

# MMP Fiscal Model — Budget Analysis

## Revenue, Expenditure, and Internal Consistency Review

This document analyses the MMP fiscal model as presented in the platform (v245). It covers: the revenue picture across Years 1–5, the spending commitments, and the honest fiscal trajectory under two commodity scenarios.

### The Fiscal Position at a Glance

Metric	Current (Labor)	MMP Year 1	MMP Year 3	MMP Year 5
Total Revenue	\$657B	\$633B	\$656–705B	\$678–740B
Total Spending	\$734B	\$633B	\$632–637B	\$630–635B
Surplus / (Deficit)	<b>(\$77B)</b>	<b>~\$0</b>	<b>+\$24–68B</b>	<b>+\$48–105B</b>
Federal Net Debt	~\$600B rising	~\$611B peak	~\$603B falling	~\$550–480B
Interest bill	\$20B+/yr	\$20B (stable)	\$19B falling	\$15–17B falling
Current trajectory (no MMP)	—	(\$77B) deficit	(\$90B) deficit	Debt → \$900B
Swing vs current trajectory	—	<b>+\$77B</b>	<b>+\$125–155B</b>	<b>+\$138–195B</b>

Base case = Zone 3 commodity prices (normal long-run average). Supercycle = Zone 3–4 (2021–23 conditions). Both scenarios shown where relevant. Year 1 is the same under both — REL revenue doesn't diverge until Year 2–3 as zone effects compound.

### The Honest Year 1 Story

MMP Year 1 is deliberately near-balanced. The income tax simplification costs ~\$50B (raising threshold from \$18,200 to \$50,000). This is recovered through REL, bank tax, avoidance closure, and new levies. The net Year 1 deficit is ~\$8–9B — one-tenth of the current government's \$77B deficit — achieved while cutting income tax for every working Australian.

From Year 3, the structural surplus begins. This is not dependent on a commodity boom. The base case without any supercycle produces a \$24B surplus in Year 3 and \$48B in Year 5 — a \$125B fiscal turnaround in five years from structural reform alone.

# Revenue — Full Line Items

All figures from MMP Platform v245. Current system figures are 2024–25 estimates. MMP figures are platform projections.

Revenue Source	Current	MMP Yr 1	MMP Yr 3	MMP Yr 5
Personal income tax (30% flat above \$50k threshold; drops 1%/yr to 20% by Yr10)	\$320B	\$270B	\$265B	\$258B
Medicare levy (2%, unchanged)	\$18B	\$22B	\$23B	\$24B
Resource Extraction Levy — 5 zones, 30–80% gross revenue (federal 73% share)	\$0	\$112B	\$118B	\$126B
GST (raised to 12%; utilities exempt; residential property exempt)	\$87B	\$97B	\$103B	\$108B
Corporate tax (non-mining; mining/LNG replaced by REL — deliberate)	\$130B	\$65B	\$70B	\$75B
Bank profits tax (50% on major banks and financial institutions)	\$0	\$14B	\$15B	\$16B
Fuel excise (49.6c/litre; mining Fuel Tax Credits phased out over 3 years)	\$12B	\$12.6B	\$13B	\$13B
Tobacco excise	\$4B	\$4B	\$3.5B	\$3B
Alcohol (two-rate LAL system; WET abolished)	\$4B	\$8B	\$8B	\$8B
Cannabis (legalised; 30% excise + GST)	\$0	\$1.5B	\$3B	\$4B
Vaping (legalised; 30% excise)	\$0	\$1B	\$1B	\$1B
Gambling levies (casino 15%, online 15%, bookmaker 20%)	\$0.8B	\$1.8B	\$2B	\$2B
Superannuation reforms (SMSF transition + balances above \$2M)	\$0	\$2.5B	\$3.5B	\$3B
Diverted profits tax (40%)	\$0	\$3B	\$5B	\$6B
Multinational minimum tax (Pillar Two 15% — OECD obligation)	\$0	\$4B	\$6B	\$7B
Vacant residential land tax (1% annual on zoned undeveloped land)	\$0	\$1.5B	\$2.5B	\$3.5B
Luxury goods surcharge (12% to \$100k; 30% on excess)	\$0	\$2.5B	\$3.5B	\$4.5B
Foreign ownership surcharge (5% annual on vacant foreign-held residential)	\$0	\$2B	\$2.5B	\$3B
Junk food advertising levy	\$0	\$0.2B	\$0.3B	\$0.3B
<b>TOTAL REVENUE</b>	<b>\$657B</b>	<b>\$633B</b>	<b>\$658–705B</b>	<b>\$679–740B</b>

Note: GST revenue (\$97B in Yr 1) flows entirely to states — it is NOT federal Commonwealth revenue. The \$97B flows directly to state and territory budgets for hospitals, schools, and infrastructure. The federal revenue figure of \$633B includes GST for consistency with platform presentation, but Commonwealth spending capacity does not include these funds.

# Spending — Commitments and Savings

## Identified Savings — \$101B+ in Year 1

The platform identifies \$101B in spending cuts in Year 1. These are structural savings — not service cuts. No dollar is cut from welfare payments, Medicare, public hospitals, NDIS, schools, or aged care.

Spending Saving	Year 1	Year 3	Year 5
AI-driven administrative reduction across Commonwealth	\$20B	\$25B	\$30B
AUKUS cancellation and defence procurement waste	\$18B	\$18B	\$18B
Climate grants suspension (pending National Climate Symposium)	\$22B	\$15B	\$10B
Corporate welfare and industry grants failing productivity test	\$21B	\$21B	\$21B
Consultancy and contractor reform (\$5.5B/yr saved)	\$8B	\$8B	\$8B
Commonwealth-state program duplication	\$11B	\$11B	\$11B
NIAA abolition + Indigenous program consolidation (net after TO Fund)	\$6.9B	\$6.9B	\$6.9B
Private health insurance rebate phased out	\$2.5B	\$7.3B	\$7.3B
Fraud and waste recovery (National Integrity Audit)	\$4B	\$10B	\$15B
R&D tax integrity reform	\$1B	\$1.5B	\$2B
Fuel tax credits — mining phase-out (3 years)	\$1.8B	\$5.5B	\$5.5B
<b>TOTAL IDENTIFIED SAVINGS</b>	<b>~\$116B</b>	<b>~\$129B</b>	<b>~\$135B</b>

## Major New Spending Commitments

The platform does not present a single consolidated new spending table. These figures are drawn from individual policy chapters. Some are capital (once-off) and some are recurrent. Recurrent costs are Year 1 unless stated.

New Spending Commitment	Amount	Type	Funded From
Defence — increase to 3% of GDP (from ~2%)	~+\$35B/yr	Recurrent	Consolidated revenue
SBC — sovereign infrastructure build	\$45B/yr	Capital program	REL Revenue Lock (40%)
Sovereign Wealth Fund contributions	\$34B/yr	Investment	REL Revenue Lock (30%)
National Infrastructure Fund	\$22B/yr	Capital	REL Revenue Lock (20%)
Citizen Dividend (\$415/person Year 1)	\$11B/yr	Transfer payment	REL Revenue Lock (10%)
Bulk billing restoration (GP rebate to actual cost)	\$8–12B/yr	Recurrent	Consolidated revenue
Country Care Communities (200 facilities)	\$185B over 20yr	Capital + recurrent	REL + consolidated
Green Zones (151 electorate zones)	\$450–750M	Capital once-off	Consolidated revenue
10 threatened species fenced sanctuaries	~\$500M	Capital once-off	Consolidated revenue

New Spending Commitment	Amount	Type	Funded From
AusBrain sovereign AI infrastructure	\$8B over 4yr	Capital	REL revenue
Social housing (REL-funded)	\$10B over 5yr	Capital	REL revenue
Regional Community Reconstruction Fund	\$2B over 5yr	Capital	REL revenue
Pharmaceutical manufacturing sovereignty	\$4B	Capital once-off	Consolidated revenue
JobSeeker increase (\$54/day → \$85/day)	~\$12B/yr additional	Recurrent	Consolidated revenue
Billion trees program	\$300–500M/yr	Recurrent 10yr	Consolidated revenue
AusSkillBridge / TAFE free first qualification	~\$4B/yr	Recurrent	Consolidated revenue
10 psychology sessions zero gap (Medicare)	~\$2B/yr	Recurrent	Consolidated revenue
Childcare cap (\$10/hr)	~\$8–10B/yr	Recurrent	Consolidated revenue
National Service (75% min wage × 2yr cohort)	~\$15–20B/yr	Recurrent	Defence budget
Micro-refinery network (8–12 facilities)	\$8–12B	Capital once-off	REL/SPC revenue
SBC Phase 1 gross capex (SBC#1 + SBC#2)	Gross \$160–230B / Net ~\$45–115B (Rewiring redirect + unpaid super recovery)	Capital program	SBC funding sources. HVDC component (~\$20–35B) redirected from Rewiring the Nation. Recovered unpaid super (~\$80B over 5yr) as working capital. Effective net new sovereign borrowing: ~\$45–115B. Repaid by Year 8 from corridor revenue

MMP BUDGET ANALYSIS | FISCAL YEARS 1–5

## Budget Trajectory — Base Case vs Supercycle

### Two Scenarios — Five Year Outlook

	Current (Yr 0)	MMP Yr 1	MMP Yr 2	MMP Yr 3	MMP Yr 4	MMP Yr 5
<b>BASE CASE (Zone 2–3 Normal Prices)</b>						
Total Revenue	\$657B	\$633B	\$642B	\$656B	\$667B	\$678B
Total Spending	\$734B	\$633B	\$632B	\$632B	\$631B	\$630B
Surplus / (Deficit)	(\$77B)	~\$0	+\$10B	+\$24B	+\$36B	+\$48B
Federal Net Debt	~\$600B	~\$611B	~\$608B	~\$603B	~\$587B	~\$550B
<b>SUPERCYCLE (Zone 3–4, 2021–23 conditions)</b>						
Total Revenue	\$657B	\$633B	\$668B	\$705B	\$723B	\$740B
Total Spending	\$734B	\$633B	\$635B	\$637B	\$636B	\$635B
Surplus / (Deficit)	(\$77B)	~\$0	+\$33B	+\$68B	+\$87B	+\$105B
Federal Net Debt	~\$600B	~\$611B	~\$590B	~\$560B	~\$522B	~\$480B
<b>CURRENT TRAJECTORY (no reform)</b>						

	Current (Yr 0)	MMP Yr 1	MMP Yr 2	MMP Yr 3	MMP Yr 4	MMP Yr 5
<b>Surplus / (Deficit)</b>	<b>(\$77B)</b>	<b>(\$82B)</b>	<b>(\$86B)</b>	<b>(\$90B)</b>	<b>(\$95B)</b>	<b>(\$100B)</b>
<b>Federal Net Debt</b>	~\$600B	~\$682B	~\$768B	~\$858B	~\$953B	~\$1T+

### The Surplus Allocation — From Year 3

Once the surplus begins, MMP has a legislated mandatory allocation rule — constitutionally embedded, not subject to annual political negotiation:

Allocation	Share	Year 3 (\$24B surplus)	Year 5 (\$48B surplus)	Purpose
<b>Debt reduction</b>	50%	\$12B	\$24B	Direct buyback of Commonwealth Government Securities — compounding as interest bill falls
<b>Sovereign Wealth Fund</b>	25%	\$6B	\$12B	Norway model — permanent endowment, independent board, diversified global assets. By Year 20: \$1T+
<b>Productive infrastructure</b>	15%	\$3.6B	\$7.2B	Roads, hospitals, schools, regional connectivity — assessed by independent commission on productivity criteria
<b>Citizen Dividend</b>	10%	\$2.4B	\$4.8B	In addition to the REL-funded dividend. Combined Year 5 dividend: ~\$760+/person from surplus + ~\$415 from REL = ~\$1,175+/person

### The Income Tax Reduction Pathway

The 30% flat rate is not the destination. It drops 1% per year for every year the surplus target is met — reaching 20% flat by Year 10. Automatic and legislated, not subject to annual negotiation.

Year	Rate	Condition
<b>Year 1–2</b>	30%	Reforms bedding in
<b>Year 3</b>	29%	First surplus triggered
<b>Year 5</b>	27%	Defence at 3% GDP, fully funded, debt falling
<b>Year 8</b>	23%	REL revenue compounding, resources sector fully embedded
<b>Year 10</b>	20%	Destination reached — paid for by mining companies and banks, not by working Australians

# Issues, Risks, and Honest Caveats

## Remaining Issues and Risks

### 1. Corporate tax drop from \$130B → \$65B [MEDIUM]

The platform states this is deliberate — mining/LNG company tax is replaced by REL. Non-mining corporate tax unchanged at 25%. This is correct policy but needs to be clearly explained or it looks like a \$65B revenue hole.

### 2. National Service cost not consolidated [MEDIUM]

~75% of minimum wage × 2-year cohort × every Australian 18–20 is a very large number (~\$15–20B/yr at steady state). This sits in the Defence budget (3% GDP) but isn't explicitly broken out. Verify it fits within the 3% commitment.

### 3. Childcare cap cost \$8–10B/yr [MEDIUM]

\$10/hour cap is a very large commitment. Current Commonwealth childcare spending is ~\$12B/yr. Moving to a universal cap significantly changes the profile. Needs detailed modelling against current program structure.

### 4. REL replaces state royalties [MEDIUM]

The platform states state royalties are abolished and replaced by the 25% REL share. WA gets \$20B vs \$13.5B current — states are better off. But this is a major constitutional change requiring state agreement. This is a political risk, not a fiscal risk.

### 5. JobSeeker increase \$12B/yr additional [LOW-MED]

Raising from \$54/day to \$85/day is approximately \$12B/yr additional cost. This is partially offset by the Green Corps (welfare to work) and Green Zone participation reducing caseloads over time. The net cost depends on caseload trajectory.

### 6. SBC capex not in operating budget [LOW]

The SBC is funded by the REL Revenue Lock (40%), superannuation equity, bonds, and own revenue — not from budget appropriation. This is structurally correct but needs to be clearly explained so it doesn't appear as off-budget spending.

## What the Model Gets Right

- The structural saving of \$101B in Year 1 is identified, specific, and does not cut a single service payment
- The income tax simplification is honest — the cost (\$50B) is stated explicitly and the offset is named
- The two-scenario presentation (base case vs supercycle) is the right approach — it avoids overpromising
- The REL is explicitly non-gameable: gross revenue basis, automatic zone determination, no ministerial discretion
- The surplus allocation framework (50/25/15/10) is legislated and constitutionally embedded — not subject to political whim
- The debt trajectory is honest: debt peaks at \$611B in Year 2 before falling — not instantly resolved
- The comparison to current trajectory (\$1T by 2033) is verifiable and the numbers are accurately cited
- The SBC is self-funding from REL revenue lock — not a budget appropriation — structurally correct

## The Bottom Line

The MMP fiscal model is internally coherent at the macro level. The Year 1 near-balance is achievable through the savings identified. The Year 3 surplus is credible on base-case commodity assumptions. The REL is the engine that makes the whole model work — and it needs to be presented consistently. Fix the zone labelling inconsistency, consolidate the national service cost, and model the childcare cap carefully. The rest of the model holds.

## MMP BUDGET ANALYSIS | SBC 30-YEAR EXPORT ECONOMICS

### Why Export Revenue Matters for the Budget Model

The MMP fiscal model as presented in Fiscal Years 1–5 is underwritten entirely by the domestic corridor revenue and structural savings. Export revenue is not in the Year 1–5 budget. This section models the export revenue trajectory from Year 6 onward and its compounding effect on the Citizen Dividend, the Sovereign Wealth Fund, and federal surplus allocation.

Important: export revenue does not appear in consolidated revenue. It flows through the SBC as a sovereign commercial entity. It adds to the Citizen Dividend and the SWF — not to federal appropriations. The budget model is not dependent on export revenue. The export revenue is upside on an already-solvent structural model.

## The SBC Export Revenue Trajectory

**Year 5 (Phase 1):** \$2–3B/yr export revenue. Singapore and Indonesia links commissioned. Pacific Ring partially complete. Does not materially affect federal budget — flows to Citizen Dividend and SWF.

**Year 10 (Phase 2):** \$8–12B/yr export revenue. Philippines, Vietnam, and Pacific Ring complete. Combined with domestic corridor: total SBC revenue \$78–102B/yr. Citizen Dividend reaches approximately \$1,000/person from SBC revenue alone — before federal surplus allocation.

**Year 15 (Phase 3):** \$25–40B/yr export revenue. Taiwan, China, and India links commissioned. Green hydrogen transition begins. Total SBC revenue \$128–158B/yr. Citizen Dividend approximately \$2,000/person/year.

**Year 30 (Phase 4):** \$30–60B/yr export revenue. Full regional mesh. Vessels operating permanently. Total SBC + export revenue \$150–200B/yr. Citizen Dividend \$3,000–5,000/person/year. Sovereign Wealth Fund exceeds \$500B.

## Compounding Effect on the Sovereign Wealth Fund

The SWF receives 25% of the federal surplus plus a portion of SBC export revenue. Under the Phase 3 scenario (Year 15): federal surplus \$48B/yr minimum, SWF federal allocation \$12B/yr; SBC export revenue \$25–40B/yr, SWF SBC allocation (estimate 20%) \$5–8B/yr. Total SWF inflow: \$17–20B/yr. At a conservative 6% return on accumulated assets, the SWF passes \$500B before Year 25 and approaches \$1T by Year 30 — consistent with the prospectus target and the Norway model benchmark.

## Updated Citizen Dividend Trajectory

**Year 1:** \$415/person — REL revenue lock (10%). 27 million Australians = \$11.2B/yr total.

**Year 3:** \$415/person REL + \$144/person federal surplus allocation (10% of \$24B surplus / 27M people) = ~\$560/person total.

**Year 5:** \$415/person REL + \$178/person federal surplus (10% of \$48B) = ~\$593/person. Consistent with the ~\$600/person projection.

**Year 10:** ~\$415/person REL (growing as REL revenue grows) + ~\$220/person federal surplus + ~\$370/person SBC export allocation = approximately \$1,000/person. Consistent with Phase 2 projection.

**Year 15:** SBC domestic + export revenue drives dividend to approximately \$2,000/person, net of SWF allocations and infrastructure reinvestment. Consistent with Phase 3 projection.

## Fiscal Risk Assessment — Export Scenarios

**Base case (all export links commissioned on schedule):** Export revenue consistent with table above. Budget model unchanged — domestic corridor and REL are the budget engine. Export revenue is additive.

**Delayed export scenario (5-year delay on all Phase 2 links):** Year 10 export revenue at Year 5 levels (\$2–3B). Federal budget unaffected. Citizen Dividend at Year 10 is approximately \$800/person rather than \$1,000. SWF grows more slowly. Not a budget risk.

**Adverse pricing scenario (Asian export prices fall 30%):** Export revenue falls to \$5–8B/yr in Phase 2. Citizen Dividend impact: approximately –\$150/person at Year 10. Federal budget unaffected. SWF grows more slowly. Manageable.

**Single corridor failure scenario:** SBC domestic corridors are built as an interconnected ring. If one corridor underperforms, the network routes around it. No single corridor failure eliminates domestic revenue. The redundancy architecture is a fiscal hedge.

## Bottom Line — Export Economics in the Fiscal Context

The 30-year SBC export plan is upside on an already-solvent structural model. The federal budget is not dependent on a single dollar of export revenue. Export revenue compounds the Citizen Dividend, grows the Sovereign Wealth Fund, and deepens regional commercial relationships that strengthen Australia's strategic position simultaneously. The fiscal risk in the export plan is sequencing — treating Phase 3 revenue as Year 1 budget certainty. The MMP model correctly treats export revenue as SBC commercial revenue, not federal appropriations. That separation is the right structural choice and it should be maintained consistently in all public budget presentations.

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*This analysis is based on MMP Platform v245. All figures are platform projections, not independently audited. Before the budget is presented as policy, a reputable economist or fiscal institute review is strongly recommended — not to validate the politics but to stress-test the assumptions and identify any further inconsistencies.*