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Budget pressures on Australian governments

Summary slides

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Australian government budgets are under pressure; health dominates growth

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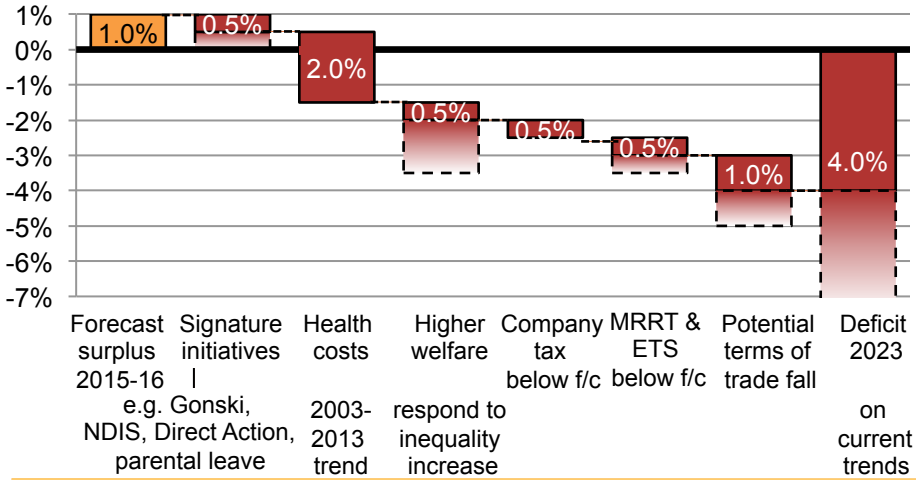
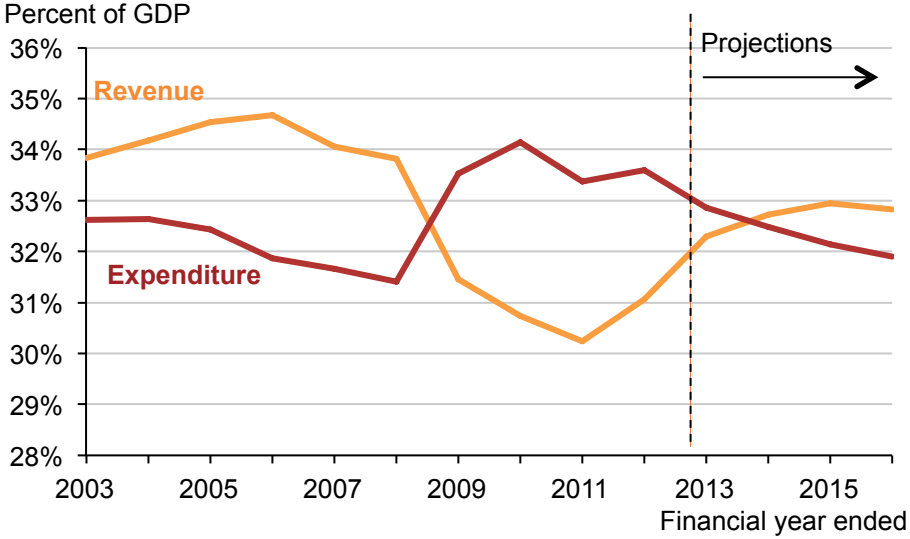
Australian governments face a budget gap of 4% of GDP

Potential budget outcome for Australian governments by 2023 given impact of plausible scenarios (Per cent of GDP)



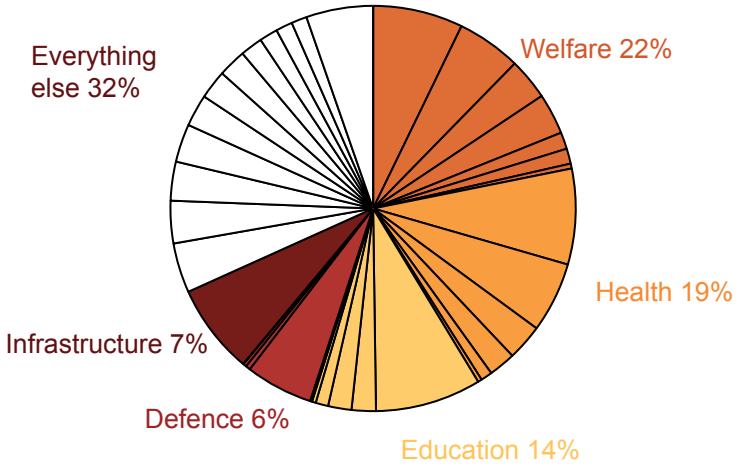
Australian government budgets are close to balanced

Percent of GDP



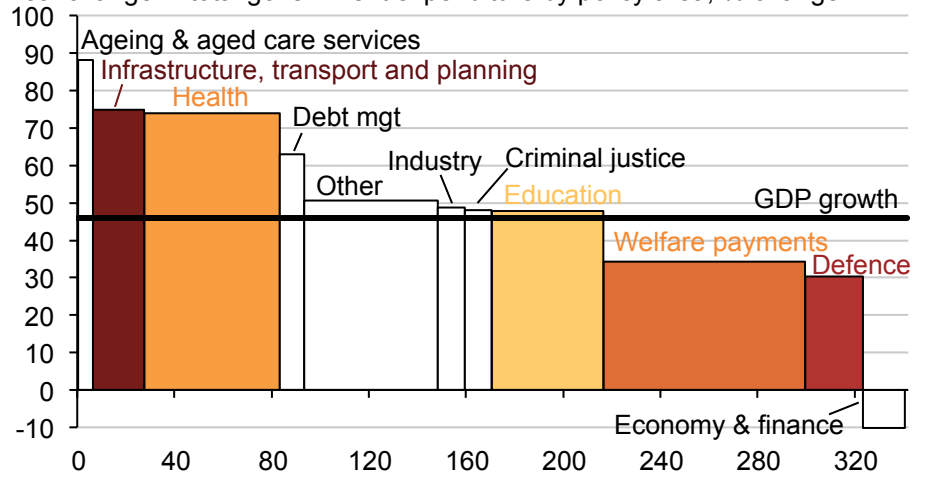
Welfare, health and education dominate government costs

Australian governments' expenditure by policy area, 2012-13



Health dominates spending growth above GDP

Real change in total government expenditure by policy area, % change



Demography is not the issue; instead policy choices dominate outcomes

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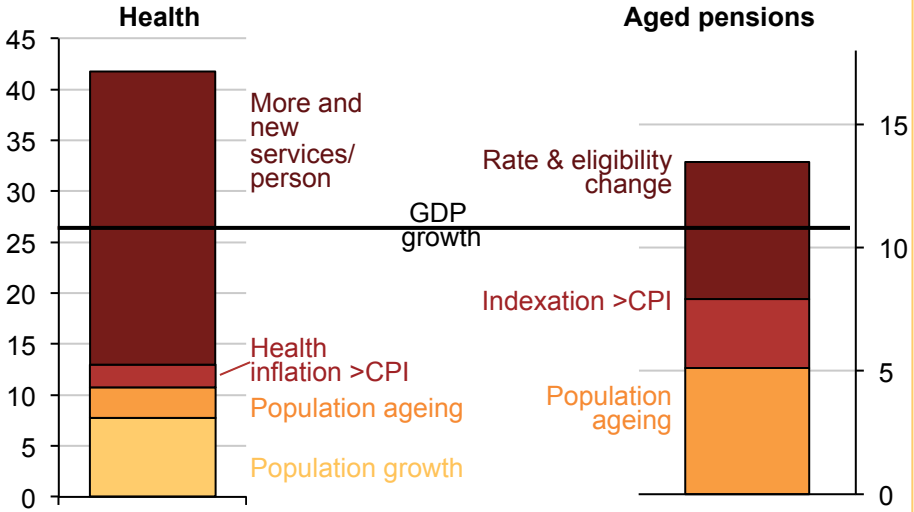
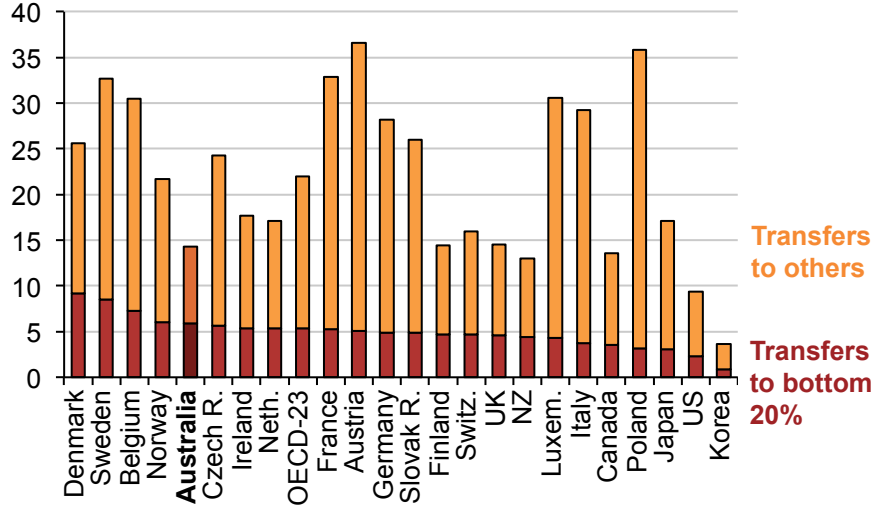
Big increases are driven by policy choice, not ageing

Drivers of government cost increases, 2002-03 to 2012-13 ($bn)



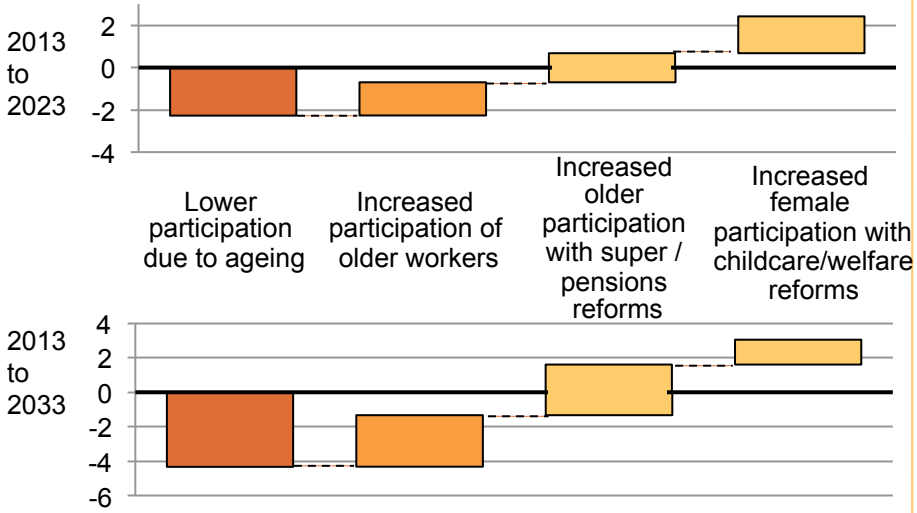
Welfare is already very tightly targeted

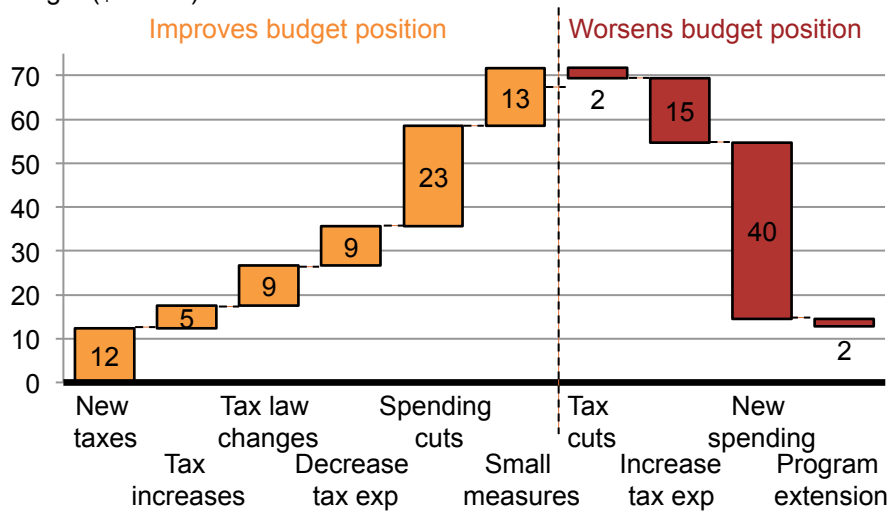
Welfare payments in the OECD, percent of GDP



Demography impact depends on participation choices

Changes in labour force participation rates (per cent of total population)



What was saved was spent in the last 4 years

Impact of 2009 to 2013 budget measures on 2013-14 Commonwealth budget ($ billion)