

Transcript Alan Oster:

What do you see in the 2015 Federal Budget?

I think a fairly conservative budget. They are going to be very sensitive to the idea that anything that is sort of revolutionary or perceived to be unfair is not going to get through the senate. So I think what you are going to get is a combination of some tightening up of what you might call middle-class welfare, probably some issues in terms of tax where small business is probably going to get a tax cut and they are also going to have to talk about issues associated with how do you help small business that's not incorporated. So there you are probably going to be talking about depreciation announcements. From what we know they are going to be looking at Google taxes but they are sort of saying well we don't need to introduce that, we can get around that sort of problem using the existing law more harshly if you like I think that's what they are going to do. So it's going to be sort of things that will help people and will be seen as fair and not really anything that's too revolutionary.

What will this budget mean for the Australian dollar?

I think the short answer is not much and the reason for that is I think a lot of them mean messages and policy changes are going to be signalled well and truly and so unless you get a surprise, then I think the Australian dollar's sort of going to be pretty neutral and I think one of the objectives of the Government will probably be that they don't cause shocks either in equity markets and currency markets or interest rate markets.

Will we continue to see business confidence increase as a result of this budget?

You've seen a little bit of an up-kick in confidence but not much better than where it was before the RBA started to cut rates. What we've seen in the survey is better actual outcomes so particularly what you've seen is improvements in essentially the consumer buying services so the consumer has money and if they feel that they need something like get your kids educated pay your utility bills etc they will do that so that's been improving. We're seeing a lot of improvement in construction so that's like building apartments and you've seen house price increases in Sydney and Melbourne so Victoria, New South Wales, have been doing pretty well.

So overall I think the economy is going to be around three per cent, unemployment around six and a bit and what the Government is going to try and do is say well let's gradually set in place some mechanisms that aren't really new but tightening up existing rules, get them through the senate and then move on so you basically run deficits for a long time but I suspect that what they will say is each year the deficit is going to be smaller and so at some stage in the medium term you are on the path to recovery.

What would tax cuts mean for small business?

I think it's probably going to help a bit, but small businesses - the smaller you go the tougher the conditions that small business is basically reporting. If you look at credit demand for the less than \$100,000 loans they are actually still negative, it's really

only the top end of town that you are starting to see some sort of issues. So in terms of small business, yes it is probably going to help a bit, particularly if you can get accelerated depreciation, but it is still pretty tough out there, and you've got to be able to convince small business that the economy's not going to turn around and clobber them.

What will the 2015 budget mean for everyday families?

I think they will probably say not a lot, probably it will be a bit harder to get benefits out of the Government, you will probably have to pay a bit more tax but they will do it within the existing structure, hopefully it sort of doesn't hurt the economy and hopefully it improves confidence a little bit and if they get through that I think that's not a bad outcome.