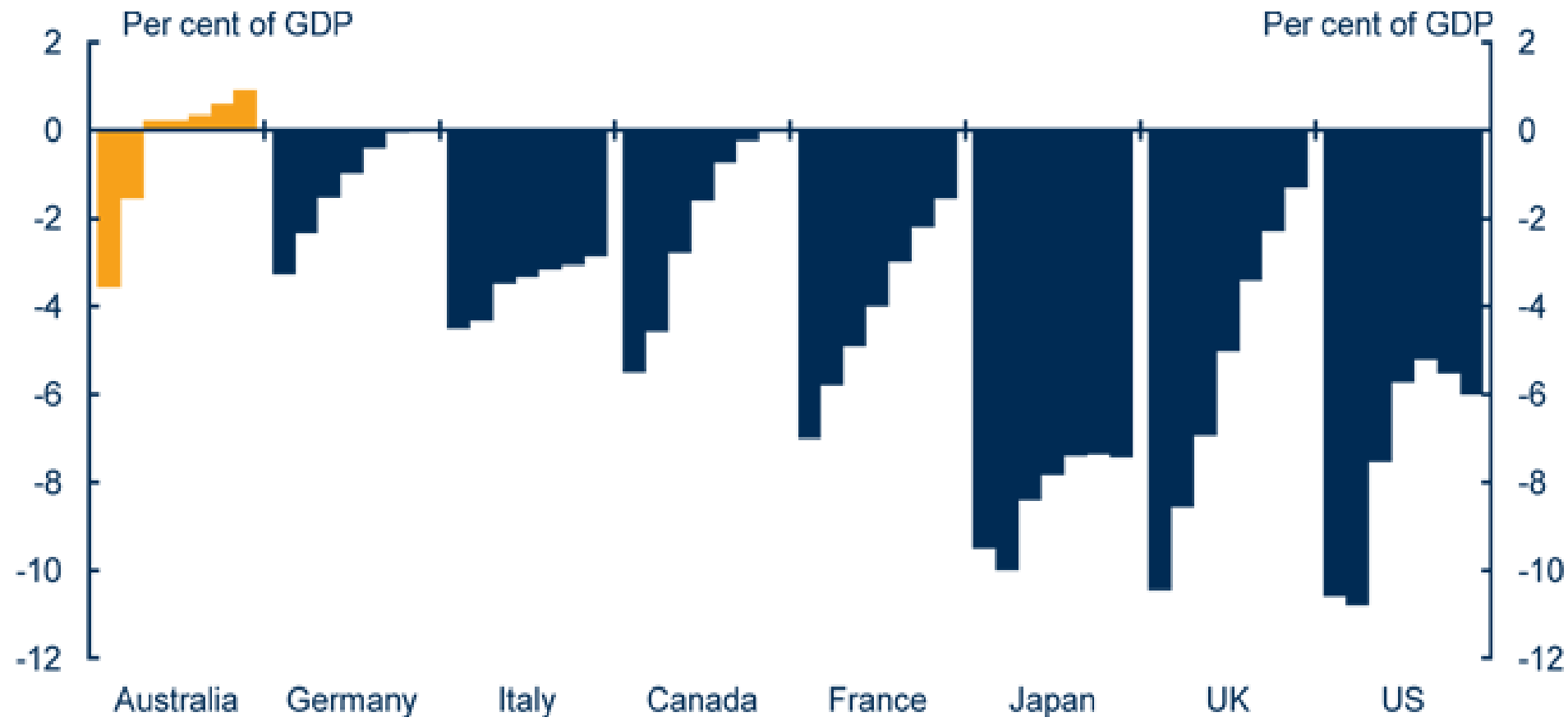


Michael Pascoe

BusinessDay.com.au

Budget balances 2010-16



Source: Treasury May 2011

Ghost of budgets past...

May 2006

May 2011

Unemployment

4.9%

4.9%

Home Mortgage

7.55%

7.8%

RBA core inflation

2.6%

2.7%

Source: RBA, ABS

Ghost of budgets future?

May 2006

May 2008

Unemployment

4.9%

4.2%

Home Mortgage

7.55%

9.45%

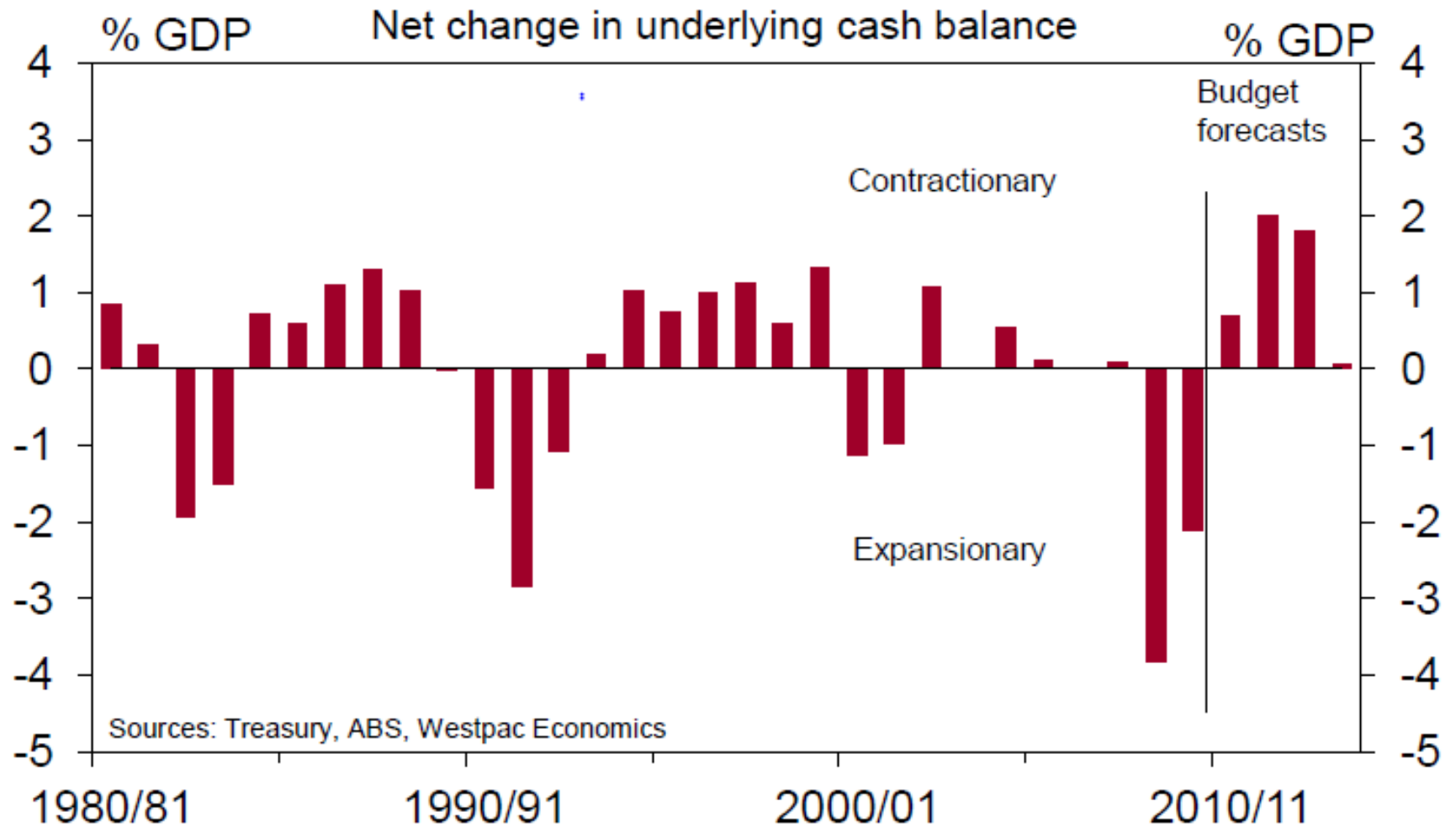
RBA core inflation

2.6%

4.1%

Source: RBA, ABS

Stance of fiscal policy



Sources: Treasury, ABS, Westpac Economics

The Governor says...

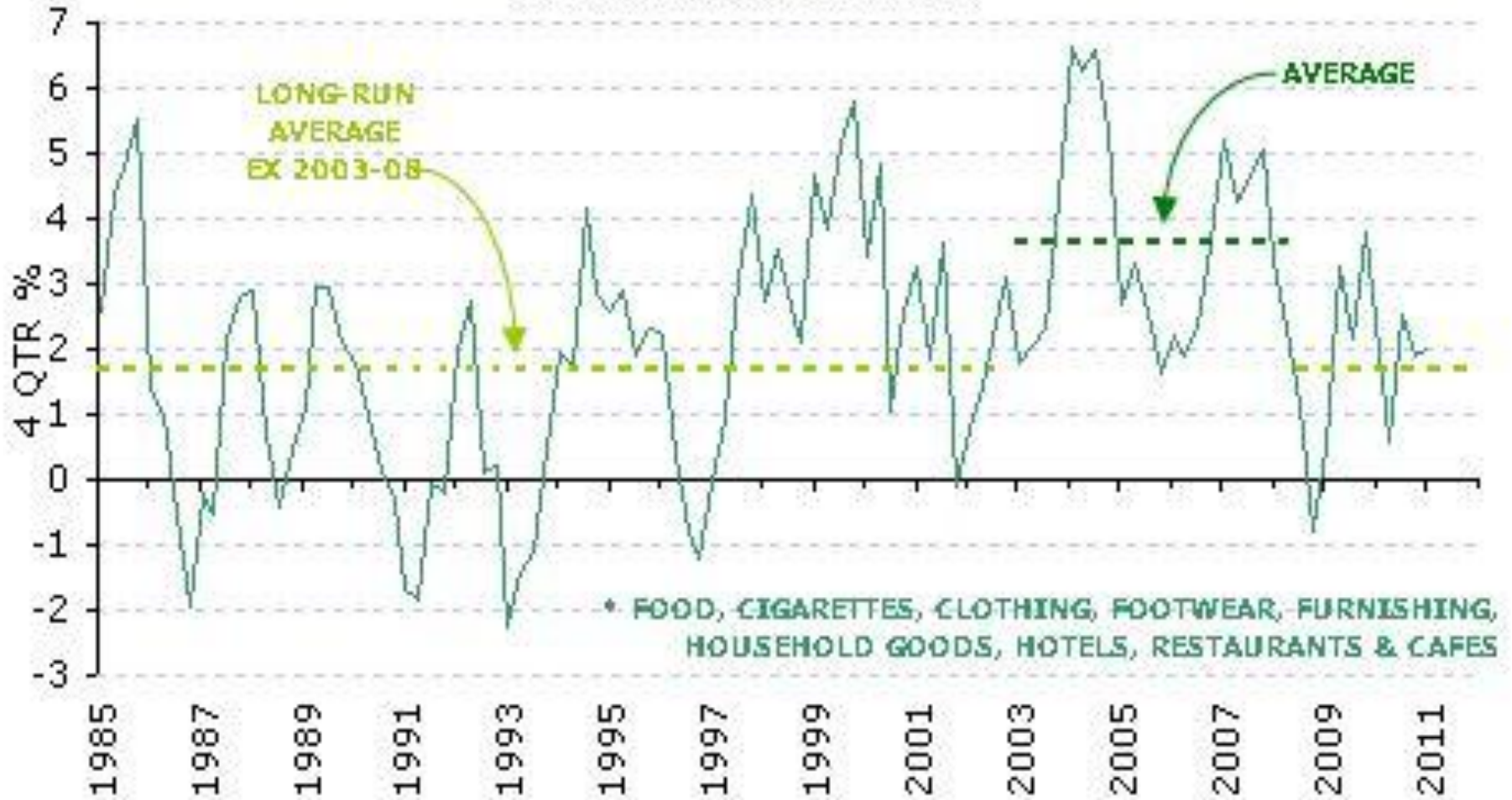
Year to Dec 2011 June 2012 Dec 2012

GDP	3.25	4.5	3.75
CPI	3.5	2.5	3.5
Inflation (underlying)	3.25	3	3.25

RBA August Statement on Monetary Policy

RETAIL BACK TO NORMAL?

RETAIL SALES VOLUMES*

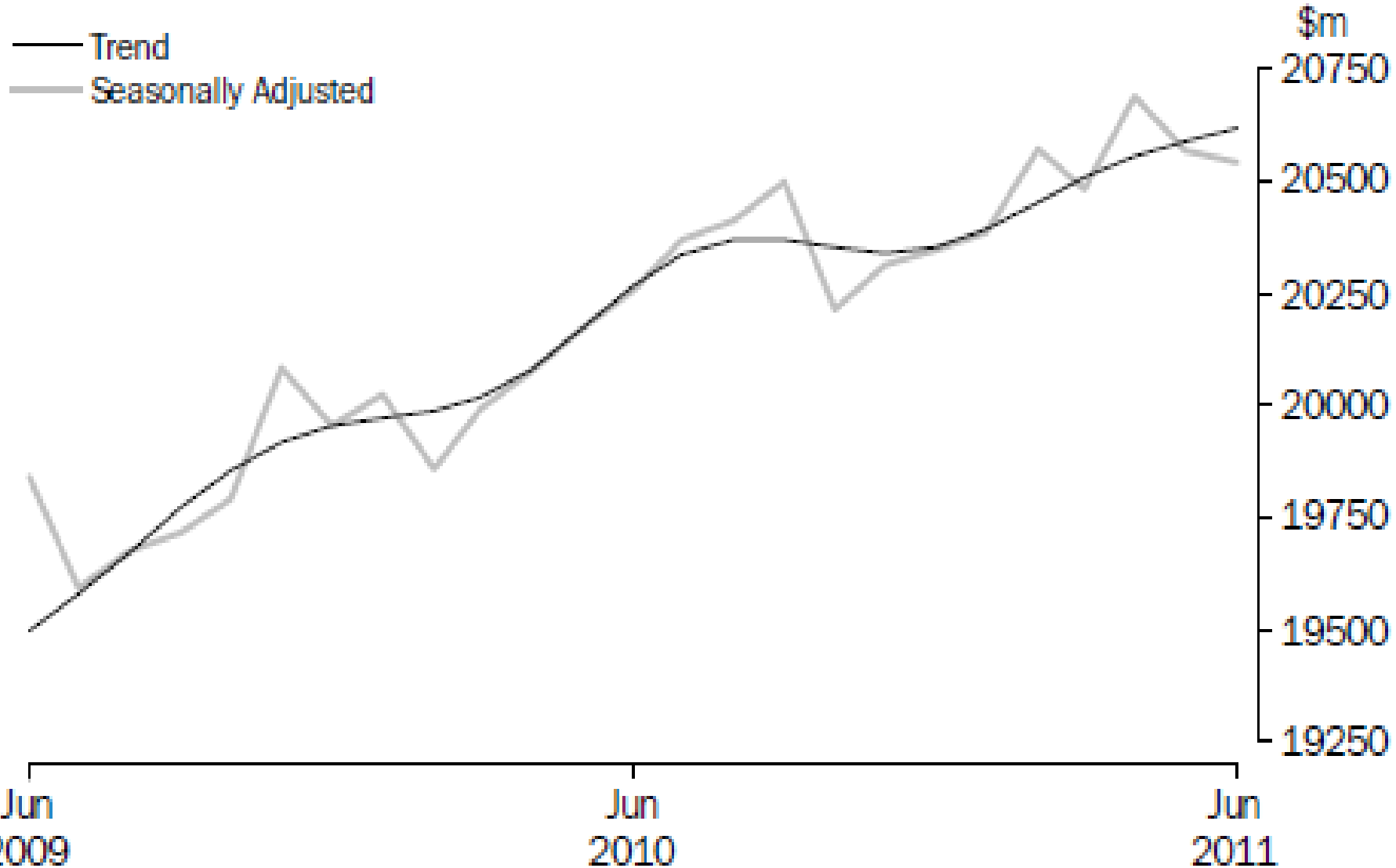


* FOOD, CIGARETTES, CLOTHING, FOOTWEAR, FURNISHING, HOUSEHOLD GOODS, HOTELS, RESTAURANTS & CAFES

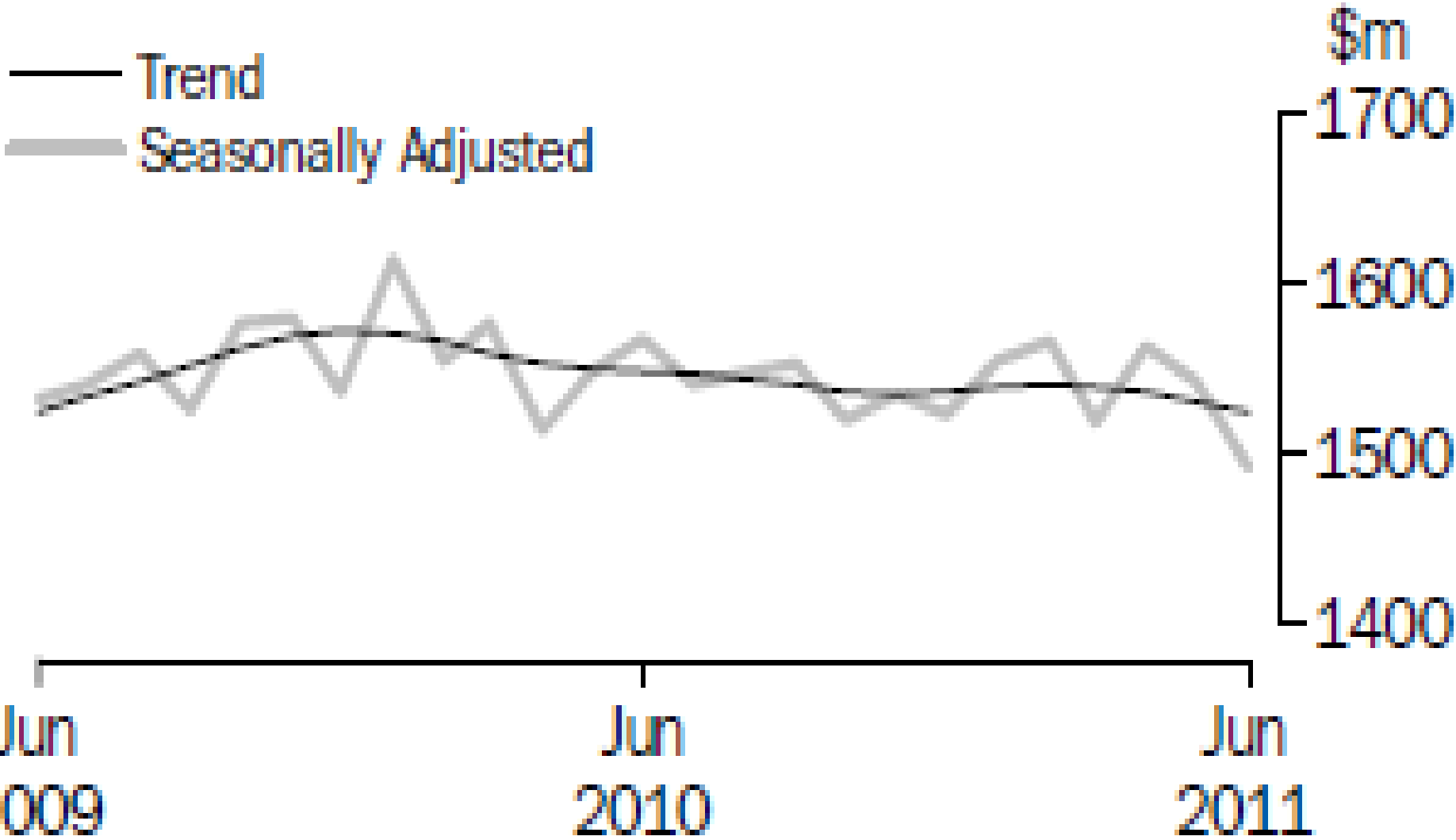
• Source: Morgan Stanley, ABS

REAL RETAIL

RETAIL TURNOVER, Australia

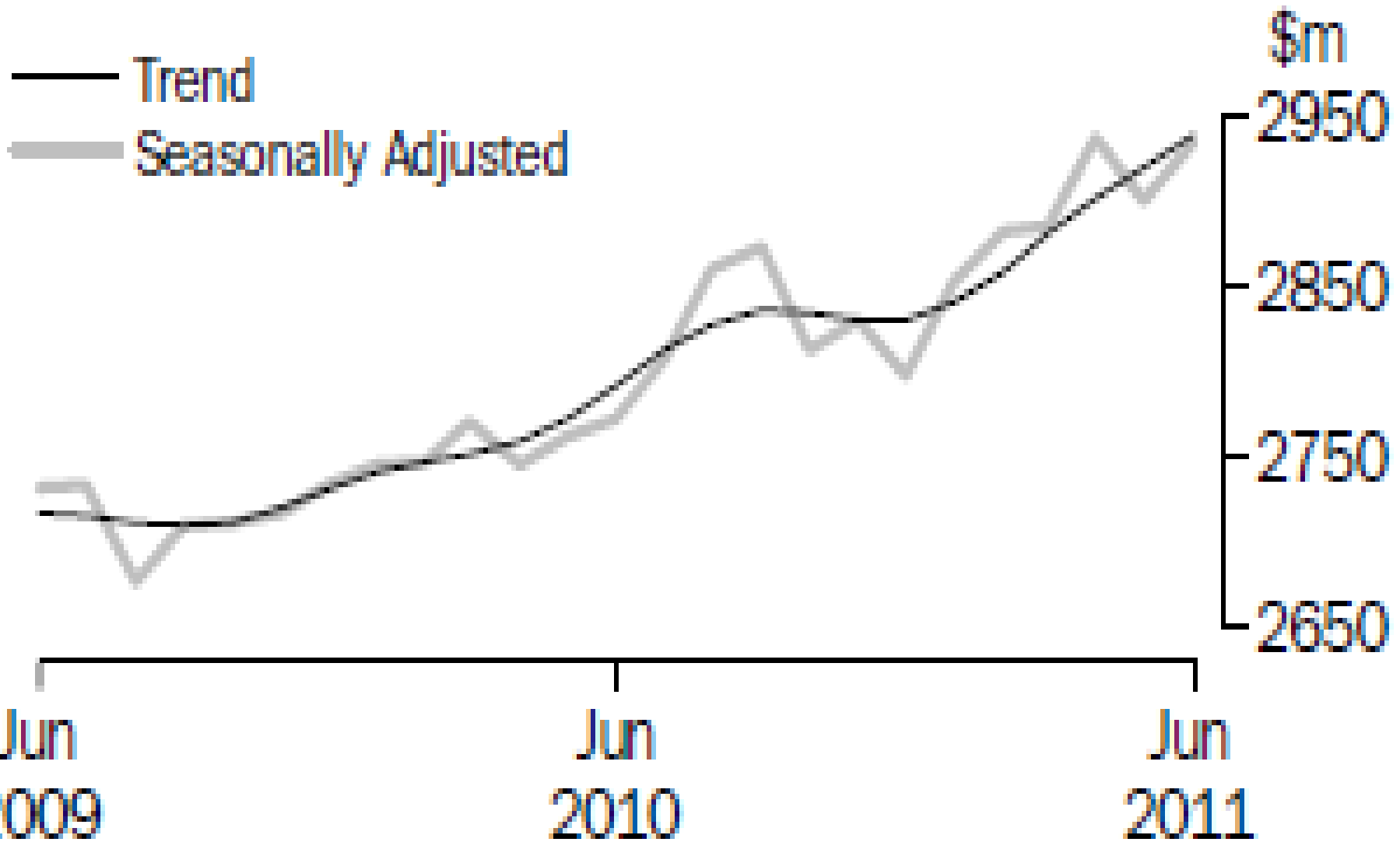


DEPARTMENT STORES DEPARTING

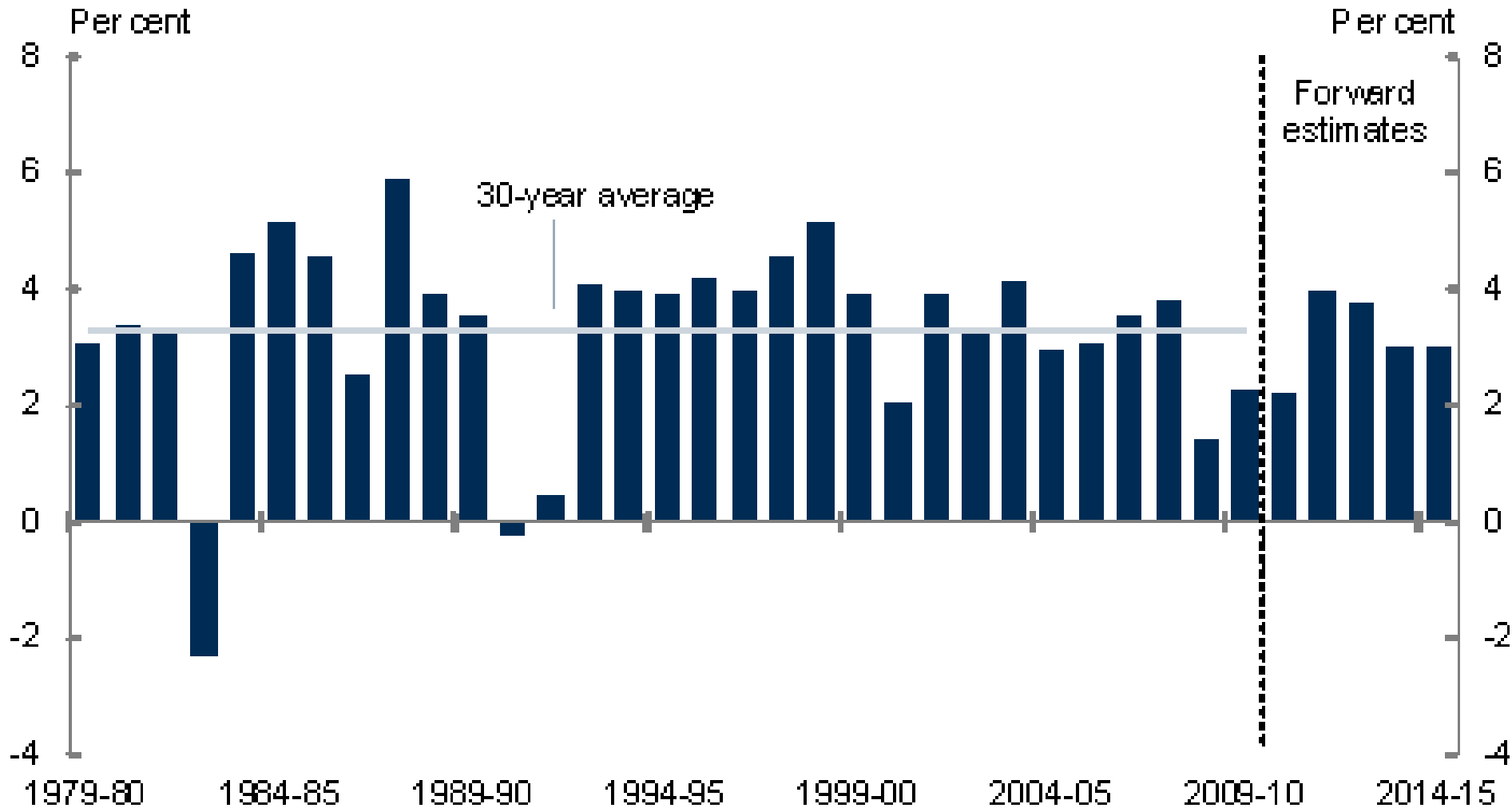


Source ABS

“OTHER” RETAILING



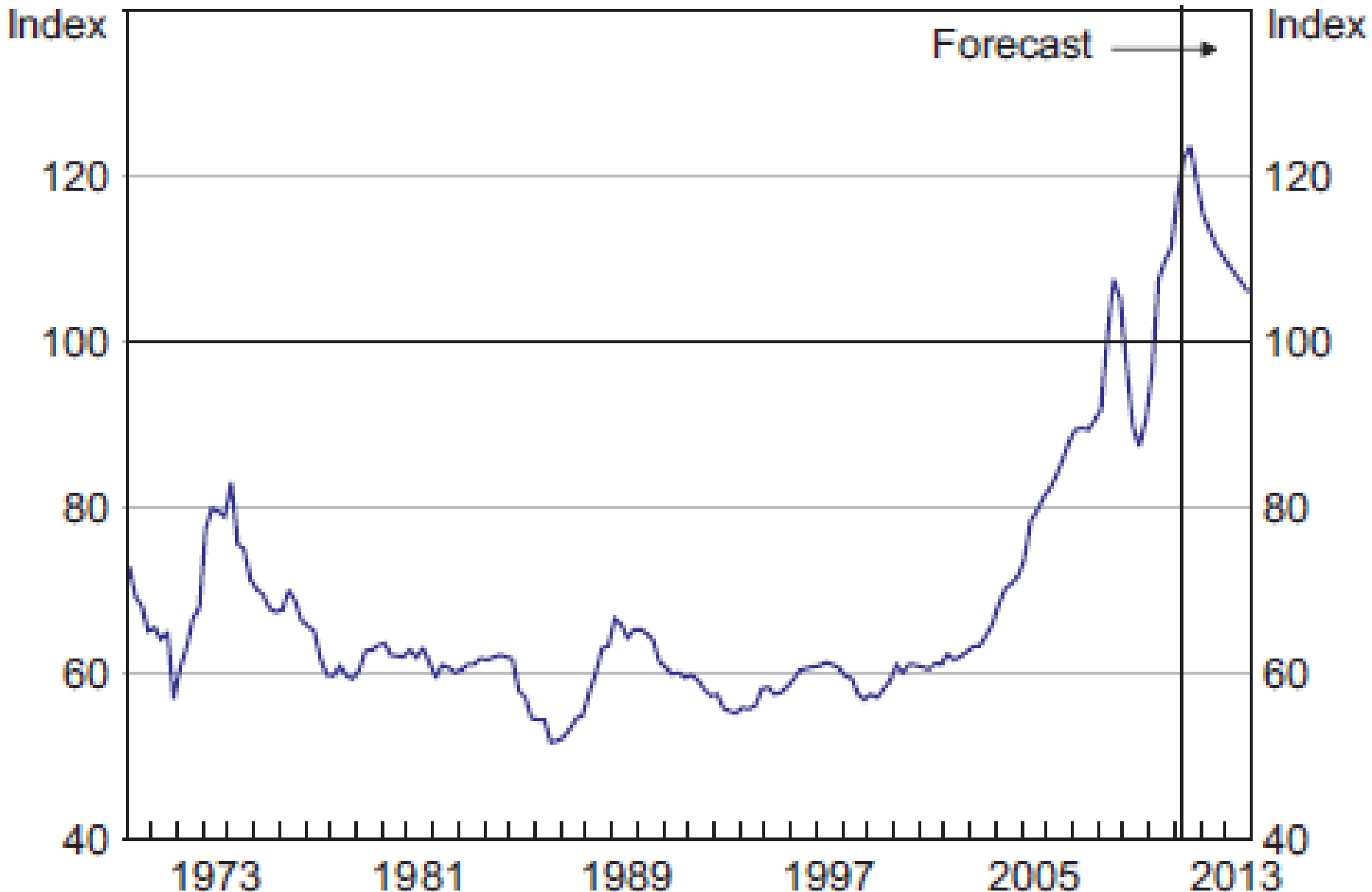
Australia - real GDP growth



Source: Aust Treasury May 2011

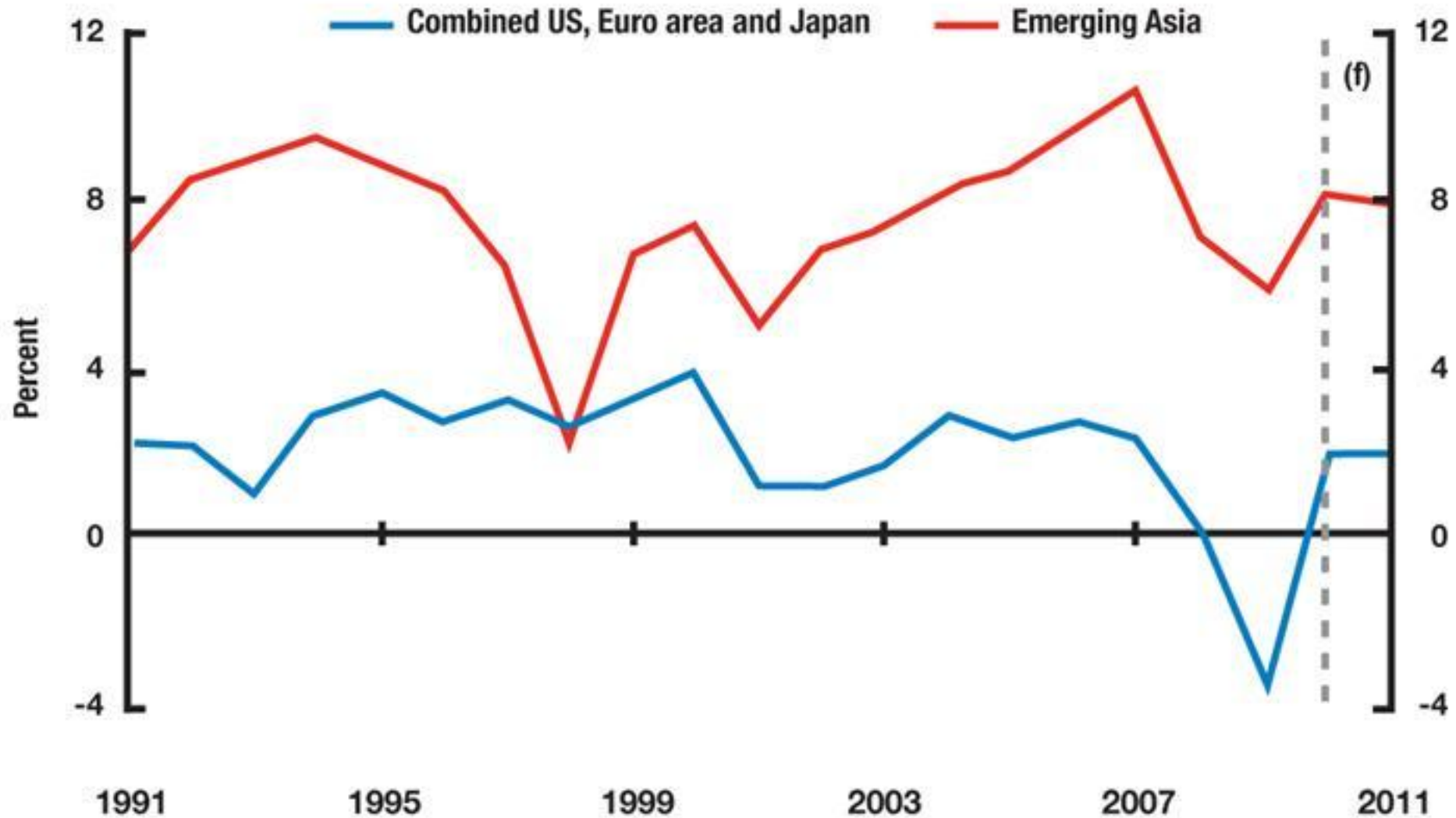
Terms of Trade

2008/09 average = 100



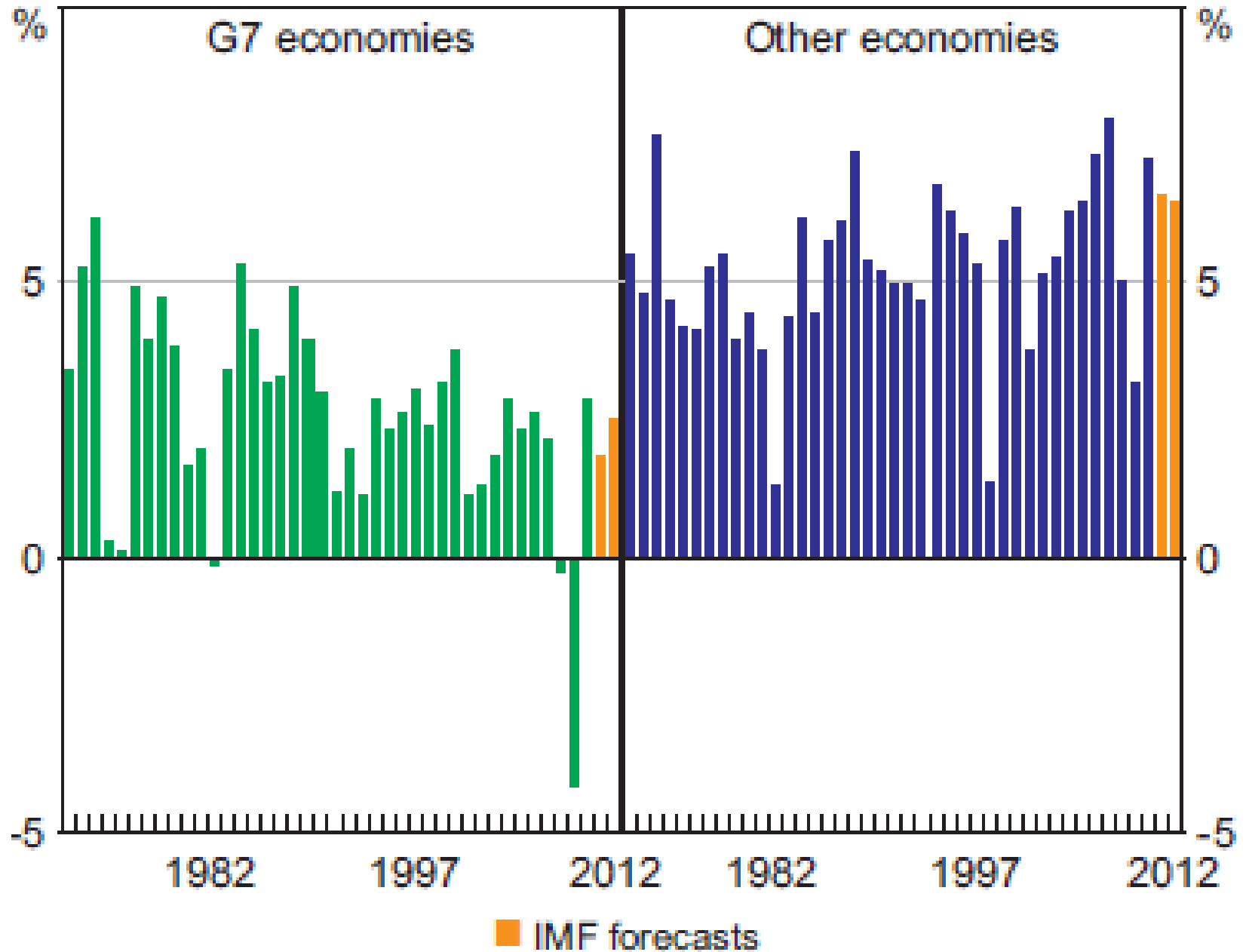
Sources: ABS; RBA

The Real 2-Speed Economy



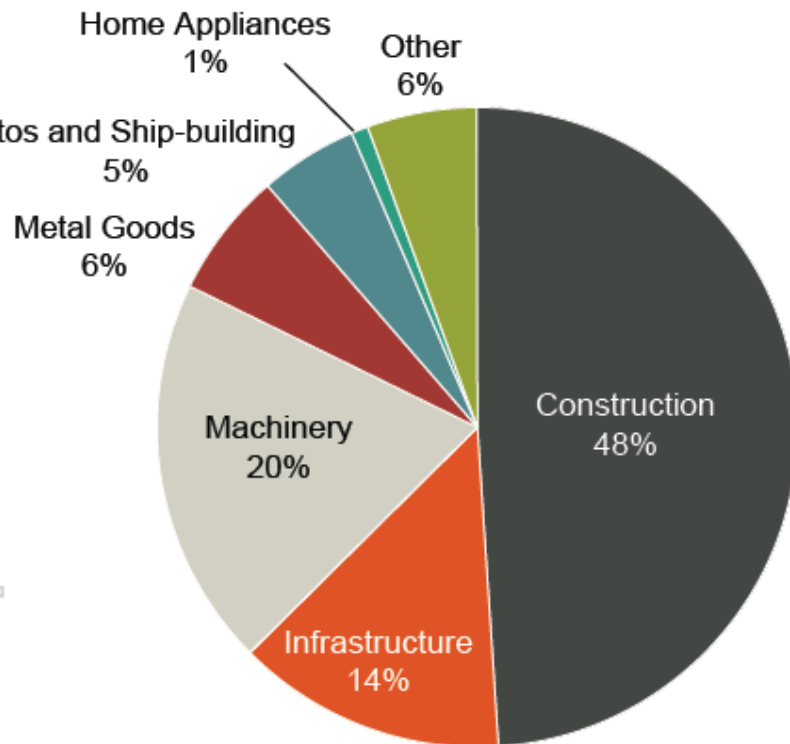
Global GDP Growth*

Year-average

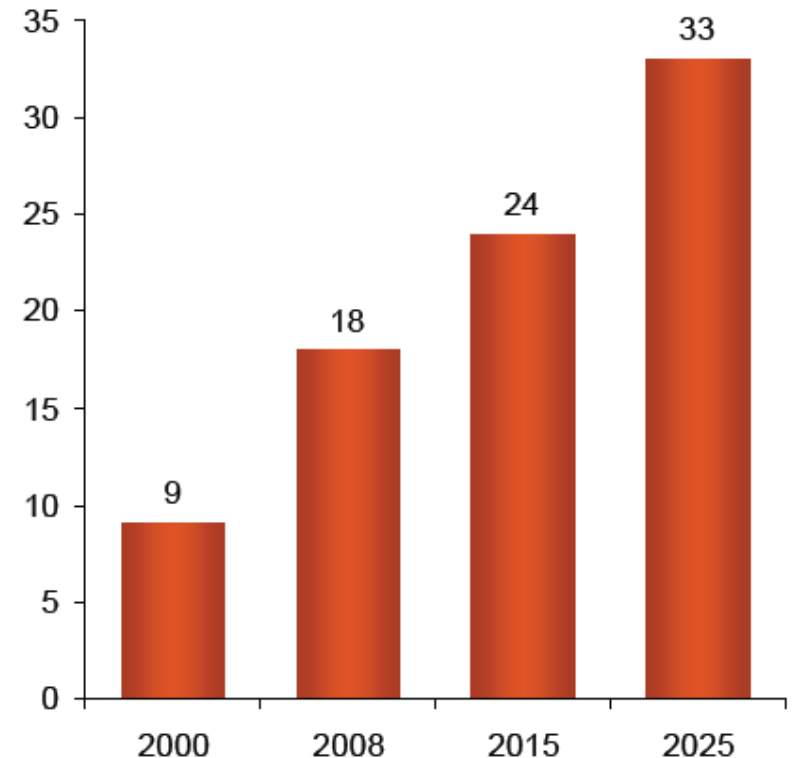


The Outlook for China

**Steel Use by Sector
(2008)**



**China's Urban Residential Floor Space
(Billions of Square Metres)**



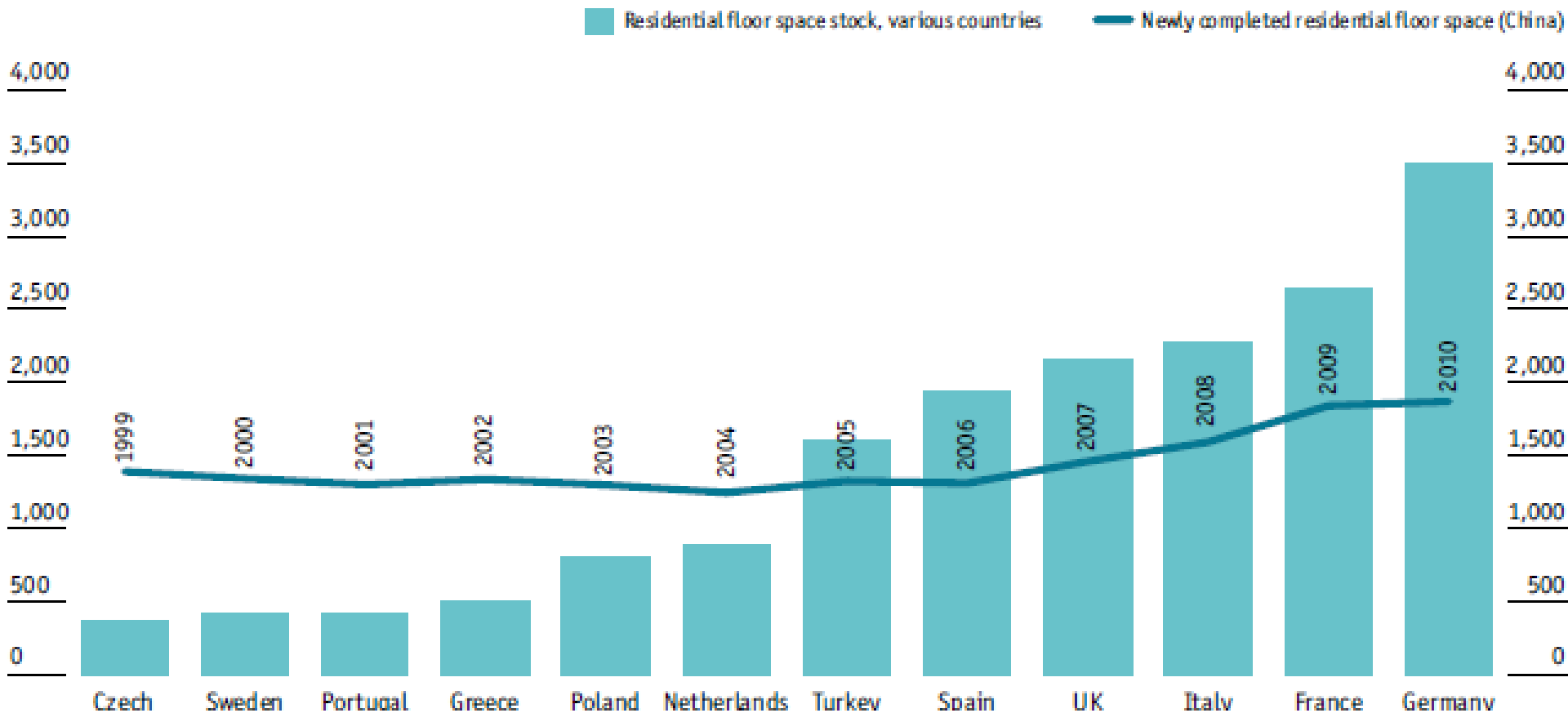
Source: BHP Billiton estimates

Source: McKinsey & Co; BHP Billiton estimates

China: building Europe in 15 years

China: building Europe in 15 years

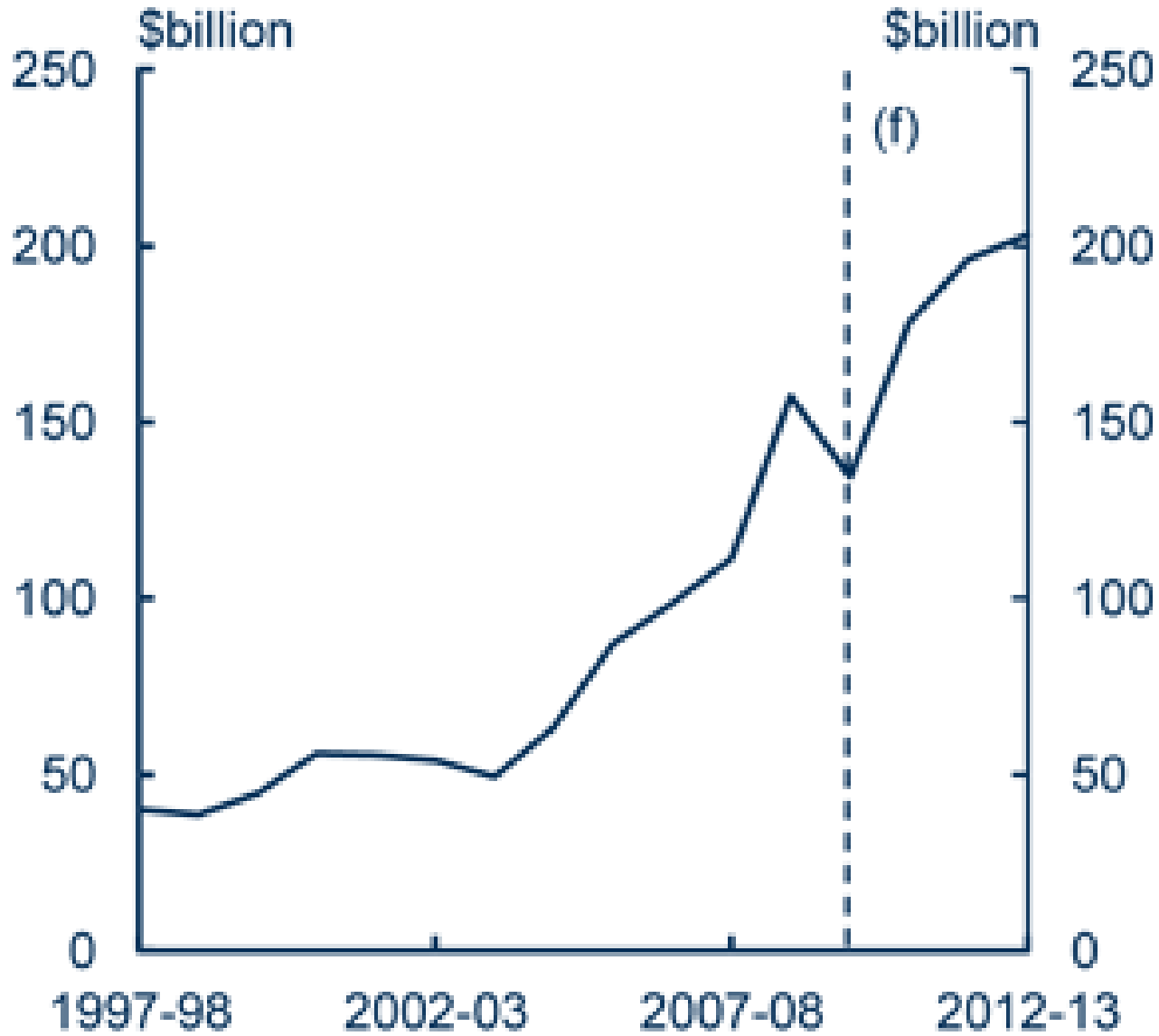
(sq m; m)



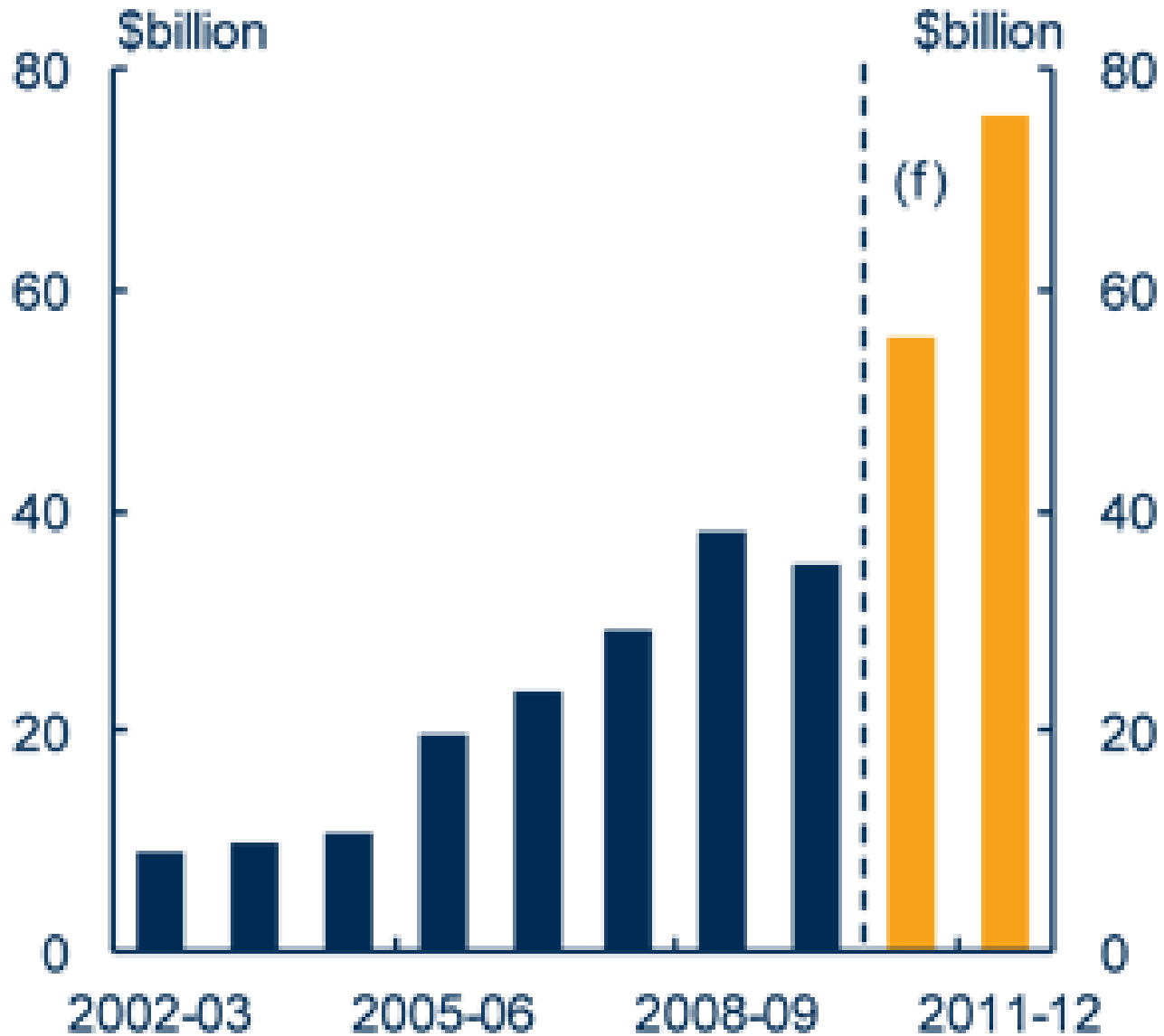
Source: Economist Intelligence Unit



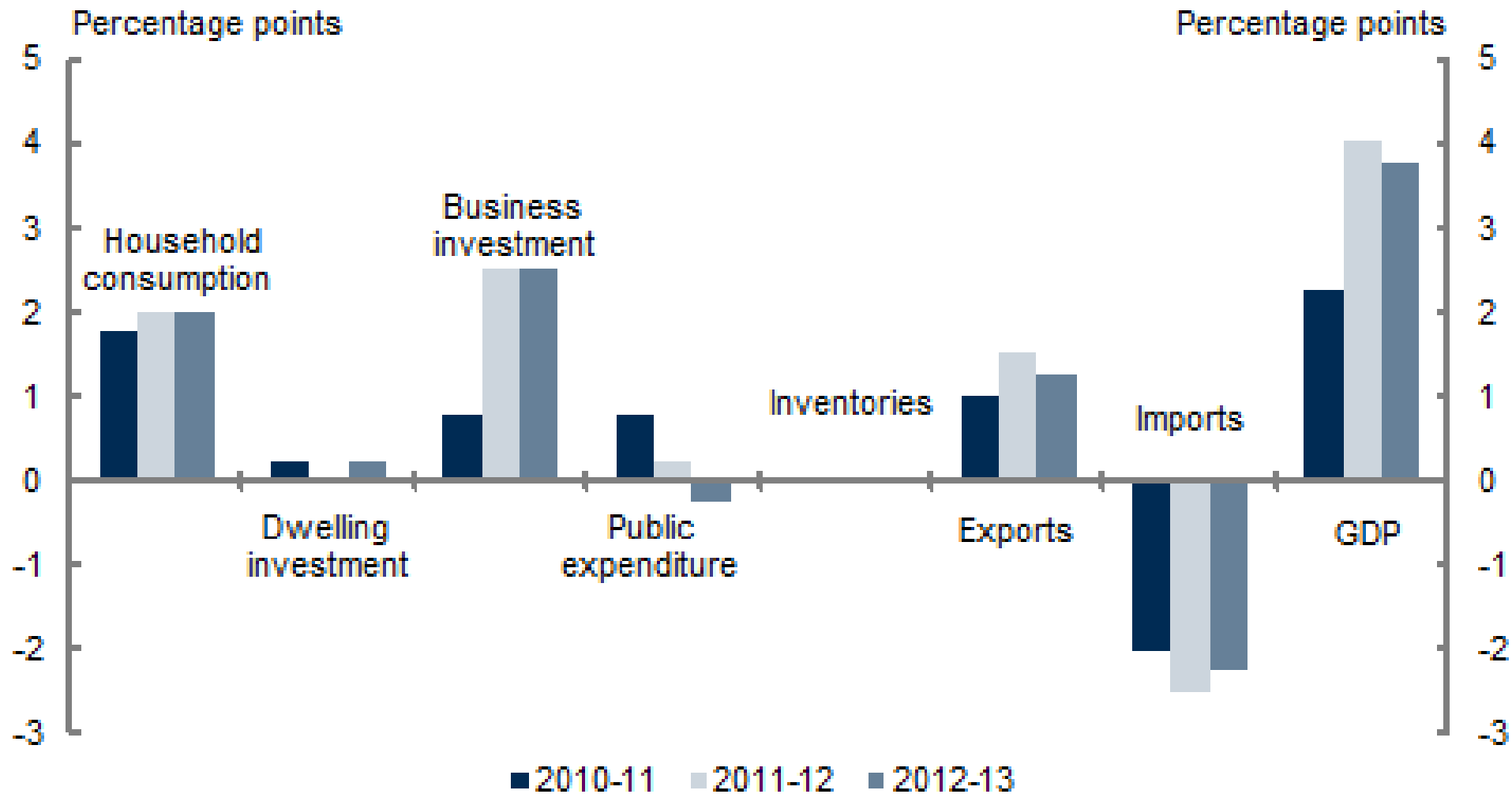
Mining income



Mining investment



Where the growth is



Sustainable spin

“Official” Migration Program

	2010-11	2011-12
Family	54,550	58,600
Skilled	113,850	125,850
Special	300	550
Total:	168,700	185,000

+16,300

Unsustainable spin

2010-11

2011-12

Total: 168,700

185,000

+ Humanitarian program 14,750 (+4,000)

+ Kiwis 25,000, +“457” visas....

ABS:NOM to Dec 171,000 (- 35%)

DIC: NOM now “about 160,000”

Bowen: NOM “in the region of 170,000 - 180,000 over the next few years”

OUR PEOPLE – our future

ABS year to December 31

- **net migration 171,100 (- 35%)**
- **births - deaths 154,400 (+ 1.8%)**
- **population growth 325,500
+1.5%
(WA +2.1%)**

The nation *not* doing it tough

Family type and wage as percentages of AWOTE (a)	Real disposable income (b)			Real net tax threshold (c)		
	(\$2010-11)			(\$2010-11)		
	2007-08	2011-12	% change	2007-08	2011-12	% change
Single person (67%)	\$35,286	\$38,033	7.8%	\$19,993	\$20,625	3.2%
Single person (100%)	\$49,136	\$52,378	6.6%	\$19,993	\$20,625	3.2%
Single person (167%)	\$75,730	\$80,584	6.4%	\$19,993	\$20,625	3.2%
Sole parent (0%)	\$29,052	\$30,427	4.7%	\$55,252	\$57,380	3.9%
Sole parent (67%)	\$49,483	\$52,510	6.1%	\$55,252	\$57,380	3.9%
Single income couple (133%) (d)	\$65,451	\$68,954	5.4%	\$34,806	\$35,822	2.9%
Single income couple (167%) (d)	\$78,014	\$82,868	6.2%	\$34,806	\$35,822	2.9%
Dual income couple (100 & 33%)	\$68,444	\$73,297	7.1%	\$37,178	\$37,625	1.2%
Dual income couple (100 & 67%)	\$84,422	\$90,411	7.1%	\$37,303	\$38,601	3.5%
Single income couple with children (100%) (e)	\$59,087	\$61,898	4.8%	\$55,252	\$57,380	3.9%
Single income couple with children (133%)	\$71,177	\$75,023	5.4%	\$55,252	\$57,380	3.9%
Single income couple with children (167%)	\$83,150	\$84,468	1.6%	\$55,252	\$57,380	3.9%
Dual income couple with children (100 & 33%) (f)	\$76,706	\$82,752	7.9%	\$65,640	\$70,287	7.1%
Dual income couple with children (100 & 67%) (g)	\$93,401	\$98,526	5.5%	\$69,648	\$77,712	11.6%
Dual income couple with children (167 & 100%) (h)	\$130,430	\$140,238	7.5%	\$68,889	\$76,547	11.1%
Single pensioner (0%) (i)	\$15,706	\$18,820	19.8%	\$29,919	\$31,719	6.0%
Pensioner couple (0 & 0%) (i)	\$25,741	\$28,373	10.2%	\$48,794	\$55,022	12.8%

UNION NEWS NETWORK

GOING GREY

