected to decrease total payments by \$16.5 billion over the four years to 2019–20, relative to the 2016–17 Budget.

# Revenue – individuals and other withholding taxes

**Figure 7: Revenue – individuals and other withholding taxes – change from 2016–17 Budget to 2016–17 MYEFO estimates**



**Figure 8: Revenue – individuals and other withholding taxes – change from 2016–17 Budget to 2016–17 MYEFO by measures and other variations**



- Relative to the 2016–17 Budget, policy decisions are expected to increase individuals and other withholding tax revenue by \$0.2 billion over the four years to 2019–20.
- Parameter and other variations are expected to decrease individuals and other withholding tax revenue by \$21.1 billion over the four years to 2019–20, relative to the 2016–17 Budget, largely reflecting lower forecast wages growth.

# Revenue – company tax

Figure 9: Revenue – company tax – change from 2016–17 Budget to 2016–17 MYEFO estimates

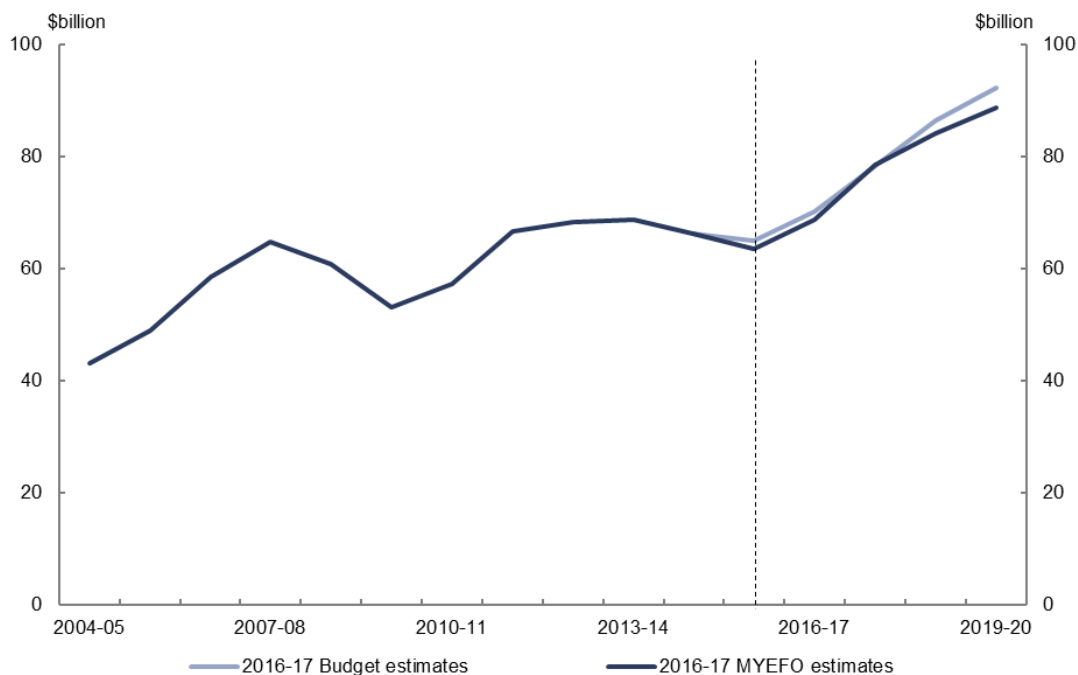
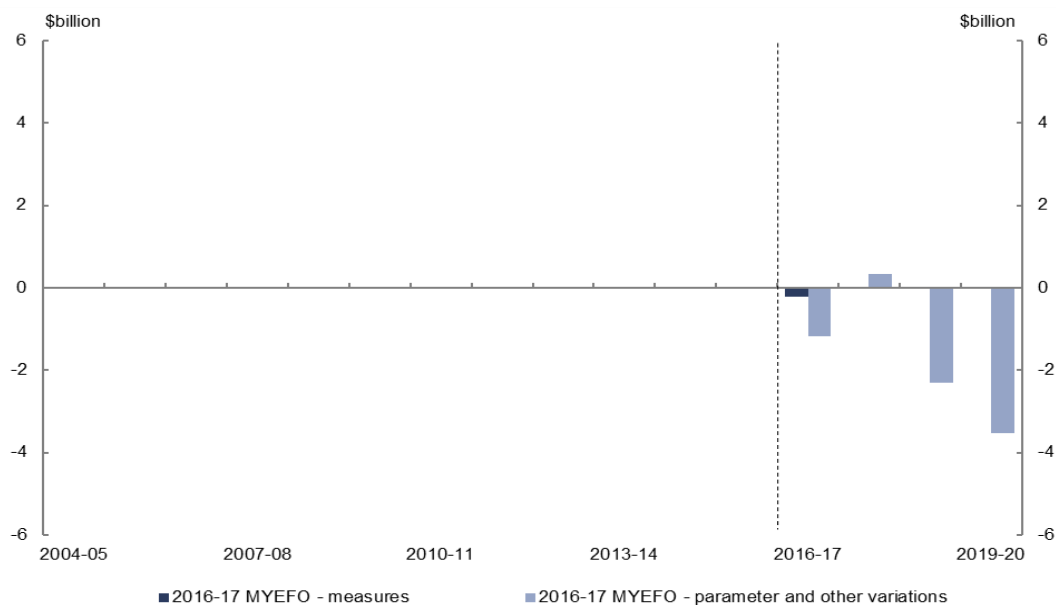


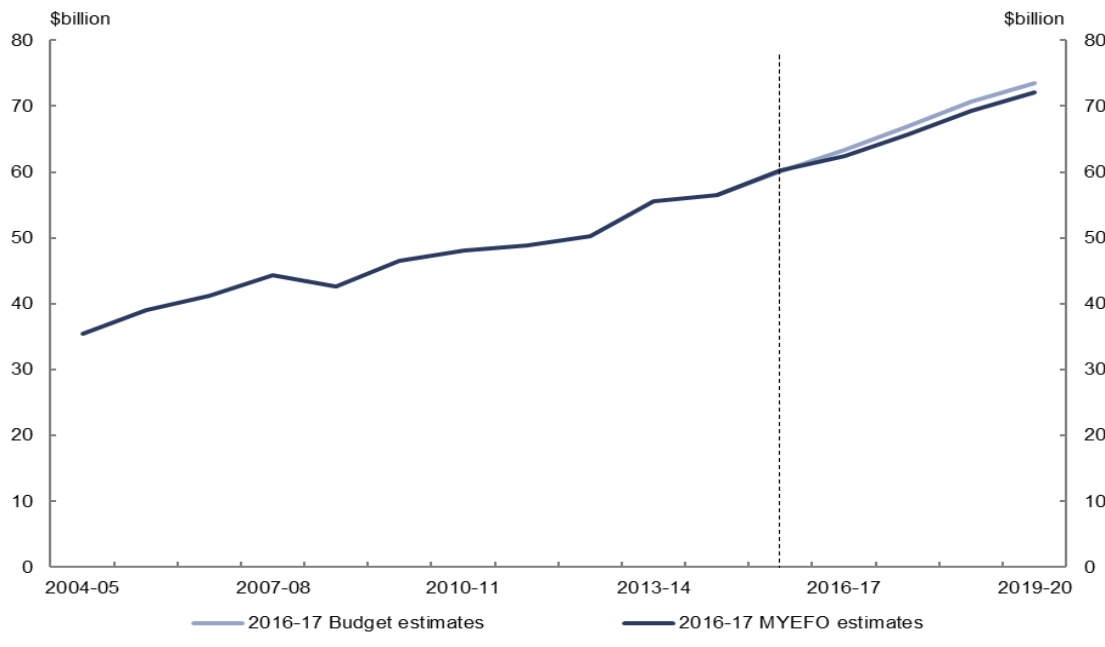
Figure 10: Revenue – company tax – change from 2016–17 Budget to 2016–17 MYEFO by measures and other variations



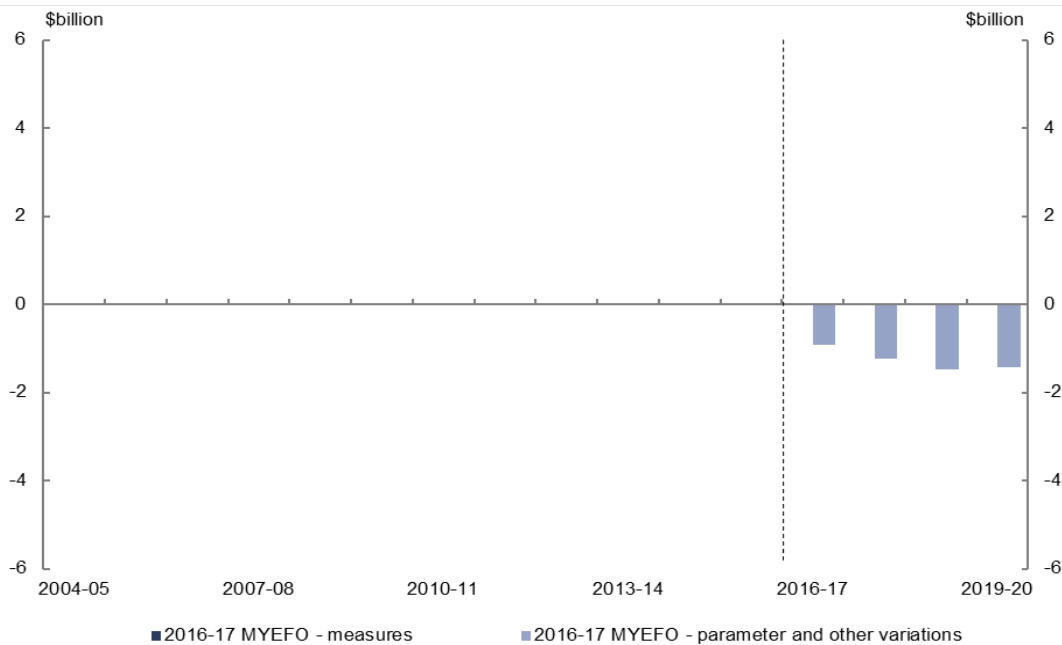
- Relative to the 2016–17 Budget, policy decisions are expected to decrease company tax revenue by \$0.2 billion over the four years to 2019–20.
- Parameter and other variations are expected to decrease company tax revenue by \$6.7 billion over the four years to 2019–20, relative to the 2016–17 Budget, largely due to weaker profits in the non-mining sector.

# Revenue – goods and services tax

**Figure 11: Revenue – goods and services tax – change from 2016–17 Budget to 2016–17 MYEFO estimates**



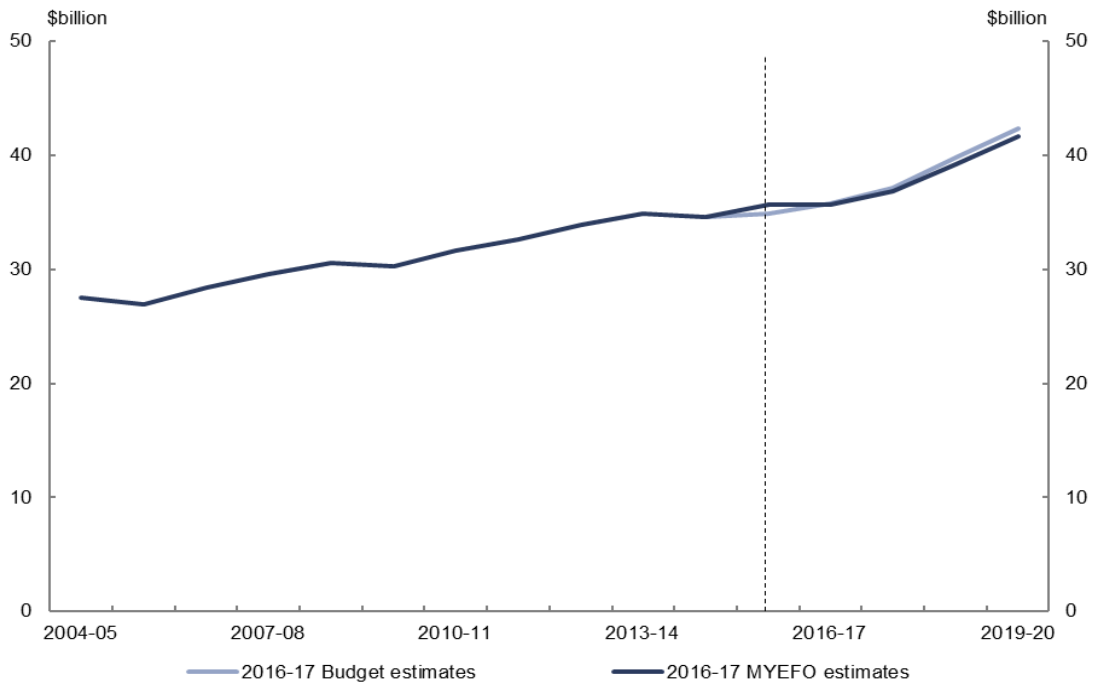
**Figure 12: Revenue – goods and services tax – change from 2016–17 Budget to 2016–17 MYEFO by measures and other variations**



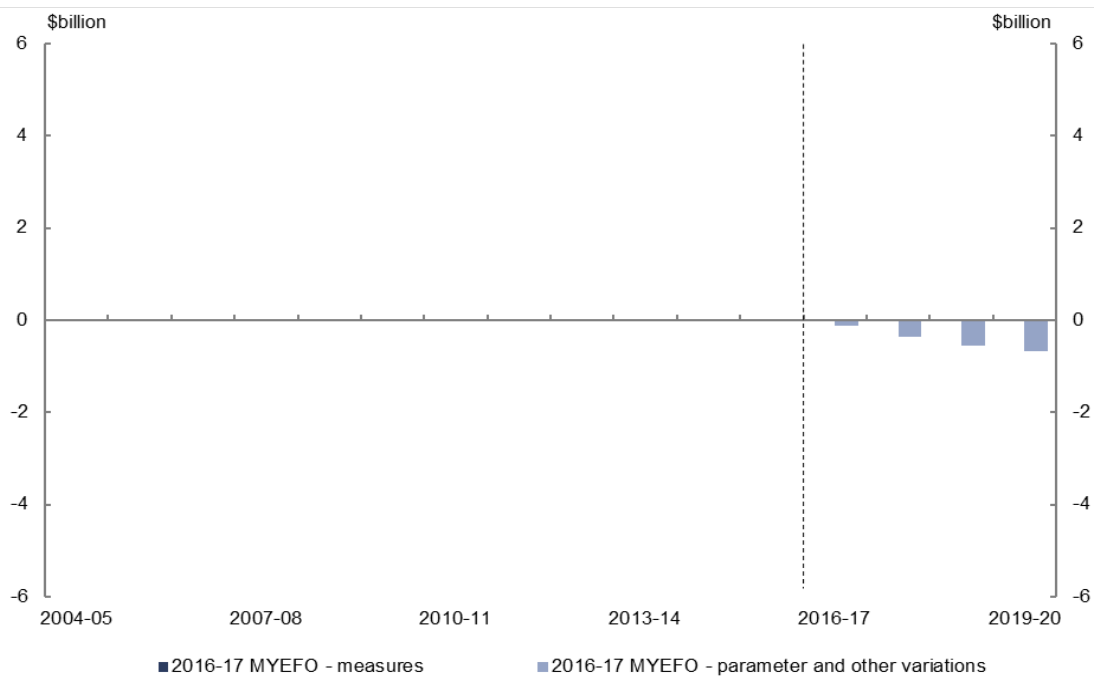
- Parameter and other variations are expected to decrease goods and service tax revenue by \$5.1 billion over the four years to 2019–20, relative to the 2016–17 Budget, reflecting lower forecast household consumption growth over the period.

# Revenue – excise and customs duties

**Figure 13: Revenue – excise and customs duties – change from 2016–17 Budget to 2016–17 MYEFO estimates**



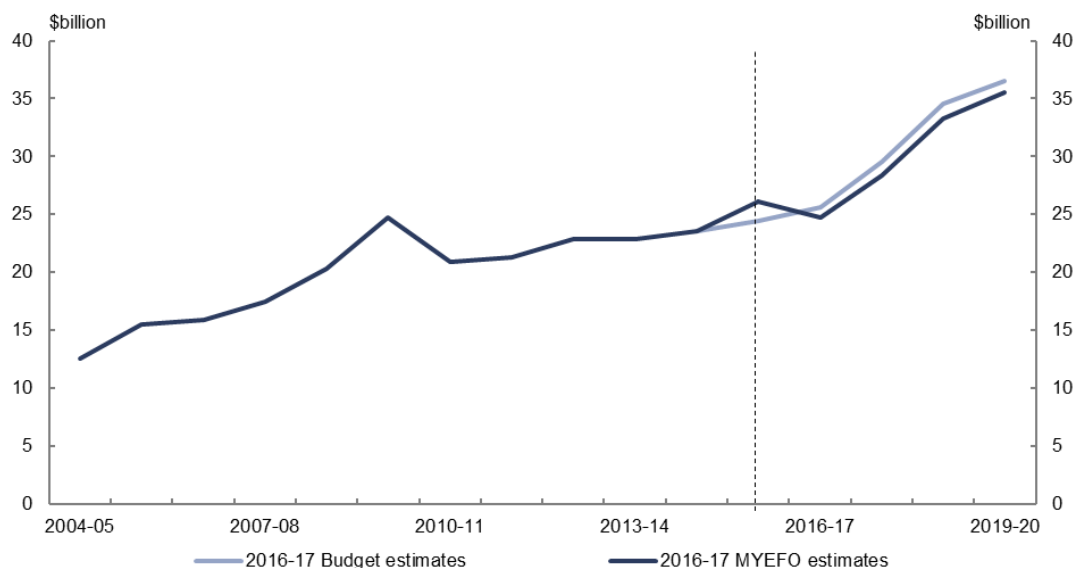
**Figure 14: Revenue – excise and customs duties – change from 2016–17 Budget to 2016–17 MYEFO by measures and other variations**



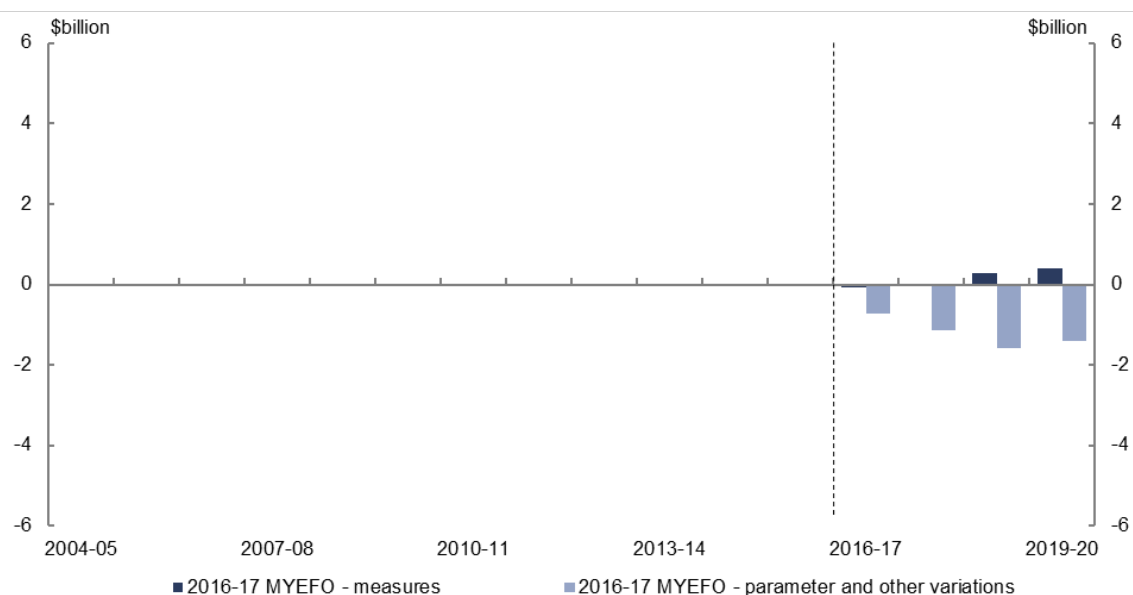
- Parameter and other variations are expected to decrease excise and customs revenue by \$1.7 billion over the four years to 2019–20, relative to the 2016–17 Budget, largely reflecting lower forecast growth in fuel consumption.

# Revenue – non-tax revenue

**Figure 15: Revenue – non-tax revenue – change from 2016–17 Budget to 2016–17 MYEFO estimates**



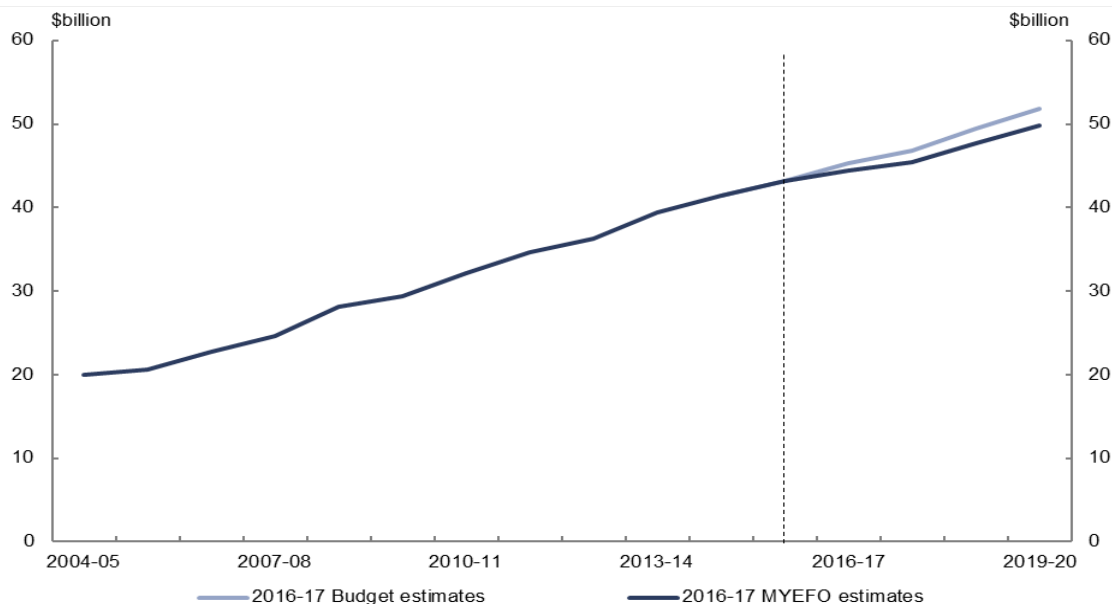
**Figure 16: Revenue – non-tax revenue – change from 2016–17 Budget to 2016–17 MYEFO by measures and other variations**



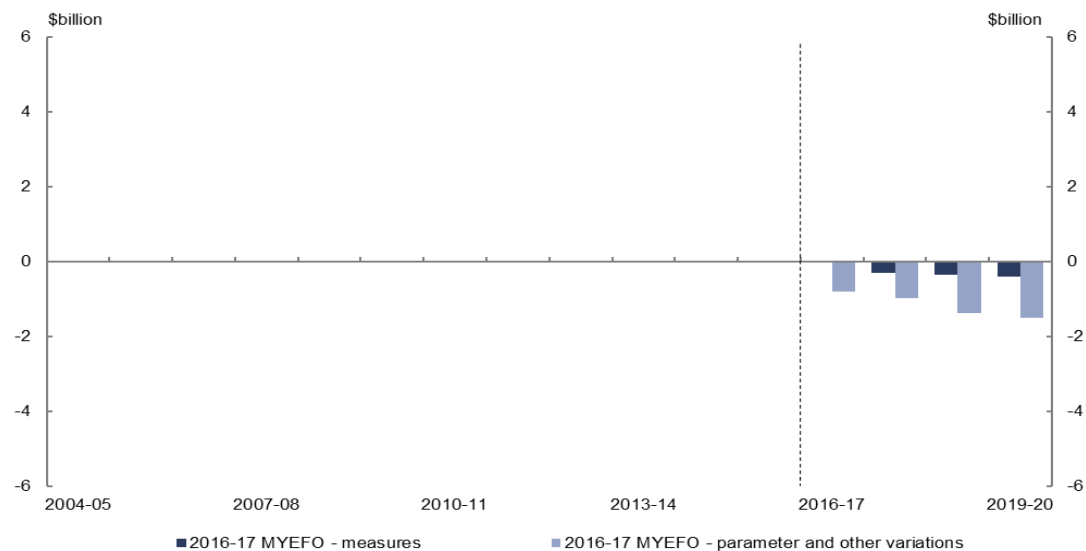
- Relative to the 2016–17 Budget, policy decisions are expected to increase non-tax revenue by \$0.6 billion over the four years to 2019–20, largely reflecting interest revenue from the Government’s loan to NBN Co.
- Parameter and other variations are expected to decrease non-tax revenue by \$4.9 billion over the four years to 2019–20, relative to the 2016–17 Budget, which includes reduced interest earnings from the Future Fund, and lower expected dividends from the Reserve Bank of Australia.

# Expenses – Age Pension

**Figure 17: Expenses – Age Pension – change from 2016–17 Budget to 2016–17 MYEFO estimates**



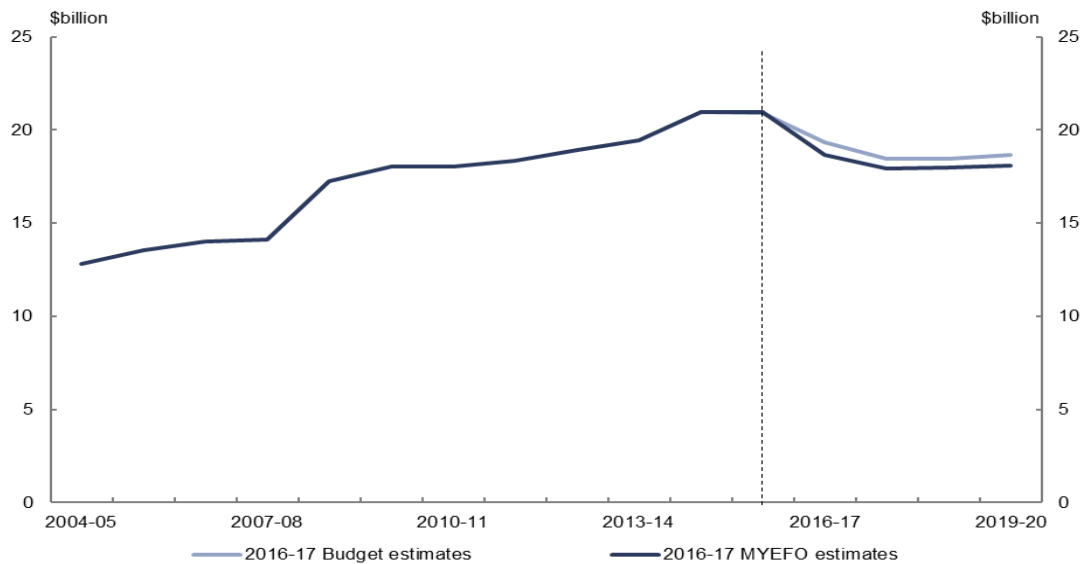
**Figure 18: Expenses – Age Pension – change from 2016–17 Budget to 2016–17 MYEFO by measures and other variations**



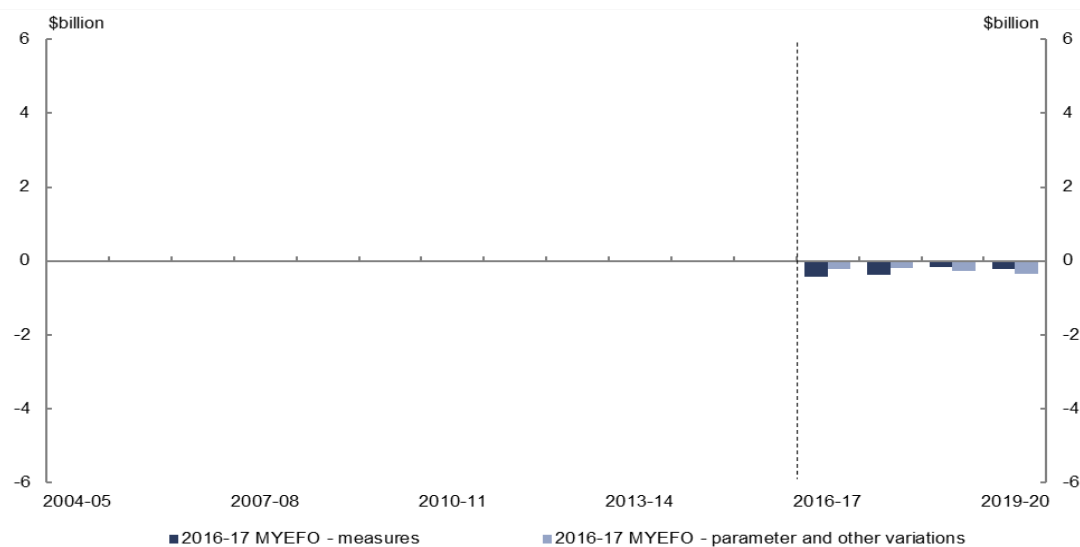
- Relative to the 2016–17 Budget, policy decisions are expected to decrease expenses on the Age Pension by \$1.1 billion over the four years to 2019–20, primarily due to measures to enhance the integrity of social welfare payments, including expanding and extending data matching activities with the Australian Taxation Office.
- Parameter and other variations are expected to decrease expenses on the Age Pension by \$4.7 billion over the four years to 2019–20, relative to the 2016–17 Budget, reflecting the lower indexation of payments due to lower forecast CPI growth, and lower expected average payment rates and recipient numbers.

# Expenses – Family Tax Benefit

**Figure 19: Expenses – Family Tax Benefit – change from 2016–17 Budget to 2016–17 MYEFO estimates**



**Figure 20: Expenses – Family Tax Benefit – change from 2016–17 Budget to 2016–17 MYEFO by measures and other variations**

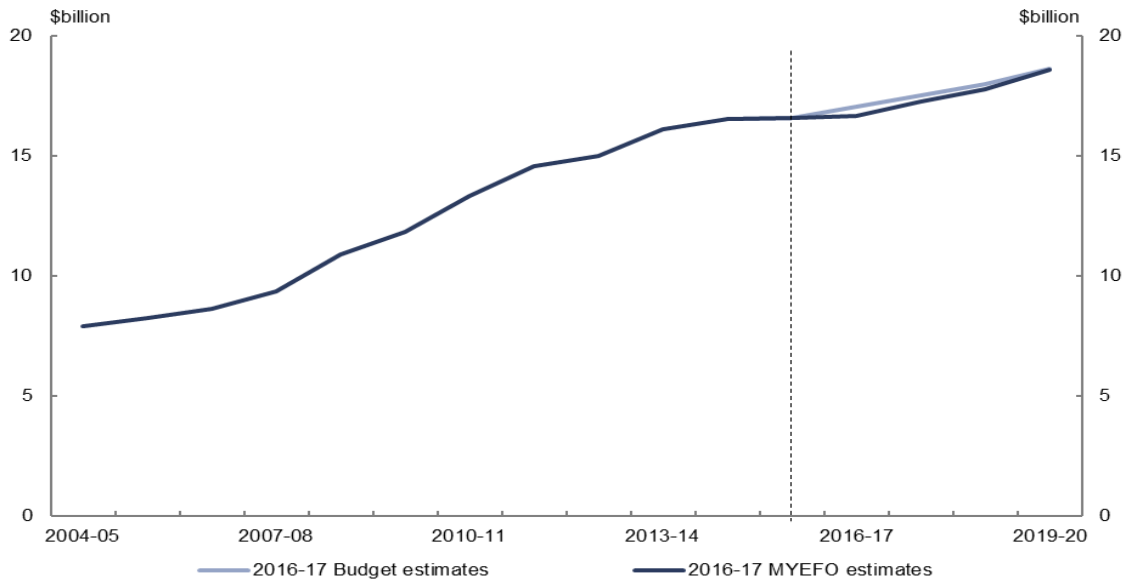


- Relative to the 2016–17 Budget, policy decisions are expected to decrease expenses on Family Tax Benefit (FTB) by \$1.2 billion over the four years to 2019–20, due to ceasing the FTB Part A end-of-year supplement for families earning over \$80,000 from 2016–17, and not increasing FTB Part B by \$1,000 for families with a youngest child aged under one year.
- Parameter and other variations are expected to decrease expenses on Family Tax Benefit by \$1.0 billion over the four years to 2019–20, relative to the 2016–17 Budget, reflecting the lower indexation of payments due to lower forecast CPI growth and lower expected payment rates.

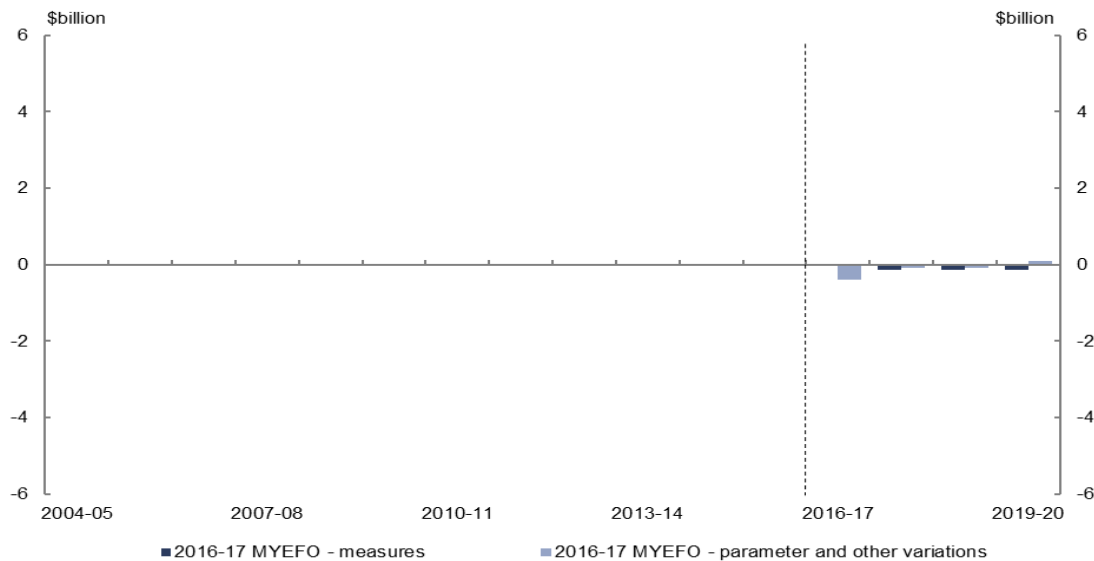


# Expenses – Disability Support Pension

**Figure 21: Expenses – Disability Support Pension – change from 2016–17 Budget to 2016–17 MYEFO estimates**



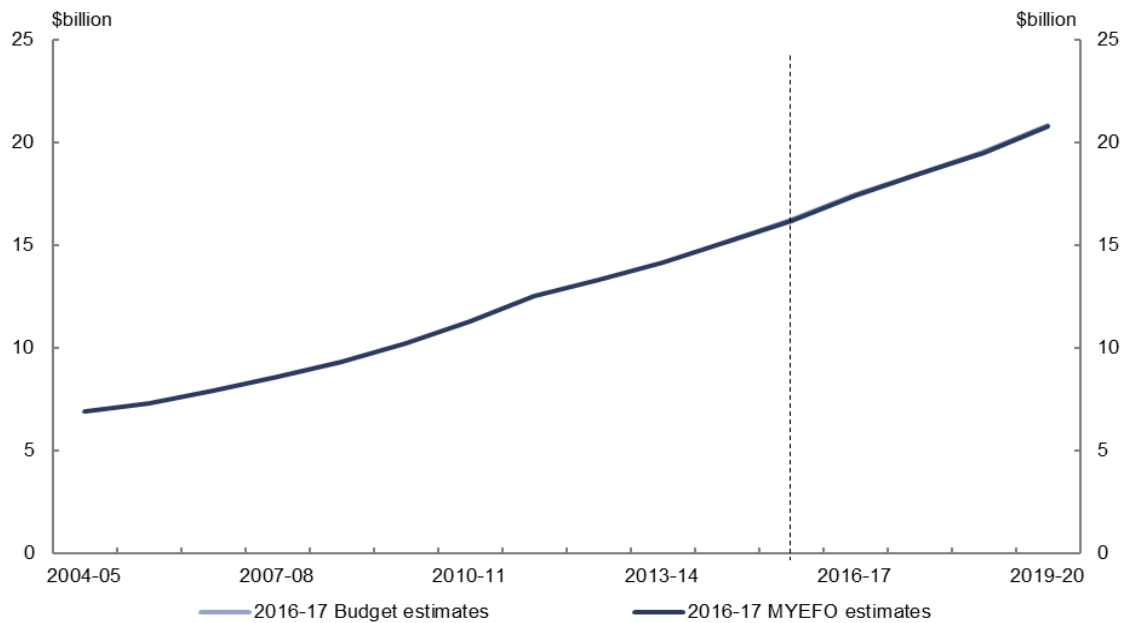
**Figure 22: Expenses – Disability Support Pension – change from 2016–17 Budget to 2016–17 MYEFO by measures and other variations**



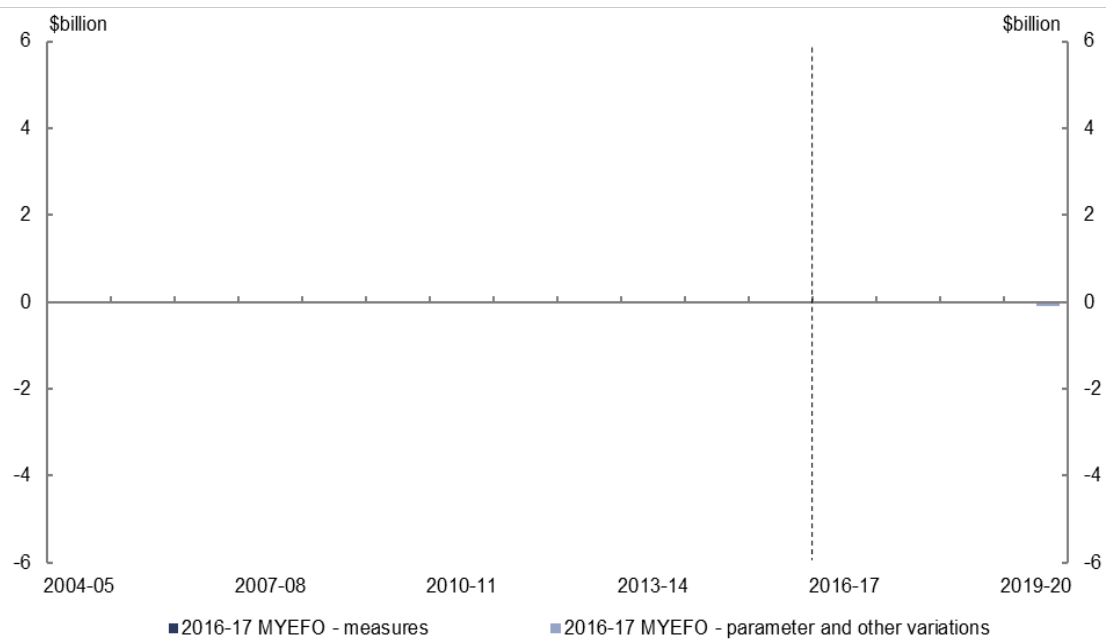
- Relative to the 2016–17 Budget, policy decisions are expected to decrease expenses on the Disability Support Pension by \$0.4 billion over the four years to 2019–20, primarily due to measures to enhance the integrity of social welfare payments, including expanding and extending data matching activities with the Australian Taxation Office.
- Parameter and other variations are expected to decrease expenses on the Disability Support Pension by \$0.5 billion over the four years to 2019–20, relative to the 2016–17 Budget, primarily due to the lower indexation of payments due to lower forecast CPI growth.

# Expenses – aged care

**Figure 23: Expenses – aged care – change from 2016–17 Budget to 2016–17 MYEFO estimates**



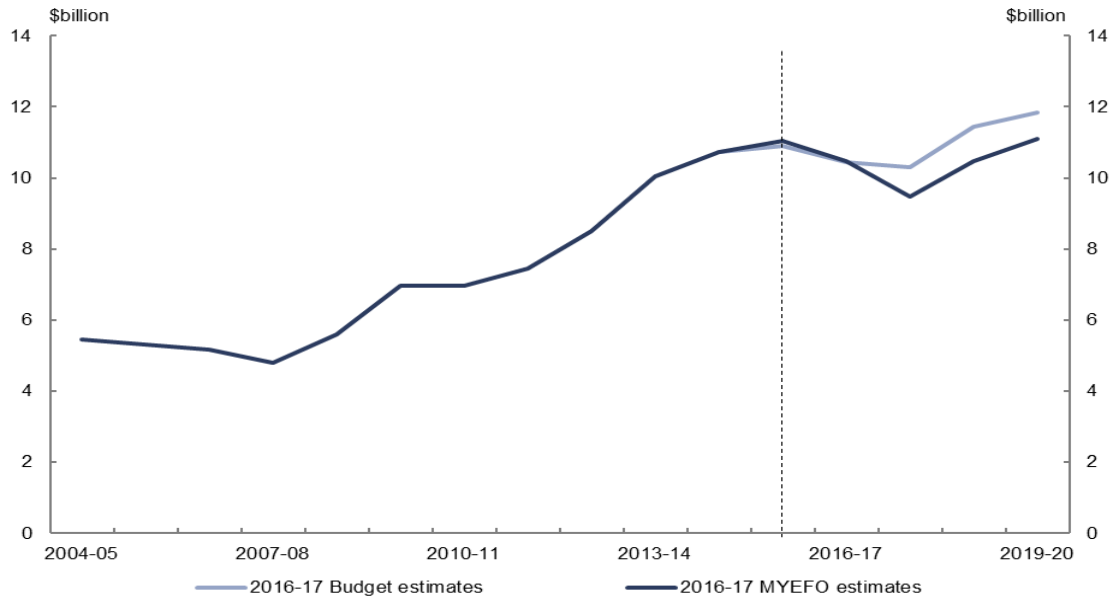
**Figure 24: Expenses – aged care – change from 2016–17 Budget to 2016–17 MYEFO by measures and other variations**



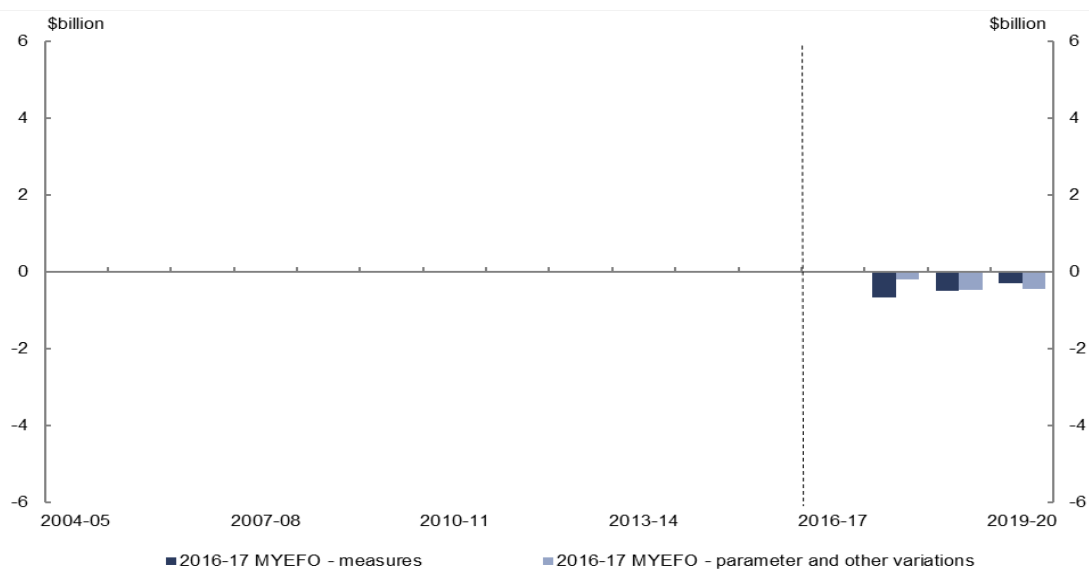
- Relative to the 2016–17 Budget, policy decisions are expected to decrease expenses on aged care by \$0.1 billion over the four years to 2019–20.
- Parameter and other variations are expected to decrease expenses on aged care by \$0.1 billion over the four years to 2019–20, relative to the 2016–17 Budget.

# Expenses – job seeker income support

**Figure 25: Expenses – job seeker income support – change from 2016–17 Budget to 2016–17 MYEFO estimates**



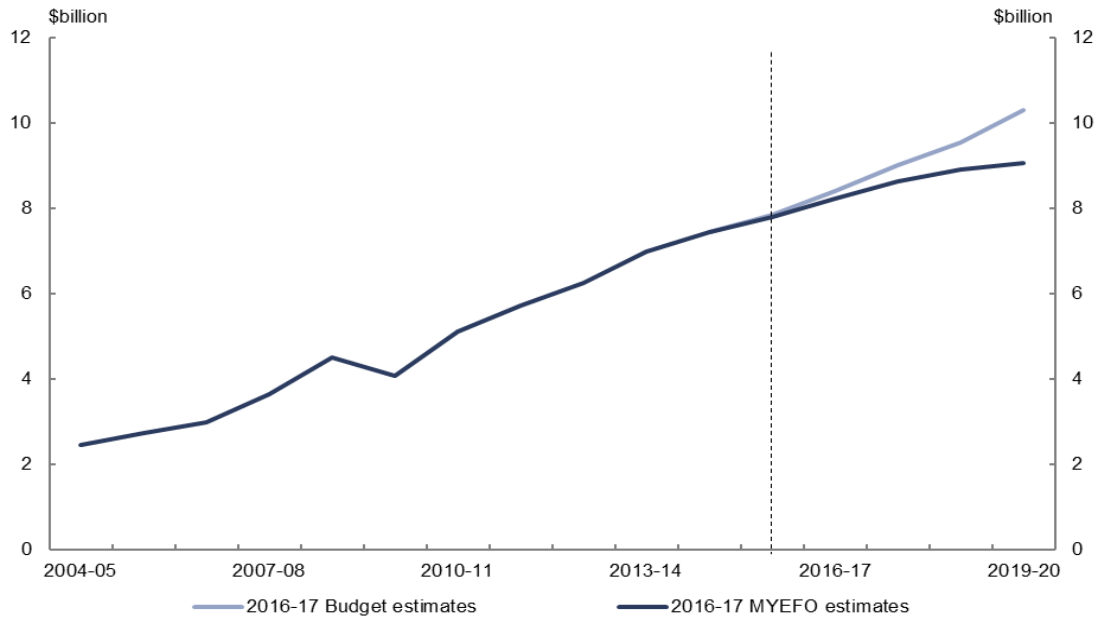
**Figure 26: Expenses – job seeker income support – change from 2016–17 Budget to 2016–17 MYEFO by measures and other variations**



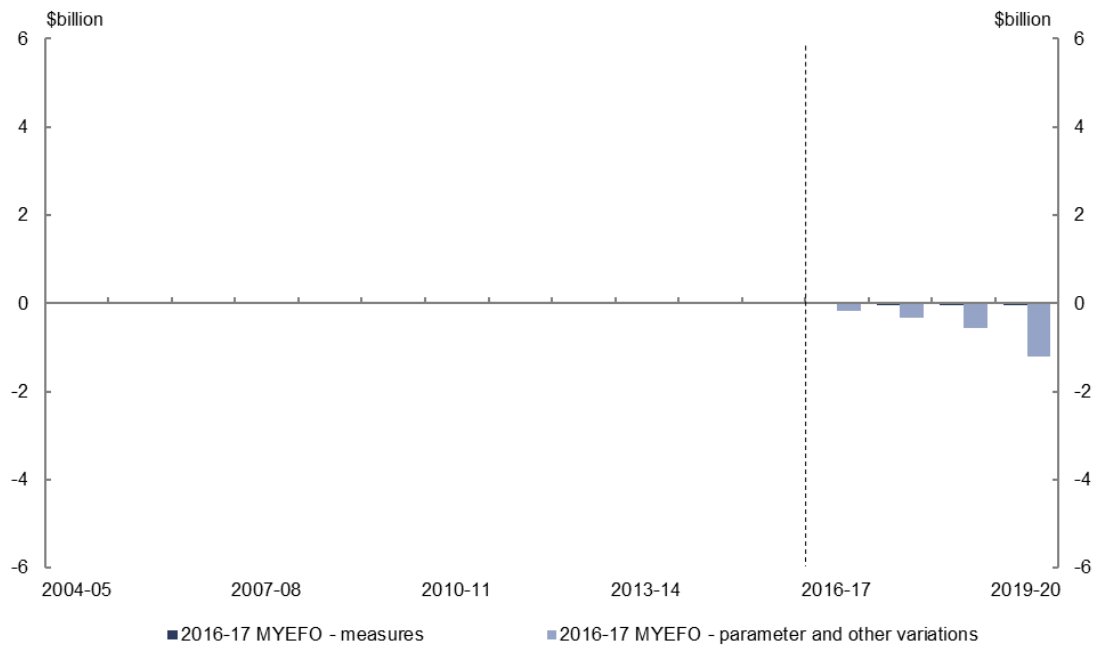
- Relative to the 2016–17 Budget, policy decisions are expected to decrease expenses on job seeker income support by \$1.5 billion over the four years to 2019–20, primarily due to measures to enhance the integrity of social welfare payments, including expanding and extending data matching activities with the Australian Taxation Office.
- Parameter and other variations are expected to decrease expenses on job seeker income support by \$1.1 billion over the four years to 2019–20, relative to the 2016–17 Budget, reflecting the lower indexation of payments due to lower forecast CPI growth.

# Expenses – income support for carers

**Figure 27: Expenses – income support for carers – change from 2016–17 Budget to 2016–17 MYEFO estimates**



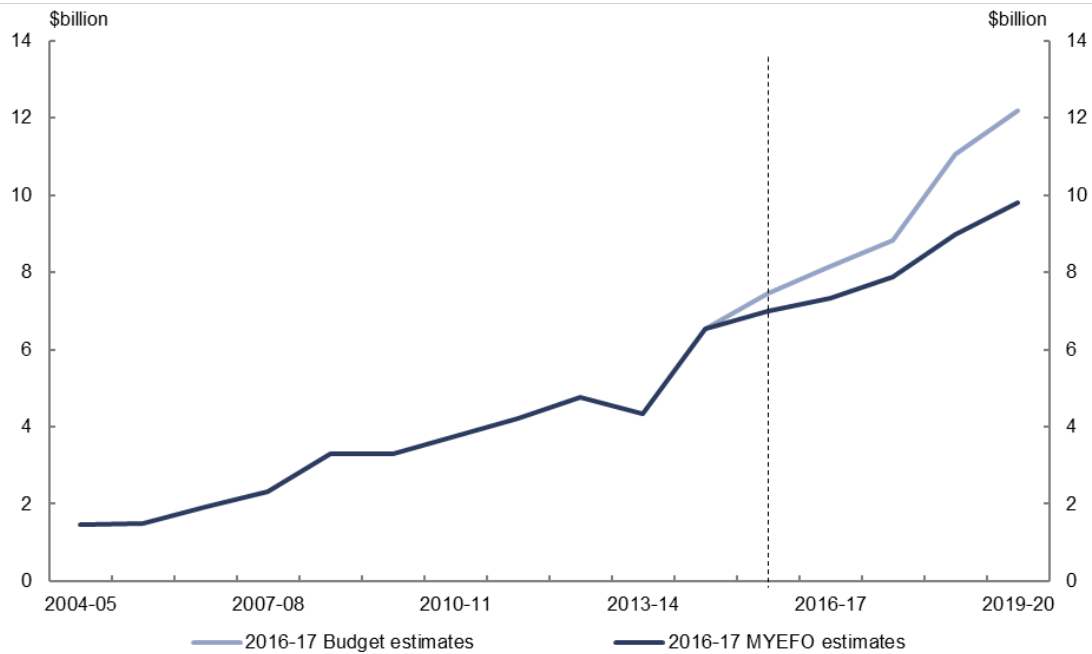
**Figure 28: Expenses – income support for carers – change from 2016–17 Budget to 2016–17 MYEFO by measures and other variations**



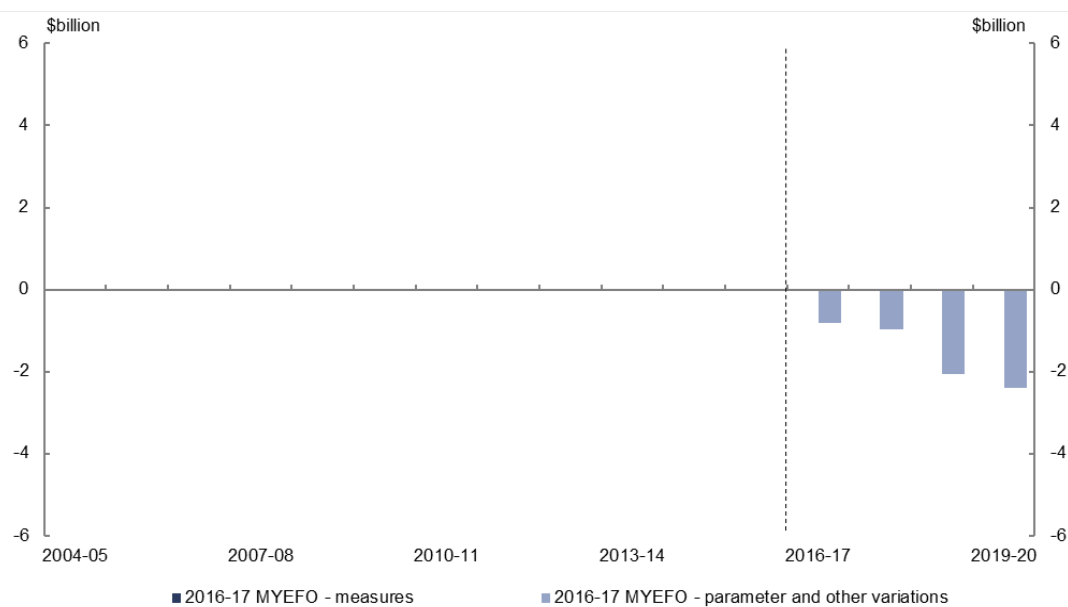
- Relative to the 2016–17 Budget, policy decisions are expected to decrease expenses on income support for carers by \$0.2 billion over the four years to 2019–20.
- Parameter and other variations are expected to decrease expenses on income support for carers by \$2.3 billion over the four years to 2019–20, relative to the 2016–17 Budget, largely reflecting lower growth in expected recipient numbers.

# Expenses – child care fee assistance

**Figure 29: Expenses – child care fee assistance – change from 2016–17 Budget to 2016–17 MYEFO estimates**



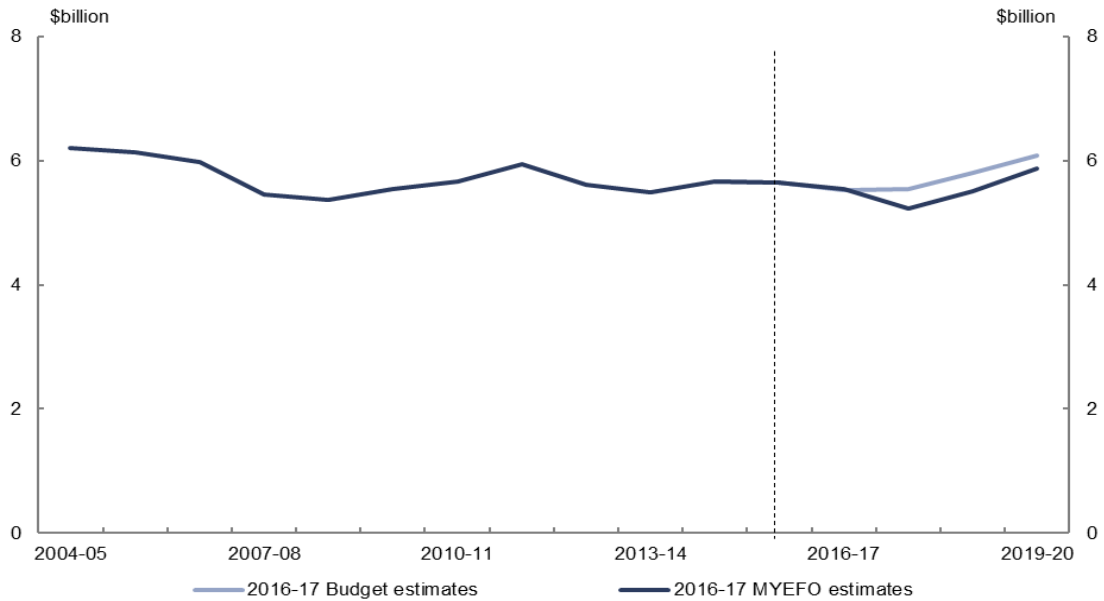
**Figure 30: Expenses – child care fee assistance – change from 2016–17 Budget to 2016–17 MYEFO by measures and other variations**



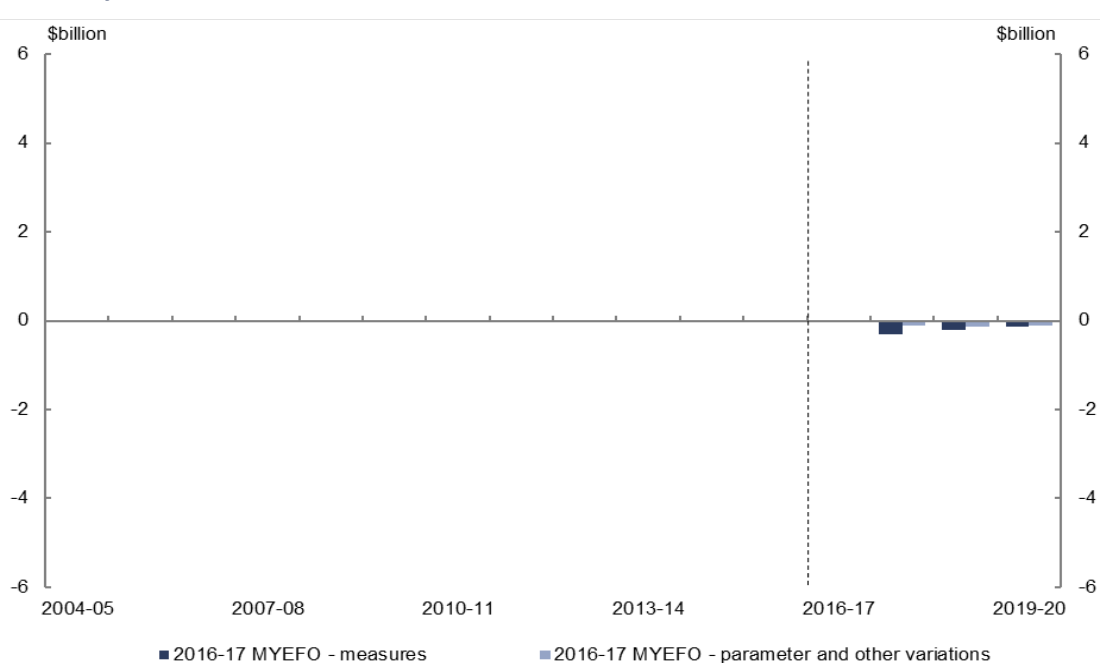
- Parameter and other variations are expected to decrease expenses on child care fee assistance by \$6.2 billion over the four years to 2019–20, relative to the 2016–17 Budget, reflecting a significant decrease in the forecast number of hours of subsidised child care accessed.

# Expenses – parents’ income support

**Figure 31: Expenses – parents’ income support – change from 2016–17 Budget to 2016–17 MYEFO estimates**



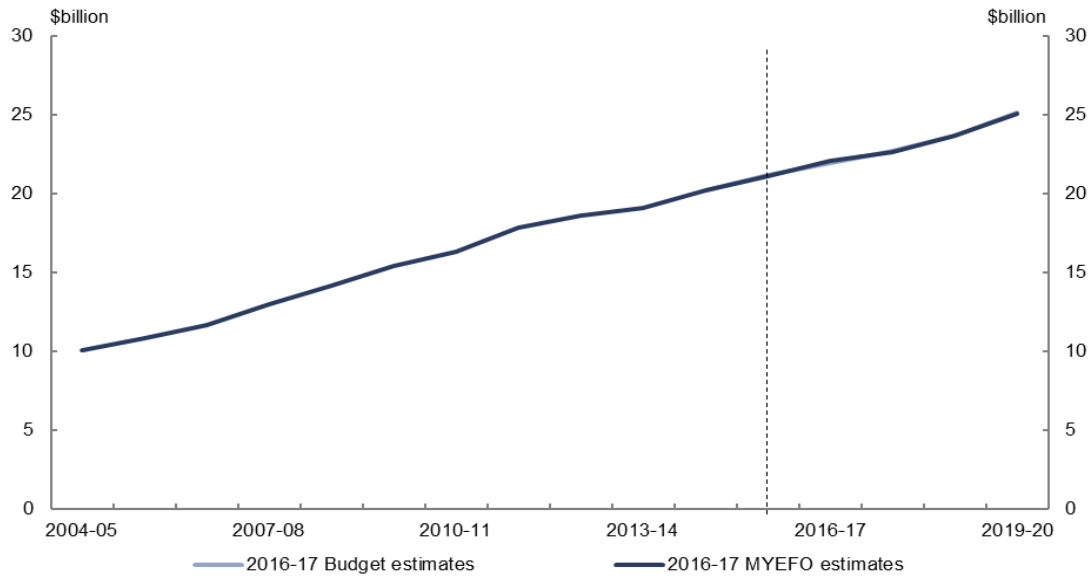
**Figure 32: Expenses – parents’ income support – change from 2016–17 Budget to 2016–17 MYEFO by measures and other variations**



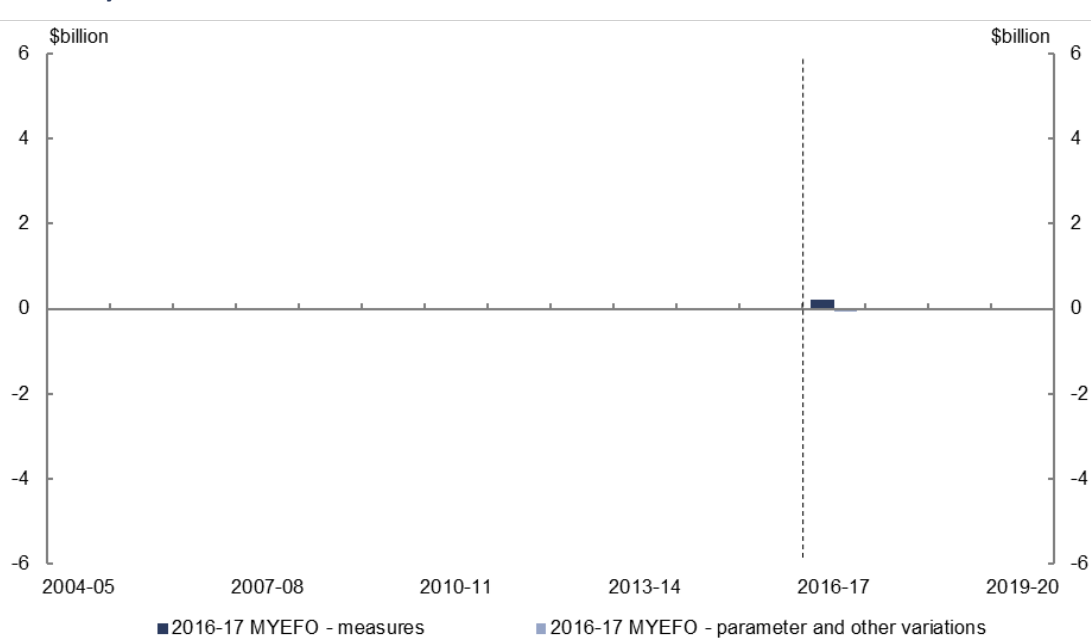
- Relative to the 2016–17 Budget, policy decisions are expected to decrease expenses on parents’ income support by \$0.7 billion over the four years to 2019–20, primarily due to measures to enhance the integrity of social welfare payments, including expanding and extending data matching activities with the Australian Taxation Office.
- Parameter and other variations are expected to decrease expenses on parents’ income support by \$0.4 billion over the four years to 2019–20, relative to the 2016–17 Budget.

# Expenses – Medicare Benefits Schedule

**Figure 33: Expenses – Medicare Benefits Schedule – change from 2016–17 Budget to 2016–17 MYEFO estimates**



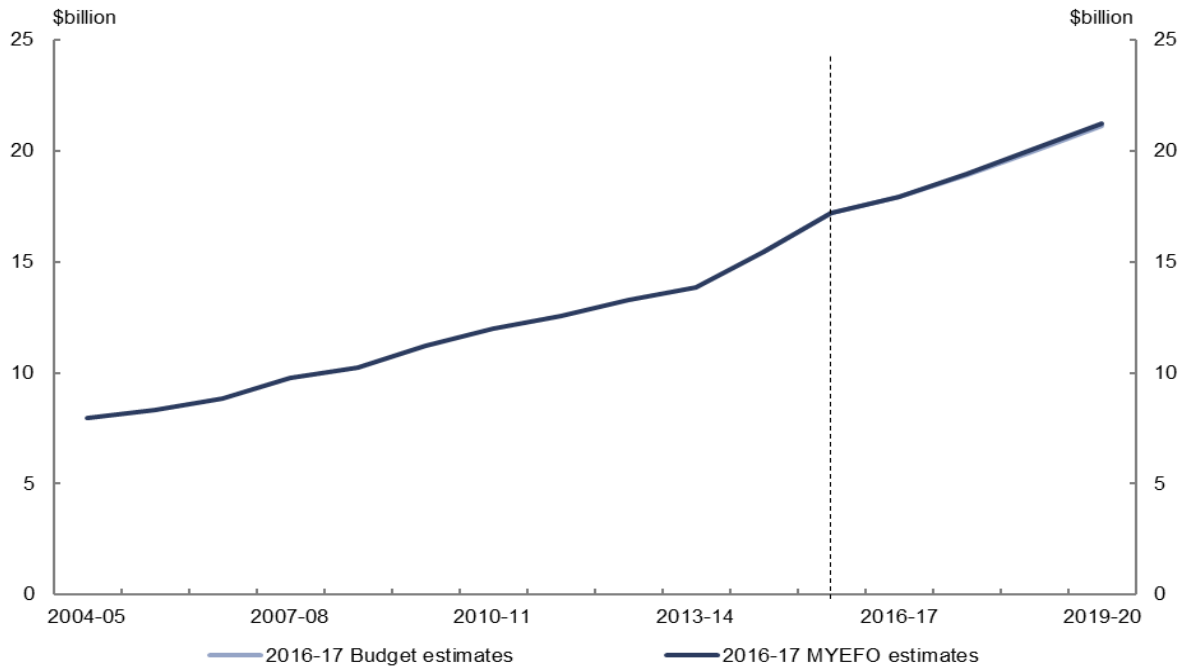
**Figure 34: Expenses – Medicare Benefits Schedule – change from 2016–17 Budget to 2016–17 MYEFO by measures and other variations**



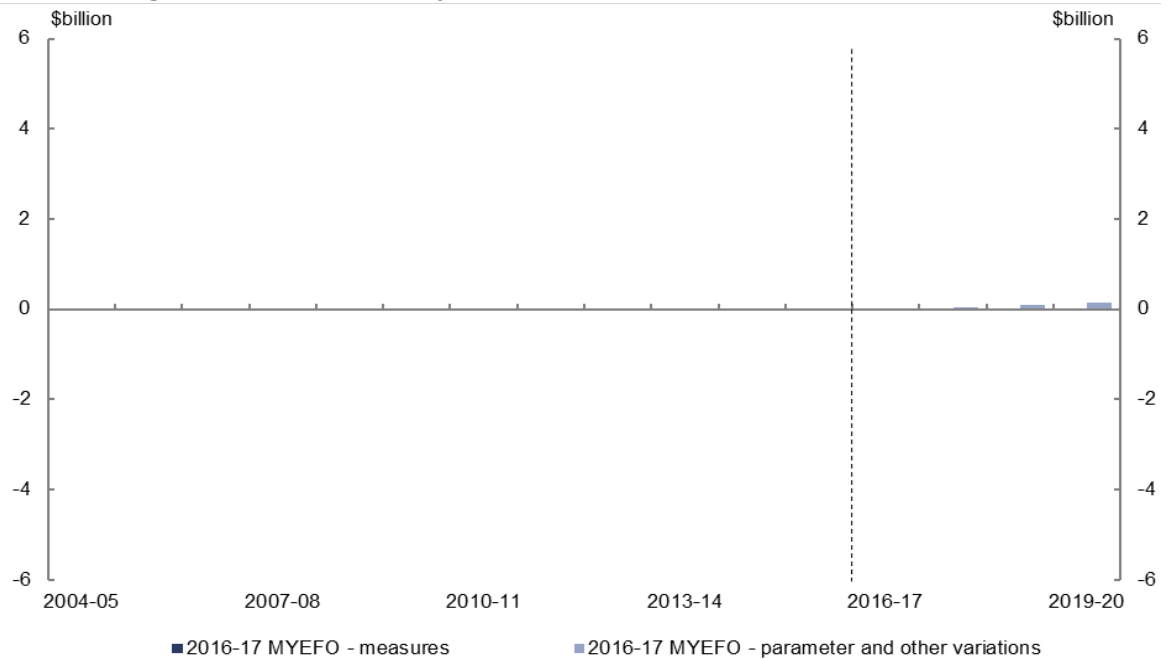
- Relative to the 2016–17 Budget, policy decisions are expected to increase expenses on Medicare by \$0.2 billion over the four years to 2019–20.
- Parameter and other variations are expected to decrease expenses on Medicare by \$0.1 billion over the four years to 2019–20, relative to the 2016–17 Budget.

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

**Figure 35: Expenses – assistance to the states and territories for public hospitals – change from 2016–17 Budget to 2016–17 MYEFO estimates**



**Figure 36: Expenses – assistance to the states and territories for public hospitals – change from 2016–17 Budget to 2016–17 MYEFO by measures and other variations**

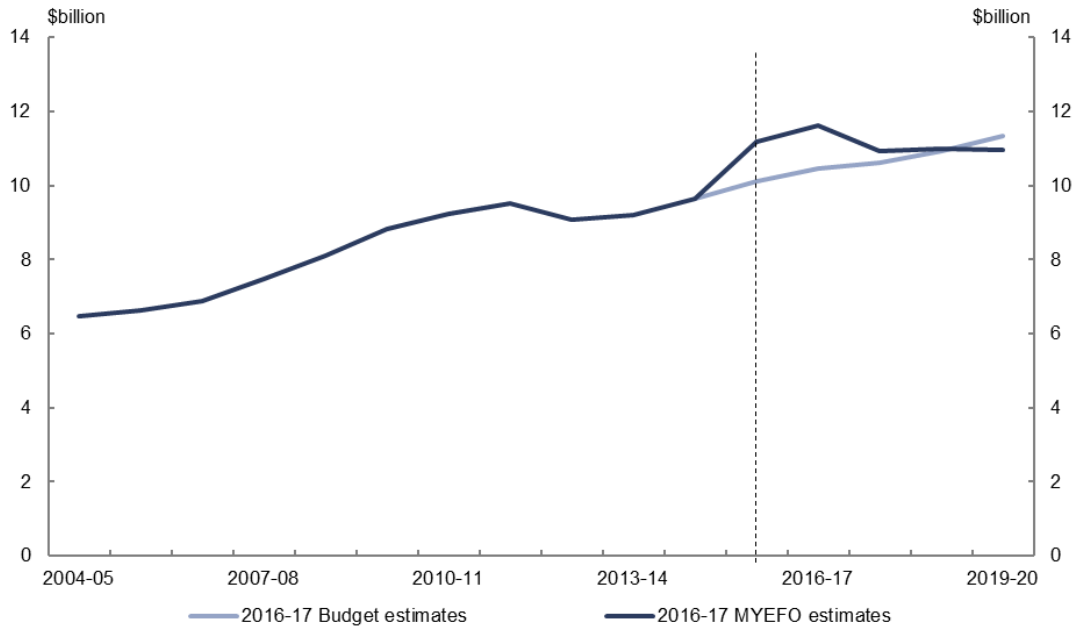


- Parameter and other variations are expected to increase assistance to the states and territories for public hospitals expenses by \$0.3 billion over the four years to 2019–20, relative to the 2016–17 Budget.

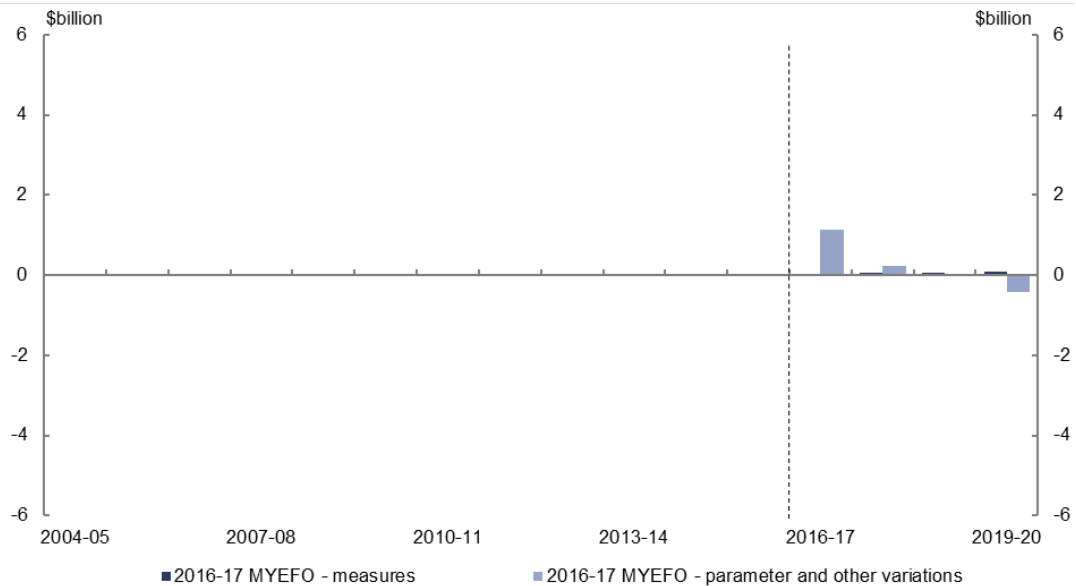


# Expenses – pharmaceutical benefits

**Figure 37: Expenses – pharmaceutical benefits – change from 2016–17 Budget to 2016–17 MYEFO estimates**



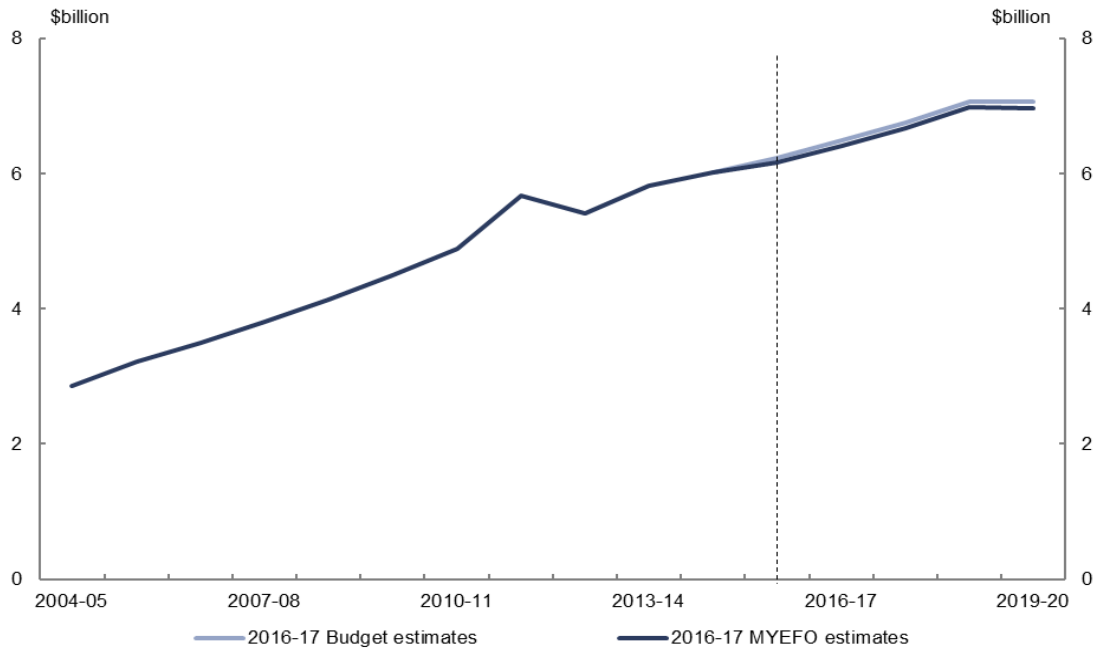
**Figure 38: Expenses – pharmaceutical benefits – change from 2016–17 Budget to 2016–17 MYEFO by measures and other variations**



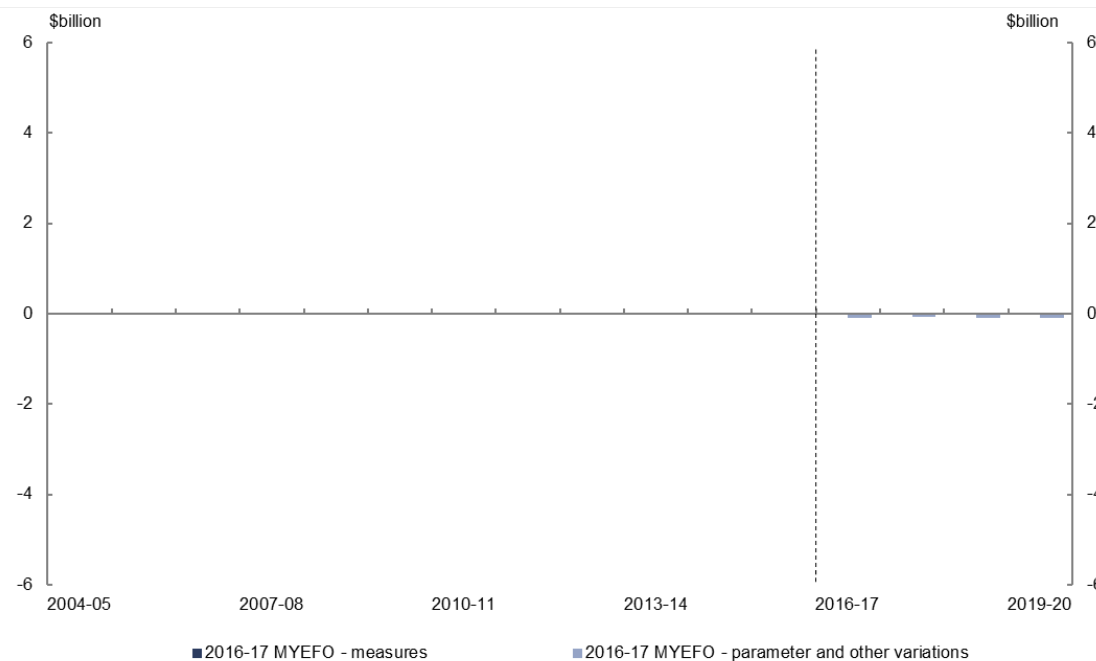
- Relative to the 2016–17 Budget, policy decisions are expected to increase spending on pharmaceutical benefits by \$0.2 billion over the four years to 2019–20.
- Parameter and other variations are expected to increase pharmaceutical benefits expenses by \$0.9 billion over the four years to 2019–20, relative to the 2016–17 Budget, primarily due to higher expected uptake by patients of recently listed Hepatitis C medicines.

# Expenses – private health insurance rebate

**Figure 39: Expenses – private health insurance rebate – change from 2016–17 Budget to 2016–17 MYEFO estimates**



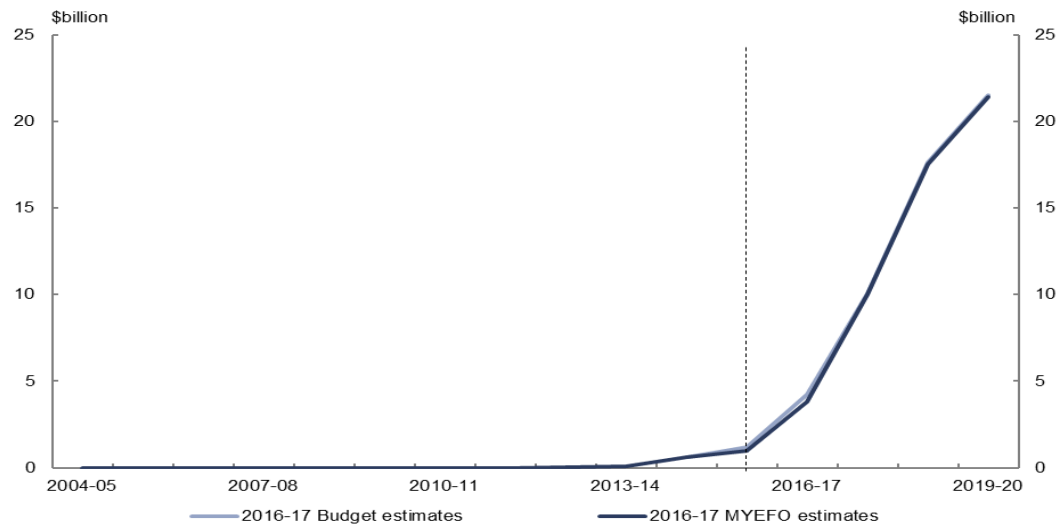
**Figure 40: Expenses – private health insurance rebate – change from 2016–17 Budget to 2016–17 MYEFO by measures and other variations**



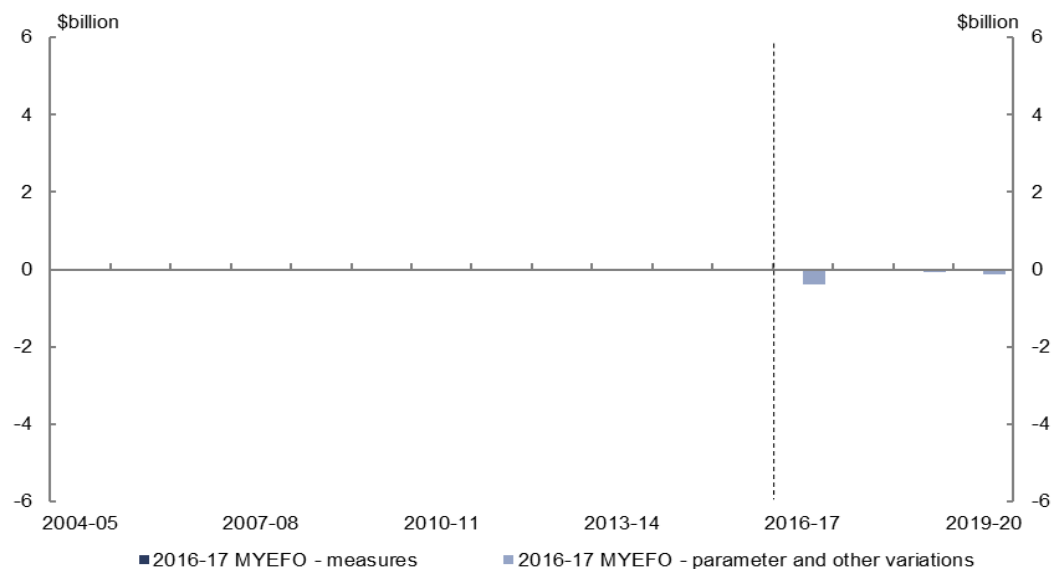
- Parameter and other variations are expected to decrease spending on the private health insurance rebate by \$0.3 billion over the four years to 2019–20, relative to the 2016–17 Budget.

# Expenses – National Disability Insurance Scheme<sup>1</sup>

**Figure 41: Expenses – National Disability Insurance Scheme – change from 2016–17 Budget to 2016–17 MYEFO estimates**



**Figure 42: Expenses – National Disability Insurance Scheme – change from 2016–17 Budget to 2016–17 MYEFO by measures and other variations**



- Relative to the 2016–17 Budget, policy decisions are expected to have a neutral impact on the National Disability Insurance Scheme over the four years to 2019–20.
- Parameter and other variations are expected to decrease National Disability Insurance Scheme expenses by \$0.6 billion over the four years to 2019–20.

<sup>1</sup> This relates to the expenses of the National Disability Insurance Agency. This differs from Commonwealth payments to the states and territories relating to the NDIS and disability services which are covered in separate agreements between the Commonwealth and the states and territories.

# Expenses – assistance to the states and territories for schools

Figure 43: Expenses – schools – change from 2016–17 Budget to 2016–17 MYEFO estimates

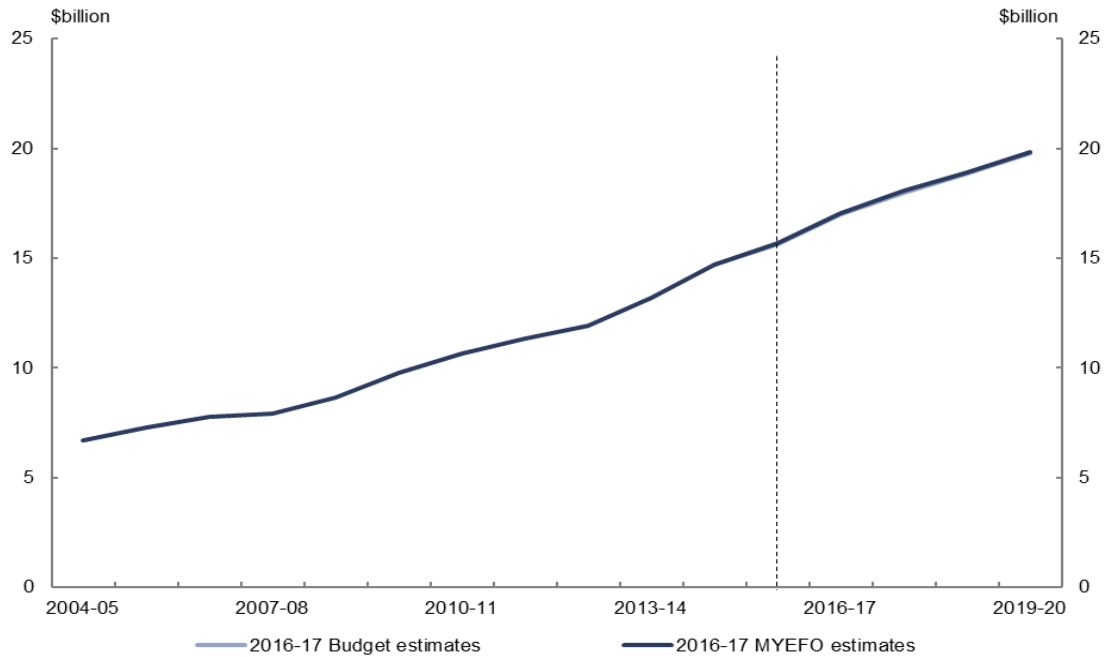
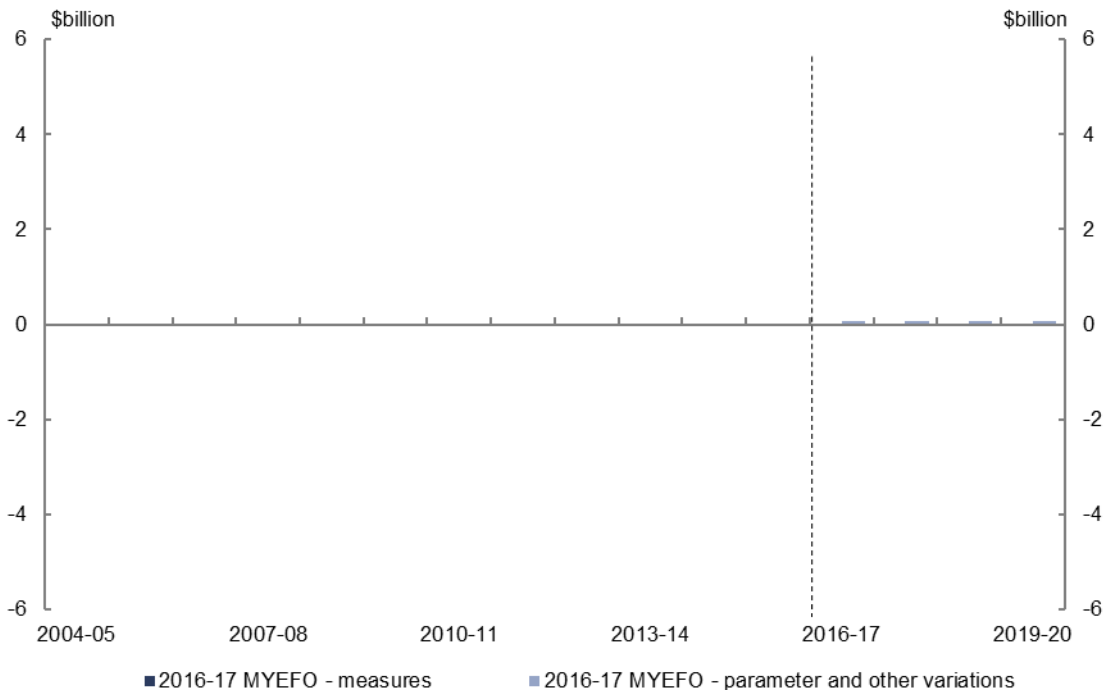


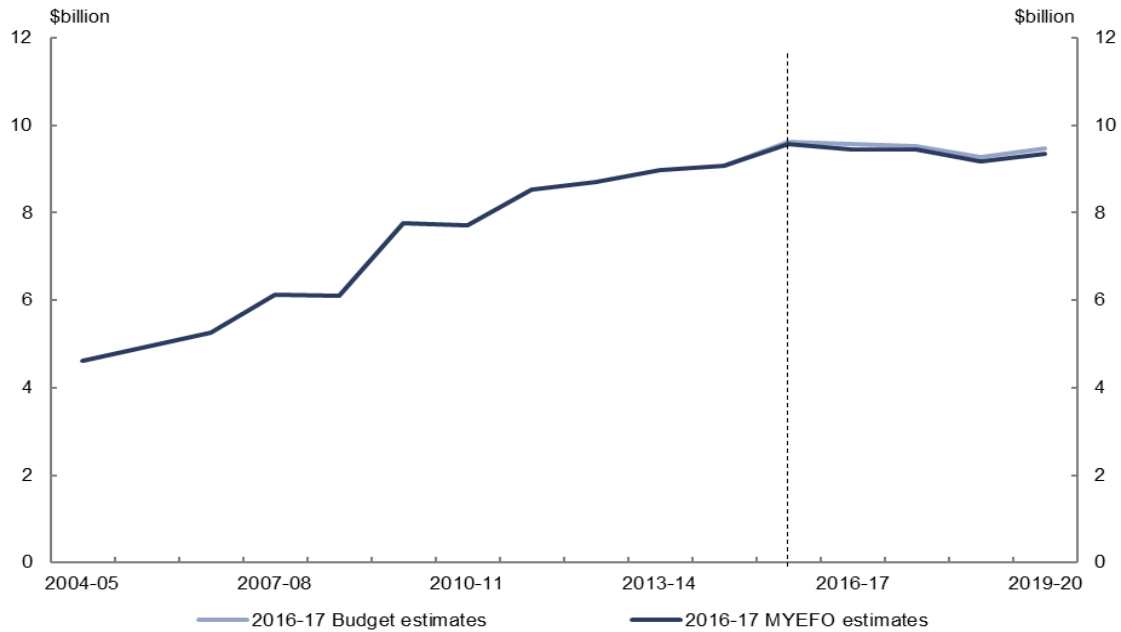
Figure 44: Expenses – schools – change from 2016–17 Budget to 2016–17 MYEFO by measures and other variations



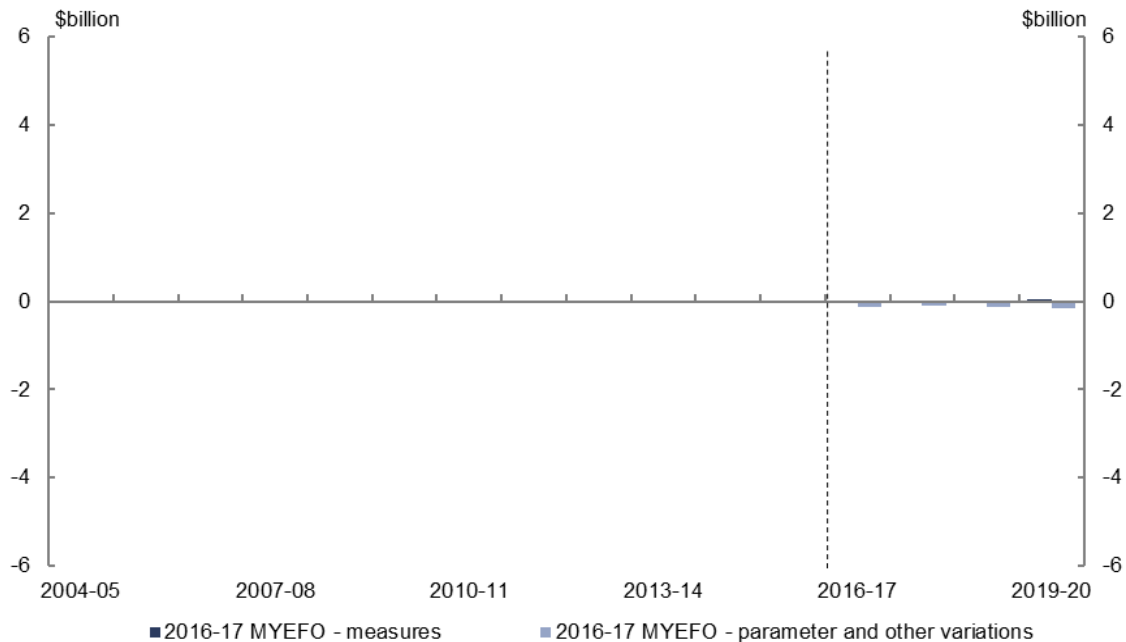
- Parameter and other variations are expected to increase spending on schools by \$0.3 billion over the four years to 2019–20, relative to the 2016–17 Budget.

# Expenses – higher education grants

**Figure 45: Expenses – higher education grants – change from 2016–17 Budget to 2016–17 MYEFO estimates**



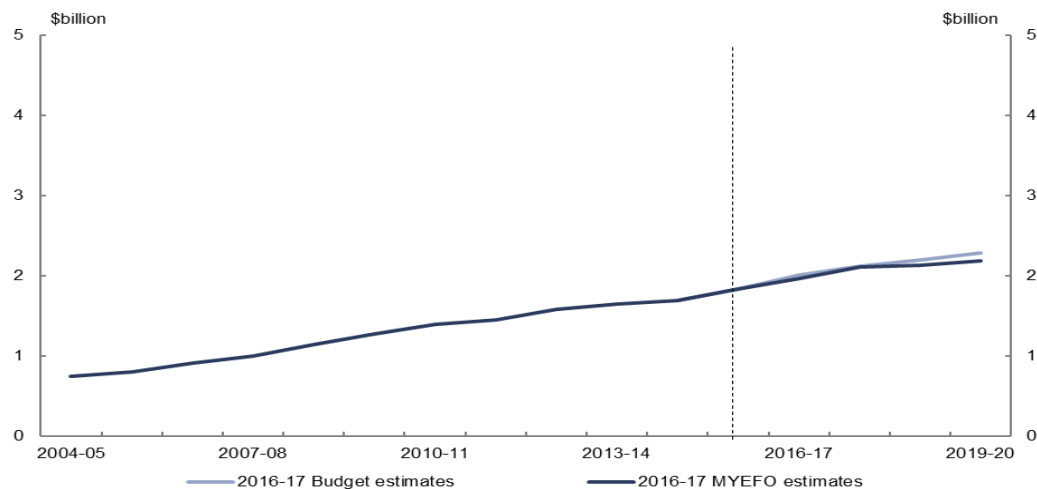
**Figure 46: Expenses – higher education grants – change from 2016–17 Budget to 2016–17 MYEFO by measures and other variations**



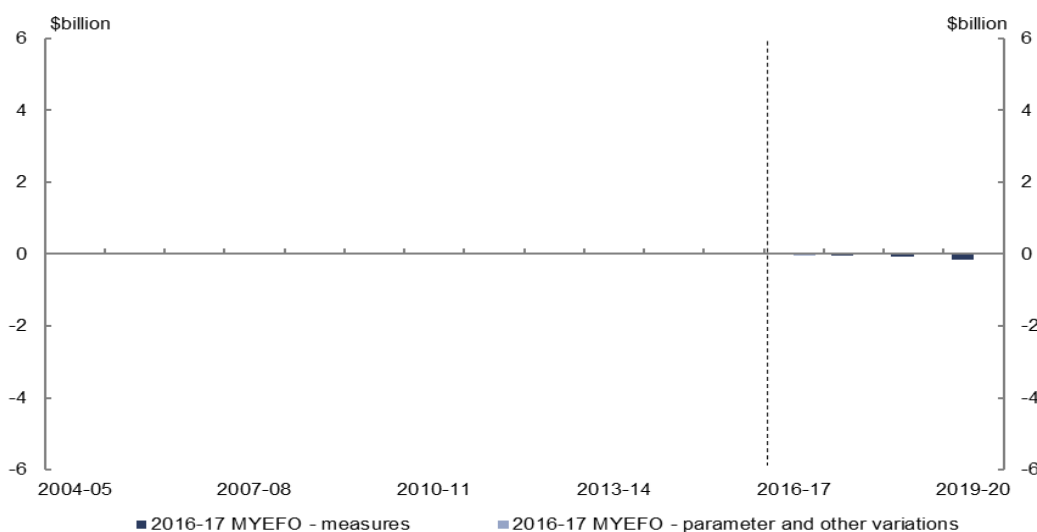
- Policy decisions are expected to increase expenses on higher education grants by \$0.1 billion over the four years to 2019–20, relative to the 2016–17 Budget.
- Parameter and other variations are expected to decrease expenses on higher education by \$0.5 billion over the four years to 2019–20, relative to the 2016–17 Budget, due to lower expected student numbers.

# Higher Education Loan Programme<sup>2,3</sup>

**Figure 47: Higher Education Loan Programme – change from 2016–17 Budget to 2016–17 MYEFO estimates**



**Figure 48: Higher Education Loan Programme – change from 2016–17 Budget to 2016–17 MYEFO by measures and other variations**



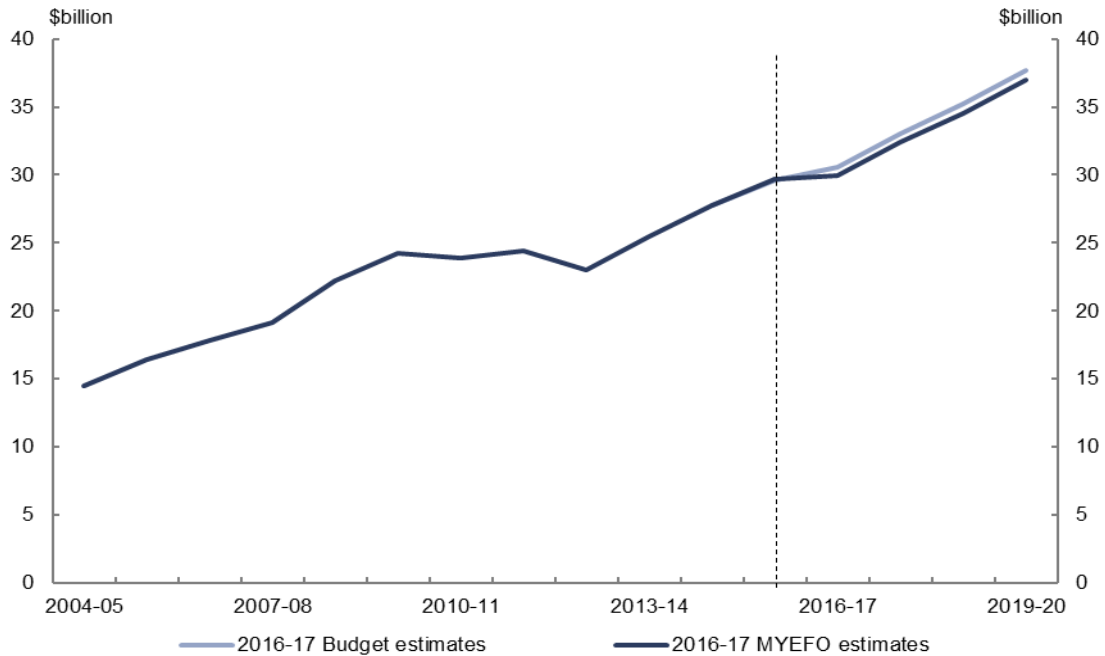
- Relative to the 2016–17 Budget, policy decisions are expected to decrease payments on the Higher Education Loan Programme (HELP) by \$0.3 billion over the four years to 2019–20, due to the replacement of the VET-FEE-HELP loans scheme with a new VET Student Loans program.
- Parameter and other variations are expected to have a neutral impact on HELP expenses over the four years to 2019–20, relative to the 2016–17 Budget.

2 Total spending on HELP is reported in cash terms. The cost of the HELP reflects the net public debt interest cost of providing these concessional loans.

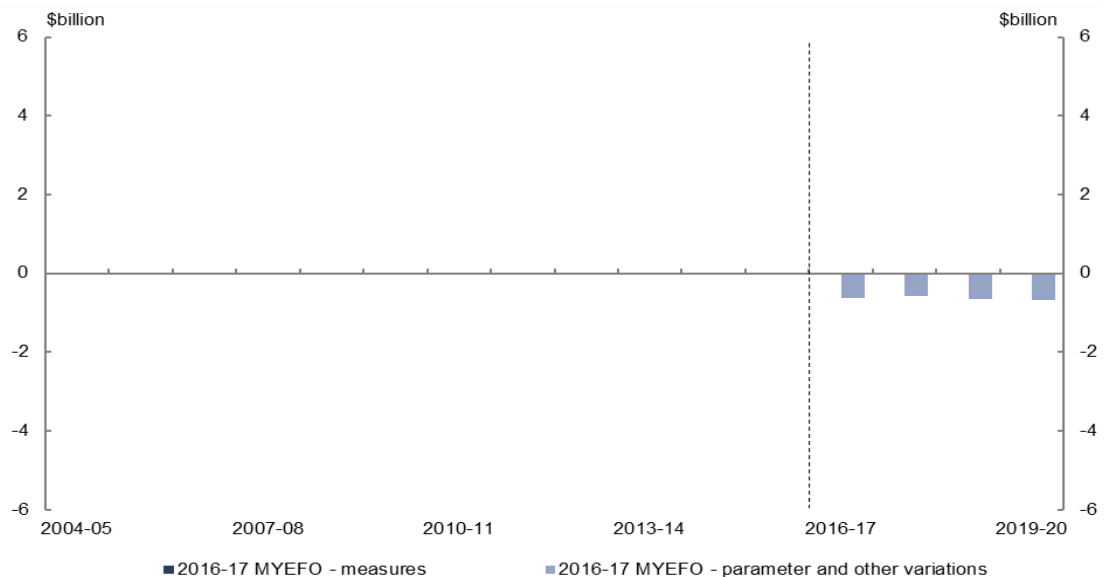
3 The PBO has revised its methodology for calculating the financing cost of HELP on an underlying cash basis. Relative to the 2016–17 Budget chart pack, the historical underlying cash balance cost of HELP has been revised up and the cost over the 2016–17 Budget forward estimates has been revised down.

# Defence (expenses and net capital investment)

**Figure 49: Defence (expenses and net capital investment) – change from 2016–17 Budget to 2016–17 MYEFO estimates**



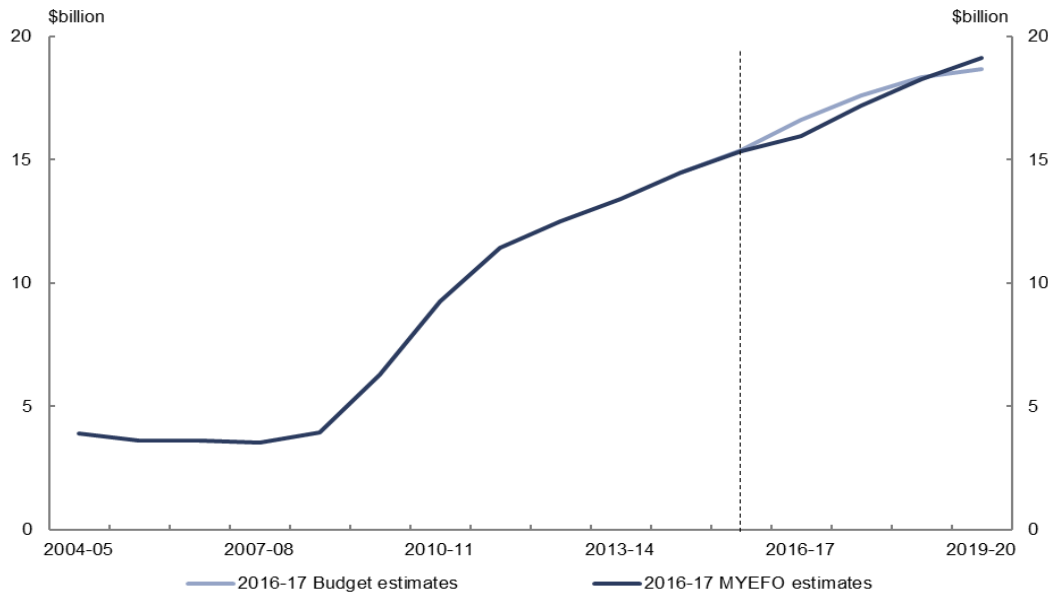
**Figure 50: Defence (expenses and net capital investment) – change from 2016–17 Budget to 2016–17 MYEFO by measures and other variations**



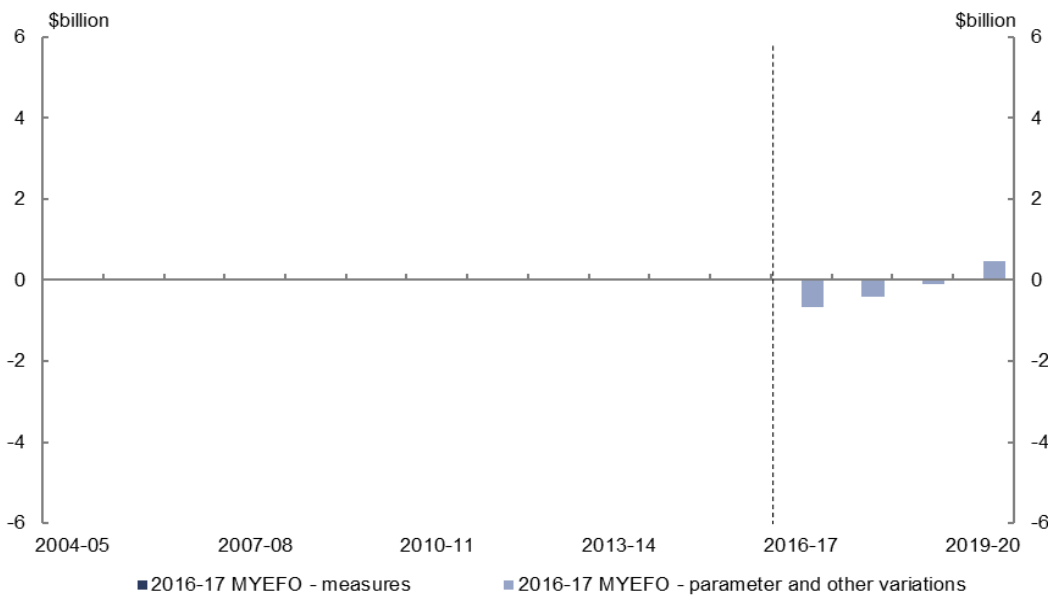
- Policy decisions are expected to have a neutral impact on defence spending over the four years to 2019–20, relative to the 2016–17 Budget.
- Parameter and other variations are expected to decrease defence spending by \$2.5 billion over the four years to 2019–20, relative to the 2016–17 Budget, largely reflecting expected decreases in net capital investment as a result of foreign exchange movements.

# Expenses – public debt interest<sup>4</sup>

**Figure 51: Expenses – public debt interest – change from 2016–17 Budget to 2016–17 MYEFO estimates**



**Figure 52: Expenses – public debt interest – change from 2016–17 Budget to 2016–17 MYEFO by measures and other variations**



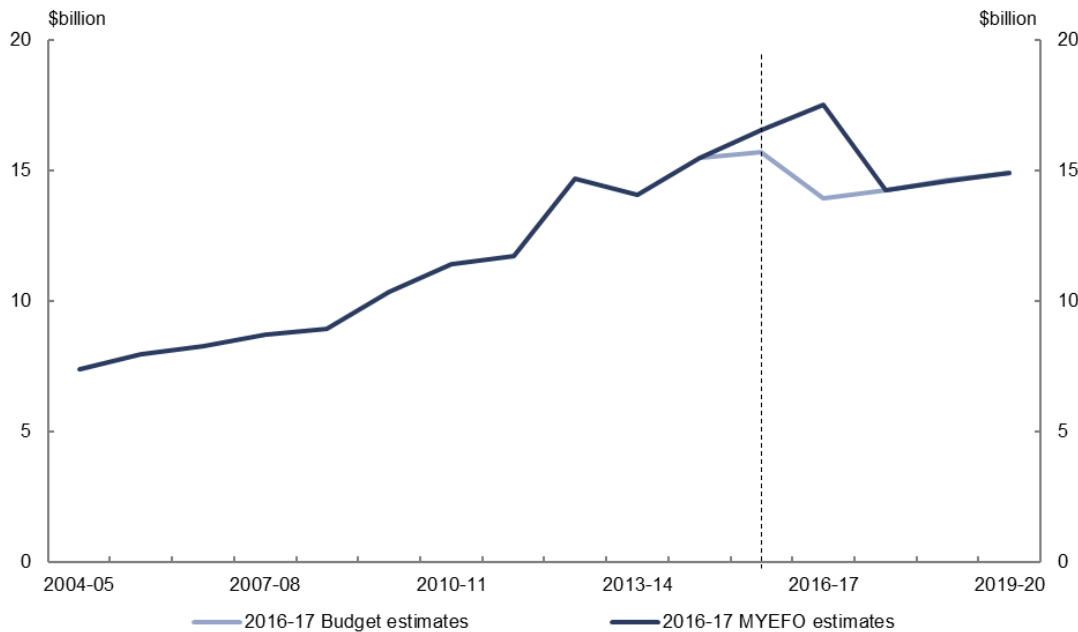
- Relative to the 2016–17 Budget, parameter and other variations are expected to decrease expenses on public debt interest by \$0.7 billion over the four years to 2019–20. The profile for public debt interest expenses reflects increased deficits which are more than offset by reduced borrowing costs in the first half of the forward estimates.

<sup>4</sup> This includes the public debt interest costs associated with HELP.



# Expenses – public sector superannuation

**Figure 53: Expenses – public sector superannuation – change from 2016–17 Budget to 2016–17 MYEFO estimates**



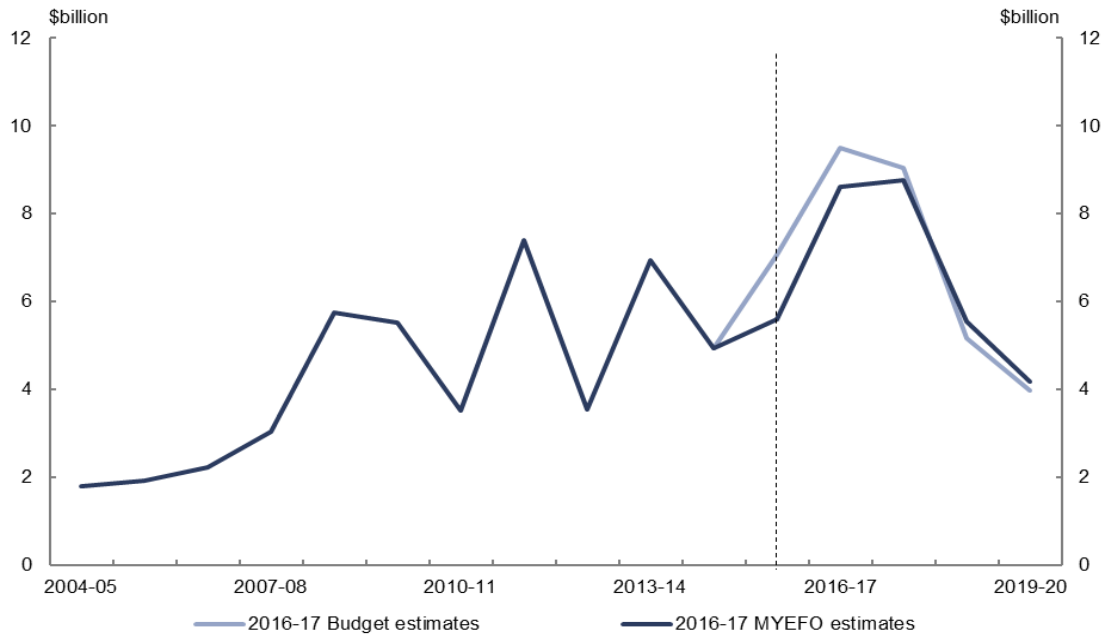
**Figure 54: Expenses – public sector superannuation – change from 2016–17 Budget to 2016–17 MYEFO by measures and other variations**



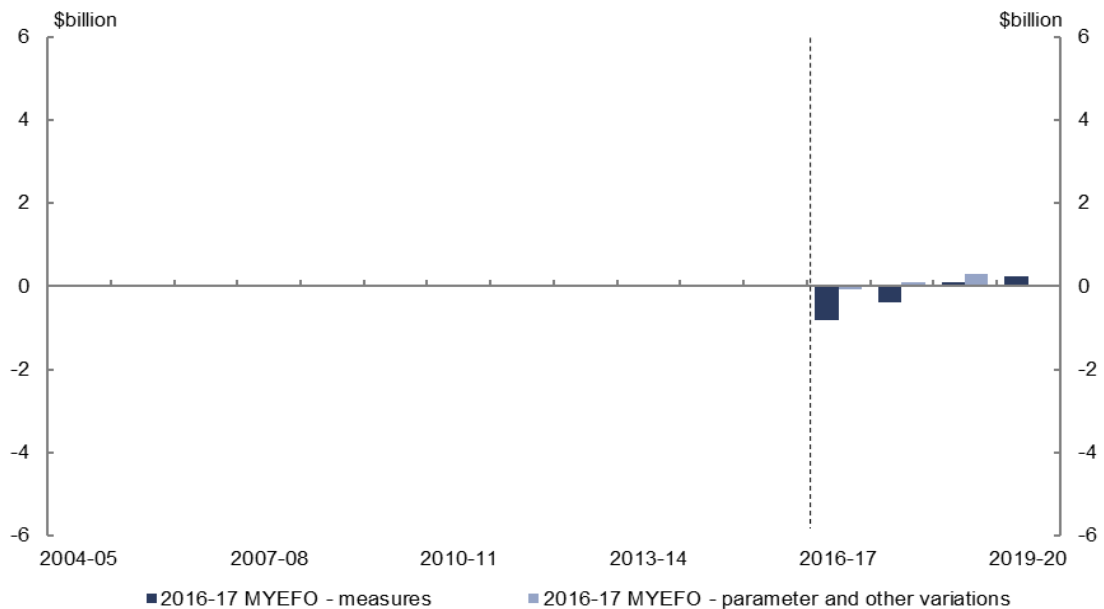
- Parameter and other variations are expected to increase public sector superannuation expenses by \$3.6 billion over the four years to 2019–20, relative to the 2016–17 Budget. This is due to the practice of changing discount rates for the current year to the long-term government bond rate at MYEFO (2.7 per cent), from an actuarially based rate used at Budget (6.0 per cent).

# Expenses – road and rail infrastructure

**Figure 55: Expenses – road and rail infrastructure – change from 2016–17 Budget to 2016–17 MYEFO estimates**



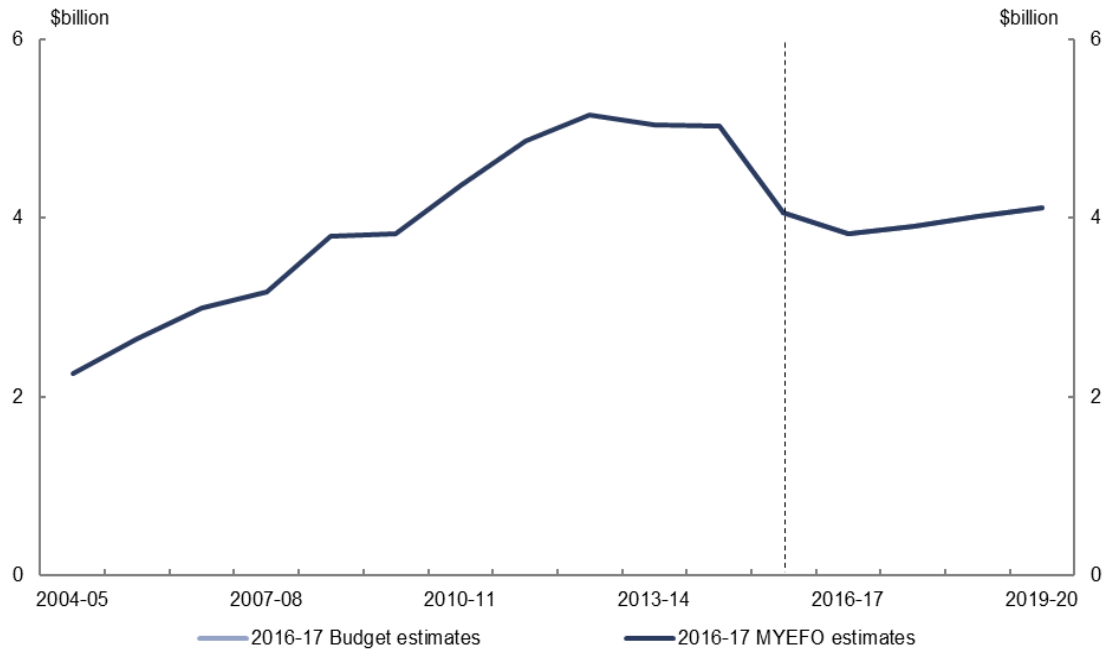
**Figure 56: Expenses – road and rail infrastructure – change from 2016–17 Budget to 2016–17 MYEFO by measures and other variations**



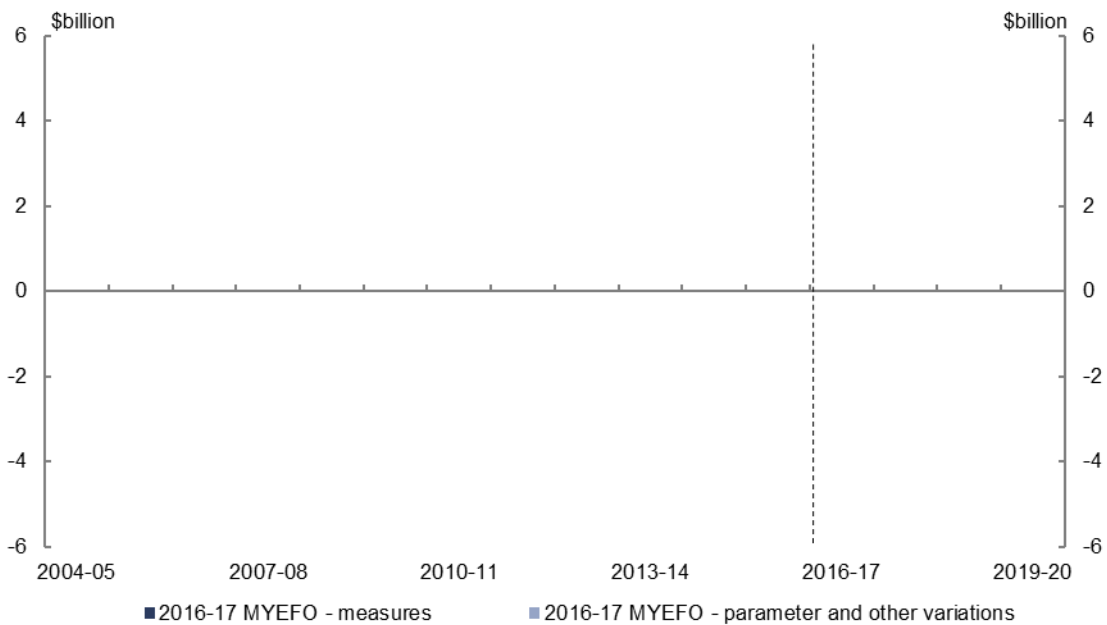
- Relative to the 2016–17 Budget, policy decisions are expected to decrease road and rail infrastructure expenses by \$0.9 billion over the four years to 2019–20, largely reflecting the redirection of uncommitted funding to other community infrastructure and regional development projects.
- Parameter and other variations are expected to increase infrastructure expenses by \$0.3 billion over the four years to 2019–20, relative to the 2016–17 Budget.

# Official Development Assistance<sup>5</sup>

**Figure 57: Official Development Assistance – change from 2016–17 Budget to 2016–17 MYEFO estimates**



**Figure 58: Official Development Assistance – change from 2016–17 Budget to 2016–17 MYEFO by measures and other variations**



- Official Development Assistance spending is projected to remain in line with the 2016–17 Budget estimates.

5 Total Official Development Assistance spending is reported in cash terms consistent with the government commitment in this area.



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