

Budget Breakfast highlights reel

What do we expect? We expect to see nothing in terms of rate movements until the end of next year. And then gradually some increases in rates, but it won't be going back up to 5%. We have it going and peaking at around 3.5%.

The consumer I'll also say is still nervous. They're also with high levels of saving. And this is the sort of chart on the left. Saving rates are still high. The sort of circle there – the red and the black is actual spending in December and March and if you look at the column – what is it? Well their spending a lot on utilities, medical, transport, groceries – all that.

What aren't they spending much on at all – things like services, charitable donations, keeping up with the Jones' all that sort of stuff.

What we have is unemployment going up to about 6.4% by the end of the year. Sort of staying there and gradually coming down in the medium term.

So by the end of 2017 going through to 2018, you've still got 6% unemployment.

Last night's budget, for small business, I look upon it as a good start. We have to start somewhere, but you know, but with business taxation, let's make it simple, let's incentivise people to spend, let's incentivise people to work. And so I think we've started the journey, let's keep going.

Yeah, so one thing I haven't heard this morning which I just want to throw out there particularly for the NAB Agri clients is around some concessions that were bought in around Agri spend. So to the extent that if you're building fences or water storing facilities, there are some immediate right-offs there. So that might be of interest. And I agree with Steve – it's a start, but probably leads to a broader discussion and I think we'll see something in the latter half of the year around broader tax reform in the economy and see how that can kick start something.

Absolutely.

People need to realise something. In Government, where having people in Government, who have done small business is really important. If you are a small business person, you are everything – you are the chief sales person, you are the marketer, you are probably also the book keeper and the accountant, you're the person that opens and closes the doors each day.

Now a big group like the NAB and any other company, have individuals who specialise in those tasks, but small business people, have to make money which is hard enough, but then do all those other things because they can't afford to employ others to do it and I just don't think there's enough sense of that in Government – and how difficult that is.

In terms of small business, I think there's some great stuff out there for them in terms of stimulating the economy and it's obviously the purpose of what they're doing.

The \$20000 spend for deductibility for small business is a great thing. It might encourage people to spend the amounts they might otherwise have not have. The 1.5% tax cut, again there's an offset there that will mean more cash in the pockets so hopefully more stimulation. And at the same time they are saying there are some tax concessions for sole traders, or non-incorporated structures as

well for up to certain limits. So overall for small business, it should encourage some spending and hopefully some stimulation for the economy.

Over the last 8 months, we've actually invested significantly, particularly in the SME segment to put more bankers out there and make sure we're there to support you because we have to take control of the confidence issue and make sure we're there stimulating business and driving economic activity. Because that's where we're going to get it.

Waiting for a Government to change or a budget to come down, hasn't actually cut it, so we're in the driver's seat and we're certainly open for business, very keen to support all of our customers out there and we appreciate all of the business you give us.

So please, connect with your NAB Business Bankers, we are coming up to the end of the financial year. For those of you who can get the tax concessions that were handed down, take advantage of that, and see what we can do to create the economic environment we want to be in and create the confidence that we need to make sure that Australia is sustainable.