One of the primary objectives of the 2017-18 budget is likely to be to put some distance - politically and in terms of economic policy - between the Turnbull government and its predecessor, that of former Prime Minister Tony Abbott.

The Abbott government came to office with a view that any and all public debt was “bad”, and that returning the budget to surplus as quickly as possible was a political and economic imperative. Hence, its first budget emphasised cuts in government spending, including in areas where it had previously promised there would be no cuts.

And it increased taxes, despite having previously promised there would be no tax increases under a Coalition government. The political legacy of those broken promises - and the widespread (and largely justified) perception that those measures were manifestly unfair - contributed to Malcolm Turnbull’s near-death experience at last July’s federal election.

The first budget of the returned Turnbull government will be largely about burying the legacy of its predecessor.

Treasurer Scott Morrison will pronounce the death rites for the so-called “zombie” spending cuts left over from the 2014 budget, which the Senate has refused to pass. According to the Parliamentary Budget Office, these are still contributing almost A$8.5 billion to the improvement in the budget bottom line over the four years to 2019-20 (forecast in last year’s MYEFO). It’s also contributing almost A$43 billion of projected savings over the ten years to 2026-27.

The government will of course be seeking savings from the same areas as were to be affected by these zombie measures. But, as we have seen with the announcements last week regarding universities and schools, the savings sought will be smaller.

In addition, greater attention will be paid to perceptions of “fairness” than was the case with the “zombie” measures. The same is likely to be the case with regard to the health measures to be announced in the budget itself.

The budget will also confirm that the so-called “temporary defict repair levy” will lapse on 1 July. This was the 2% surcharge on the top marginal personal income tax rate which was the only significant taxation measure actually implemented by the Abbott government.

The foreshadowed distinction between “good” and “bad” debt is another element of the budget’s effort to distance the Turnbull government from its predecessor. For all of Tony Abbott’s efforts to portray himself as the infrastructure prime minister, public infrastructure spending actually declined on his watch.

That partly reflected the Abbott government’s unwillingness to accept the advice of then RBA governor Glenn Stevens , the IMF , the OECD and others, that government borrowing, especially at record low interest rates, to fund well-targeted infrastructure investment was a good thing.

In this year’s budget, the government will foreshadow additional borrowing in order to finance additional infrastructure spending. Some of this will be on projects that would clearly meet Glenn Stevens’ criteria of “appropriate governance” and “appropriate pricing” - such as a second Sydney Airport. Some of it will be on projects which, more likely than not, would not pass those tests.

But the government will seek to quarantine this “good” debt from detracting from its policy and political goal of returning the budget to surplus. It will do this by focusing attention on the net operating balance or difference between revenues and operating expenses - as state and territory governments and the New Zealand government have done in their budgets for decades.

Indeed, by focusing on this measure, the budget might be able to proclaim a return to surplus in 2019-20, a year earlier than projected for the underlying cash balance.

Such an achievement would perhaps allow the government to gloss over the fact that the budget will do far less to address the on-going deterioration in housing affordability, than it had foreshadowed earlier this year.

The proposed bond aggregator will provide a vehicle for community and not-for-profit providers of affordable rental housing to borrow larger sums, for longer terms and at lower interest rates, from the bond markets. This is a welcome initiative for a sector of the housing market that has for too long received too little attention from governments.

But the government is clearly unwilling to contemplate any measures that might reduce the competition which low-income renters increasingly face from middle-income households who are no longer able to afford to become home-owners. That's in no small part because of the competition which they in turn face from investors who enjoy tax concessions more favourable than in almost any other "advanced" economy.

This competition has seen the share of housing loans going to investors rise from less than 20% twenty-five years ago to almost 50% in recent years.

The only measure which the budget is likely to include as a form of purported assistance to would-be home-buyers - a mooted plan to allow prospective first-time buyers to make pre-tax contributions to a dedicated savings account from which they could later withdraw in order to fund a deposit. It's only marginally less worse than the idea of allowing would-be home-buyers to draw down their superannuation savings in order to enhance their deposits.

This was a proposal which Prime Minister Turnbull rightly described as “thoroughly bad” . But as a piece of product differentiation from the Abbott government, which did absolutely nothing in the housing arena, it fits with what is likely to be the most important theme of next week's budget.

Saul Eslake does not work for, consult, own shares in or receive funding from any company or organization that would benefit from this article, and has disclosed no relevant affiliations beyond the academic appointment above.

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