

# FEDERAL BUDGET 2016



## Budget Bruce helps you decipher the financial mumbo-jumbo



### THE BIG PICTURE: SHUFFLING NUMBERS IN A CAUTIOUS ELECTION-EVE BUDGET

THE 2016-17 Budget could, despite many economic uncertainties, chart a course to getting government coffers from \$37 billion deficit to within \$6 billion of breaking even in four years.

The government cut spending to fund small tax cuts for business and some middle-income earners, in an election year, instead of going the harder path of making structural tax reforms.

#### CORPORATE TAX RATE

**30%**

average compared to G7 nations, higher than 24% OECD average

#### CPI: CONSUMER PRICE INDEX



**1.3%**

1.3% up from March 2015 to 2016, down 0.2% Dec to March qtr

#### GDP: GROSS DOMESTIC PRODUCT



0.7% up for Dec qtr 2015 Up 2.8% Dec 2014 to Dec 2015

#### TERMS OF TRADE



Down 3.2% on Sept to Dec 2015



Down 12% Dec 2014 to Dec 2015

#### INTEREST RATE

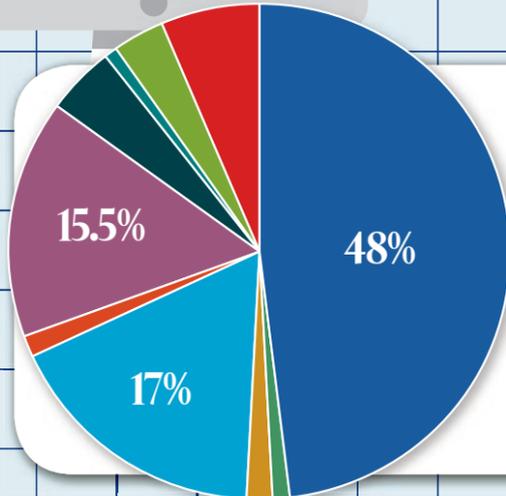
**1.75%**

May 2016 Down 0.25% since April 2016

#### UNEMPLOYMENT RATE

**5.7%**

March 2016 Down 0.1% for month Down 0.4% for year



## MONEY IN



Where the Federal Government gets the money from

**TOTAL: \$416.9 billion** (↓ \$6.4 billion since Dec 2015)

- Personal income tax: **\$201.3 billion**
- Fringe benefits tax: **\$4.8 billion**
- Superannuation taxes: **\$7.5 billion**
- Company and resource rent tax revenue: **\$70.1 billion**
- Other taxes: **\$6.1 billion**
- Sales tax: **\$64.8 billion**
- Fuel excise: **\$18.4 billion**
- Other excises: **\$3.4 billion**
- Customs duty: **\$14 billion**
- Non-tax revenue: **\$25.5 billion**

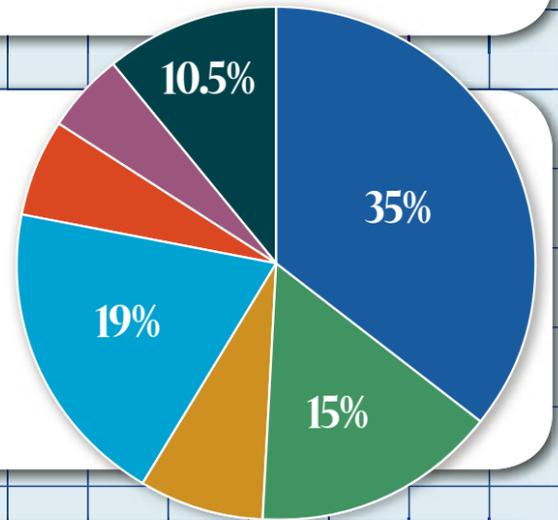
## MONEY OUT



Where most of the money goes

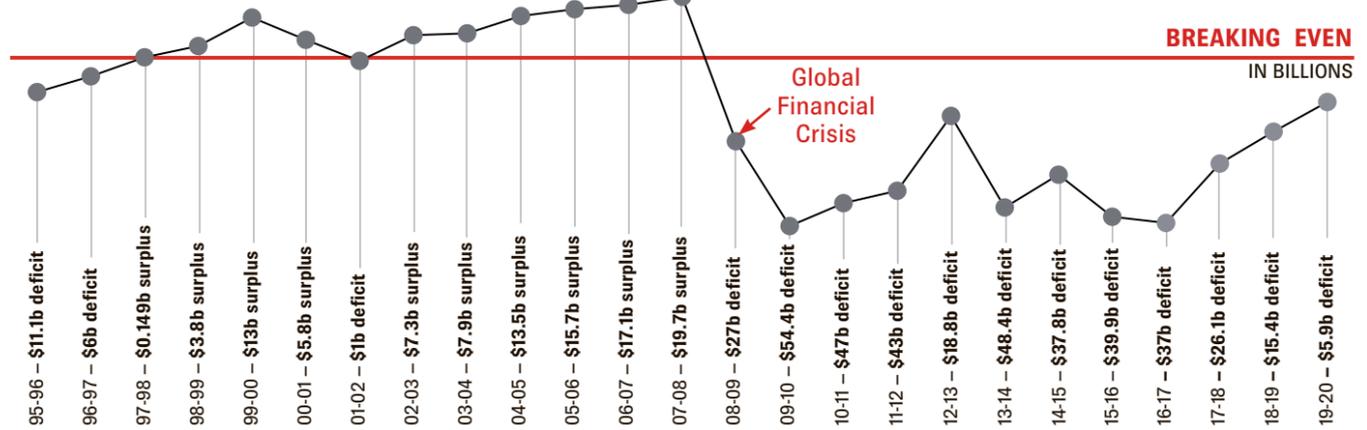
**TOTAL: \$450.6 billion** (↑ \$19.1 billion since Dec 2015)

- Social security and welfare: **\$158 billion**
- Health: **\$71 billion**
- Education: **\$33 billion**
- GST, payments to states: **\$89 billion**
- Defence: **\$27 billion**
- General public services: **\$22 billion**
- Other functions: **\$47.6 billion**



## THE ROAD TO SURPLUS

The magical place, surplus, where recent governments have promised to take us. Here is a look at the past 21 years and the forecast for the next four years.



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\*Any surgical or invasive procedure carries risks. You should seek a second opinion from an appropriately qualified health practitioner