

# Mid-Year Economic and Fiscal Outlook 2020-21

DECEMBER 2020

Statement by

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and

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For the information of honourable members

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## NOTES

- (a) The following definitions are used in this Mid-Year Economic and Fiscal Outlook (MYEFO):
- 'real' means adjusted for the effect of inflation
  - real growth in expenses and payments is calculated by the Consumer Price Index (CPI) as the deflator
  - the Budget year refers to 2020-21, while the forward years refer to 2021-22, 2022-23 and 2023-24
  - one billion is equal to one thousand million.
- (b) Figures in tables and generally in the text have been rounded. Discrepancies in tables between totals and sums of components are due to rounding.
- Estimates under \$100,000 are rounded to the nearest thousand.
  - Estimates \$100,000 and over are generally rounded to the nearest tenth of a million.
  - Estimates midway between rounding points are rounded up.
  - The percentage changes in statistical tables are calculated using unrounded data.
- (c) For the budget balance, a negative sign indicates a deficit while no sign indicates a surplus.
- (d) The following notations are used:
- |         |   |
|---------|---|
| -       | nil   |
| na      | not applicable (unless otherwise specified) |
| \$m     | millions of dollars                         |
| \$b     | billions of dollars                         |
| nfp     | not for publication                         |
| (e)     | estimates (unless otherwise specified)      |
| (p)     | projections (unless otherwise specified)    |
| NEC/nec | not elsewhere classified                    |

- (e) The Australian Capital Territory and the Northern Territory are referred to as 'the territories'. References to the 'states' or 'each state' include the territories. The following abbreviations are used for the names of the states, where appropriate:

NSW	New South Wales
VIC	Victoria
QLD	Queensland
WA	Western Australia
SA	South Australia
TAS	Tasmania
ACT	Australian Capital Territory
NT	Northern Territory

- (f) In this paper the term Commonwealth refers to the Commonwealth of Australia. The term is used when referring to the legal entity of the Commonwealth of Australia.

The term Australian Government is used when referring to the Government and the decisions and activities made by the Government on behalf of the Commonwealth of Australia.

# Foreword

The *Mid-Year Economic and Fiscal Outlook 2020-21* (MYEFO) has been prepared in accordance with the *Charter of Budget Honesty Act 1998*. The Charter requires that the Government provide a mid-year budget report which provides updated information on the Government's fiscal position.

Consistent with these requirements:

- **Part 1: Overview** – contains summary information on the key fiscal and economic indicators and outlook and an outline of the key policy decisions taken since the 2020-21 Budget
- **Part 2: Economic outlook** – discusses the domestic and international economic forecasts and projections that underpin the budget estimates
- **Part 3: Fiscal strategy and outlook** – provides a discussion of the fiscal strategy and outlook, in addition to a summary of the factors explaining variations in the cash flow statement, the operating statement and the balance sheet since the 2020-21 Budget
- **Part 4: Debt statement** – provides information on current and estimated Government debt
- **Part 5: Statement of risks** – provides details of general developments or specific events that may have an impact on the fiscal position, and contingent liabilities which are costs the government may possibly face, some of which are quantified
- **Part 6: Australian Government Budget Financial Statements** – provides financial statements for the general government sector, the public non-financial corporations sector, the total non-financial public sector, the public financial corporations sector and notes to the general government sector financial statements
- **Appendix A: Policy decisions taken since the 2020-21 Budget** – provides details of decisions taken since the 2020-21 Budget that affect payment and receipt estimates
- **Appendix B: Supplementary expense tables and the Contingency Reserve** – provides estimates of general government expenses by function and sub-function and outlines the role of the Contingency Reserve
- **Appendix C: Australia's federal relations** – provides information on payments for specific purposes and general revenue assistance provided to the states and territories
- **Appendix D: Historical Australian Government data** – provides historical data for the Australian Government's key fiscal aggregates

The MYEFO does not include a Tax Benchmarks and Variations Statement or details on forecast uncertainties, sensitivities and scenarios as this information has not materially changed since the 2020-21 Budget. The 2020 Tax Benchmarks and Variations Statement will be published in early 2021.

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# Part 1: Overview

## Introduction

2020 has been a year like no other. The COVID-19 pandemic has resulted in the most severe global economic crisis since the Great Depression and Australia's first recession in almost 30 years.

In the 2020-21 Budget, the Government set out its Economic Recovery Plan for Australia to create jobs, rebuild the economy and secure Australia's future. The Government's decisive response to the COVID-19 pandemic has been temporary, targeted and proportionate to the shock.

The Government has provided \$267 billion in direct economic and health support under the Economic Recovery Plan. Of the \$251 billion in direct economic support, over \$175 billion has already flowed to Australian households and businesses. Additional support has been provided automatically through the tax and welfare systems.

The Australian economy is rebounding strongly. Australia's real GDP grew by 3.3 per cent in the September quarter and recent data suggest momentum has continued into the December quarter. The labour market continues to strengthen alongside the recovery in economic activity, with around 80 per cent of the 1.3 million people who lost their job or were stood down on zero hours in April now back at work. Real GDP is forecast to grow by 4½ per cent in 2021, following a fall of 2½ per cent in 2020.

Australia's economic and health outcomes continue to compare favourably to other countries and the Australian economy is forecast to outperform all major advanced economies in 2020.

Nevertheless, certain COVID-19 restrictions remain and there is a long way to go until the economy fully recovers and the unemployment rate is brought down comfortably below 6 per cent. The risk of virus outbreaks will continue to create uncertainty for both households and businesses, and the international outlook remains uncertain.

The underlying cash balance in 2020-21 is now expected to be a deficit of \$197.7 billion (9.9 per cent of GDP), a \$15.9 billion improvement since the 2020-21 Budget, primarily reflecting the faster-than-expected rebound in the economy. The underlying cash balance is expected to improve over the forward estimates to an expected deficit of \$66.0 billion (3.0 per cent of GDP) in 2023-24 and to further improve over the medium term to a projected deficit of \$45.7 billion (1.4 per cent of GDP) in 2030-31. This is broadly consistent with projections at the 2020-21 Budget where a deficit of 1.6 per cent of GDP was projected in 2030-31.

## *Part 1: Overview*

The 2020-21 MYEFO continues to build upon the Government's Economic Recovery Plan by supporting Australians with additional COVID-19 response measures and delivering a resilient and competitive economy through the five-year JobMaker Plan.

Further COVID-19 response measures in the 2020-21 MYEFO include \$3.2 billion to extend the Coronavirus Supplement, an additional \$1.6 billion to facilitate access to COVID-19 vaccines domestically, as well as \$500 million to extend vaccine support to our region.

The Government continues to guarantee the essential services on which Australians rely, committing a further \$859 million to aged care. Overall, the Government's policies ensure that Australia will emerge from the pandemic with a stronger, more resilient and more productive economy.

## **Updated Economic Outlook**

Australia's economic recovery is well underway. The economy grew strongly in the September quarter and recent data suggest this momentum has continued into the December quarter. This is consistent with Australia's success at controlling the spread of the COVID-19 virus, the staged easing of restrictions and substantial macroeconomic policy support.

Nonetheless, significant risks remain. Although recent domestic outbreaks have been contained, the virus still presents an ongoing threat, generating uncertainty for both households and businesses. There is a long way to go until the economy fully recovers and the unemployment rate is brought down comfortably below 6 per cent.

Globally, the economic recovery is also progressing, but the pace of recovery is uneven. After solid rebounds in the September quarter, the recovery across many advanced economies has lost momentum with renewed outbreaks leading to a curtailment of activity. Following an expected fall of 4 per cent in 2020, global GDP is forecast to increase by  $4\frac{3}{4}$  per cent in 2021. Australia's major trading partners are forecast to grow by  $5\frac{3}{4}$  per cent in 2021 following a fall of  $2\frac{1}{2}$  per cent in 2020.

Australia's real GDP grew by 3.3 per cent in the September quarter, its strongest quarterly growth rate since the March quarter 1976. Growth in the quarter was driven by a strong recovery in household consumption and growth in public spending. Real GDP is forecast to fall by  $2\frac{1}{2}$  per cent in 2020, compared with a fall of  $3\frac{3}{4}$  per cent forecast in the 2020-21 Budget. Real GDP is then forecast to grow by  $4\frac{1}{2}$  per cent in 2021. An ongoing recovery in consumption and investment will be underpinned by continued improvements in confidence and a further easing of social distancing restrictions. There will also be ongoing support from the Government's economic measures, which have helped maintain strong household and business balance sheets.

Labour market conditions have improved substantially alongside the recovery in economic activity. Since May 2020, three-quarters of employment and almost two-thirds of hours lost at the height of the crisis have been recovered. Labour force participation increased to 65.8 per cent in October, close to its pre-COVID-19 level. The unemployment rate, which was 7.0 per cent in October, is forecast to peak at 7½ per cent in the March quarter 2021, below the peak of 8 per cent forecast in the 2020-21 Budget. It is then forecast to fall to 6¼ per cent in the June quarter 2022. Despite this improvement in conditions, the unemployment rate remains elevated and conditions are challenging for particular groups including young people and those in areas and industries most affected by health measures to contain the spread of COVID-19.

Nominal GDP is forecast to rise by 1 per cent in 2020-21 and then grow by 1¼ per cent in 2021-22. The increase in nominal GDP in 2021-22 is not expected to be as strong as the recovery in real GDP growth in that year. This reflects a fall in the terms of trade as iron ore prices are assumed to decline to US\$55 per tonne free-on-board (FOB) by the end of the September quarter 2021. In addition, wage and price growth is expected to be subdued across the forecast period, reflecting spare capacity in the labour market.

There is substantial uncertainty around the global and domestic outlook, as well as the extent of any longer-lasting economic effects from the pandemic. This stems from uncertainty around the spread of the virus, the success of health interventions, and the timing and efficacy of vaccines and other medical treatments. Rising global debt levels may lead to credit tightening and financial instability, particularly if interest rates rise. Domestically, ongoing uncertainty including from an elevated unemployment rate could lead to persistently high household saving and weaker-than-expected consumption growth, while global trade tensions could impact on Australia's export markets and trade flows.

**Table 1.1: Major Economic Parameters<sup>(a)</sup>**

	Outcome		Forecasts		
	2019-20	2020-21	2021-22	2022-23	2023-24
Real GDP	-0.2	3/4	3 1/2	2 1/2	2 3/4
Employment	-4.3	4	1 3/4	1 1/4	1 3/4
Unemployment rate	7.0	7 1/4	6 1/4	5 3/4	5 1/4
Consumer price index	-0.3	2 1/4	1 1/2	1 3/4	2
Wage price index	1.8	1 1/4	1 1/4	2	2 1/4
Nominal GDP	1.7	1	1 1/4	3 3/4	4 3/4

(a) Real GDP and nominal GDP are percentage change on preceding year. The consumer price index, employment, and the wage price index are through the year growth to the June quarter. The unemployment rate is the rate for the June quarter.

Source: ABS Australian National Accounts; National Income, Expenditure and Product; Labour Force, Australia; Wage Price Index, Australia; Consumer Price Index, Australia; and Treasury.

## **Updated Fiscal Outlook**

The COVID-19 pandemic has fundamentally reshaped the economic and fiscal outlook.

In the 2020-21 Budget the Government introduced a revised Economic and Fiscal Strategy, setting out a plan to achieve a strong economic recovery to drive down the unemployment rate, and then to stabilise and reduce debt over time as a share of the economy.

The Government remains focused on its Economic Recovery Plan, as the first phase of its Economic and Fiscal Strategy to support private sector-led growth and job creation, and allowing automatic stabilisers to operate. The Government is continuing to monitor economic conditions and is maintaining flexibility to respond quickly and decisively with further targeted COVID-19 support, if required.

The underlying cash balance is now expected to be a deficit of \$197.7 billion (9.9 per cent of GDP) in 2020-21. The change in the deficit since the 2020-21 Budget has primarily been driven by improvements in the economic outlook, including higher-than-expected receipts and a lower-than-expected number of people receiving the JobKeeper Payment. This has been partly offset by additional policy decisions to support the economic recovery and secure access to vaccines.

The underlying cash balance is expected to improve over the forward estimates to a deficit of \$66.0 billion (3.0 per cent of GDP) in 2023-24 and to further improve over the medium term to a projected deficit of \$45.7 billion (1.4 per cent of GDP) in 2030-31.

The net operating balance is now expected to be a deficit of \$185.2 billion (9.2 per cent of GDP) in 2020-21, improving to an estimated deficit of \$57.1 billion (2.6 per cent of GDP) in 2023-24.

**Table 1.2: Budget Aggregates**

	Estimates			
	2020-21		2021-22	
	Budget \$b	MYEFO \$b	Budget \$b	MYEFO \$b
<b>Underlying cash balance</b>	<b>-213.7</b>	<b>-197.7</b>	<b>-112.0</b>	<b>-108.5</b>
Per cent of GDP	-11.0	-9.9	-5.6	-5.3
<b>Net operating balance</b>	<b>-197.9</b>	<b>-185.2</b>	<b>-103.4</b>	<b>-98.2</b>
Per cent of GDP	-10.2	-9.2	-5.1	-4.8

	Estimates			
	2022-23		2023-24	
	Budget \$b	MYEFO \$b	Budget \$b	MYEFO \$b
<b>Underlying cash balance</b>	<b>-87.9</b>	<b>-84.4</b>	<b>-66.9</b>	<b>-66.0</b>
Per cent of GDP	-4.2	-4.0	-3.0	-3.0
<b>Net operating balance</b>	<b>-83.5</b>	<b>-81.0</b>	<b>-58.5</b>	<b>-57.1</b>
Per cent of GDP	-4.0	-3.8	-2.7	-2.6

Gross and net debt are expected to be broadly consistent with the estimates published in the 2020-21 Budget. Gross debt is expected to be 42.5 per cent of GDP at 30 June 2021, increasing to 51.5 per cent of GDP at 30 June 2024. Gross debt is then expected to stabilise at around 53 per cent of GDP in the medium term. Net debt is expected to be 34.5 per cent of GDP at 30 June 2021 and peak at 43.0 per cent of GDP at 30 June 2024. Net debt is then expected to fall over the medium term to 38.3 per cent of GDP at 30 June 2031.

## **The Government's priorities**

The 2020-21 MYEFO measures build on the substantial commitments announced in the Economic and Fiscal Update and the 2020-21 Budget as part of the Economic Recovery Plan, while continuing to guarantee essential services to Australians.

The Government's economic response to the COVID-19 pandemic has kept businesses in business and Australians in jobs. The Government's Economic Recovery Plan will rebuild our economy, create jobs and secure Australia's future through \$251 billion in direct economic support, and \$17 billion in COVID-19 health support. Of the \$251 billion in direct economic support, \$175 billion has flowed to Australian households and businesses to date.

### **COVID-19 health response**

The 2020-21 MYEFO provides \$2.3 billion in new COVID-19 health response measures. This brings the Government's total COVID-19 health support since the onset of the pandemic to \$17 billion. This significant ongoing investment has provided critical health care and protected the health of all Australians. The Government has boosted Australia's hospital, primary care and testing capacity and ensured access to essential health services including through telehealth and the free home delivery of essential medicines.

### **Vaccines**

The Government will provide a further \$1.5 billion to support Australia's COVID-19 Vaccine and Treatment Strategy, to maximise the opportunity for eligible Australian residents to receive vaccines once they have been assessed as safe and effective. These additional investments since the 2020-21 Budget include advance purchasing agreements to acquire the Pfizer/BioNTech vaccine and Novavax vaccine, extending the existing purchase agreements with University of Oxford/AstraZeneca, and no longer proceeding with purchases of the University of Queensland/CSL vaccine candidate following issues identified during phase 1 trials.

The Government will also provide \$75 million to support the COVID-19 Vaccination Program, including for tracking and monitoring systems, a national communication campaign, and program administration. The Government will also continue the National COVID-19 Clinical Evidence Taskforce which provides clinical guidelines on appropriate COVID-19 treatments to health professionals.

### **Support for COVID-19 vaccine access in the Pacific and Southeast Asia**

On 31 October 2020, the Government announced an allocation of \$500 million over three years from 2020-21 to support COVID-19 vaccine access for the Pacific and Southeast Asia. This includes \$21 million of funding over two years towards a new, Japanese-sponsored ASEAN Centre for Public Health Emergencies and Emerging Diseases. Funding will also be used to provide safe and effective vaccine doses, deliver technical support and help achieve full immunisation coverage in the Pacific and

Timor-Leste as well as making a significant contribution towards meeting the needs of Southeast Asia.

### **Quarantine arrangements**

The Government is continuing to ensure Australians can return home safely by providing \$102 million to the Northern Territory and Tasmania to expand Australia's capacity to provide quarantine services.

### **Aged care**

The Government has responded to the recommendations of the Royal Commission into Aged Care Quality and Safety's special report on COVID-19 and is continuing to respond to COVID-19 in aged care, investing \$147 million. This includes funding for new items on the Medicare Benefits Schedule to improve access to psychological treatment and allied health services in residential aged care. This builds on the \$1.6 billion provided to date to support care recipients, providers and workers to respond to COVID-19.

### **COVID-19 economic response**

The 2020-21 MYEFO provides further temporary and targeted support to underpin the economic recovery, with an additional \$4.0 billion in COVID-19 economic response measures. This brings the Government's total COVID-19 economic response to \$177 billion, taking into account the impact of the lower-than-expected number of JobKeeper recipients.

### **Coronavirus Supplement**

The Government is providing \$3.2 billion to extend temporary support for JobSeeker Payment and other income support recipients for a further three months, from 1 January to 31 March 2021. For this period, the Coronavirus Supplement will be paid at a rate of \$150 per fortnight.

In addition, expanded eligibility criteria and changes to income testing arrangements will continue to apply for JobSeeker Payment and Youth Allowance (other). The relaxed partner income test for JobSeeker Payment will continue and the Ordinary Waiting Period, Newly Arrived Resident's Waiting Period and Seasonal Work Preclusion Period will continue to be waived.

### **Aviation update**

Aviation is critical to Australia's prosperity. The Government has supported the continuation of key inter-city and regional routes and smaller regional airlines through COVID-19. The Government is extending the Domestic Aviation Network Support Program, which will guarantee major domestic air routes until 28 March 2021. The Government will also pay 50 per cent of domestic air services charges for key operators from January to 31 March 2021.

## *Part 1: Overview*

### **HomeBuilder**

The Government will continue its support for the residential construction sector by extending the HomeBuilder program to 31 March 2021.

HomeBuilder has assisted the residential construction sector through the pandemic by supporting jobs and maintaining activity throughout the second half of 2020. The extension of HomeBuilder will support the pipeline of construction activity over 2021 and into 2022.

### **COVID-19 consumer travel support program**

The Government will provide \$128 million for a one-off targeted grant program to support travel agents in recognition that many travel agents continue to process refunds for consumers who have cancelled travel at the same time as they manage ongoing uncertainty about international travel due to the impacts of COVID-19.

### **COVID-19 international support**

The Government has entered into two 15-year loan agreements with the Government of Indonesia and the Government of Papua New Guinea (PNG) as part of multilateral efforts to provide financial assistance to both countries as they confront COVID-19 and support the economic stability of our region. The loan agreement with Indonesia was entered into on 12 November 2020 for \$1.5 billion. In the case of PNG the loan agreement was entered into on 23 November and repays a short term US\$300 million loan from Export Finance Australia and provides an additional \$140 million in support.

### **JobMaker Plan**

The Government has provided \$74 billion in support as part of the five-year JobMaker Plan, which continues to create a stronger, resilient and more productive economy.

### **Infrastructure investment supporting jobs and economic recovery**

The Government is delivering on its record 10-year transport infrastructure investment pipeline which was accelerated and expanded to \$110 billion in the 2020-21 Budget to support the economic recovery, creating more jobs, stimulating local economies and providing better and safer services for our communities. Between 1 July and 31 December 2020, more than 100 major projects are expected to have commenced and about 50 major projects are expected to have completed construction.

The Government will provide \$506 million over three years for priority transport infrastructure to support local jobs and the economic recovery. This comprises \$306 million for projects on the Australian Rail Track Corporation network including \$220 million for Stage 3 of the Advanced Train Management System, which will improve safety and productivity on Australia's rail network. \$200 million is also being provided for the Murray Basin Freight Rail Project to better connect primary producers in Victoria with key domestic and export markets.



### **Strategic Basin Plan update — Beetaloo Basin**

The Government is delivering the first of five Strategic Basin Plans as part of Australia's gas-fired recovery. The Government's Strategic Basin Plan for Beetaloo includes funding to accelerate exploration and strengthen collaboration across government and industry to unlock the resource sector's potential to support regional jobs and strengthen Australia's economy.

### **Guaranteeing essential services**

The Government is continuing to provide significant investment in essential services including health and aged care. This includes \$859 million in new funding to the aged care sector, which brings aged care support announced since the 2019-20 MYEFO to \$3.5 billion.

### **Quality and safety in aged care**

To support older Australians who choose to remain in their own homes for longer, the Government is providing \$851 million for 10,000 additional home care packages across all levels, bringing the number of additional home care packages released to almost 50,000 at a value of nearly \$3.3 billion since the Royal Commission into Aged Care Quality and Safety's Interim Report was handed down in late 2019.

### **Access to affordable new medicines**

The Government continues to make new medicines more affordable for Australians by providing \$683 million for new and amended listings on the Pharmaceutical Benefits Scheme (PBS), Repatriation Pharmaceutical Benefits Scheme (RPBS) and the Stoma Appliance Scheme. New and amended listings since the 2020-21 Budget include nusinersen (Spinraza®) for patients with spinal muscular atrophy.

### **Responding to natural disaster events**

The Government has announced major reforms as part of its response to the Royal Commission into National Natural Disaster Arrangements. The reforms aim to enhance and strengthen emergency response and recovery capacity. Increased Commonwealth support for states and territories to prepare for, respond to, and recover from natural disasters includes:

- a new National Resilience, Relief and Recovery Agency
- establishing Climate and Resilience Services Australia to provide enhanced climate and disaster risk information
- passing legislation to provide the Government with the power to declare a national emergency.



## Part 2: Economic outlook

### Overview

Australia's economic recovery is well underway. The economy grew strongly in the September quarter and recent data suggest this momentum has continued into the December quarter. This is consistent with Australia's success in controlling the spread of the COVID-19 virus and the staggered easing of restrictions. The labour market continues to strengthen alongside the lift in economic activity, with employment having recovered three-quarters of its fall at the height of the crisis. The recovery has been underpinned by the Government's economic support packages and strong health outcomes, which have helped drive a recovery in consumer and business confidence.

Nevertheless, there is a long way to go until the economy fully recovers and the unemployment rate is brought down comfortably below 6 per cent. While recent domestic outbreaks have been contained and a vaccine is assumed to become available in Australia by March 2021, the risk of virus outbreaks will continue to create uncertainty for both households and businesses.

The global economic recovery is also progressing, supported by the substantial fiscal and monetary support implemented this year. Initial phase vaccination programs are beginning to roll out in some countries which will further bolster confidence.

For countries that have been effective in containing the virus, the economic recovery has been rapid and the outlook is favourable (Chart 2.1). However, renewed outbreaks in some countries have led to a curtailment of activity, which will set back their economic recovery.

Following an expected fall of 4 per cent in 2020, global GDP is forecast to increase by 4¾ per cent in 2021. Nevertheless, economic activity in most major economies is expected to remain below pre-COVID-19 levels until at least 2022. Australia's major trading partners are forecast to grow by 5¾ per cent in 2021, supported by a strong rebound in economic activity in China.

Australia's real GDP grew by 3.3 per cent in the September quarter, its strongest quarterly growth rate since the March quarter 1976. Growth in the quarter was driven by a strong recovery in household consumption and growth in public spending. The rebound in growth was broadly based across states and territories where the virus was successfully contained. In contrast, activity in Victoria fell in the September quarter as a result of health measures to contain its second wave.

Recent indicators suggest that momentum has continued into the December quarter. This has been assisted by the easing of restrictions in Victoria with early signs that household consumption and labour market outcomes have improved noticeably in the state.

## *Part 2: Economic outlook*

Real GDP in 2020 is expected to fall by 2½ per cent, before growing by 4½ per cent in 2021. Activity will be supported by the Government's economic measures and, over time, a gradual easing of social distancing restrictions and continued improvements in confidence. However, activity in industries dependent on international visitors and migrants, such as tourism and education, is expected to remain subdued until these flows recover.

Labour market conditions have improved substantially alongside the recovery in economic activity. Since May 2020, three-quarters of employment and almost two-thirds of hours lost at the height of the crisis have been recovered. Labour force participation increased to 65.8 per cent in October, close to its pre-COVID-19 level. The unemployment rate, which was 7.0 per cent in October, is forecast to peak at 7½ per cent in the March quarter 2021, below the peak of 8 per cent forecast in the 2020-21 Budget. It is then forecast to fall to 6¼ per cent by the June quarter 2022. Despite this improvement in conditions, the unemployment rate remains elevated and conditions are challenging for particular groups including young people and those in areas and industries most affected by containment measures.

There remain significant risks to the economic recovery. The risk of domestic outbreaks and ongoing disruptions to other major economies means the economic environment remains highly uncertain. The development of vaccines and other medical treatments, while progressing well, is still subject to uncertainty with respect to timing, distribution and efficacy in controlling the spread of the virus globally. Severe health and economic outcomes combined with higher debt levels in a range of countries may also put pressure on the global economic and financial system, which might lead to credit tightening and financial instability.

Domestically, ongoing uncertainty including from an elevated unemployment rate could lead to persistently high household saving and weaker-than-expected consumption growth. Other risks to the outlook include global trade tensions that could impact on Australia's export markets and trade flows. The extent of any longer-lasting economic effects from the COVID-19 pandemic remain difficult to predict.

### **Box 2.1: Key assumptions**

The evolution of the health crisis and the potential reimposition of restrictions remain significant risks to the economic outlook. The key assumptions that underpin the economic forecasts are set out below. Outcomes could be substantially different to the forecasts, depending upon the extent to which these assumptions hold.

Consistent with the 2020-21 Budget, it is assumed that over the forecast period localised outbreaks of COVID-19 occur but are contained. It is assumed that a COVID-19 vaccine will be available in Australia by March 2021, with a population-wide vaccination program fully in place by late 2021. While vaccines are becoming available in some countries, it will take some time for activity restrictions to be eased globally.

These technical assumptions suggest a gradual easing of restrictions as progress is made in the medical treatment and control of the virus. The gradual easing of restrictions will help support consumer confidence and business activity.

Following a substantial easing of restrictions in the December quarter of 2020, Victoria's public health measures have broadly converged to those in other states.

It is assumed that there are no state border restrictions in place throughout 2021, with the Western Australian Government reopening its borders to other states this year, compared with April 2021 as assumed in the 2020-21 Budget. A gradual return of temporary and permanent migrants is assumed through the latter part of 2021. Inbound and outbound international travel is expected to remain low through the latter part of 2021, after which a gradual recovery in international tourism is assumed to occur.

Net overseas migration (NOM) is significantly affected by international travel restrictions and weaker labour markets domestically and globally. It is forecast to fall from around 154,000 persons in 2019-20 to be around -72,000 persons by the end of 2020-21, before gradually increasing to around 201,000 persons in 2023-24.

## **International economic outlook**

COVID-19 continues to pose a significant challenge for the global economy, but vaccine developments are progressing well with initial phase vaccination programs beginning to occur, which will bolster confidence in the outlook. Nonetheless, success in containing the spread of the virus varies greatly and global cases continue to rise. The threat of further outbreaks is likely to continue to weigh on confidence and activity as the timing and efficacy of global vaccine distribution remain unknown, while renewed containment measures are setting back recoveries in some countries.

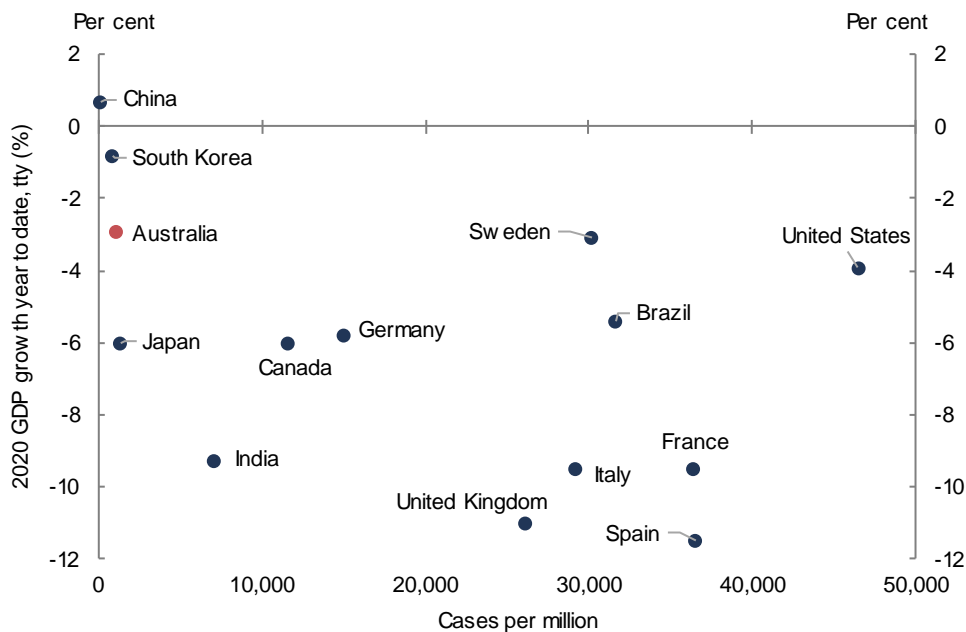
Around the world, the focus on strict containment of the virus saw many countries institute partial lockdowns of their economies in the first half of 2020. Most countries eased restrictions in the June quarter, which led to a strong rebound in global activity in the September quarter. However, the recovery has not been uniform across sectors in

Part 2: Economic outlook

most economies. Rebounds in household consumption and exports were particularly strong, while the recoveries in service industries and business investment have generally been slower.

Since then, there has been a significant deterioration in health outcomes. Record increases in new COVID-19 cases have led to increased community-led restraint and the reimposition of restrictions in some countries. These factors will weigh on economic activity in the December quarter. However, recent lockdowns have generally had a less severe effect on activity than initial lockdowns, reflecting their more limited scope and that consumers and businesses are adapting to restrictions.

**Chart 2.1: GDP growth and COVID-19 cases per million**



Note: GDP data compares the growth of the first three quarters of 2020 over the same period in 2019 (year to date, through the year). Data for India and China is non-seasonally adjusted. Processes for testing and reporting COVID-19 caseloads are not standardised across countries: definitions, tests used and testing rates vary between countries. Cases per million accurate as at 11 December 2020.  
Source: National statistical agencies, Johns Hopkins University, UN Population.

Global GDP is expected to fall by 4 per cent in 2020, a little better than forecast in the 2020-21 Budget. For 2020 as a whole, better-than-expected September quarter outcomes have outweighed the dampening effect on activity from the resurgence of cases in a number of countries. Major Trading Partner GDP is forecast to contract by 2½ per cent in 2020.

Global GDP is then forecast to recover over the remainder of the forecast period, growing by 4¾ per cent in 2021 and 3¾ per cent in 2022. The forecasts assume that, throughout 2021, economies reopen and confidence improves as progress is made in the medical treatment and control of the virus, with vaccine coverage expanding

through 2022. However, activity in most major economies is expected to remain below its pre-COVID-19 level until at least 2022. Major Trading Partner GDP is forecast to grow by  $5\frac{3}{4}$  per cent in 2021 and 4 per cent in 2022.

There remains substantial uncertainty around the global recovery. The efficacy, timing and take-up of vaccination programs globally are unknown and, until vaccination programs are completed, living with COVID-19 will likely involve sporadic outbreaks that will weigh on business and consumer confidence and could lead to periodic restrictions on activity. Nonetheless, a faster-than-expected availability and take-up of vaccines globally is an upside risk to the global outlook.

Significant uncertainty about the longer-run implications of the COVID-19 shock also persists. It will take time to rehabilitate labour markets and repair damaged household and business balance sheets, with the degree of scarring still unclear. There is also uncertainty around how persistent trade redirection and the reduced movement of people associated with this shock will be, with the risk that uneven recoveries will continue to weigh on global supply and demand for longer than expected. It remains to be seen what the related longer-run economic and social effects of poor health outcomes in some economies will be.

There also remains a risk that severe health and economic outcomes, along with higher debt levels, in a range of countries may put pressure on the global economic and financial system, which might lead to credit tightening and financial instability.

In **China**, GDP is forecast to grow by  $1\frac{3}{4}$  per cent in 2020 and 8 per cent in 2021. China's economy continued to grow at a steady pace in the September quarter, underpinned by an expansion in industrial production, infrastructure and property investment, and exports. Over the remainder of the forecast period, China's economy is expected to strengthen further, though a slow recovery in consumption will continue to exert downwards pressure on growth.

In the **United States**, GDP is forecast to contract by  $3\frac{3}{4}$  per cent in 2020, before growing by  $3\frac{1}{4}$  per cent in 2021. While there was a rebound in the September quarter, driven largely by household consumption, record case numbers and hospitalisations across a majority of jurisdictions highlight challenges associated with balancing health and economic outcomes in a pandemic. Dealing with its significant caseload remains a key risk to the United States' outlook, while a major new stimulus package would represent an upside risk to the forecasts.

In the **euro area**, GDP is forecast to fall by  $7\frac{1}{2}$  per cent in 2020 before growing by  $3\frac{1}{2}$  per cent in 2021. The September quarter showed signs of a strong initial recovery as restrictions were relaxed, but surging infection rates have seen the reintroduction of containment measures, albeit with different levels of stringency. Nevertheless, this will set back Europe's recovery. The prospect of a no-deal Brexit remains a risk to the outlook for the United Kingdom and parts of the euro area with the transition period due to end this year.

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**Japan's** GDP is expected to contract by 5¼ per cent in 2020, before growing by 2¾ per cent in 2021. In the September quarter, Japan's economy rebounded strongly from its record contraction in June, supported by growth in consumption and exports. The recovery is forecast to continue in 2021, assisted by government support, including Japan's recently announced third stimulus package. Confidence is expected to improve, while the economy should receive a boost in demand coinciding with the Tokyo Olympics. Japan's current third wave of domestic infections is a downside risk for activity should it cause an increase in community restraint, while COVID-19 cases are also rising in important export markets such as Europe and the United States. A weak outlook for investment is expected to further weigh on growth.

GDP for **Other East Asia** is forecast to fall by 2¾ per cent in 2020 and grow by 4½ per cent in 2021. All economies in the region had strong rebounds in growth in the September quarter, but have had varying success in containing the virus. Korea, Taiwan and Vietnam have experienced limited transmission while continuing production. For other economies, such as Indonesia and the Philippines, elevated infection rates suggest a slower recovery than elsewhere in the region. Although travel bans have been lifted across some domestic markets, international travel bans will continue to weigh heavily on growth across the board. Financial market volatility and renewed capital outflows from the region also present a potential future challenge.

**India's** GDP is expected to fall by 7¾ per cent in 2020, followed by growth of 9 per cent in 2021. Following the sharp contraction in growth in the June quarter 2020, India's economy rebounded strongly in the September quarter. Although case numbers are high, the recovery is expected to continue in 2021 as reopening continues. The strength of the recovery will depend on confidence and financial sector resilience, as well as whether the state and central governments can avoid further lockdowns amid the high caseload, with certain states having reimposed some restrictions. A weaker global outlook will also detract from growth, especially in areas such as foreign remittances and possibly services exports.

**Table 2.1: International economy forecasts<sup>(a)</sup>**

	Outcomes	Forecasts		
	2019	2020	2021	2022
China	6.1	1 3/4	8	5 1/4
India	4.9	-7 3/4	9	5 1/2
Japan	0.3	-5 1/4	2 3/4	1 3/4
United States	2.2	-3 3/4	3 1/4	3
Euro area	1.3	-7 1/2	3 1/2	3 1/4
Other East Asia (b)	3.7	-2 3/4	4 1/2	4
Major trading partners (c)	3.5	-2 1/2	5 3/4	4
World (c)	2.8	-4	4 3/4	3 3/4

(a) World and Other East Asia growth rates are calculated using GDP weights based on purchasing power parity (PPP), while growth rates for major trading partners are calculated using goods and services export trade weights.

(b) Other East Asia comprises the Association of Southeast Asian Nations group of five (ASEAN-5), comprising Indonesia, Malaysia, the Philippines, Thailand and Singapore, along with Hong Kong, South Korea, Vietnam and Taiwan.

(c) These growth rates are estimates in 2019 rather than outcomes.

Source: National statistical agencies, Refinitiv and Treasury.



## Domestic economic outlook

Australia's economic recovery is well underway. The economy grew by 3.3 per cent in the September quarter and recent data suggest momentum has continued into the December quarter. The strong rebound has been underpinned by Australia's success in controlling the spread of the virus and the staged easing of restrictions, combined with substantial macroeconomic support.

The initial economic recovery has been stronger than was expected in the 2020-21 Budget. Following a fall in real GDP of 2½ per cent in 2020, the economy is expected to grow by 4½ per cent in 2021. In financial-year terms, real GDP is now expected to grow by ¾ per cent in 2020-21 before further recovering in 2021-22 to grow by 3½ per cent. The labour market is also recovering faster than expected. The unemployment rate is now expected to peak at 7½ per cent in the March quarter 2021, a lower level than forecast at the 2020-21 Budget, despite a stronger-than-expected increase in participation. Consistent with the pick-up in economic activity, the unemployment rate is expected to fall after the March quarter 2021, reaching 6¼ per cent by the June quarter 2022.

Australia's economic and health outcomes continue to compare favourably to other countries and the Australian economy is forecast to outperform all major advanced economies in 2020.

The Government's Economic Recovery plan has been crucial to the rebound in activity. JobKeeper and the Boosting Cashflow for Employers measure helped support business and household incomes through the peak of the crisis and kept employers and employees connected, contributing to the rapid recovery in the labour market as the virus caseload decreased and restrictions were eased. The Coronavirus Supplement and Economic Support Payments also bolstered household incomes.

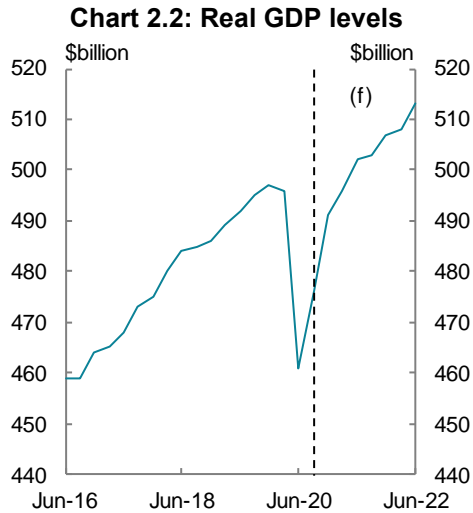
While a large portion of household income was initially saved as a result of precautionary behaviour and restrictions on activity, increasing confidence to spend, alongside the personal income tax cuts announced in the 2020-21 Budget, will underpin the recovery in household consumption throughout 2021. The HomeBuilder program is supporting strong housing construction activity, and forecasts for dwelling investment have been upgraded substantially in the near term. The temporary full expensing and temporary loss carry-back measures announced in the 2020-21 Budget will encourage business investment during the recovery.

The recovery is also being supported by actions of the Reserve Bank of Australia to drive interest rates lower for an extended period to reduce the cost of business borrowing and household credit, which has been particularly notable for fixed-rate mortgages.

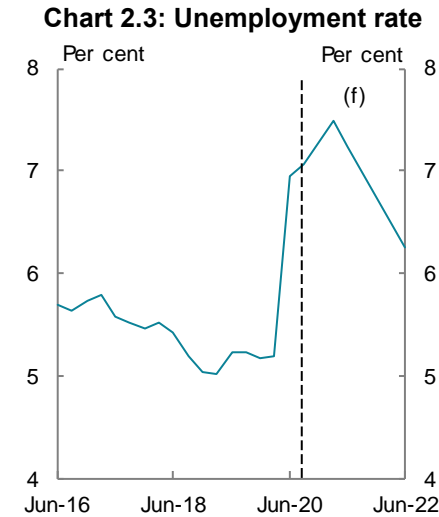
Economic growth is forecast to remain solid over the remainder of the forward estimates as both the domestic and international recoveries continue, with real GDP growth forecast to be 2½ per cent in 2022-23 and 2¾ per cent in 2023-24. The unemployment rate

Part 2: Economic outlook

is forecast to fall below 6 per cent in 2023 and be 5¼ per cent by the end of the forward estimates.



Source: ABS Australian National Accounts: National Income, Expenditure and Product and Treasury.



Source: ABS Labour Force Survey, Australia and Treasury.

Since the 2020-21 Budget, there have been encouraging developments in relation to COVID-19 vaccine research. Australia has secured access to a number of global vaccine candidates, and will roll out vaccine candidates that prove safe and effective. However, there is still significant uncertainty with respect to vaccine timing, distribution and efficacy in controlling the spread of the virus. COVID-19 outbreaks, especially those that would necessitate further containment measures, remain a significant risk and even localised outbreaks could have an impact on consumer and business confidence weighing on consumption and investment. Substantial renewed outbreaks in key trading partners could also slow the domestic recovery, including further delaying the opening of international borders. In contrast, a faster-than-expected rollout of the vaccine in Australia poses an upside risk to the recovery.

Recent trade actions affecting Australia's exports have not yet had a material impact on the forecast economic recovery, despite significant impacts on specific firms and regions. However, ongoing global trade tensions present a key downside risk to the outlook.

The extent of any longer-lasting economic effects from the COVID-19 pandemic are difficult to predict. COVID-19 has driven greater use of online consumer and business platforms and reductions in use of retail and office spaces, particularly in the central business districts of major cities. It is unclear to what extent these changes will outlive the pandemic. The virus has also induced significant labour market dislocation and lower migration, which will have a permanent effect on the size of the population. The effect these factors will have on labour through scarring or on productivity in the medium term, and in turn on potential GDP, is also a source of significant uncertainty.

Further information on the sensitivity of the forecasts to these risks can be found in Box 2 of Budget Paper No. 1 Statement 2: *Economic Outlook* and Budget Paper No. 1 Statement 8: *Forecasting Performance and Scenario Analysis* in the 2020-21 Budget.

**Table 2.2: Domestic economy — detailed forecasts<sup>(a)</sup>**

	Outcomes <sup>(b)</sup>	Forecasts			
	2019-20	2020-21		2021-22	
		Budget	MYEFO	Budget	MYEFO
<b>Real gross domestic product</b>	<b>-0.2</b>	<b>-1 1/2</b>	<b>3/4</b>	<b>4 3/4</b>	<b>3 1/2</b>
Household consumption	-3.0	-1 1/2	1/2	7	5
Dwelling investment	-8.2	-11	-2	7	-2 1/2
Total business investment <sup>(c)</sup>	-2.1	-9 1/2	-8 1/2	6	5
<i>By industry</i>					
Mining investment	6.7	5 1/2	0	1 1/2	-1
Non-mining investment	-4.5	-14 1/2	-11	7 1/2	7 1/2
Private final demand <sup>(c)</sup>	-3.2	-3 1/2	-1	7	4 1/2
Public final demand <sup>(c)</sup>	5.5	5 3/4	6 3/4	2 1/2	3 1/4
Change in inventories <sup>(d)</sup>	-0.3	0	1/4	1/4	0
Gross national expenditure	-1.4	-1	1 1/4	6	4 1/4
Exports of goods and services	-1.8	-9	-7	2	3
Imports of goods and services	-7.4	-9 1/2	-6	8 1/2	7 1/2
Net exports <sup>(d)</sup>	1.1	-1/4	-1/2	-1	-3/4
Nominal gross domestic product	1.7	-1 3/4	1	3 1/4	1 1/4
Prices and wages					
Consumer price index <sup>(e)</sup>	-0.3	1 3/4	2 1/4	1 1/2	1 1/2
Wage price index <sup>(f)</sup>	1.8	1 1/4	1 1/4	1 1/2	1 1/4
GDP deflator	1.9	-1/4	1/4	-1 1/2	-2
Labour market					
Participation rate (per cent) <sup>(g)</sup>	63.4	65 1/4	66	65 1/2	66
Employment <sup>(f)</sup>	-4.3	2 3/4	4	1 3/4	1 3/4
Unemployment rate (per cent) <sup>(g)</sup>	7.0	7 1/4	7 1/4	6 1/2	6 1/4
Balance of payments					
Terms of trade <sup>(h)</sup>	0.8	-1 1/2	3/4	-10 3/4	-13 1/4
Current account balance (per cent of GDP)	1.7	2	2 1/2	-1 1/2	-1 1/4

(a) Percentage change on preceding year unless otherwise indicated.

(b) Calculated using original data unless otherwise indicated.

(c) Excluding second-hand asset sales between the public and private sector.

(d) Percentage point contribution to growth in GDP.

(e) Through-the-year growth rate to the June quarter.

(f) Seasonally adjusted, through-the-year growth rate to the June quarter.

(g) Seasonally adjusted rate for the June quarter.

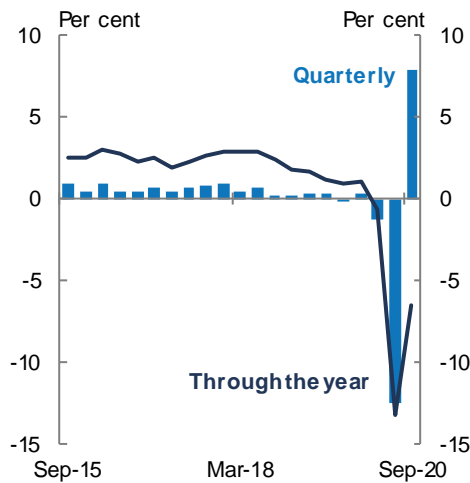
(h) The detailed forecasts are underpinned by price assumptions for key commodities: Iron ore spot price assumed to decline to US\$55/tonne free-on-board (FOB) by the end of the September quarter 2021; metallurgical coal spot price assumed to remain at US\$103/tonne FOB; and thermal coal spot price assumed to remain at US\$61/tonne FOB.

Note: The outlook for the domestic economy is based on several technical assumptions. The exchange rate is assumed to remain around its recent average level — a trade-weighted index of around 61 and a \$US exchange rate of around 73 US cents. Interest rates are assumed to move broadly in line with market expectations. World oil prices (Malaysian Tapis) are assumed to remain around US\$41 per barrel. Population growth is assumed to be around 1.2 per cent in 2019-20, 0.2 per cent in 2020-21 and 0.4 per cent in 2021-22. Source: ABS Australian National Accounts: National Income, Expenditure and Product; Balance of Payments and International Investment Position, Australia; Labour Force Survey, Australia; Wage Price Index, Australia; Consumer Price Index, Australia; unpublished ABS data and Treasury.

**Household consumption** rebounded by 7.9 per cent in the September quarter, partly unwinding the record fall of 12.5 per cent in the June quarter 2020 (Chart 2.4). Real-time data suggest that the recovery has continued in the December quarter, supported by ongoing easing of restrictions particularly in Victoria, continued Government income support and the recovery in the labour market. Consumer confidence has recovered rapidly, returning to its pre-crisis level much faster than seen in the global financial crisis and 1990s recession.

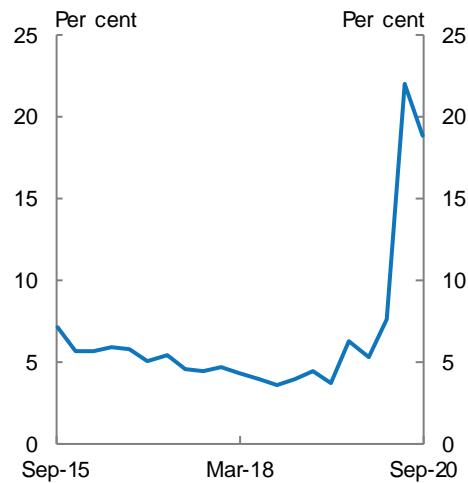
Household finances are also supportive of future consumption growth. Household disposable income increased in the September quarter, and remains above its pre-COVID-19 level, supported by an improvement in the labour market as well as continued support from the JobKeeper Payment and social assistance payments. As a result, the household saving ratio remained elevated at 18.9 per cent in the September quarter (Chart 2.5). Reliance on loan payment deferrals is decreasing, but that initiative and the early release of funds from superannuation continue to support household finances. Robust household balance sheets are expected to support consumption growth going forward.

**Chart 2.4: Household consumption growth**



Source: ABS Australian National Accounts: National Income, Expenditure and Product.

**Chart 2.5: Household saving ratio**

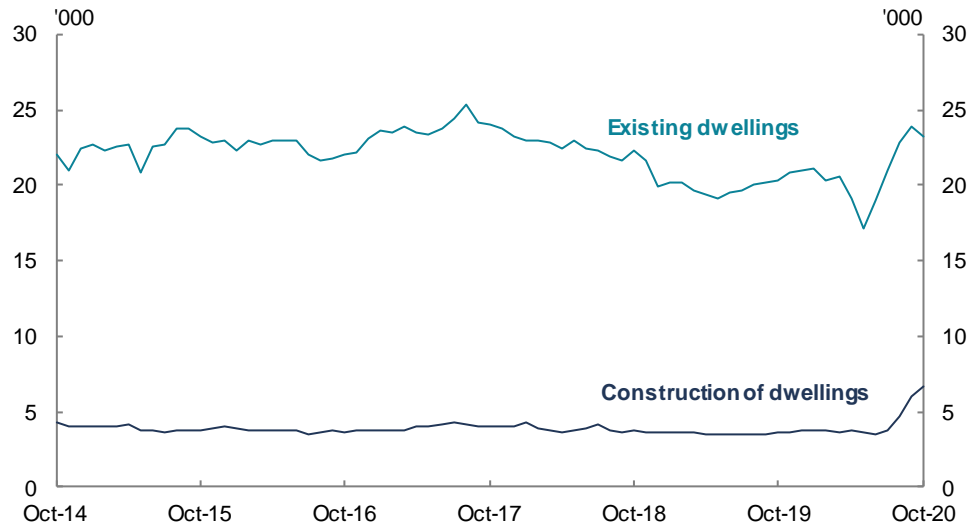


Source: ABS Australian National Accounts: National Income, Expenditure and Product.

**Dwelling investment** is forecast to fall by 2 per cent in 2020-21, which is a significant upgrade since the 2020-21 Budget, before falling by 2½ per cent in 2021-22. Following a significant fall in the June quarter 2020, dwelling investment increased by 0.6 per cent in the September quarter 2020, driven by a strong pick-up in alterations and additions. Looking forward, the construction of detached houses is expected to grow strongly in the near term. There has been a substantial increase in dwelling approvals for detached houses and in new lending to owner-occupiers, particularly first home buyers, who have responded to the HomeBuilder program together with other housing policies and lower interest rates (Chart 2.6). In contrast, the outlook for medium- and high-density

dwellings remains subdued and construction is expected to remain weak to the June quarter 2022 as a result of reduced demand for inner-city high-density dwellings, which has led to higher vacancy rates and lower rents.

**Chart 2.6: Number of new loan commitments for owner-occupier dwellings**



Source: ABS Lending Indicators.

**Business investment** is expected to remain subdued in the near term as businesses defer investment due to continued uncertainty around the pandemic (including the impact on international supply chains), subdued domestic demand and weak export demand in certain sectors. As a result, new business investment is forecast to fall by 8½ per cent in 2020-21, before growing by 5 per cent in 2021-22.

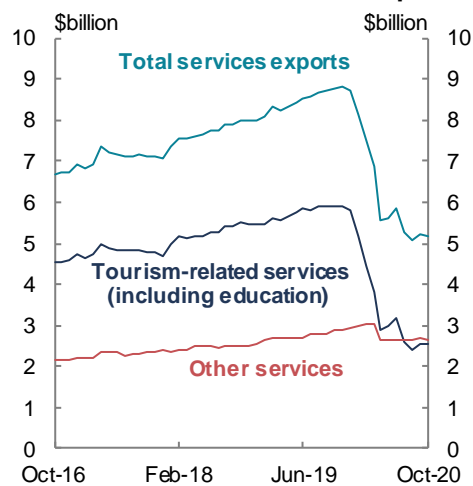
**Non-mining business investment** is forecast to decline by 11 per cent in 2020-21, before growing by 7½ per cent in 2021-22. Following record falls in business conditions and confidence over the first half of 2020, non-mining business investment fell by 5.6 per cent in the June quarter 2020 and a further 3.7 per cent in the September quarter 2020. The easing of containment measures, recovering confidence as well as the Commonwealth and state and territory government policies announced in recent budgets are expected to support a recovery in business investment. Recent data from the ABS have already indicated an improvement in the outlook for non-mining investment intentions for 2020-21 following the release of the 2020-21 Budget in early October 2020. After growing by 6.7 per cent in 2019-20, **mining investment** is forecast to remain broadly flat in 2020-21, before declining by 1 per cent in 2021-22.

**Public final demand** will significantly bolster growth to the June quarter 2022. New public final demand is forecast to grow strongly by 6¾ per cent in 2020-21 and by a further 3¼ per cent in 2021-22. Commonwealth, state and territory budget updates have detailed a significant increase in infrastructure spending over the next four years, focusing on transport and public housing, along with school and hospital upgrades. Public consumption increased by 1.4 per cent in the September quarter to be 7.8 per cent

higher through the year and is expected to remain elevated in the near term, reflecting expenditure on key frontline services to manage the health impacts of the pandemic.

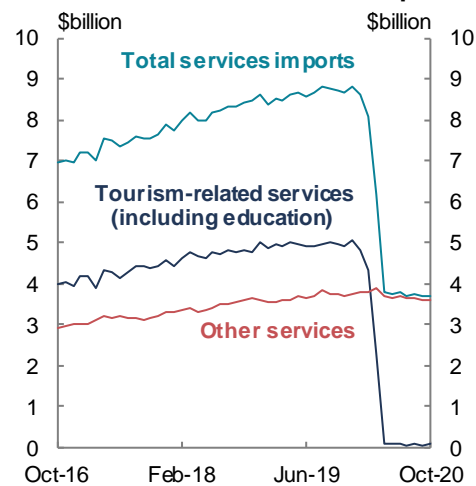
**Net exports** are forecast to detract  $\frac{1}{2}$  of a percentage point from real GDP growth in 2020-21 and a further  $\frac{3}{4}$  of a percentage point in 2021-22. The forecast for net exports is significantly affected by assumptions regarding international travel flows, with services trade expected to remain subdued over most of the forecast period. Imports fell by more than exports in the first half of 2020, largely because the value of Australian tourism imports is greater than exports (excluding education). In the September quarter, tourism trade remained near zero while education exports continued to decrease as existing students finished their studies, and few new students were able to enter Australia (Chart 2.7 and 2.8).

**Chart 2.7: Value of services exports**



Note: Seasonally adjusted. Tourism-related services includes passenger transport, business and personal travel and education-related travel services.  
Source: ABS, International Trade in Goods and Services.

**Chart 2.8: Value of services imports**



Note: Seasonally adjusted. Tourism-related services includes passenger transport, business and personal travel and education-related travel services.  
Source: ABS, International Trade in Goods and Services.

**Exports** are forecast to fall by 7 per cent in 2020-21 and grow by 3 per cent in 2021-22. The fall in 2020-21 is driven by international travel restrictions while the increase in 2021-22 is driven by a lift in mining exports.

Recent trade actions on Australian exports have so far affected a relatively small proportion of total exports, despite material impacts on specific firms and regions. However, ongoing global trade tensions and the potential for further trade actions present a key downside risk to the outlook, notwithstanding significant opportunities for diversion of goods into alternative markets for some sectors.

**Services exports** are expected to fall by 32½ per cent in 2020-21 and by a further 3 per cent in 2021-22. Tourism drives most of the decrease in 2020-21, while international

education exports drive the decrease in 2021-22 as the number of foreign student arrivals remains low and some existing students depart. Although services exports begin to recover once international travel picks up, they will take some time to return to pre-COVID-19 levels.

**Mining exports** are expected to fall by ½ per cent in 2020-21 and grow by 5 per cent in 2021-22. While coal and LNG exports have fallen recently due to lower demand arising from the pandemic, iron ore exports have been supported by robust demand from China. In the immediate term, coal export volumes are expected to continue to be subdued due to lower global demand. However, a pick-up in demand for Australia's mining commodities is expected in 2021-22 as the global economy recovers.

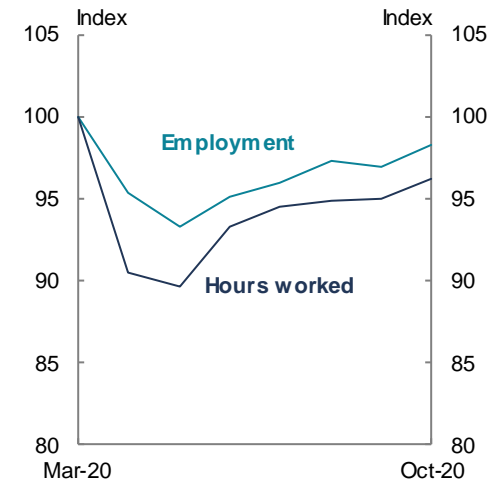
**Rural exports** are expected to grow by 1½ per cent in 2020-21 and by 2½ per cent in 2021-22. The recovery in export volumes reflects improved seasonal conditions leading to increased crop production. However, decreased exports of meat and meat products as herds and flocks are rebuilt are expected to partially offset the recovery in export volumes. Ongoing trade tensions present a downside risk to the outlook for rural exports.

**Imports** are forecast to fall by 6 per cent in 2020-21 and grow by 7½ per cent in 2021-22. The decrease in 2020-21 is mainly driven by large falls in services imports due to international travel restrictions severely limiting the number of Australians travelling overseas. Imports of goods are expected to increase by 5 per cent in 2020-21 and 5 per cent in 2021-22, driven by strong growth in consumption goods imports. Goods imports are forecast to grow more strongly than expected in the 2020-21 Budget, consistent with the stronger economic outlook and recovery in consumer and business confidence.

Since the 2020-21 Budget was published, **labour market** conditions have continued to improve, consistent with the recovery in activity and easing of restrictions. Outcomes for employment and labour force participation have exceeded expectations and the unemployment rate has not risen as much as anticipated.

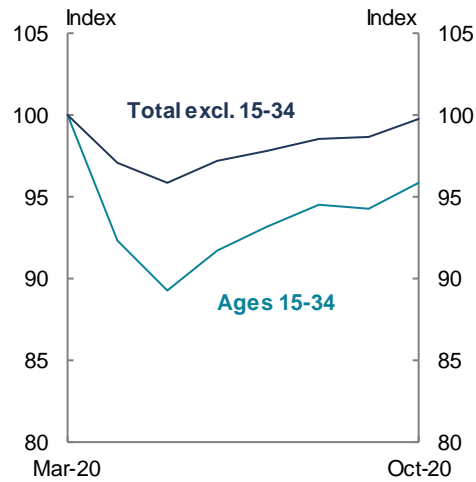
Nationally, around three-quarters of the initial falls in employment and almost two-thirds of hours lost have now been recovered (Chart 2.9). Between May and October, around 650,000 persons gained employment, and employment is now only 1.7 per cent below its March level. The additional number of employed people working zero hours for economic reasons has also fallen from its peak of around 720,000 people in April to be around 77,000 people in October. This has seen effective unemployment rates converge with measured unemployment rates across the country, with the exception of Victoria.

**Chart 2.9: Employment and hours, indexed to March 2020**



Source: ABS, Labour Force Survey, Australia.

**Chart 2.10: Employment, indexed to March 2020**



Source: ABS, Labour Force Survey, Australia.

Differences remain in the recovery across states and territories. Over the months of August and September, employment declined by 77,000 persons in Victoria, owing to renewed restrictions in the state. Employment in the state rebounded strongly in October, rising by 82,000 persons. In the rest of Australia, overall employment has continued to rise, increasing by 89,000 persons over September and October.

Female employment, which suffered a larger decline in the initial stages of the pandemic, has rebounded relatively strongly. Employment remains 127,000 persons (or 2.1 per cent) lower than the March level for females, and 96,000 persons (or 1.4 per cent) lower for males.

Younger workers were disproportionately affected during the pandemic and this has remained the case through the labour market recovery to date (Chart 2.10). Employment for 15-34 year olds is around 4.2 per cent lower than its March level while employment for the rest of the population is 0.1 per cent lower.

Employment outcomes in Victoria are expected to improve further in the near term, as people return to work in line with the continued easing of restrictions in the state. However, the broader recovery in employment is expected to face headwinds in the near term. This is due to ongoing international border closures, the possibility of further business restructuring as the recovery continues and as a range of policies transition from the support phase to the recovery phase.

The first phase of the JobKeeper Payment (March to September 2020) supported over 3.8 million employees/business participants in over one million businesses in one or more JobKeeper fortnights, with payments totalling nearly \$70 billion over this period. The number of organisations receiving the JobKeeper Payment peaked in August at



around 960,000 before falling in September, when around 950,000 businesses were receiving JobKeeper, covering around 3.6 million employees/business participants.

In October, the first month of the JobKeeper extension period (end of September 2020 to March 2021), around 1.6 million employees/business participants across 500,000 businesses received JobKeeper. A stronger economy than expected at the 2020-21 Budget is allowing businesses and employees to transition off the JobKeeper Payment sooner than previously expected. Initial indications suggest that most recipients who have transitioned off the JobKeeper Payment have maintained employment with their employer, but it is still too early to gauge the full labour market effects of these changes.

Following strong growth in the September quarter 2020, employment growth is expected to be more gradual over 2021. Employment growth will be aided by the policy measures the Government has put in place to support the economy and job creation, including the JobMaker Hiring Credit and Boosting Apprenticeship Commencements wage subsidy policies. Without the Government's support the unemployment rate would have risen much higher (see Budget Paper No. 1 Statement 4: *Fiscal Policy and Economic Growth* in the 2020-21 Budget for further information). Employment is expected to rise by 4 per cent through the year to the June quarter 2021, and 1¾ per cent through the year to the June quarter 2022, which is around its long-run average but still faster than expected population growth.

Forecasts for the **participation rate** have been revised upwards since the 2020-21 Budget, in line with stronger-than-expected outcomes. In October, the participation rate increased by almost one percentage point to be 65.8 per cent – almost back to its pre-pandemic level. The participation rate is now forecast to remain around 66 per cent through to the June quarter 2022, with large numbers of people having been encouraged to return to the workforce due to the improving economic conditions and a supportive policy environment.

The **unemployment rate**, forecast in the 2020-21 Budget to peak at 8 per cent in the December quarter, is now forecast to peak at 7½ per cent in the March quarter 2021, with both employment and the participation rate higher than expected. The unemployment rate is expected to fall to 6¼ per cent by the June quarter 2022, in line with the recovery in activity, reaching 5¼ per cent by the June quarter 2024.

The underemployment rate, which takes into account those people who are employed and seeking more hours, has fallen from its peak of 13.8 per cent in April to 10.4 per cent in October as the number of persons working reduced hours has decreased. While it is expected that average hours will continue to increase as the economy strengthens, spare capacity in the labour market is likely to remain elevated for an extended period.

**Wage growth**, as measured by the Wage Price Index (WPI), has slowed significantly since March 2020 and is expected to remain subdued over the forecast period, reflecting elevated spare capacity in the labour market. The Wage Price Index rose by 0.1 per cent in the September quarter 2020 to be 1.4 per cent higher through the year, a record low,

## *Part 2: Economic outlook*

reflecting fewer end-of-financial-year wage reviews, delayed enterprise agreement increases and the staggered implementation of award increases due to the COVID-19 pandemic. A declining unemployment rate beyond the March quarter 2021 is expected to support a gradual pick-up in wages over time. The Wage Price Index is forecast to grow by 1¼ per cent through the year to the June quarter 2021 and by 1¼ per cent through the year to the June quarter 2022, before gradually rising over the remainder of the forward estimates.

Measures of average earnings, such as Average Weekly Earnings and Average Earnings on a National Accounts basis, rose sharply in the June quarter 2020 as a result of the JobKeeper Payment and because employment in lower paid jobs experienced the sharpest declines. As employment continues to recover and policy shifts from the support phase to the recovery phase, these compositional effects will unwind, temporarily weighing on average earnings in the near term.

**Consumer prices**, as measured by the Consumer Price Index, rose by 1.6 per cent in the September quarter 2020 following the record fall of 1.9 per cent in the June quarter 2020. The September quarter rise reflected the reintroduction of childcare fees, increases in tobacco excise, continued price growth for durable goods and increasing automotive fuel prices, partially offset by falls in food prices and rents across most capital cities. The less volatile measures of underlying prices have remained subdued, with the trimmed mean and weighted median measures growing by 1.2 per cent and 1.3 per cent through the year, respectively.

Price pressures are expected to remain weak across the forecast period, reflecting the excess capacity in the economy. Consumer price inflation is forecast to increase to 2¼ per cent through the year to the June quarter 2021, driven by further unwinding of childcare policy changes and excise indexation. Consumer price inflation is forecast to be 1½ per cent through the year to the June quarter 2022, with measures of underlying inflation expected to remain near record lows over the first two years of the forecast period.

**Nominal GDP** is forecast to grow by 1 per cent in 2020-21 and by 1¼ per cent in 2021-22. The increase in nominal GDP in 2021-22 is not expected to be as strong as the recovery in real GDP growth in that year. This reflects a fall in the terms of trade as iron ore prices are assumed to decline to US\$55 per tonne free-on-board (FOB) by the end of the September quarter 2021. In addition, wage and price growth is expected to be subdued across the forecast period, reflecting spare capacity in the labour market.

The **terms of trade** are forecast to rise by ¾ per cent in 2020-21, before falling by 1¾ per cent in 2021-22. Stronger-than-assumed commodity prices in the period since the 2020-21 Budget contribute to the small rise in the terms of trade in 2020-21, while the larger fall in the terms of trade in 2021-22 largely reflects the assumed decline in iron ore prices.

The forecasts for the terms of trade and nominal GDP are sensitive to assumptions about **commodity prices**. The assumptions regarding commodity prices are supported by market and industry consultation undertaken by Treasury.

Iron ore prices continue to be supported by strong Chinese demand, although there is still uncertainty around how long Chinese stimulus will persist and whether Brazil can recover to previous production levels in the near term. As such, the prudent judgement has been retained and the iron ore price is assumed to decline to US\$55 per tonne FOB by the end of the September quarter 2021. This is one quarter later than was assumed in the 2020-21 Budget. Some market and industry participants have highlighted a risk that iron ore prices could remain elevated for an even longer period of time.

The metallurgical coal price assumption is for prices to remain at US\$103 per tonne FOB and the thermal coal price assumption is for prices to remain at US\$61 per tonne FOB.

Further information on the sensitivity of the economic forecasts to changes in the terms of trade and commodity price assumptions can be found in Box 4 of Budget Paper No. 1 Statement 2: *Economic Outlook* and Budget Paper No. 1 Statement 8: *Forecasting Performance and Scenario Analysis* in the 2020-21 Budget.

### **Medium-term projections**

Potential GDP is estimated based on an analysis of trends for population, productivity and participation. As spare capacity in the economy is absorbed over time (that is, the output gap closes), real GDP converges towards its potential level and the unemployment rate converges towards the estimate of the non-accelerating inflation rate of unemployment (NAIRU). On the nominal side, key non-rural commodity export prices are projected based on cost-curve analysis. Domestic prices return over time to the mid-point of the RBA's inflation target band.

Potential GDP growth is estimated to fall below 2 per cent per annum in the near term before gradually returning to 2¾ per cent towards the end of the medium-term projection period. This is broadly unchanged since the 2020-21 Budget. The weak potential growth over the first half of the projection period largely reflects low population growth as a result of the COVID-19 pandemic, including through its effect on trend participation, detailed in the 2020-21 Budget.

Population growth is estimated to drop to 0.2 per cent in 2020-21 and 0.4 per cent in 2021-22, the slowest growth in over a century. As COVID-19 restrictions ease, population growth is projected to return to similar growth rates to those expected in the absence of COVID-19 (1.2 per cent by the end of the medium term), while the size of the population is expected to be around 4 per cent smaller by 2030-31 compared with what it would have been in the absence of COVID-19. Global migration flows, including those to Australia, could increase if there is a more rapid containment of the virus worldwide than assumed. This would in turn lead to increased population growth over the forward estimates period.

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Labour productivity growth depends on both trends in underlying productivity and the productive capital stock. As in the 2020-21 Budget, underlying productivity growth is assumed to converge over a 10-year period to the average growth rate in labour productivity over the past 30 years of 1½ per cent per annum. The protracted period of weakness in business investment is expected to lower the capital stock and weigh on the future productive capacity of the economy.

Given the large output gap, spare capacity in the economy is expected to be absorbed over close to five years. Over broadly the same timeframe, inflation is expected to return to the mid-point of the RBA's inflation target band and the unemployment rate is expected to gradually converge to 5 per cent, the estimate of the NAIRU.

## Part 3: Fiscal strategy and outlook

### Overview

The COVID-19 pandemic has fundamentally reshaped Australia's economic and fiscal outlook.

Since the start of the pandemic, the Government has provided \$251 billion in direct economic support to Australian households and businesses. The Government's response to the COVID-19 pandemic has been temporary, targeted and proportionate to the shock, and has used existing delivery mechanisms where possible.

The Government revised its Economic and Fiscal Strategy in the 2020-21 Budget to reflect its commitment to achieve a strong recovery and drive down the unemployment rate, and then to stabilise and reduce debt over time as a share of the economy. Central to the updated Economic and Fiscal Strategy is the Economic Recovery Plan, which is focused on driving sustainable, private sector-led economic growth and job creation.

The 2020-21 MYEFO continues to build on the Economic Recovery Plan. Since the 2020-21 Budget, the Government has provided an additional \$4.5 billion in direct economic support measures and \$2.3 billion in health response measures. Of the \$251 billion in total direct support provided as part of the Government's Economic Recovery Plan, over \$175 billion has already flowed to households and businesses impacted by the pandemic, with \$138 billion paid out directly by the Government.

The Government has allowed automatic stabilisers to operate freely and has enhanced their operation with the introduction of temporary demand-driven economic support measures, such as the JobKeeper program. Improvements in the economic outlook since the 2020-21 Budget are reflected in positive estimates variations, including higher receipts and a lower number of JobKeeper recipients than previously estimated.

The underlying cash deficit in 2020-21 is expected to be \$197.7 billion (9.9 per cent of GDP), an improvement of \$15.9 billion since the 2020-21 Budget (shown in Table 3.1). It is expected to improve across the forward estimates, leading to a deficit of \$66.0 billion or 3.0 per cent of GDP in 2023-24. The underlying cash balance is projected to continue to improve over the medium term to a deficit of \$45.7 billion or 1.4 per cent of GDP in 2030-31.

The net operating balance is expected to be a deficit of \$185.2 billion, with improvements expected over the forward estimates.

Gross debt is expected to be 42.5 per cent of GDP at 30 June 2021 and is projected to stabilise at around 53 per cent of GDP in the medium term.

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Net debt is expected to be 34.5 per cent of GDP at 30 June 2021 and peak at 43.0 per cent of GDP at 30 June 2024. Net debt is then projected to reduce over the medium term to 38.3 per cent of GDP at 30 June 2031.

**Table 3.1: Budget aggregates**

	Estimates			
	2020-21		2021-22	
	Budget \$b	MYEFO \$b	Budget \$b	MYEFO \$b
<b>Underlying cash balance</b>	<b>-213.7</b>	<b>-197.7</b>	<b>-112.0</b>	<b>-108.5</b>
Per cent of GDP	-11.0	-9.9	-5.6	-5.3
<b>Net operating balance</b>	<b>-197.9</b>	<b>-185.2</b>	<b>-103.4</b>	<b>-98.2</b>
Per cent of GDP	-10.2	-9.2	-5.1	-4.8

	Estimates			
	2022-23		2023-24	
	Budget \$b	MYEFO \$b	Budget \$b	MYEFO \$b
<b>Underlying cash balance</b>	<b>-87.9</b>	<b>-84.4</b>	<b>-66.9</b>	<b>-66.0</b>
Per cent of GDP	-4.2	-4.0	-3.0	-3.0
<b>Net operating balance</b>	<b>-83.5</b>	<b>-81.0</b>	<b>-58.5</b>	<b>-57.1</b>
Per cent of GDP	-4.0	-3.8	-2.7	-2.6

## Economic and Fiscal Strategy

The Government revised its Economic and Fiscal Strategy in the 2020-21 Budget, reflecting the profound impacts on the economic and fiscal outlook from the COVID-19 pandemic.

The Government has continued to actively monitor economic conditions, consistent with the Economic and Fiscal Strategy. The unemployment rate is forecast to peak at 7½ per cent in the March quarter 2021 and remain above 6 per cent until 2022-23. Consequently, the Government's current focus remains on the first phase of the strategy, which is to support the economy through policies that drive sustainable private sector-led growth and job creation, and by allowing automatic stabilisers to operate freely. Given the strong fiscal position that had been established before entering the crisis, the Government is well-placed to provide further support to maintain the momentum in Australia's recovery from the COVID-19 pandemic if required.

Once the unemployment rate is comfortably below 6 per cent, the Government will shift to the medium-term fiscal strategy where the focus will be on stabilising and then reducing gross and net debt as a share of the economy, while still allowing for flexibility in response to changing economic conditions.

The Government's Economic and Fiscal Strategy is consistent with the requirements of the *Charter of Budget Honesty Act 1998* and is set out in Box 3.1.

### **Box 3.1: The Government's Economic and Fiscal Strategy**

The Government's Economic and Fiscal Strategy will drive sustainable, private sector-led growth and job creation and ensure Australia is well-placed to respond to future shocks.

By supporting economic growth now and over the medium-term, the Government's COVID-19 Economic Recovery Plan – of which the JobMaker Plan is a core element – will underpin stronger public finances over time, guaranteed provision of essential services and lower taxes as a share of the economy.

#### **COVID-19 Economic Recovery Plan**

The Government's Economic Recovery Plan aims to promote employment, growth and business and consumer confidence through:

- allowing the budget's automatic stabilisers to operate, to support aggregate demand
- temporary, proportionate and targeted fiscal support, including through tax measures that incentivise private sector investment to drive productivity and create jobs
- structural reforms to improve the ease of doing business and increase the economy's long-term growth potential to create the jobs of the future
- continuing to improve the efficiency and quality of government spending.

Progress on the economic recovery will be reviewed at each Budget update. This phase of the Strategy will remain in place until the unemployment rate is comfortably below 6 per cent, at which time the Strategy will be governed by the Government's medium-term fiscal objectives.

#### **Medium-term fiscal strategy**

Over the medium term, the fiscal strategy will be focused on growing the economy in order to stabilise and reduce debt. This underlines the commitment to budget and balance sheet discipline and provides flexibility to respond to changing economic conditions.

The strategy is underpinned by the following elements:

- stabilising and then reducing gross and net debt as a share of the economy
- targeting a budget balance, on average, over the course of the economic cycle, that is consistent with the debt objective. This will be achieved by:
  - controlling expenditure growth, while maintaining the efficiency and quality of government spending and guaranteeing the delivery of essential services
  - supporting revenue growth through policies that drive earnings and economic growth, while maintaining a sustainable tax burden consistent with a tax-to-GDP ratio at or below 23.9 per cent of GDP
  - using the Government's balance sheet to support productivity-enhancing investments that build a stronger economy, support private investment and create jobs
  - ongoing structural reforms to boost economic growth.

## Fiscal outlook — forward estimates

An underlying cash deficit of \$197.7 billion (9.9 per cent of GDP) is estimated in 2020-21, improving to an estimated deficit of \$66.0 billion (3.0 per cent of GDP) in 2023-24. This is an improvement of \$15.9 billion in 2020-21 compared with the 2020-21 Budget, largely due to the lower take up of demand-driven programs such as JobKeeper and higher-than-expected receipts. The significant fall in the payments-to-GDP ratio over the forward estimates reflects the temporary nature of economic support.

**Table 3.2: Australian Government general government sector budget aggregates**

	Estimates			
	2020-21		2021-22	
	Budget \$b	MYEFO \$b	Budget \$b	MYEFO \$b
<b>Receipts</b>	<b>463.8</b>	<b>473.1</b>	<b>451.9</b>	<b>458.5</b>
Per cent of GDP	23.8	23.6	22.5	22.5
<b>Payments(a)</b>	<b>677.4</b>	<b>670.9</b>	<b>563.9</b>	<b>567.0</b>
Per cent of GDP	34.8	33.4	28.0	27.9
<b>Underlying cash balance</b>	<b>-213.7</b>	<b>-197.7</b>	<b>-112.0</b>	<b>-108.5</b>
Per cent of GDP	-11.0	-9.9	-5.6	-5.3
<b>Revenue</b>	<b>472.4</b>	<b>482.1</b>	<b>464.1</b>	<b>472.6</b>
Per cent of GDP	24.3	24.0	23.1	23.2
<b>Expenses</b>	<b>670.3</b>	<b>667.3</b>	<b>567.5</b>	<b>570.7</b>
Per cent of GDP	34.4	33.3	28.2	28.1
<b>Net operating balance</b>	<b>-197.9</b>	<b>-185.2</b>	<b>-103.4</b>	<b>-98.2</b>
Per cent of GDP	-10.2	-9.2	-5.1	-4.8
Net capital investment	7.8	8.8	9.9	9.9
<b>Fiscal balance</b>	<b>-205.7</b>	<b>-193.9</b>	<b>-113.3</b>	<b>-108.0</b>
Per cent of GDP	-10.6	-9.7	-5.6	-5.3
<i>Memorandum:</i>				
Headline cash balance	-230.0	-214.9	-123.8	-119.5



**Table 3.2: Australian Government general government sector budget aggregates (continued)**

	Estimates			
	2022-23		2023-24	
	Budget \$b	MYEFO \$b	Budget \$b	MYEFO \$b
<b>Receipts</b>	<b>482.6</b>	<b>487.1</b>	<b>526.4</b>	<b>526.3</b>
Per cent of GDP	23.0	23.1	23.9	23.8
<b>Payments(a)</b>	<b>570.5</b>	<b>571.4</b>	<b>593.3</b>	<b>592.2</b>
Per cent of GDP	27.2	27.1	26.9	26.8
<b>Underlying cash balance</b>	<b>-87.9</b>	<b>-84.4</b>	<b>-66.9</b>	<b>-66.0</b>
Per cent of GDP	-4.2	-4.0	-3.0	-3.0
<b>Revenue</b>	<b>491.4</b>	<b>494.9</b>	<b>538.1</b>	<b>538.5</b>
Per cent of GDP	23.4	23.5	24.4	24.4
<b>Expenses</b>	<b>574.9</b>	<b>575.8</b>	<b>596.6</b>	<b>595.7</b>
Per cent of GDP	27.4	27.3	27.1	26.9
<b>Net operating balance</b>	<b>-83.5</b>	<b>-81.0</b>	<b>-58.5</b>	<b>-57.1</b>
Per cent of GDP	-4.0	-3.8	-2.7	-2.6
Net capital investment	11.0	11.1	10.8	10.8
<b>Fiscal balance</b>	<b>-94.5</b>	<b>-92.0</b>	<b>-69.3</b>	<b>-67.9</b>
Per cent of GDP	-4.5	-4.4	-3.1	-3.1
<i>Memorandum:</i>				
Headline cash balance	-100.8	-96.6	-56.2	-55.8

(a) Equivalent to cash payments for operating activities, purchases of non-financial assets and net cash flows from financing activities for leases.

Compared to the 2020-21 Budget, **payments** are expected to decrease by \$6.5 billion to \$670.9 billion (33.4 per cent of GDP) in 2020-21, and then decrease to \$592.2 billion (26.8 per cent of GDP) in 2023-24.

**Receipts** are expected to increase to \$473.1 billion (23.6 per cent of GDP) in 2020-21, increasing to \$526.3 billion (23.8 per cent of GDP) in 2023-24.

A **headline cash deficit** of \$214.9 billion is expected in 2020-21, improving to an estimated deficit of \$55.8 billion in 2023-24.

### Underlying cash balance estimates

The estimated underlying cash deficit for 2020-21 has improved by \$15.9 billion since the 2020-21 Budget and by \$23.9 billion over the forward estimates. Table 3.3 provides a summary of the cash flows of the Australian Government general government sector showing the variations in the underlying cash balance since the 2020-21 Budget.

**Table 3.3: Summary of Australian Government general government sector cash flows**

	Estimates			
	2020-21		2021-22	
	Budget \$b	MYEFO \$b	Budget \$b	MYEFO \$b
Cash receipts				
Operating cash receipts	463.3	472.9	451.7	458.2
Capital cash receipts(a)	0.5	0.3	0.2	0.3
Total cash receipts	463.8	473.1	451.9	458.5
Cash payments				
Operating cash payments	658.0	651.3	542.8	546.0
Capital cash payments(b)	17.1	17.3	18.7	18.6
Total cash payments	675.1	668.5	561.5	564.6
<b>GFS cash surplus(+)/deficit(-)</b>	<b>-211.3</b>	<b>-195.4</b>	<b>-109.6</b>	<b>-106.1</b>
Per cent of GDP	-10.9	-9.7	-5.5	-5.2
<i>plus</i> Net cash flows from financing activities for leases(c)	-2.4	-2.3	-2.4	-2.4
<b>Underlying cash balance</b>	<b>-213.7</b>	<b>-197.7</b>	<b>-112.0</b>	<b>-108.5</b>
Per cent of GDP	-11.0	-9.9	-5.6	-5.3
<i>Memorandum:</i>				
Net cash flows from investments in financial assets for policy purposes	-16.4	-17.1	-11.8	-11.1
<b>Headline cash balance</b>	<b>-230.0</b>	<b>-214.9</b>	<b>-123.8</b>	<b>-119.5</b>

**Table 3.3: Summary of Australian Government general government sector cash flows (continued)**

	Estimates			
	2022-23		2023-24	
	Budget \$b	MYEFO \$b	Budget \$b	MYEFO \$b
Cash receipts				
Operating cash receipts	482.5	486.8	526.2	526.0
Capital cash receipts(a)	0.2	0.2	0.2	0.2
Total cash receipts	482.6	487.1	526.4	526.3
Cash payments				
Operating cash payments	548.2	549.1	569.3	568.3
Capital cash payments(b)	19.9	19.9	21.6	21.5
Total cash payments	568.1	569.0	590.9	589.8
<b>GFS cash surplus(+)/deficit(-)</b>	<b>-85.5</b>	<b>-82.0</b>	<b>-64.5</b>	<b>-63.6</b>
Per cent of GDP	-4.1	-3.9	-2.9	-2.9
<i>plus</i> Net cash flows from financing activities for leases(c)	-2.4	-2.4	-2.4	-2.4
<b>Underlying cash balance</b>	<b>-87.9</b>	<b>-84.4</b>	<b>-66.9</b>	<b>-66.0</b>
Per cent of GDP	-4.2	-4.0	-3.0	-3.0
<i>Memorandum:</i>				
Net cash flows from investments in financial assets for policy purposes	-12.9	-12.2	10.7	10.2
<b>Headline cash balance</b>	<b>-100.8</b>	<b>-96.6</b>	<b>-56.2</b>	<b>-55.8</b>

(a) Equivalent to cash receipts from the sale of non-financial assets in the cash flow statement.

(b) Equivalent to cash payments for purchases of non-financial assets in the cash flow statement.

(c) Principal payments on lease liabilities, which are financing cash payments, are deducted in the calculation of the underlying cash balance to maintain consistency of measure following the implementation of AASB 16.

Part 3: Fiscal strategy and outlook

Table 3.4 outlines the drivers of the change in the underlying cash balance since the 2020-21 Budget.

Policy decisions, including measures under the Government's Economic Recovery Plan, have reduced the underlying cash balance by \$4.9 billion in 2020-21 and \$12.1 billion over the forward estimates period.

The improvement in the economic outlook since the 2020-21 Budget is reflected in parameter and other variations, with lower take up of demand-driven programs such as JobKeeper, and higher-than-expected receipts improving the underlying cash balance.

**Table 3.4: Reconciliation of general government sector underlying cash balance estimates**

	Estimates				Total \$m
	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m	
<b>2020-21 Budget underlying cash balance</b>	<b>-213,654</b>	<b>-112,003</b>	<b>-87,883</b>	<b>-66,926</b>	<b>-480,466</b>
Per cent of GDP	-11.0	-5.6	-4.2	-3.0	
<b>Changes from 2020-21 Budget to 2020-21 MYEFO</b>					
Effect of policy decisions(a)(b)					
Receipts	-105	-430	-649	-607	-1,791
Payments	4,778	2,806	1,513	1,206	10,303
Total policy decisions impact on underlying cash balance	-4,884	-3,236	-2,162	-1,813	-12,094
Effect of parameter and other variations(b)					
Receipts	9,474	7,010	5,059	518	22,060
Payments	-11,317	232	-600	-2,247	-13,932
Total parameter and other variations impact on underlying cash balance	20,791	6,778	5,659	2,765	35,993
<b>2020-21 MYEFO underlying cash balance</b>	<b>-197,747</b>	<b>-108,461</b>	<b>-84,386</b>	<b>-65,974</b>	<b>-456,567</b>
Per cent of GDP	-9.9	-5.3	-4.0	-3.0	

(a) Excludes secondary impacts on public debt interest of policy decisions and offsets from the Contingency Reserve for decisions taken.

(b) A positive number for receipts improves the underlying cash balance, while a positive number for payments worsens the underlying cash balance.

### Receipts estimates

Total receipts are expected to be \$9.4 billion higher in 2020-21 than estimated at the 2020-21 Budget. In 2020-21, tax receipts are \$8.9 billion higher and non-tax receipts are \$0.5 billion higher compared with the 2020-21 Budget.

Tables 3.5 and 3.6 provide a summary of changes in total receipts in 2020-21 and 2021-22. Table 3.7 shows the Australian Government general government cash receipts from 2020-21 to 2023-24 by heads of revenue.

**Table 3.5: Reconciliation of 2020-21 general government sector (cash) receipts**

	Estimates		Change on Budget	
	Budget \$m	MYEFO \$m	\$m	%
Individuals and other withholding taxes				
Gross income tax withholding	210,800	211,000	200	0.1
Gross other individuals	44,000	44,400	400	0.9
less: Refunds	37,400	37,400	0	0.0
Total individuals and other withholding tax	217,400	218,000	600	0.3
Fringe benefits tax	3,800	3,800	0	0.0
Company tax	84,500	87,900	3,400	4.0
Superannuation fund taxes	8,210	8,760	550	6.7
Petroleum resource rent tax	900	800	-100	-11.1
<b>Income taxation receipts</b>	<b>314,810</b>	<b>319,260</b>	<b>4,450</b>	<b>1.4</b>
Goods and services tax	59,981	63,212	3,231	5.4
Wine equalisation tax	1,040	1,040	0	0.0
Luxury car tax	540	610	70	13.0
Excise and customs duty				
Petrol	5,550	5,650	100	1.8
Diesel	11,930	12,330	400	3.4
Other fuel products	1,690	1,640	-50	-3.0
Tobacco	15,290	15,290	0	0.0
Beer	2,470	2,510	40	1.6
Spirits	2,670	2,870	200	7.5
Other alcoholic beverages(a)	1,050	1,150	100	9.5
Other customs duty				
Textiles, clothing and footwear	170	170	0	0.0
Passenger motor vehicles	310	320	10	3.2
Other imports	1,050	1,100	50	4.8
less: Refunds and drawbacks	500	500	0	0.0
Total excise and customs duty	41,680	42,530	850	2.0
Major bank levy	1,650	1,650	0	0.0
Agricultural levies	481	479	-2	-0.4
Other taxes	4,461	4,719	258	5.8
<b>Indirect taxation receipts</b>	<b>109,833</b>	<b>114,240</b>	<b>4,407</b>	<b>4.0</b>
<b>Taxation receipts</b>	<b>424,643</b>	<b>433,500</b>	<b>8,857</b>	<b>2.1</b>
Sales of goods and services	16,538	16,233	-305	-1.8
Interest	4,133	3,709	-424	-10.3
Dividends	6,837	7,115	278	4.1
Other non-taxation receipts	11,613	12,575	962	8.3
<b>Non-taxation receipts</b>	<b>39,121</b>	<b>39,633</b>	<b>512</b>	<b>1.3</b>
<b>Total receipts</b>	<b>463,764</b>	<b>473,133</b>	<b>9,369</b>	<b>2.0</b>
<i>Memorandum:</i>				
Total excise	22,820	23,460	640	2.8
Total customs duty	18,860	19,070	210	1.1
Capital gains tax(b)	13,100	14,000	900	6.9

(a) 'Other alcoholic beverages' are those not exceeding 10 per cent by volume of alcohol (excluding beer, brandy and wine).

(b) 'Capital gains tax' is part of gross other individuals, company tax and superannuation fund taxes.

**Table 3.6: Reconciliation of 2021-22 general government sector (cash) receipts**

	Estimates		Change on Budget	
	Budget \$m	MYEFO \$m	\$m	%
Individuals and other withholding taxes				
Gross income tax withholding	209,000	209,200	200	0.1
Gross other individuals	41,700	43,700	2,000	4.8
/less: Refunds	42,700	42,600	-100	-0.2
Total individuals and other withholding tax	208,000	210,300	2,300	1.1
Fringe benefits tax	3,780	3,770	-10	-0.3
Company tax	71,000	73,300	2,300	3.2
Superannuation fund taxes	12,810	13,160	350	2.7
Petroleum resource rent tax	900	800	-100	-11.1
<b>Income taxation receipts</b>	<b>296,490</b>	<b>301,330</b>	<b>4,840</b>	<b>1.6</b>
Goods and services tax	65,602	66,641	1,040	1.6
Wine equalisation tax	1,000	1,000	0	0.0
Luxury car tax	540	570	30	5.6
Excise and customs duty				
Petrol	5,850	5,950	100	1.7
Diesel	12,440	12,640	200	1.6
Other fuel products	1,860	1,850	-10	-0.5
Tobacco	15,150	15,150	0	0.0
Beer	2,380	2,400	20	0.8
Spirits	2,620	2,780	160	6.1
Other alcoholic beverages(a)	1,000	1,030	30	3.0
Other customs duty				
Textiles, clothing and footwear	190	170	-20	-10.5
Passenger motor vehicles	340	330	-10	-2.9
Other imports	1,120	1,160	40	3.6
/less: Refunds and drawbacks	500	500	0	0.0
Total excise and customs duty	42,450	42,960	510	1.2
Major bank levy	1,700	1,650	-50	-2.9
Agricultural levies	496	496	0	0.0
Other taxes	5,521	5,270	-251	-4.5
<b>Indirect taxation receipts</b>	<b>117,309</b>	<b>118,587</b>	<b>1,278</b>	<b>1.1</b>
<b>Taxation receipts</b>	<b>413,799</b>	<b>419,917</b>	<b>6,118</b>	<b>1.5</b>
Sales of goods and services	17,418	17,109	-309	-1.8
Interest	4,202	3,562	-640	-15.2
Dividends	6,687	7,897	1,209	18.1
Other non-taxation receipts	9,812	10,013	201	2.0
<b>Non-taxation receipts</b>	<b>38,119</b>	<b>38,580</b>	<b>461</b>	<b>1.2</b>
<b>Total receipts</b>	<b>451,918</b>	<b>458,497</b>	<b>6,580</b>	<b>1.5</b>
<i>Memorandum:</i>				
Total excise	23,610	23,960	350	1.5
Total customs duty	18,840	19,000	160	0.8
Capital gains tax(b)	12,500	13,900	1,400	11.2

(a) 'Other alcoholic beverages' are those not exceeding 10 per cent by volume of alcohol (excluding beer, brandy and wine).

(b) 'Capital gains tax' is part of gross other individuals, company tax and superannuation fund taxes.

**Table 3.7: Australian Government general government sector (cash) receipts**

	Estimates			
	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
Individuals and other withholding taxes				
Gross income tax withholding	211,000	209,200	216,700	228,600
Gross other individuals	44,400	43,700	48,200	52,700
/less: Refunds	37,400	42,600	31,700	34,500
Total individuals and other withholding tax	218,000	210,300	233,200	246,800
Fringe benefits tax	3,800	3,770	3,950	4,150
Company tax	87,900	73,300	69,400	91,600
Superannuation fund taxes	8,760	13,160	13,560	13,460
Petroleum resource rent tax	800	800	800	800
<b>Income taxation receipts</b>	<b>319,260</b>	<b>301,330</b>	<b>320,910</b>	<b>356,810</b>
Goods and services tax	63,212	66,641	70,751	74,011
Wine equalisation tax	1,040	1,000	1,020	1,050
Luxury car tax	610	570	560	580
Excise and customs duty				
Petrol	5,650	5,950	6,250	6,550
Diesel	12,330	12,640	13,140	13,740
Other fuel products	1,640	1,850	1,960	2,020
Tobacco	15,290	15,150	15,150	15,260
Beer	2,510	2,400	2,470	2,530
Spirits	2,870	2,780	2,850	2,910
Other alcoholic beverages(a)	1,150	1,030	1,060	1,090
Other customs duty				
Textiles, clothing and footwear	170	170	140	130
Passenger motor vehicles	320	330	80	80
Other imports	1,100	1,160	870	880
/less: Refunds and drawbacks	500	500	500	500
Total excise and customs duty	42,530	42,960	43,470	44,690
Major bank levy	1,650	1,650	1,700	1,750
Agricultural levies	479	496	516	528
Other taxes	4,719	5,270	6,256	6,973
<b>Indirect taxation receipts</b>	<b>114,240</b>	<b>118,587</b>	<b>124,272</b>	<b>129,582</b>
<b>Taxation receipts</b>	<b>433,500</b>	<b>419,917</b>	<b>445,182</b>	<b>486,392</b>
Sales of goods and services	16,233	17,109	17,695	18,892
Interest	3,709	3,562	3,603	3,937
Dividends	7,115	7,897	10,517	6,932
Other non-taxation receipts	12,575	10,013	10,060	10,123
<b>Non-taxation receipts</b>	<b>39,633</b>	<b>38,580</b>	<b>41,874</b>	<b>39,883</b>
<b>Total receipts</b>	<b>473,133</b>	<b>458,497</b>	<b>487,057</b>	<b>526,274</b>
<i>Memorandum:</i>				
Total excise	23,460	23,960	24,980	26,030
Total customs duty	19,070	19,000	18,490	18,660
Capital gains tax(b)	14,000	13,900	14,200	15,100

(a) 'Other alcoholic beverages' are those not exceeding 10 per cent by volume of alcohol (excluding beer, brandy and wine).

(b) 'Capital gains tax' is part of gross other individuals, company tax and superannuation fund taxes.

### **Policy decisions**

Policy decisions since the 2020-21 Budget have decreased total receipts by \$105 million in 2020-21 and by \$1.8 billion over the forward estimates period. Policy decisions have decreased tax receipts over the forward estimates period. Key tax receipt measures include:

- Expanding eligibility for temporary full expensing to allow businesses with less than \$5 billion in statutory and ordinary income (excluding non-assessable, non-exempt income) in either the 2018-19 or 2019-20 income year (provided the income year ends on or before 6 October 2020), and that have invested more than \$100 million in tangible depreciating assets in the period 2016-17 to 2018-19 to also qualify. This measure is estimated to decrease receipts by \$40.0 million over the forward estimates period
- A customs exemption for goods imported for use in the F-35A Lightning II Joint Strike Fighter Program, which allows Australia to fulfil tax neutrality obligations under the *Memorandum of Understanding concerning the Production, Sustainment and Follow-on Development of the Joint Strike Fighter*. This measure is estimated to decrease receipts by \$6.7 million over the forward estimates period
- Extension of the free rate of customs duty for certain hygiene or medical products imported to treat, diagnose or prevent the spread of COVID-19, to cover the period 1 January 2021 to 30 June 2021. This measure is estimated to decrease receipts by \$3.8 million over the forward estimates period.

Further details of Government policy decisions are provided in Appendix A: *Policy decisions taken since the 2020-21 Budget*.

### **Parameter and other variations**

Parameter and other variations have increased total receipts since the 2020-21 Budget by \$9.5 billion in 2020-21 and by \$22.1 billion over the forward estimates period.

Since the 2020-21 Budget, parameter and other variations have increased tax receipts by \$8.9 billion in 2020-21 and by \$16.0 billion over the four years to 2023-24. The upward revision is largely driven by higher forecasts for company tax receipts and GST receipts, reflecting higher than expected iron ore prices and higher forecasts for consumption subject to GST respectively. This is particularly pronounced in the first two years of the forward estimates consistent with an improved outlook for nominal GDP in the near term.

Since the 2020-21 Budget, parameter and other variations are expected to increase non-taxation receipts by \$0.6 billion in 2020-21 and by \$6.0 billion over the four years to 2023-24. This revision mainly reflects a \$1.3 billion civil pecuniary penalty paid by Westpac Banking Corporation in 2020-21 and higher than expected dividends from the Reserve Bank of Australia over the four years to 2023-24. These improvements are



partially offset by lower-than-expected Future Fund receipts and a downward revision to the interest component of repayments under the Higher Education Loan Program.

The key economic parameters that influence tax receipts and tax revenue are shown in Table 3.8.

**Table 3.8: Key economic parameters for revenue<sup>(a)</sup>**

	Outcomes		Forecasts		
	2019-20	2020-21	2021-22	2022-23	2023-24
Nominal gross domestic product	1.7	1	1 1/4	3 3/4	4 3/4
Change since 2020-21 Budget		2 3/4	-2	- 3/4	- 1/4
Compensation of employees(b)	3.5	0	1 1/2	3 1/2	4 1/2
Change since 2020-21 Budget		-1	3/4	- 1/2	1/4
Corporate gross operating surplus(c)	7.9	4 3/4	-11	2	5 1/4
Change since 2020-21 Budget		5	-2 1/2	-3	0
Non-farm gross mixed income	7.7	17	-10 1/2	1 3/4	5 1/2
Change since 2020-21 Budget		6	-1 3/4	- 1/4	- 1/4
Property income(d)	-3.3	-3 3/4	6 3/4	2 3/4	4 3/4
Change since 2020-21 Budget		10 1/2	-6 3/4	- 3/4	0
Consumption subject to GST	-4.2	-1 1/4	8 1/4	7	5 1/4
Change since 2020-21 Budget		3 1/2	-2	-1	-1 3/4

(a) Current prices, per cent change on previous year. Changes since the 2020-21 Budget are percentage points.

(b) Compensation of employees measures total remuneration earned by employees.

(c) Corporate gross operating surplus is an Australian System of National Accounts measure of company profits, gross of depreciation.

(d) Property income measures income derived from rent, dividends and interest.

Source: ABS, Australian National Accounts: National Income, Expenditure and Product, and Treasury.

Excluding policy decisions, personal income taxes have been revised up \$600 million in 2020-21 and \$1.9 billion over the four years to 2023-24 since the 2020-21 Budget. This is largely due to 'net other individuals' which has been revised up by \$5.5 billion over the forward estimates, driven by higher unincorporated business income and higher corporate profits flowing through to dividends. This has been partly offset by income tax withholding which has been revised down by \$3.6 billion, largely over the later years of the forward estimates, consistent with downward revisions to average earnings.

Excluding policy decisions, company tax receipts have been revised up \$3.4 billion in 2020-21 and \$7.0 billion over the four years to 2023-24. In 2020-21 this largely reflects upwards revisions to the forecast for mining profits, consistent with stronger than expected collections. The outlook for corporate profits then returns to being broadly consistent with the Budget forecast by 2023-24.

Excluding policy decisions, GST receipts have been revised up by \$3.2 billion in 2020-21, and \$4.9 billion over the four years to 2023-24. This reflects higher forecasts for consumption subject to GST, with discretionary consumption, which is more likely to be subject to GST, recovering more quickly than previously expected.

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Excluding policy decisions, superannuation fund tax receipts have been revised up \$550 million in 2020-21 and \$1 billion over the four years to 2023-24. This reflects significant foreign exchange gains observed in early 2020-21 and a further recovery in asset prices.

Excluding policy decisions, excise and customs duties have been revised up \$850 million in 2020-21 and \$2.2 billion over the four years to 2023-24. This largely reflects an improved outlook for economic activity in the near term, and is consistent with higher-than-expected year-to-date collections.

The 2020-21 MYEFO estimates continue to include provisions for a number of Free Trade Agreements (FTAs) which have not been finalised and which impact the customs heads of revenue:

- Australia-India Comprehensive Economic Cooperation Agreement
- Australia-European Union Free Trade Agreement
- Australia-United Kingdom Free Trade Agreement.

A number of other FTAs are currently under negotiation, but are not expected to have any material impact on revenue over the forward estimates. A full list of FTAs currently under negotiation is available on the Department of Foreign Affairs and Trade website.

### **Payments estimates**

Since the 2020-21 Budget, total cash payments have decreased by \$6.5 billion in 2020-21 and by \$3.6 billion over the four years to 2023-24.

### **Policy decisions**

The net impact of payment-related policy decisions since the 2020-21 Budget has increased total cash payments by \$4.8 billion in 2020-21 and by \$10.3 billion over the four years to 2023-24. Policy decisions continue to reflect the Government's response to the COVID-19 pandemic and include:

- temporarily extending the Coronavirus Supplement and current eligibility exemptions for income support payments for new and existing recipients as a result of the COVID-19 pandemic, which is expected to increase payments by \$3.2 billion over the forward estimates
- funding to support investments in Australia's portfolio of COVID-19 vaccine candidates to maximise the opportunity for eligible Australian residents to receive vaccines once they have been assessed as safe and effective, which is expected to increase payments by \$1.6 billion over two years from 2020-21

- continuing to support older Australians which is expected to increase payments by \$1.0 billion over the four years from 2020-21. This comprises \$859.4 million to support older Australians to stay at home longer and \$146.5 million to support older Australians and the aged care sector with the impacts of the COVID-19 pandemic as part of the response to the Royal Commission into Aged Care Quality and Safety's *Aged Care and COVID-19: a special report*
- improving access to medicines on the *Pharmaceutical Benefits Scheme (PBS)*, the *Repatriation Pharmaceutical Benefits Scheme (RPBS)* and the *Stoma Appliance Scheme*, which is expected to increase payments by \$682.6 million over four years from 2020-21.

### **Parameter and other variations**

Parameter and other variations since the 2020-21 Budget have decreased total cash payments by \$11.3 billion in 2020-21 and decreased total cash payments by \$13.9 billion over the four years to 2023-24.

Major increases in cash payments as a result of parameter and other variations since the 2020-21 Budget include:

- payments relating to the provision of GST to the states and territories, which are expected to increase by \$3.2 billion in 2020-21 (\$4.9 billion over the four years to 2023-24), consistent with an increase in GST receipts
- payments relating to the Student Payments program, which are expected to increase by \$380.5 million in 2020-21 (\$790.8 million over the four years to 2023-24), largely reflecting higher-than-expected recipient numbers due to the ongoing impact of the COVID-19 pandemic
- payments relating to the Parents Income Support program, which are expected to increase by \$334.7 million in 2020-21 (\$743.8 million over the four years to 2023-24), largely reflecting higher-than-expected recipient numbers due to the ongoing impact of the COVID-19 pandemic
- payments relating to the Income Support for Seniors program, which are expected to increase by \$31.9 million in 2020-21 (\$542.5 million over the four years to 2023-24), largely reflecting a higher rate of indexation due to an improvement in the economic outlook compared with the 2020-21 Budget.

Major decreases in cash payments as a result of parameter and other variations since the 2020-21 Budget include:

- payments relating to the JobKeeper Payment, which are expected to decrease by \$11.2 billion in 2020-21, largely reflecting a stronger economy than expected at Budget which is allowing businesses and employees to transition off the JobKeeper Payment sooner than previously expected

### *Part 3: Fiscal strategy and outlook*

- payments to the Western Australian and Northern Territory Governments under the General Revenue Assistance Program, which are expected to decrease by \$114.8 million in 2020-21 (\$266.6 million over the four years to 2023-24), largely reflecting decreased royalty payments as a result of revised price assumptions, consistent with a reduction in royalties receipts
- payments relating to the Future Fund program, which are expected to decrease by \$53.0 million in 2020-21 (\$221.1 million over the four years to 2023-24), largely due to reduced fees paid to fund managers resulting from a lower-than-expected dividend yield.

A large proportion of Government spending is adjusted each update to align with changes in economic parameters (including prices and wages, unemployment and foreign exchange rates).

Current economic projections are having an impact on a wide range of Government programs, including income support payments such as the JobSeeker Payment. These impacts have been provisioned in the Contingency Reserve to ensure greater accuracy of the estimates.

#### **Net operating balance estimates**

The net operating balance is an accrual measure, reflecting revenue minus expenses. It excludes the impact of the Commonwealth's net new capital expenditure and helps to distinguish between the Government's capital and recurrent spending.

Table 3.9 provides a reconciliation of net operating balance estimates, including the impact of policy decisions and parameter and other variations on revenue and expenses since the 2020-21 Budget. The drivers of movements in the net operating balance estimates are largely the same as for the underlying cash balance.

The net operating balance is expected to be a deficit of \$185.2 billion (9.2 per cent of GDP) in 2020-21, compared to an expected deficit of \$197.9 billion (10.2 per cent of GDP) in the 2020-21 Budget.

**Table 3.9: Reconciliation of general government sector net operating balance estimate**

	Estimates				Total \$m
	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m	
<b>2020-21 Budget net operating balance</b>	<b>-197,888</b>	<b>-103,420</b>	<b>-83,507</b>	<b>-58,519</b>	<b>-443,334</b>
Per cent of GDP	-10.2	-5.1	-4.0	-2.7	
<b>Changes from 2020-21 Budget to 2020-21 MYEFO</b>					
Effect of policy decisions(a)(b)					
<i>Revenue</i>	-72	-364	-590	-552	-1,578
<i>Expenses</i>	5,402	2,787	1,439	1,110	10,737
Total policy decisions impact on net operating balance	-5,474	-3,150	-2,029	-1,662	-12,315
Effect of parameter and other variations(b)					
<i>Revenue</i>	9,766	8,843	4,056	980	23,645
<i>Expenses</i>	-8,411	437	-529	-2,063	-10,566
Total parameter and other variations impact on net operating balance	18,178	8,406	4,585	3,042	34,211
<b>2020-21 MYEFO net operating balance</b>	<b>-185,185</b>	<b>-98,164</b>	<b>-80,950</b>	<b>-57,139</b>	<b>-421,438</b>
Per cent of GDP	-9.2	-4.8	-3.8	-2.6	
<i>Net capital investment</i>					
Effect of net capital investment(c)	8,758	9,854	11,056	10,796	40,464
<b>2020-21 MYEFO fiscal balance</b>	<b>-193,942</b>	<b>-108,018</b>	<b>-92,007</b>	<b>-67,935</b>	<b>-461,902</b>
Per cent of GDP	-9.7	-5.3	-4.4	-3.1	

(a) Excludes secondary impacts on public debt interest of policy decisions and offsets from the Contingency Reserve for decisions taken.

(b) A positive number for revenue improves the net operating balance, while a positive number for expenses worsens the net operating balance.

(c) A positive number for net capital investment worsens the fiscal balance.

### **Revenue estimates**

Total revenue has been revised up by \$9.7 billion in 2020-21 since the 2020-21 Budget. The revenue estimates are the accrual accounting equivalent of the cash based receipts estimates. Changes in revenue are generally driven by the same factors as receipts.

Revenue amounts are usually higher than the cash equivalents as they include amounts that a taxpayer is liable to pay but has not paid. The differences between the accrual and cash amounts therefore generally reflect timing differences.

Tables 3.10 and 3.11 provide a summary of changes in total revenue in 2020-21 and 2021-22. Table 3.12 shows the Australian Government general government revenue from 2020-21 to 2023-24 by heads of revenue.

**Table 3.10: Reconciliation of 2020-21 general government sector (accrual) revenue**

	Estimates		Change on Budget	
	Budget \$m	MYEFO \$m	\$m	%
Individuals and other withholding taxes				
Gross income tax withholding	212,300	212,400	100	0.0
Gross other individuals	47,300	46,900	-400	-0.8
less: Refunds	37,400	37,400	0	0.0
Total individuals and other withholding tax	222,200	221,900	-300	-0.1
Fringe benefits tax	3,880	3,880	0	0.0
Company tax	86,200	89,100	2,900	3.4
Superannuation fund taxes	8,180	8,740	560	6.8
Petroleum resource rent tax	870	770	-100	-11.5
<b>Income taxation revenue</b>	<b>321,330</b>	<b>324,390</b>	<b>3,060</b>	<b>1.0</b>
Goods and services tax	62,970	65,750	2,780	4.4
Wine equalisation tax	1,060	1,060	0	0.0
Luxury car tax	540	610	70	13.0
Excise and customs duty				
Petrol	5,550	5,650	100	1.8
Diesel	11,880	12,280	400	3.4
Other fuel products	1,690	1,640	-50	-3.0
Tobacco	15,270	15,310	40	0.3
Beer	2,460	2,500	40	1.6
Spirits	2,670	2,870	200	7.5
Other alcoholic beverages(a)	1,050	1,150	100	9.5
Other customs duty				
Textiles, clothing and footwear	170	170	0	0.0
Passenger motor vehicles	310	320	10	3.2
Other imports	1,050	1,100	50	4.8
less: Refunds and drawbacks	500	500	0	0.0
Total excise and customs duty	41,600	42,490	890	2.1
Major bank levy	1,670	1,670	0	0.0
Agricultural levies	481	479	-2	-0.4
Other taxes	5,262	5,392	131	2.5
<b>Indirect taxation revenue</b>	<b>113,583</b>	<b>117,452</b>	<b>3,869</b>	<b>3.4</b>
<b>Taxation revenue</b>	<b>434,913</b>	<b>441,842</b>	<b>6,929</b>	<b>1.6</b>
Sales of goods and services	15,874	15,765	-109	-0.7
Interest	4,181	4,161	-21	-0.5
Dividends	6,419	8,203	1,784	27.8
Other non-taxation revenue	11,054	12,165	1,111	10.1
<b>Non-taxation revenue</b>	<b>37,529</b>	<b>40,294</b>	<b>2,766</b>	<b>7.4</b>
<b>Total revenue</b>	<b>472,442</b>	<b>482,136</b>	<b>9,694</b>	<b>2.1</b>
<i>Memorandum:</i>				
<i>Total excise</i>	22,760	23,400	640	2.8
<i>Total customs duty</i>	18,840	19,090	250	1.3
<i>Capital gains tax(b)</i>	13,100	14,000	900	6.9

(a) 'Other alcoholic beverages' are those not exceeding 10 per cent by volume of alcohol (excluding beer, brandy and wine).

(b) 'Capital gains tax' is part of gross other individuals, company tax and superannuation fund taxes.

**Table 3.11: Reconciliation of 2021-22 general government sector (accrual) revenue**

	Estimates		Change on Budget	
	Budget \$m	MYEFO \$m	\$m	%
Individuals and other withholding taxes				
Gross income tax withholding	211,400	211,600	200	0.1
Gross other individuals	44,900	46,700	1,800	4.0
less: Refunds	42,700	42,600	-100	-0.2
Total individuals and other withholding tax	213,600	215,700	2,100	1.0
Fringe benefits tax	3,860	3,840	-20	-0.5
Company tax	73,000	75,300	2,300	3.2
Superannuation fund taxes	12,770	13,130	360	2.8
Petroleum resource rent tax	900	800	-100	-11.1
<b>Income taxation revenue</b>	<b>304,130</b>	<b>308,770</b>	<b>4,640</b>	<b>1.5</b>
Goods and services tax	67,720	68,770	1,050	1.6
Wine equalisation tax	1,020	1,020	0	0.0
Luxury car tax	540	570	30	5.6
Excise and customs duty				
Petrol	5,850	5,950	100	1.7
Diesel	12,440	12,640	200	1.6
Other fuel products	1,870	1,860	-10	-0.5
Tobacco	15,150	15,150	0	0.0
Beer	2,390	2,410	20	0.8
Spirits	2,620	2,780	160	6.1
Other alcoholic beverages(a)	1,000	1,030	30	3.0
Other customs duty				
Textiles, clothing and footwear	190	170	-20	-10.5
Passenger motor vehicles	340	330	-10	-2.9
Other imports	1,120	1,160	40	3.6
less: Refunds and drawbacks	500	500	0	0.0
Total excise and customs duty	42,470	42,980	510	1.2
Major bank levy	1,720	1,670	-50	-2.9
Agricultural levies	496	496	0	0.0
Other taxes	6,702	6,446	-255	-3.8
<b>Indirect taxation revenue</b>	<b>120,667</b>	<b>121,952</b>	<b>1,285</b>	<b>1.1</b>
<b>Taxation revenue</b>	<b>424,797</b>	<b>430,722</b>	<b>5,925</b>	<b>1.4</b>
Sales of goods and services	17,161	17,035	-126	-0.7
Interest	4,008	3,852	-156	-3.9
Dividends	7,454	10,250	2,796	37.5
Other non-taxation revenue	10,651	10,691	40	0.4
<b>Non-taxation revenue</b>	<b>39,274</b>	<b>41,829</b>	<b>2,554</b>	<b>6.5</b>
<b>Total revenue</b>	<b>464,072</b>	<b>472,551</b>	<b>8,479</b>	<b>1.8</b>
<i>Memorandum:</i>				
Total excise	23,630	23,980	350	1.5
Total customs duty	18,840	19,000	160	0.8
Capital gains tax(b)	12,500	13,900	1,400	11.2

(a) 'Other alcoholic beverages' are those not exceeding 10 per cent by volume of alcohol (excluding beer, brandy and wine).

(b) 'Capital gains tax' is part of gross other individuals, company tax and superannuation fund taxes.



**Table 3.12: Australian Government general government sector (accrual) revenue**

	Estimates			
	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
Individuals and other withholding taxes				
Gross income tax withholding	212,400	211,600	219,100	231,400
Gross other individuals	46,900	46,700	51,100	55,800
/less: Refunds	37,400	42,600	31,700	34,500
Total individuals and other withholding tax	221,900	215,700	238,500	252,700
Fringe benefits tax	3,880	3,840	4,020	4,220
Company tax	89,100	75,300	71,300	93,000
Superannuation fund taxes	8,740	13,130	13,530	13,430
Petroleum resource rent tax	770	800	800	800
<b>Income taxation revenue</b>	<b>324,390</b>	<b>308,770</b>	<b>328,150</b>	<b>364,150</b>
Goods and services tax	65,750	68,770	73,160	76,620
Wine equalisation tax	1,060	1,020	1,040	1,070
Luxury car tax	610	570	560	580
Excise and customs duty				
Petrol	5,650	5,950	6,250	6,550
Diesel	12,280	12,640	13,140	13,790
Other fuel products	1,640	1,860	1,970	2,030
Tobacco	15,310	15,150	15,150	15,260
Beer	2,500	2,410	2,470	2,540
Spirits	2,870	2,780	2,850	2,910
Other alcoholic beverages(a)	1,150	1,030	1,060	1,090
Other customs duty				
Textiles, clothing and footwear	170	170	140	130
Passenger motor vehicles	320	330	80	80
Other imports	1,100	1,160	870	880
/less: Refunds and drawbacks	500	500	500	500
Total excise and customs duty	42,490	42,980	43,480	44,760
Major bank levy	1,670	1,670	1,720	1,770
Agricultural levies	479	496	516	528
Other taxes	5,392	6,446	7,514	8,221
<b>Indirect taxation revenue</b>	<b>117,452</b>	<b>121,952</b>	<b>127,990</b>	<b>133,548</b>
<b>Taxation revenue</b>	<b>441,842</b>	<b>430,722</b>	<b>456,140</b>	<b>497,698</b>
Sales of goods and services	15,765	17,035	17,702	18,888
Interest	4,161	3,852	3,651	3,616
Dividends	8,203	10,250	6,651	8,237
Other non-taxation revenue	12,165	10,691	10,722	10,087
<b>Non-taxation revenue</b>	<b>40,294</b>	<b>41,829</b>	<b>38,726</b>	<b>40,829</b>
<b>Total revenue</b>	<b>482,136</b>	<b>472,551</b>	<b>494,866</b>	<b>538,527</b>
<i>Memorandum:</i>				
Total excise	23,400	23,980	24,990	26,100
Total customs duty	19,090	19,000	18,490	18,660
Capital gains tax(b)	14,000	13,900	14,200	15,100

(a) 'Other alcoholic beverages' are those not exceeding 10 per cent by volume of alcohol (excluding beer, brandy and wine).

(b) 'Capital gains tax' is part of gross other individuals, company tax and superannuation fund taxes.

## Expense estimates

Movements in accrual expenses over the forward estimates are broadly consistent with movements in cash payments. The key exceptions include:

- Superannuation benefits programs (civilian and military), where there is a timing difference with the expense accruing during employment and cash payments occurring during retirement, and the application of the AASB Employee Benefits whereby the current financial year interest expenses are recalculated using the long-term government bond rate as at 1 July 2019.
- Purchases of non-financial assets, which are included in cash payments but not in accrual expenses. The expense estimates include depreciation of non-financial assets rather than recognising the impact at the time of purchase.

Estimates of Australian Government general government sector expenses by function can be found in Appendix B: *Supplementary expense table and the Contingency Reserve*.

Table 3.13 provides a reconciliation of expense estimates. Total expenses have decreased by \$3.0 billion in 2020-21 since the 2020-21 Budget.

**Table 3.13 Reconciliation of general government sector expense estimates**

	Estimates				Total \$m
	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m	
<b>2020-21 Budget expenses</b>	<b>670,330</b>	<b>567,491</b>	<b>574,907</b>	<b>596,619</b>	<b>2,409,347</b>
<b>Changes from 2020-21 Budget to 2020-21 MYEFO</b>					
Effect of policy decisions(a)	5,402	2,787	1,439	1,110	10,737
Effect of economic parameter variations					
Total economic parameter variations	2,130	762	437	39	3,368
<i>Unemployment benefits</i>	-1,231	-1,117	-821	-632	-3,802
<i>Prices and wages</i>	227	962	835	782	2,806
<i>Interest and exchange rates</i>	-96	-123	-142	-141	-501
<i>GST payments to the states</i>	3,230	1,040	565	30	4,865
Public debt interest	248	-49	-252	-70	-123
Program specific parameter variations	-9,040	1,075	703	607	-6,656
Other variations	-1,749	-1,351	-1,417	-2,639	-7,156
<b>Total variations</b>	<b>-3,009</b>	<b>3,224</b>	<b>909</b>	<b>-953</b>	<b>171</b>
<b>2020-21 MYEFO expenses</b>	<b>667,321</b>	<b>570,715</b>	<b>575,816</b>	<b>595,666</b>	<b>2,409,518</b>

(a) Excludes secondary impacts on public debt interest of policy decisions and offsets from the Contingency Reserve for decisions taken.

### Headline cash balance estimates

The headline cash balance for 2020-21 is estimated to be a deficit of \$214.9 billion, compared with a deficit of \$230.0 billion estimated at the 2020-21 Budget. This improvement is primarily driven by the expected change in the underlying cash balance.

The headline cash balance consists of the underlying cash balance and net cash flows from investments in financial assets for policy purposes (for example, student loans and equity investment in the NBN). Table 3.14 provides further details of differences between the underlying and headline cash balance estimates of the Australian Government general government sector.

**Table 3.14: Reconciliation of general government sector underlying and headline cash balance estimates**

	Estimates				Total
	2020-21	2021-22	2022-23	2023-24	
	\$m	\$m	\$m	\$m	\$m
<b>2020-21 MYEFO underlying cash balance</b>	<b>-197,747</b>	<b>-108,461</b>	<b>-84,386</b>	<b>-65,974</b>	<b>-456,567</b>
<b>plus Net cash flows from investments in financial assets for policy purposes</b>					
Student loans	-3,003	-2,634	-2,554	-2,298	-10,489
NBN loan	-42	0	0	19,500	19,458
Trade support loans	-106	-70	-53	-43	-273
CEFC loans and investments	-933	-184	-323	-386	-1,826
Northern Australia Infrastructure Facility	-328	-573	-797	-839	-2,537
Australian Business Securitisation Fund	-435	-401	-402	-353	-1,591
Structured Finance Support Fund	-5,186	-4,009	-4,020	-31	-13,246
Drought and rural assistance loans	-2,740	-437	-210	34	-3,353
Official Development Assistance					
- Multilateral Replenishment	-78	-127	-128	-132	-465
National Housing Finance and Investment Corporation	-91	-10	-15	-7	-123
COVID-19 Support for Indonesia — loan	-1,450	100	100	100	-1,150
Financial Assistance to Papua New Guinea — loan	-539	37	37	37	-427
IMF Poverty Reduction Growth Trust					
- line of credit	-1,072	0	0	0	-1,072
Net other(a)	-1,142	-2,748	-3,863	-5,424	-13,176
<b>Total net cash flows from investments in financial assets for policy purposes</b>	<b>-17,145</b>	<b>-11,056</b>	<b>-12,228</b>	<b>10,158</b>	<b>-30,271</b>
<b>2020-21 MYEFO headline cash balance</b>	<b>-214,892</b>	<b>-119,517</b>	<b>-96,614</b>	<b>-55,816</b>	<b>-486,839</b>

(a) Net other includes amounts that have not been itemised for commercial-in-confidence reasons.

### Net capital investment estimates

Net capital investment is broadly defined as the sale and acquisition of non-financial assets less depreciation expenses. It provides a measure of the overall growth in capital assets (including buildings and infrastructure, specialist military equipment and computer software) after taking into account depreciation and amortisation as previously acquired assets age.

Government capital spending involves acquisition of physical assets, financial assets and provision of grants and subsidies to others (primarily state and territory governments), which they use to acquire assets.

Table 3.15 provides a reconciliation of the net capital investment estimates.

**Table 3.15: Reconciliation of general government sector net capital investment estimate**

	Estimates				Total \$m
	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m	
<b>2020-21 Budget net capital investment</b>	<b>7,818</b>	<b>9,906</b>	<b>11,013</b>	<b>10,819</b>	<b>39,556</b>
<b>Changes from 2020-21 Budget to 2020-21 MYEFO</b>					
Effect of policy decisions(a)	52	-1	27	39	117
Effect of parameter and other variations	888	-51	16	-62	791
<b>Total variations</b>	<b>940</b>	<b>-52</b>	<b>43</b>	<b>-23</b>	<b>908</b>
<b>2020-21 MYEFO net capital investment</b>	<b>8,758</b>	<b>9,854</b>	<b>11,056</b>	<b>10,796</b>	<b>40,464</b>

(a) Excludes secondary impacts on public debt interest of policy decisions and offsets from the Contingency Reserve for decisions taken.

### Gross debt estimates

Gross debt measures the face value of Australian Government Securities (AGS) on issue. This is the amount that the Government pays back to investors at maturity, independent of fluctuations in market prices. Gross debt is a key indicator of fiscal sustainability and, together with net debt, a key focus of the Government's medium-term fiscal strategy.

Gross debt is expected to be 42.5 per cent of GDP (\$852 billion) at 30 June 2021 and increase to 51.5 per cent of GDP (\$1,138 billion) at 30 June 2024. Compared with the 2020-21 Budget, gross debt is expected to be essentially unchanged at the end of the forward estimates.

### Net debt estimates

Net debt is equal to the sum of interest-bearing liabilities (which includes AGS on issue measured at market value) less the sum of financial assets (cash and deposits, advances paid and investments, loans and placements). As net debt incorporates selected financial assets and liabilities, it provides a broader measure of the financial obligations of the Commonwealth than gross debt.

Net debt is estimated to be 34.5 per cent of GDP (\$691.9 billion) at 30 June 2021 (as shown in Table 3.16), lower than the estimate of 36.1 per cent of GDP (\$703.2 billion) at the 2020-21 Budget. Compared with the 2020-21 Budget, net debt is expected to slightly improve across the forward estimates. This primarily reflects the expected improvement in the underlying cash balance.

Further information on gross and net debt is provided in Part 4: *Debt Statement*.

**Table 3.16: Australian Government general government sector net worth, net financial worth, net debt and net interest payments**

	Estimates			
	2020-21		2021-22	
	Budget \$b	MYEFO \$b	Budget \$b	MYEFO \$b
Financial assets	512.9	500.4	561.0	550.6
Non-financial assets	183.0	183.8	192.2	193.0
<b>Total assets</b>	<b>696.0</b>	<b>684.2</b>	<b>753.1</b>	<b>743.6</b>
<b>Total liabilities</b>	<b>1,353.4</b>	<b>1,330.8</b>	<b>1,507.7</b>	<b>1,480.4</b>
<b>Net worth</b>	<b>-657.4</b>	<b>-646.5</b>	<b>-754.6</b>	<b>-736.8</b>
<b>Net financial worth(a)</b>	<b>-840.4</b>	<b>-830.4</b>	<b>-946.8</b>	<b>-929.8</b>
Per cent of GDP	-43.2	-41.4	-47.1	-45.7
<b>Net debt(b)</b>	<b>703.2</b>	<b>691.9</b>	<b>812.1</b>	<b>798.5</b>
Per cent of GDP	36.1	34.5	40.4	39.3
<b>Net interest payments</b>	<b>13.1</b>	<b>13.5</b>	<b>13.5</b>	<b>14.0</b>
Per cent of GDP	0.7	0.7	0.7	0.7

	Estimates			
	2022-23		2023-24	
	Budget \$b	MYEFO \$b	Budget \$b	MYEFO \$b
Financial assets	548.4	541.3	546.5	566.8
Non-financial assets	202.2	203.1	212.3	213.3
<b>Total assets</b>	<b>750.6</b>	<b>744.5</b>	<b>758.9</b>	<b>780.1</b>
<b>Total liabilities</b>	<b>1,583.7</b>	<b>1,557.2</b>	<b>1,645.2</b>	<b>1,645.5</b>
<b>Net worth</b>	<b>-833.1</b>	<b>-812.8</b>	<b>-886.3</b>	<b>-865.4</b>
<b>Net financial worth(a)</b>	<b>-1,035.4</b>	<b>-1,015.9</b>	<b>-1,098.6</b>	<b>-1,078.6</b>
Per cent of GDP	-49.3	-48.2	-49.9	-48.8
<b>Net debt(b)</b>	<b>899.8</b>	<b>884.3</b>	<b>966.2</b>	<b>951.7</b>
Per cent of GDP	42.8	41.9	43.8	43.0
<b>Net interest payments</b>	<b>13.1</b>	<b>13.5</b>	<b>13.6</b>	<b>14.1</b>
Per cent of GDP	0.6	0.6	0.6	0.6

(a) Net financial worth equals total financial assets minus total liabilities.

(b) Net debt is the sum of interest bearing liabilities minus the sum of selected financial assets (cash and deposits, advances paid and investments, loans and placements).

### **Net financial worth and net worth estimates**

Net financial worth is the sum of financial assets less liabilities. It includes all classes of financial assets and all liabilities, only some of which are included in net debt. Both the assets of the Future Fund and the public sector superannuation liability that the Future Fund seeks to finance are included in net financial worth.

Net financial worth is estimated to be -\$830.4 billion (-41.4 per cent of GDP) at 30 June 2021, compared with the estimate of -\$840.4 billion (-43.2 per cent of GDP) at the 2020-21 Budget.

A further measure of the Government's financial position is net worth. Net worth is the sum of all assets less all liabilities. It includes non-financial assets such as buildings and plant, equipment and infrastructure. Net worth is estimated to be -\$646.5 billion (-32.2 per cent of GDP) at 30 June 2021, compared with the estimate of -\$657.4 billion (-33.8 per cent of GDP) at the 2020-21 Budget.

## Medium-term fiscal projections

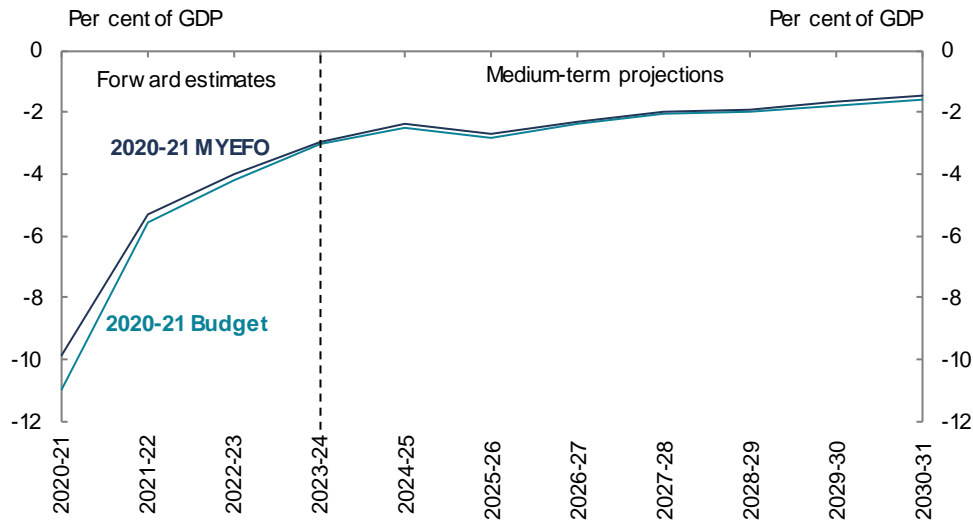
The medium-term fiscal projections bring together projections of receipts, payments and the Government’s assets and liabilities for the seven years beyond the forward estimates period.

They outline the trajectory for the fiscal position under current policy settings and prevailing economic assumptions, and provide the starting point to which future policy changes would be applied. Further information on the medium-term projections methodology is available at Budget Paper No. 1 Statement 3: *Fiscal Strategy and Outlook* in the 2020-21 Budget (page 3-27).

### Underlying cash balance projections

Chart 3.1 shows the projections of the underlying cash balance as a share of GDP to 2030-31. The underlying cash balance is now expected to be a deficit of 9.9 per cent of GDP in 2020-21, and then improve across the forward estimates and the medium term to a projected deficit of 1.4 per cent of GDP in 2030-31. This is broadly consistent with projections at the 2020-21 Budget where a deficit of 1.6 per cent of GDP was projected in 2030-31.

**Chart 3.1: Underlying cash balance as a share of GDP**

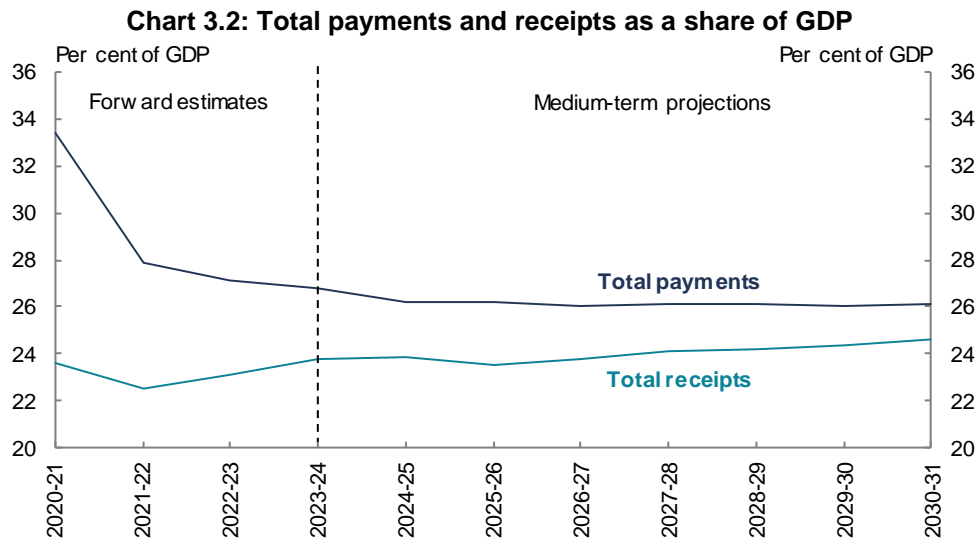


Source: Treasury projections.

### Receipts and payments projections

The medium-term receipts and payments projections are also broadly consistent with the 2020-21 Budget projections. At the end of the medium term, the tax-to-GDP ratio is projected to reach 22.8 per cent, compared to 22.9 per cent at the 2020-21 Budget. At the end of the medium term, payments are projected to be 26.1 per cent of GDP, compared to 26.2 per cent of GDP at the 2020-21 Budget.

Chart 3.2 shows total payments and total receipts as a share of GDP projected to 2030-31.



Note: Total receipts includes taxation and non-taxation receipts.  
Source: Treasury projections.

### Gross debt projections

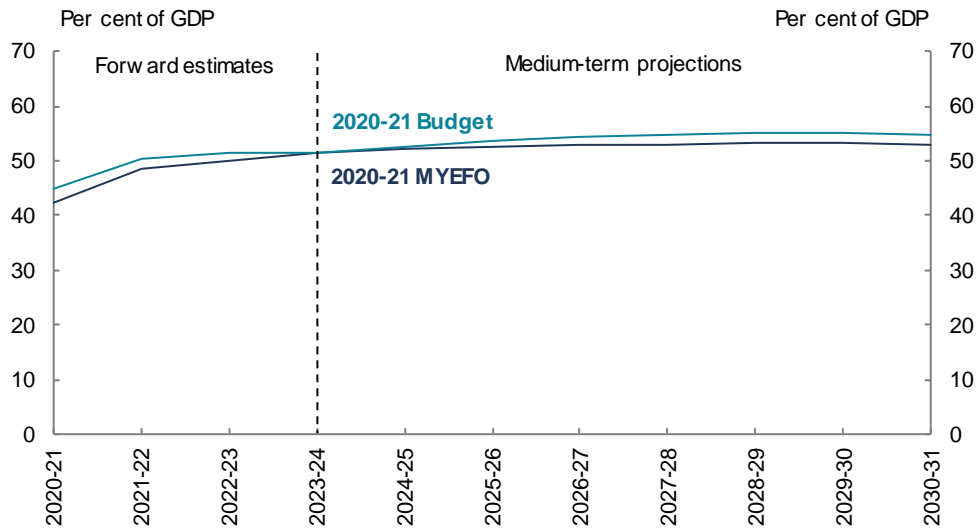
Gross debt is projected to stabilise at around 53 per cent of GDP in the medium term, compared to around 55 per cent at the 2020-21 Budget. Gross debt stabilises even in the absence of budget surpluses.

Gross debt projections over the medium term also reflect the Government's decision not to draw down on the Future Fund's earnings to meet unfunded superannuation liabilities.

Projected gross debt as a share of GDP is shown in Chart 3.3.



**Chart 3.3: Gross debt as a share of GDP**



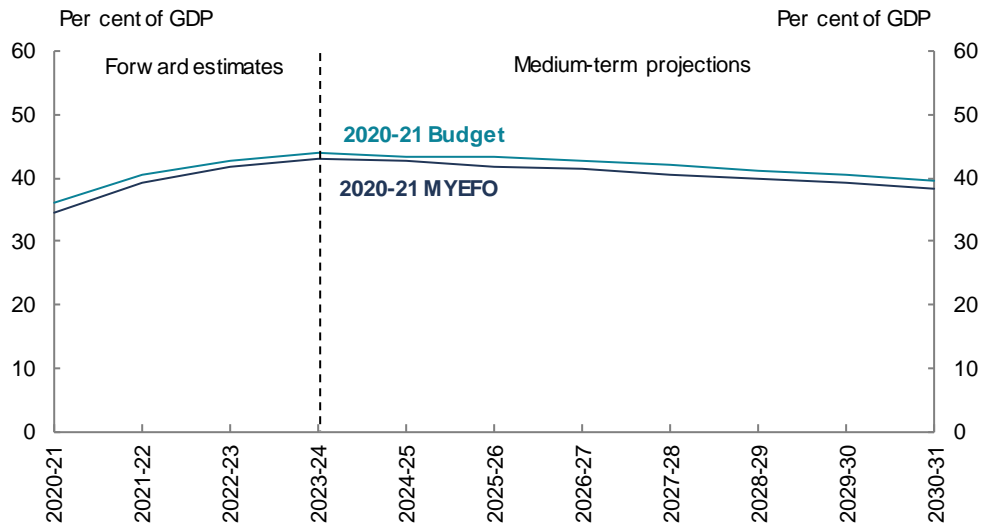
Source: Australian Office of Financial Management and Treasury projections.

### Net debt projections

Net debt is expected to peak at 43.0 per cent of GDP at 30 June 2024, before improving over the medium term to reach 38.3 per cent of GDP at 30 June 2031, as shown in Chart 3.4. This is broadly consistent with projections at Budget where net debt reached 39.6 per cent of GDP at 30 June 2031.

Net debt, as a share of GDP, is projected to fall over the medium term more quickly than gross debt because net debt is based on the market value of AGS which falls as yields rise. For further information on medium-term yield assumptions, see Box 2 in Budget Paper No. 1 Statement 7: *Debt Statement* in the 2020-21 Budget.

**Chart 3.4: Net debt as a share of GDP**

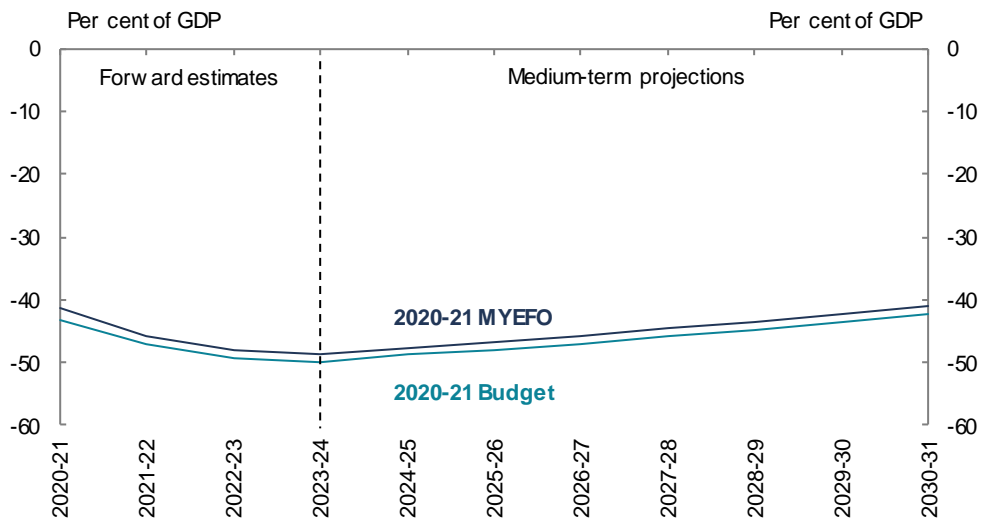


Source: Treasury projections.

### Net financial worth projections

Net financial worth is expected to improve from -48.8 per cent of GDP at 30 June 2024 to -41.0 per cent of GDP at 30 June 2031, as shown in Chart 3.5. At the 2020-21 Budget, net financial worth was projected to be -42.3 per cent of GDP at 30 June 2031.

**Chart 3.5: Net financial worth as a share of GDP**



Source: Treasury projections.

## Part 4: Debt Statement

This Statement provides information on current and estimated Government gross debt on issue, estimated Government net debt and interest costs related to Australian Government Securities (AGS).

Gross debt is expected to be 42.5 per cent of GDP (\$852 billion) at 30 June 2021 and increase to 51.5 per cent of GDP (\$1,138 billion) at 30 June 2024. Gross debt is projected to stabilise at around 53 per cent of GDP in the medium term.

Net debt is expected to be 34.5 per cent of GDP (\$691.9 billion) at 30 June 2021, increasing to 43.0 per cent of GDP (\$951.7 billion) at 30 June 2024. Net debt is then projected to decrease to 38.3 per cent of GDP by the end of the medium term.

### Australian Government Securities issuance

The Government finances its activities either through receipts or borrowing. When receipts fall short of payments, the Government borrows by issuing AGS.

The Australian Office of Financial Management (AOFM) is responsible for issuing AGS and managing the Government's financing activities. The AOFM exercises operational independence in the execution of its duties. Further detail on the AOFM's operations can be found in Budget Paper No.1 Statement 7: *Debt Statement* in the 2020-21 Budget and on the AOFM website at [www.aofm.gov.au](http://www.aofm.gov.au).

### Estimates of AGS on issue

**Gross debt** measures the face value of AGS on issue at a point in time. While gross debt is measured in face value terms, estimates of AGS on issue are published in both face value and market value terms in this Statement.

- The **face value** of AGS on issue is the amount that the Government pays back to investors at maturity, independent of fluctuations in market prices.<sup>1</sup> The total face value of AGS on issue changes when new securities are issued, or when securities are repurchased or reach maturity.
- The **market value** of AGS represents the value of securities as traded on the secondary market, which changes continuously with movements in market prices (often expressed as yield to maturity). Consistent with external reporting standards, the market value of AGS on issue is reported on the Australian Government general government sector balance sheet.

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<sup>1</sup> For Treasury Index Bonds, the final repayment amount paid to investors includes an additional amount to reflect the impact of inflation over the life of the security. This additional amount is not included in the calculation of face value.

Part 4: Debt Statement

Table 4.1 contains estimates of the face value (end-of-year and within-year peak)<sup>2</sup> and the market value (end-of-year) of AGS on issue.

The *Commonwealth Inscribed Stock Act 1911* (CIS Act) requires the Treasurer to issue a direction stipulating the maximum face value of relevant AGS that may be on issue. Effective from 7 October 2020, the Treasurer directed that the maximum face value of AGS that can be on issue is \$1,200 billion. As required by the *Charter of Budget Honesty Act 1998*, Table 4.1 reports estimates of AGS on issue subject to the Treasurer's Direction.

When considering these estimates, it is important to note that the AOFM publishes an issuance program for the budget year only. Estimates beyond the budget year are based on a set of technical assumptions and will vary with changes to these assumptions and budget estimates.

**Table 4.1: Estimates of AGS on issue subject to the Treasurer's Direction<sup>(a)(b)</sup>**

	Estimates			
	2020-21 \$b	2021-22 \$b	2022-23 \$b	2023-24 \$b
Face value — end-of-year	852	991	1,059	1,138
Per cent of GDP	42.5	48.7	50.2	51.5
Face value — within-year peak(c)	860	991	1,067	1,152
Per cent of GDP(c)	42.9	48.7	50.6	52.1
<i>Month of peak(c)</i>	<i>May-21</i>	<i>Jun-22</i>	<i>Apr-23</i>	<i>Apr-24</i>
Market value — end-of-year	954	1,094	1,163	1,241
Per cent of GDP	47.5	53.8	55.1	56.1

(a) The Treasurer's Direction applies to the face value of AGS on issue. This table also shows the equivalent market value of AGS that are subject to the Treasurer's Direction.

(b) The stock and securities that are excluded from the current limit set by the Treasurer's Direction are outlined in subsection 51JA(2A) of the CIS Act.

(c) The precise within-year timing of cash receipts and payments is not known. Estimated peaks of AGS on issue are therefore subject to considerable uncertainty.

Source: AOFM.

The total amount of AGS on issue subject to the Treasurer's Direction is reported weekly on the AOFM website.

In 2020-21, the end-of-year face value of AGS on issue subject to the Treasurer's Direction is expected to be around \$852 billion, compared with \$872 billion at the 2020-21 Budget. The end-of-year face value of AGS on issue subject to the Treasurer's Direction is expected to reach around \$1,138 billion in 2023-24.

<sup>2</sup> End-of-year values are estimates or projections of AGS on issue at 30 June for the particular year. The precise timing of within-year peaks of AGS on issue cannot be determined with a high degree of accuracy. The timing of the within-year peak is therefore reported to the given month in the particular year.

In 2020-21, the face value of AGS on issue subject to the Treasurer's Direction is expected to reach a within-year peak of \$860 billion. In 2023-24, this is estimated to rise to a within-year peak of \$1,152 billion.

### Changes in AGS on issue since the 2020-21 Budget

Table 4.2 shows the change in the estimated end-of-year face value of AGS on issue subject to the Treasurer's Direction between the 2020-21 Budget and the 2020-21 MYEFO.

Compared with the 2020-21 Budget, gross debt is expected to be essentially unchanged at the end of the forward estimates. The positive impact on gross debt of improvements in the underlying cash balance has been offset by revisions to technical funding assumptions.

**Table 4.2: Estimates of AGS on issue subject to the Treasurer's Direction — reconciliation from the 2020-21 Budget to the 2020-21 MYEFO**

	Estimates			
	2020-21	2021-22	2022-23	2023-24
	\$b	\$b	\$b	\$b
<b>Total face value of AGS on issue subject to the Treasurer's Direction as at 2020-21 Budget</b>	<b>872</b>	<b>1,016</b>	<b>1,083</b>	<b>1,138</b>
<b>Factors affecting the change in face value of AGS on issue from 2020-21 Budget to 2020-21 MYEFO(a)</b>				
Cumulative receipts decisions	0.1	0.5	1.2	1.8
Cumulative receipts variations	-9.5	-16.5	-21.5	-22.1
Cumulative payment decisions	4.8	7.6	9.1	10.3
Cumulative payment variations	-11.3	-11.1	-11.7	-13.9
Cumulative change in net investments in financial assets(b)	-10.0	-10.9	-6.5	17.6
Other contributors	5.9	5.3	4.9	6.3
<b>Total face value of AGS on issue subject to the Treasurer's Direction as at 2020-21 MYEFO</b>	<b>852</b>	<b>991</b>	<b>1,059</b>	<b>1,138</b>

(a) Cumulative impact of decisions and variations from 2020-21 to 2023-24. Increases to payments are shown as positive, and increases to receipts are shown as negative.

(b) Change in net cash flows from investments for policy and liquidity purposes.

Note: End-of-year data.

Detail on gross debt projections over the medium term can be found in Part 3: *Fiscal strategy and outlook*.

## Breakdown of AGS currently on issue

Table 4.3 provides a breakdown of the AGS on issue by type of security as at 8 December 2020.

**Table 4.3: Breakdown of current AGS on issue**

	On issue as at 8 December 2020	
	Face value \$m	Market value \$m
Treasury Bonds	722,934	806,312
Treasury Indexed Bonds	37,576	52,828
Treasury Notes	54,250	54,248
<b>Total AGS subject to Treasurer's Direction(a)</b>	<b>814,760</b>	<b>913,389</b>
Other stock and securities	6	6
<b>Total AGS on issue</b>	<b>814,766</b>	<b>913,395</b>

(a) The stock and securities that are excluded from the current limit set by the Treasurer's Direction are outlined in subsection 51JA(2A) of the CIS Act.

Source: AOFM.

## Treasury Bonds

Table 4.4 lists Treasury Bonds currently on issue, as well as the annual interest rate (the coupon) and the timing of coupon payments. As at 8 December 2020, there were 29 Treasury Bond lines on issue, with a weighted average term to maturity across all outstanding Treasury Bonds of around 7.9 years and the longest maturity extending to June 2051.

**Table 4.4: Treasury Bonds on issue**

Coupon Per cent	Maturity	On issue as at 8 December 2020		Timing of interest payments(a)		
			\$m			
5.75	15-May-21	25,824	25,824	Twice yearly	15-May	15-Nov
2.00	21-Dec-21	16,398	16,398	Twice yearly	21-Dec	21-Jun
5.75	15-Jul-22	24,763	24,763	Twice yearly	15-Jul	15-Jan
2.25	21-Nov-22	26,500	26,500	Twice yearly	21-Nov	21-May
5.50	21-Apr-23	34,200	34,200	Twice yearly	21-Apr	21-Oct
2.75	21-Apr-24	32,900	32,900	Twice yearly	21-Apr	21-Oct
0.25	21-Nov-24	29,000	29,000	Twice yearly	21-Nov	21-May
3.25	21-Apr-25	32,400	32,400	Twice yearly	21-Apr	21-Oct
0.25	21-Nov-25	26,500	26,500	Twice yearly	21-Nov	21-May
4.25	21-Apr-26	33,400	33,400	Twice yearly	21-Apr	21-Oct
0.50	21-Sep-26	28,000	28,000	Twice yearly	21-Sep	21-Mar
4.75	21-Apr-27	30,700	30,700	Twice yearly	21-Apr	21-Oct
2.75	21-Nov-27	28,000	28,000	Twice yearly	21-Nov	21-May
2.25	21-May-28	29,700	29,700	Twice yearly	21-May	21-Nov
2.75	21-Nov-28	31,100	31,100	Twice yearly	21-Nov	21-May
3.25	21-Apr-29	32,000	32,000	Twice yearly	21-Apr	21-Oct
2.75	21-Nov-29	32,900	32,900	Twice yearly	21-Nov	21-May
2.50	21-May-30	35,400	35,400	Twice yearly	21-May	21-Nov
1.00	21-Dec-30	32,700	32,700	Twice yearly	21-Dec	21-Jun
1.50	21-Jun-31	26,500	26,500	Twice yearly	21-Jun	21-Dec
1.00	21-Nov-31	28,000	28,000	Twice yearly	21-Nov	21-May
1.25	21-May-32	20,700	20,700	Twice yearly	21-May	21-Nov
4.50	21-Apr-33	14,300	14,300	Twice yearly	21-Apr	21-Oct
2.75	21-Jun-35	8,550	8,550	Twice yearly	21-Jun	21-Dec
3.75	21-Apr-37	12,000	12,000	Twice yearly	21-Apr	21-Oct
3.25	21-Jun-39	9,600	9,600	Twice yearly	21-Jun	21-Dec
2.75	21-May-41	12,600	12,600	Twice yearly	21-May	21-Nov
3.00	21-Mar-47	13,300	13,300	Twice yearly	21-Mar	21-Sep
1.75	21-Jun-51	15,000	15,000	Twice yearly	21-Jun	21-Dec

(a) Where the timing of an interest payment falls on a non-business day, the payment will occur on the following business day.

Source: AOFM.

### Treasury Indexed Bonds

Table 4.5 lists Treasury Indexed Bonds (TIBs) currently on issue, as well as the annual interest rate (the coupon) and the timing of coupon payments. As at 8 December 2020, there were 7 TIB lines on issue, with a weighted average term to maturity across all outstanding TIBs of around 9.9 years and the longest maturity extending to February 2050.

**Table 4.5: Treasury Indexed Bonds on issue**

Coupon Per cent	Maturity	On issue as at 8 December 2020		Timing of interest payments(a)				
		\$m						
1.25	21-Feb-22	6,840	Quarterly	21-Feb	21-May	21-Aug	21-Nov	
3.00	20-Sep-25	7,743	Quarterly	20-Sep	20-Dec	20-Mar	20-Jun	
0.75	21-Nov-27	5,650	Quarterly	21-Nov	21-Feb	21-May	21-Aug	
2.50	20-Sep-30	5,593	Quarterly	20-Sep	20-Dec	20-Mar	20-Jun	
2.00	21-Aug-35	4,250	Quarterly	21-Aug	21-Nov	21-Feb	21-May	
1.25	21-Aug-40	3,650	Quarterly	21-Aug	21-Nov	21-Feb	21-May	
1.00	21-Feb-50	3,850	Quarterly	21-Feb	21-May	21-Aug	21-Nov	

(a) Where the timing of an interest payment falls on a non-business day, the payment will occur on the following business day.

Source: AOFM.

## Treasury Notes

Table 4.6 lists the Treasury Notes currently on issue. As at 8 December 2020 there were 8 Treasury Note lines on issue. Treasury Notes do not pay a coupon.

**Table 4.6: Treasury Notes on issue**

Maturity	On issue as at 8 December 2020		Timing of interest payment	
	\$m			
11-Dec-20	9,500		At maturity	11-Dec
29-Jan-21	10,000		At maturity	29-Jan
26-Feb-21	8,500		At maturity	26-Feb
26-Mar-21	7,250		At maturity	26-Mar
23-Apr-21	5,500		At maturity	23-Apr
21-May-21	5,500		At maturity	21-May
25-Jun-21	5,500		At maturity	25-Jun
23-Jul-21	2,500		At maturity	23-Jul

Source: AOFM.

## Estimates of net debt

**Net debt** is equal to the sum of interest bearing liabilities (which includes AGS on issue measured at market value) less the sum of financial assets (cash and deposits, advances paid and investments, loans and placements). As net debt incorporates selected financial assets and liabilities, it provides a broader measure of the financial obligations of the Australian Government than gross debt.

Not all government assets or liabilities are included in the measurement of net debt. For example the Government's unfunded superannuation liability is not accounted for in net debt, nor are holdings of equities, for example those held by the Future Fund or the Government's equity investment in the NBN.

Net debt is expected to be \$691.9 billion at 30 June 2021, compared with \$703.2 billion at the 2020-21 Budget. Over the forward estimates, net debt is projected to increase as a proportion of GDP from 34.5 per cent at 30 June 2021 to 43.0 per cent at 30 June 2024.



### Changes in net debt since the 2020-21 Budget

Table 4.7 shows the drivers of the change in net debt between the 2020-21 Budget and the 2020-21 MYEFO.

Compared with the 2020-21 Budget, net debt is expected to slightly improve across the forward estimates. This primarily reflects the expected improvement in the underlying cash balance.

**Table 4.7: Net Debt — reconciliation from the 2020-21 Budget to the 2020-21 MYEFO**

	Estimates			
	2020-21 \$b	2021-22 \$b	2022-23 \$b	2023-24 \$b
<b>Net debt as at 2020-21 Budget</b>	<b>703.2</b>	<b>812.1</b>	<b>899.8</b>	<b>966.2</b>
Changes in financing requirement	-25.6	-31.2	-31.7	-6.3
Impact of yields on AGS	0.9	1.5	2.9	4.1
Asset and other liability movements	13.4	16.1	13.3	-12.3
<i>Cash and deposits</i>	-0.3	0.8	1.4	-1.6
<i>Advances paid</i>	-0.3	-0.2	0.0	-1.2
<i>Investments, loans and placements</i>	14.2	15.3	11.7	-10.1
<i>Other movements</i>	-0.1	0.1	0.3	0.6
<b>Total movements in net debt from 2020-21 Budget to 2020-21 MYEFO</b>	<b>-11.4</b>	<b>-13.7</b>	<b>-15.5</b>	<b>-14.5</b>
<b>Net debt as at 2020-21 MYEFO</b>	<b>691.9</b>	<b>798.5</b>	<b>884.3</b>	<b>951.7</b>

Detail on net debt projections over the medium term can be found in Part 3: *Fiscal strategy and outlook*.

## Interest on AGS

The interest costs related to AGS are presented in this Statement in both cash and accrual accounting terms. The difference between the cash interest payments and accrual interest expense generally relates to the timing of when the interest cost is recognised.

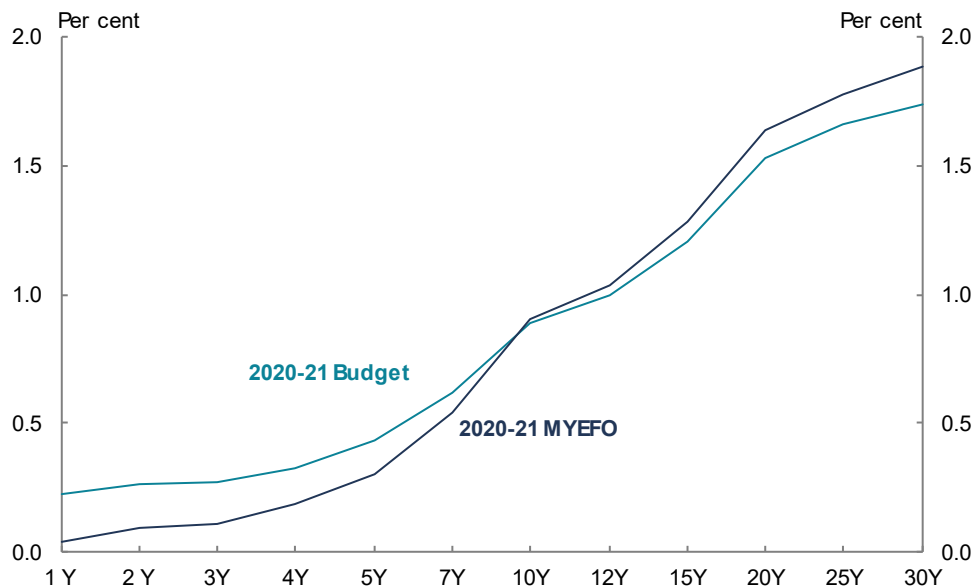
- **Interest payments** are recognised in the period when they are paid during the life of the security.
- **Interest expense** is recognised in the period in which an expense is incurred during the life of the security, rather than when it is actually paid.

Estimates of the interest payments and interest expense of AGS on issue include the cost of AGS already on issue and future AGS issuance. The cost of:

- AGS already on issue uses the actual interest rates incurred at the time of issuance
- the expected future issuance of AGS is based on the prevailing market rates across the yield curve at the time of a budget estimates update.

The assumed market yields at the 2020-21 MYEFO result in a weighted average cost of borrowing of around 0.9 per cent for future issuance of Treasury Bonds in the forward estimates period, compared with around 0.8 per cent at the 2020-21 Budget. Chart 4.1 shows the yield curve assumptions underpinning the 2020-21 Budget and 2020-21 MYEFO.

**Chart 4.1: Yield curve assumptions for 2020-21 to 2023-24**



Source: AOFM.

The Government's total interest payments in 2020-21 are estimated to be \$17.2 billion, of which \$16.7 billion relates to AGS on issue, essentially unchanged since the 2020-21 Budget (Table 4.8).

**Table 4.8: Interest payments, interest receipts and net interest payments<sup>(a)</sup>**

	Estimates			
	2020-21	2021-22	2022-23	2023-24
	\$m	\$m	\$m	\$m
Interest payments on AGS	16,710	17,037	16,649	17,537
Per cent of GDP	0.8	0.8	0.8	0.8
Interest payments	17,174	17,521	17,150	18,038
Per cent of GDP	0.9	0.9	0.8	0.8
Interest receipts	3,709	3,562	3,603	3,937
Per cent of GDP	0.2	0.2	0.2	0.2
Net interest payments <sup>(b)</sup>	13,464	13,958	13,547	14,102
Per cent of GDP	0.7	0.7	0.6	0.6

(a) Interest payments and interest receipts are a cash measure, with the relevant amount recognised in the period in which the interest payment is made or interest is received.

(b) Net interest payments are equal to the difference between interest payments and interest receipts.

The Government's total interest expense in 2020-21 is estimated to be \$20.6 billion, of which \$16.9 billion relates to AGS on issue. Table 4.9 shows the Government's estimated interest expense, interest expense on AGS, interest income and net interest expense over the forward estimates.

**Table 4.9: Interest expense, interest income and net interest expense<sup>(a)</sup>**

	Estimates			
	2020-21	2021-22	2022-23	2023-24
	\$m	\$m	\$m	\$m
Interest expense on AGS	16,943	17,285	17,492	17,711
Per cent of GDP	0.8	0.9	0.8	0.8
Interest expense	20,596	19,822	20,107	20,758
Per cent of GDP	1.0	1.0	1.0	0.9
Interest income	4,161	3,852	3,651	3,616
Per cent of GDP	0.2	0.2	0.2	0.2
Net interest expense <sup>(b)</sup>	16,436	15,970	16,456	17,142
Per cent of GDP	0.8	0.8	0.8	0.8

(a) Interest expense is an accrual measure, with the relevant amount recognised in the period in which the expense is incurred, but not necessarily paid.

(b) Net interest expense is equal to the difference between interest expenses and interest income.



## Part 5: Statement of risks

The forward estimates of revenue and expenses in the 2020-21 Mid-Year Economic and Fiscal Outlook (MYEFO) incorporate assumptions and judgments based on the best information available at the time of publication, together with a range of economic assumptions and other forecasts and projections.

Events that could affect fiscal outcomes include:

- changes in economic and other parameters, particularly global economic developments, the evolution of the COVID-19 pandemic and the speed of the economic recovery in Australia and overseas
- matters not included in the fiscal forecasts because of uncertainty about their timing, magnitude or likelihood
- the realisation of contingent liabilities or assets.

### Risks to the Budget — Overview

The revenue and expense estimates and projections published in the 2020-21 MYEFO are based on a range of economic and other parameters. These parameters have been updated to reflect the most recent information on the outlook for the domestic and international economies as detailed in *Part 2: Economic Outlook*. This outlook has been greatly affected by the course of the COVID-19 pandemic in Australia and overseas. While the economic recovery in Australia is well underway, there are still significant international and domestic risks, including those associated with the pandemic, and the outlook remains highly uncertain. The range of possible outcomes for GDP and unemployment in particular is wider than normal. This translates into a higher-than-usual degree of uncertainty for the fiscal estimates.

A significant portion of government expenditure is for demand-driven programs. Outcomes for these programs could differ from the estimates and projections due to changes in economic forecasts. For example, differing levels of unemployment will mean expenditure for related social services payments, including allowances, will continue to vary.

In addition, revenue forecasting relies heavily on the observed historical relationships between the economy, tax bases and tax revenues. Such relationships may shift over time as the economy changes, particularly following a once-in-a-century shock, presenting a further risk to the estimates. For example, the ability of entities to utilise tax losses to offset future profits is expected to continue to pose a challenge when estimating the profile for tax receipts over the next few years. Revenue forecasts also incorporate costings for new policies that typically involve a degree of uncertainty.

## *Part 5: Statement of risks*

The estimates and projections of revenue are also subject to a number of general risks that can affect taxation collections. These general pressures include failure of the tax system to keep pace with changes in the business environment, tax avoidance, court decisions and Australian Taxation Office rulings, and the outcome of compliance programs. These pressures may result in a shift in the composition of taxation collected from the various tax bases and/or a change in the size of the tax base.

The Budget is subject to a number of contingent liabilities. A large number of these contingent liabilities reflect indemnities, including those relating to the Department of Defence, the Future Fund Management Agency and Future Fund Board of Guardians, and the Reserve Bank of Australia.

The Australian Government has also issued a number of guarantees, such as those relating to guarantee schemes for the banking and financial sector, payments by Export Finance Australia and the superannuation liabilities of the Commonwealth Bank prior to its sale to the private sector.

Other significant contingent liabilities relate to uncalled capital subscriptions and credit facilities to international financial institutions, and legal cases concerning the Australian Government. The Government has robust and conservative strategies in place to reduce its potential exposure to these contingent liabilities.

The forward estimates in the MYEFO include the impact of all policy decisions, including those that remain unlegislated. Where legislation is not passed in time to enable commencement of the measure at the anticipated commencement date, the legislation is passed with amendments to the original decision, or is rejected, there is a risk of a variation to the fiscal position outlined in the MYEFO.

Full details of fiscal risks, contingent liabilities and contingent assets were provided in Budget Paper No.1 Statement 9: *Statement of Risks* in the 2020-21 Budget. The following Statement updates fiscal risks, contingent liabilities and contingent assets that have materially changed since the 2020-21 Budget.

There have been several changes to both the quantifiable and unquantifiable risks since the 2020-21 Budget, including a number of new risk items that have arisen since the Budget and some that have been removed.

### **Details of fiscal risks, contingent liabilities and contingent assets**

New or revised fiscal risks, contingent liabilities and contingent assets with a possible impact on the forward estimates greater than \$20 million in any one year, or \$50 million over the forward estimates period, that have arisen or changed since the 2020-21 Budget are described below and summarised in Table 5.1.

Information on both contingent liabilities and contingent assets is also provided in the annual financial statements of departments, entities and non-budget entities.

Changes in economic parameters represent a material risk to the estimates included in the Budget, particularly in the current circumstances. This risk is discussed in *Part 2: Economic Outlook*. Budget Paper No.1 Statement 8: *Forecasting Performance and Scenario Analysis* in the 2020-21 Budget examined the impact on receipts and payments of altering some of the key economic assumptions underlying the Budget estimates. This information has not materially changed since the Budget.

**Table 5.1: Summary of material changes to the Statement of Risks since the 2020-21 Budget<sup>(a)</sup>**

<b>Fiscal risks</b>	<b>Status</b>
<b>Foreign Affairs and Trade</b>	
Export Finance Australia — National Interest Account (NIA)	Modified
<b>Infrastructure, Transport, Regional Development and Communications</b>	
Inland Rail — Delivery	Modified
<b>Social Services</b>	
Income Compliance Program Litigation	Removed
COVID-19 Social Welfare Debt Pause	Modified
<b>Significant but remote contingencies</b>	<b>Status</b>
<b>Industry, Science, Energy and Resources</b>	
Operations and Maintenance of the Northern Endeavour and Associated Infrastructure	Modified
<b>Infrastructure, Transport, Regional Development and Communications</b>	
NBN Co Limited — Equity Agreement	Modified
Optus Financial Guarantee	Modified
<b>Treasury</b>	
Guarantee for the National Housing Finance and Investment Corporation	Modified
Guarantees under the <i>Commonwealth Bank Sale Act 1995</i>	Modified
<b>Contingent liabilities — unquantifiable</b>	<b>Status</b>
<b>Agriculture, Water and the Environment</b>	
Emergency pest and disease response arrangements	Modified
<b>Attorney-General's</b>	
Prospective investor-State claim against Australia	New
<b>Defence</b>	
Non-remote contingent liabilities	Modified
<b>Foreign Affairs and Trade</b>	
Commitment to assist the Pacific, Timor-Leste and Southeast Asia with accessing COVID-19 vaccines	Removed
<b>Health</b>	
Advance Purchasing Agreements for COVID-19 vaccine candidates	Modified
Medical Indemnity Exceptional Claims Scheme	Modified
<b>Infrastructure, Transport, Regional Development and Communications</b>	
Indemnity provided to the New South Wales Rural Fire Fighting Service in relation to the Jervis Bay Territory	Modified
Aviation rescue and firefighting potential per- and poly-fluoroalkyl substances contamination	Modified

**Table 5.1: Summary of material changes to the Statement of Risks since the 2020-21 Budget <sup>(a)</sup> (continued)**

Contingent liabilities — unquantifiable (continued)	Status
<b>Prime Minister and Cabinet</b>	
Basil Dawson & Ors v Commonwealth of Australia (Community Development Program Class Action)	New
Contingent assets — unquantifiable	Status
<b>Home Affairs</b>	
Civil penalty proceedings in the Federal Court against the Westpac Banking Corporation	Removed
Contingent liabilities — quantifiable	Status
<b>Foreign Affairs and Trade</b>	
Export Finance Australia	Modified
<b>Treasury</b>	
Australian Taxation Office — tax disputes	Modified
International financial institutions — uncalled capital subscriptions	Modified
International Monetary Fund	Modified
International Monetary Fund — Poverty Reduction and Growth Trust	Modified

(a) Detailed descriptions of these items are in the following text. Risks appearing in Budget Paper No.1 Statement 9: *Statement of Risks* in the 2020-21 Budget but not listed in the table above are substantially unchanged.

## Fiscal risks

Fiscal risks comprise general developments or specific events that may affect the fiscal outlook. Some developments or events raise the possibility of a fiscal impact. In other cases, the likelihood of a fiscal impact may be reasonably certain, but will not be included in the forward estimates because the timing or magnitude is not known.

There are measures which impact on the Budget aggregates that remain subject to the legislative process. If legislation is not passed by Parliament as proposed, this may affect the estimates and projections of the Budget.

Many agencies dependent on external revenue have seen reduced revenue as a result of outcomes from the COVID-19 pandemic (such as for activities funded through charging arrangements associated with international movement of passengers and goods). Estimates included in the MYEFO update for these agencies reflect the best currently available information. However, outcomes will continue to be dependent on the speed of recovery from the economic downturn, relaxation of restrictions within Australia and internationally and behavioural changes in response to the pandemic, some of which may persist. These risks cannot be readily quantified at this stage.

There is also a risk that further Government expenditure may be required to respond to the impacts of the pandemic. The need for, and scale of, this potential expenditure would depend on the nature of further possible outbreaks and how effectively they are contained.



There are also a number of Royal Commissions expected to report over the forward estimates period in relation to Violence, Abuse, Neglect and Exploitation of People with Disability and Aged Care Quality and Safety. Additional Government funding may be required to address the recommendations of these Commissions.

Specific fiscal risks to the Budget and forward estimates are detailed below.

## **Foreign Affairs and Trade**

### **Export Finance Australia — National Interest Account (NIA)**

There are three financing facilities under the NIA:

The Australian Infrastructure Financing Facility for the Pacific (AIFFP) became operational on 1 July 2019. The AIFFP will provide up to \$1.5 billion in loans and up to \$500 million in grants to support high priority infrastructure development in Pacific countries and Timor-Leste. To date, the Government has agreed to provide loans and grants to support the development of three infrastructure projects in Palau and the Solomon Islands. As at 31 October 2020, funding was yet to be drawn down and the facility will have no financial implications until drawn on.

The Defence Export Facility (DEF) was established to grow Australia's defence exports by helping overcome difficulties in accessing private sector finance. The DEF has a maximum aggregate exposure of US\$3.0 billion. As at 31 October 2020, three loans under the DEF had been agreed for a total maximum value of \$213 million, of which \$104.2 million had been drawn down. These three loans are reflected in the Budget estimates.

The COVID-19 Export Capital Facility (COVID-19 Facility) was announced on 15 April 2020, with a maximum aggregate exposure of \$500 million. As at 31 October 2020, the COVID-19 Facility has agreed to provide finance for a total maximum value of \$42.3 million, of which \$37.0 million had been drawn down. These loans are reflected in the Budget estimates.

## **Infrastructure, Transport, Regional Development and Communications**

### **Inland Rail — Delivery**

The Australian Government has committed up to \$14.5 billion in equity for the Australian Rail Track Corporation (ARTC), enabling ARTC to deliver the Inland Rail project which provides a direct, high-performance freight rail corridor between Melbourne and Brisbane, as well as a new freight corridor between Brisbane and Perth (via Parkes).

The ARTC will finance Inland Rail with a combination of Commonwealth equity investment, private debt and internal cash flows. A Public Private Partnership will be established to design, build, finance and maintain the complex Toowoomba to Kagaru (Brisbane) section of the project, including major tunnelling works.

## *Part 5: Statement of risks*

Project risks include securing jurisdictional support, construction delays, cost pressures and realising revenues. These pressures are being mitigated through close management of the delivery program and engagement with key stakeholders and jurisdictions. Project costs will be settled through the completion of procurements for all sections of Inland Rail following all final design, planning and environmental approvals.

### **Social Services**

#### **COVID-19 Social Welfare Debt Pause**

The Government announced a temporary pause for an initial period of six months on certain social welfare debt raising and recovery activities from 3 April 2020 in response to the COVID-19 pandemic.

The debt pause may reduce the value of debts raised and the amount of funds recovered by Services Australia in 2020-21. The lifting of the debt pause from 2 November 2020 will reduce this risk.

### **Contingent liabilities and assets**

Contingent liabilities and contingent assets of the Australian Government are listed below by portfolio. These contingent liabilities and assets are a specific category of fiscal risks. Broadly, they represent possible costs or gains to the Australian Government arising from past events or decisions which will be confirmed or otherwise by the outcome of future events that are not within the Government's control.

Contingencies reported in this Statement include loan guarantees, non-loan guarantees, warranties, indemnities, uncalled capital and letters of comfort, together with those contingencies considered remote. These contingencies are in addition to the liabilities and assets already recognised in the consolidated financial statements of the Australian Government general government sector in *Part 6: Budget Financial Statements*.

In general, information on contingent liabilities and assets is based on information provided by Australian Government departments and entities and is current to 31 October 2020. In some cases, other dates are used and those are noted in the relevant section.

### **Significant but remote contingencies**

#### **Industry, Science, Energy and Resources**

##### **Operations and Maintenance of the Northern Endeavour and Associated Infrastructure**

The Government has engaged Upstream Production Solutions (Upstream PS) as Operator of the Northern Endeavour Floating Production Storage and Offtake facility (FPSO). As part of the contract the Government has provided Upstream PS with indemnities against loss of or damage to personnel or property. The Government has

also provided indemnity against any damage to the associated subsea and subsurface infrastructure or any oil spill related to the FPSO. This liability is unlimited.

The Government has obtained Protection and Indemnity, Facility Damage and Control of Well Insurance and also taken out membership with oil spill response agencies. These will limit the Government's risk and financial exposure.

The risk of an incident is remote as the FPSO is being maintained in 'lighthouse' mode with safety critical maintenance carried out, limited oil in storage and no further oil production taking place.

The secured creditor of Timor Sea Oil & Gas Australia Pty Limited (TSOGA) and Northern Oil & Gas Australia Pty Limited (NOGA), Castleton Commodities Merchant Asia Co. Pte. Ltd., has commenced legal proceedings in the Supreme Court of New South Wales (NSW) against the Commonwealth, TSOGA and NOGA seeking orders for the delivery of the FPSO, the appointment of a receiver to realise the value of the property and a declaration that it is entitled to a first charge over the proceeds.

## **Infrastructure, Transport, Regional Development and Communications**

### **NBN Co Limited — Equity Agreement**

The Australian Government has entered into an Equity Funding Agreement with NBN Co Limited (NBN Co). Whilst this agreement ended in June 2019, the Commonwealth retains obligations to meet NBN Co's costs arising from a termination of the roll-out. As at 31 October 2020, NBN Co's termination liabilities were estimated at \$16.3 billion.

### **Optus Financial Guarantee**

The Australian Government has provided a guarantee in respect of NBN Co's financial obligations to Optus Networks Pty Ltd, Optus Internet Pty Limited, Optus Vision Media Pty Limited and SingTel Optus Pty Ltd (collectively, Optus) under the Optus HFC Subscriber Agreement (the Agreement). An amended version of the Agreement came into effect on 22 January 2019. The Guarantee continues to apply to that Agreement. The Agreement extends for the period of the National Broadband Network roll-out in Optus Hybrid Fibre Coaxial (HFC) areas. The Australian Government is only liable in the event NBN Co does not pay an amount when due under the Optus Agreement. As at 31 October 2020, NBN Co had generated liabilities covered by the Optus Agreement which are estimated at an amount less than \$260.0 million. There is a low risk that a claim would be made under the Guarantee. The Guarantee will terminate in 2021.

## **Treasury**

### **Guarantee for the National Housing Finance and Investment Corporation**

The Australian Government guarantees the due payment of money payable by the National Housing Finance and Investment Corporation (NHFIC) to anybody other than the Government.

## *Part 5: Statement of risks*

The NHFIC Board must not allow NHFIC to enter into a transaction that would result in the total guaranteed liabilities of the NHFIC, and any outstanding amount which NHFIC has borrowed from the Government, to exceed \$3 billion unless approved by the Government.

### **Guarantees under the *Commonwealth Bank Sale Act 1995***

Under the terms of the *Commonwealth Bank Sale Act 1995*, the Australian Government has guaranteed various superannuation and other liabilities: \$139.6 million is attributable to liabilities of the Commonwealth Bank of Australia as at 30 September 2020; and \$4.7 billion is attributable to liabilities of the Commonwealth Bank Officers' Superannuation Corporation as at 30 September 2020.

## **Contingent liabilities — unquantifiable**

### **Agriculture, Water and the Environment**

#### **Emergency pest and disease response arrangements**

National emergency response arrangements for animal, plant and environmental pest and disease incursions are largely funded through cost-sharing agreements between Australian governments and, where relevant, agricultural industry bodies. Under the terms of the emergency response agreements, the Australian Government is typically liable for 50 per cent of the total government funding for a nationally agreed response to a disease or pest incursion. Funding is provided in the forward estimates for the Australian Government's contribution under the emergency response agreements, which is paid to the relevant state or territory government.

Recent concurrent incursions have placed considerable pressure on this funding which may be insufficient to meet the costs of any additional large-scale pest or disease responses. There are currently 15 national cost-shared emergency responses and, until 2026–27, more than half of this funding is allocated to an eradication program for red imported fire ants in Queensland.

Governments have agreed to an Aquatic Emergency Animal Disease deed covering aquatic emergency animal diseases and exotic production weeds and will shortly begin final consultation with prospective industry signatories. When these negotiations are finalised, potential liabilities for the Australian Government will be increased.

The Australian Government may provide financial assistance to an industry party by funding its share of an emergency response. These contributions are recovered from the industry over a period of up to 10 years, usually through an emergency response levy. The Australian Government may also contribute bilaterally in situations where an incursion is not covered by a cost-sharing agreement or where the affected industry body/bodies are not party to an emergency response agreement, depending on the circumstances of the incursion.

## **Attorney-General's**

### **Prospective investor-State claim against Australia**

The Commonwealth has received requests for consultation in relation to a dispute pertaining to the *Iron Ore Processing (Mineralogy Pty Ltd) Agreement Amendment Act 2020 (WA)* (2020 Amendment Act). These consultations are a pre-condition to the formal commencement of investor-State dispute settlement proceedings.

If proceedings are commenced and Australia is unsuccessful, Australia would be liable for any compensation found to be payable to the claimant. Any such potential liability cannot be quantified at this stage.

## **Defence**

### **Non-remote contingent liabilities**

The Department of Defence (Defence) has three instances of unquantifiable non-remote contingent liabilities. There is potential for claims to arise from legacy contamination at various Defence locations.

## **Health**

### **Advance Purchasing Agreements for COVID-19 vaccine candidates**

The Australian Government has provided indemnities to the suppliers of potential COVID-19 vaccine candidates, for which the Australian Government has entered into Advanced Purchasing Agreements, covering certain liabilities that could result from the use of the vaccine. This comprises the University of Oxford vaccine candidate, which is sponsored by AstraZeneca, the Pfizer vaccine candidate, and the Novavax vaccine candidate. An indemnity was also provided for the University of Queensland vaccine candidate, sponsored by Seqirus, which will no longer proceed to phase three clinical trials.

The Australian Government has also entered into the Gavi-led COVAX Facility and has made an upfront payment towards Australia's purchase of future COVID-19 vaccine doses through the Facility, part of which will be returned through a risk sharing arrangement should vaccine candidates not be successful.

The Australian Government has also entered into risk sharing arrangements with the Pfizer and Novavax candidates to limit financial exposure to the Commonwealth.

### **Medical Indemnity Exceptional Claims Scheme**

Under the Medical Indemnity Exceptional Claims Scheme, the Australian Government assumes liability for 100 per cent of any damages payable against practitioners practising in a medical profession that exceeds a specified level of cover provided by the practitioner's medical indemnity insurer (currently \$20 million). In 2019, the Government agreed to expand eligibility of the Scheme through an amendment to the Midwife Professional Indemnity (Commonwealth Contribution) Scheme Rules 2010

## *Part 5: Statement of risks*

(MPIS) to provide cover for employed private practising midwives who are not eligible for cover under the MPIS. These arrangements apply to payouts either related to a single large claim or to multiple claims that in aggregate exceed the cover provided by the practitioner's medical indemnity insurer, and would apply to claims notified under contract-based cover since 2003. From 1 July 2020, the *Medical and Midwife Indemnity Legislation Amendment Act 2019* provides transferred eligibility for this cohort of midwives and allied health professionals (including registered only midwives) into the Allied Health High Cost Claims Scheme and Allied Health Exceptional Claims Scheme within the *Medical Indemnity Act 2002*.

### **Infrastructure, Transport, Regional Development and Communications**

#### **Indemnity provided to the New South Wales Rural Fire Fighting Service in relation to the Jervis Bay Territory**

The Department of Infrastructure, Transport, Regional Development and Communications (the Department) engages the New South Wales Rural Fire Service (NSW RFS) to provide fire management in the Jervis Bay Territory (JBT). To provide these services, the NSW RFS requires the Australian Government to provide an uncapped indemnity against any actions or claims resulting from the actions of the NSW RFS while providing fire management services in the JBT. The indemnity covers the same period of time for which NSW RFS is engaged to provide the fire management services. The likelihood of an event occurring that may result in a liability for the Australian Government is assessed as remote. The risk of a liability is mitigated through a range of risk management measures, including the Jervis Bay Territory Rural Fires Ordinance 2014, the establishment of a JBT Emergency Management Committee (EMC), a fire management plan prepared and implemented by the EMC, NSW RFS staff training and professional qualifications, and the Department actively managing the Service Level Agreement with the NSW RFS.

#### **Aviation rescue and firefighting potential per- and poly-fluoroalkyl substances contamination**

The Department of Infrastructure, Transport, Regional Development and Communications (the Department) has identified a number of sites in Australia potentially contaminated with per- and poly-fluoroalkyl substances (PFAS) previously contained in firefighting foams.

The identified contaminants do not naturally break down in the environment and have been listed on the Stockholm Convention as persistent contaminants. Australian health and environmental agencies have set a range of standards for environmental protection and precautionary health measures.

Up to 37 airport sites are potentially contaminated with PFAS (20 federally leased airports and 17 regional airports) relating to the Commonwealth provision of fire-fighting services. Airservices Australia (Airservices) is implementing a national PFAS management program, which includes PFAS investigations at 20 airport sites. The costs of potential long-term management options cannot be quantified at this time.

For federally leased airports, Airport Lessee Companies (ALCs) are responsible for environmental management of their airport sites. Airport leases indemnify the Commonwealth in relation to damages or injury to the environment. Liability has not yet been established for costs arising from PFAS contamination. The Commonwealth has agreed to a settlement for three class actions over the use of historical PFAS-containing firefighting foam by the Department of Defence at Williamtown, Oakey and Katherine (Tindal).

A second class action was launched in April 2020 in the Federal Court of Australia by more than 40,000 residents of Wagga Wagga and Richmond in NSW, Wodonga in Victoria, Darwin in the Northern Territory, Townsville in Queensland, Edinburgh in South Australia and Bullsbrook in Western Australia.

Moorabbin and Canberra ALCs have formally requested the Airport Environment Officer issue remediation orders to Airservices for PFAS contamination under the Airports (Environment Protection) Regulations. Brisbane Airport Corporation has also commenced legal proceedings in the Queensland Supreme Court against Airservices in relation to legacy PFAS contamination from Airservices' firefighting activities at the airport.

### **Prime Minister and Cabinet**

#### **Basil Dawson & Ors v Commonwealth of Australia (Community Development Program Class Action)**

Aspects of the Community Development Program are part of a class action that is before the Federal Court of Australia. Costs associated with this litigation (if any) and any potential related future litigation are not quantifiable until the matter is determined by the Court or otherwise resolved.

### **Contingent assets — unquantifiable**

There are no modified or new unquantifiable contingent assets.

### **Contingent liabilities — quantifiable**

#### **Foreign Affairs and Trade**

##### **Export Finance Australia**

The Australian Government guarantees the due payment of money that is, or may at any time, become payable by Export Finance Australia to anybody other than the Government. In 2019, the Government increased Export Finance Australia's callable capital by \$1.0 billion to \$1.2 billion and granted it a new overseas infrastructure financing power. The callable capital is available to Export Finance Australia, on request, to cover liabilities, losses and claims. As at 31 October 2020, the Government's total contingent liability was \$3.7 billion. The \$3.7 billion contingent liability comprises Export Finance Australia's liabilities to third parties (\$3.4 billion) and Export Finance

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Australia's overseas investment insurance, contracts of insurance and guarantees (\$0.3 billion). Of the total contingent liability, \$2.8 billion relates to Export Finance Australia's Commercial Account and \$0.9 billion relates to the National Interest Account.

### **Treasury**

#### **Australian Taxation Office — tax disputes**

At any point in time the Australian Taxation Office is involved in a range of dispute resolution processes, including litigation, relating to tax disputes.

Details of the outcome of dispute resolution processes are uncertain until a court ruling is made and/or an agreement is reached with the taxpayer. As a result, in most cases it is not possible to estimate with any reliability the likely financial impact of current disputes. The estimated aggregate value of tax in dispute as at 31 October 2020, for which a provision has not been made, is \$5.8 billion.

Outcomes of dispute resolution processes are included in the Commissioner of Taxation's Annual Report each year. This may include disputes resolved through objections, settlements and court and tribunal decisions. It may also include amounts owed by taxpayers that are subject to dispute but not finalised.

#### **International financial institutions — uncalled capital subscriptions**

The Australian Government has held an uncalled capital subscription in the International Bank for Reconstruction and Development (IBRD) since 1947. In November 2020, Australia's uncalled capital subscription increased by US\$0.8 billion bringing the total to approximately US\$4.4 billion.

The Australian Government has also held an uncalled capital subscription in the European Bank for Reconstruction and Development (EBRD) since 1991. Australia's uncalled capital subscription to the EBRD totals around EUR237.5 million (estimated value A\$393.9 million as at 31 October 2020).

The Australian Government has further held an uncalled capital subscription in the Asian Development Bank (ADB) since 1966. Australia's uncalled capital subscription to the ADB totals around US\$7.0 billion (estimated value A\$9.9 billion as at 31 October 2020).

The Australian Government has further held an uncalled capital subscription in the Multilateral Investment Guarantee Agency of US\$26.5 million (estimated value A\$37.6 million as at 31 October 2020).

The Asian Infrastructure Investment Bank (AIIB) was established on 25 December 2015. The Australian Government has subscribed to shares in the AIIB, which includes an uncalled capital subscription. Australia's uncalled capital subscription to the AIIB totals around US\$3.0 billion (estimated value A\$4.3 billion as at 31 October 2020).



None of these international financial institutions has ever drawn on Australia's uncalled capital subscriptions.

### **International Monetary Fund**

Australia has made a line of credit available to the International Monetary Fund (IMF) under its New Arrangements to Borrow (NAB) since 1998. This is a contingent loan to help ensure that the IMF has the resources available to maintain stability in the global economy. The value of Australia's NAB credit arrangement now stands at Special Drawing Rights (SDR, the IMF's unit of account) of around SDR2.2 billion (estimated value A\$4.4 billion at 31 October 2020). On 4 November 2016, the IMF Executive Board agreed to renew the NAB for an additional five-year period to 16 November 2022.

Subsequently, on 26 January 2020 the IMF Executive Board approved amendments to the NAB decision including increasing the credit arrangements of all participants. Under the new NAB, Australia's credit arrangement doubles to SDR4.44 billion (estimated value A\$8.9 billion at 31 October 2020) and extends from 1 January 2021 to 31 December 2025. The new NAB will only come into effect once all participants who have had their credit arrangements changed consent to the changes. On 8 October 2020, the Treasurer advised the IMF that Australia consented to the new NAB Decision and credit arrangements.

In addition, Australia has made available a SDR4.61 billion (approximately A\$9.2 billion at 31 October 2020) contingent bilateral loan to the IMF, known as a Bilateral Borrowing Agreement (BBA). This contingent bilateral loan is on terms consistent with other bilateral loans and note purchase agreements between the IMF and other contributing countries. The contingent bilateral loan will be drawn upon by the IMF only if needed to supplement the IMF's quota and NAB resources and any drawings on loans would be repaid in full with interest. On 24 July 2019, the Treasurer agreed to a one-year extension of Australia's contingent loan to the IMF through to 31 December 2020.

On 29 October 2020, Australia entered into a new BBA agreement with the IMF for SDR4.61 billion (approximately A\$9.2 billion at 31 October 2020). The new BBA will take effect from 1 January 2021, with the Loan amount automatically reduced to the equivalent of SDR1.99 billion (approximately A\$4.0 billion at 31 October 2020) once the renewed and amended NAB comes into effect.

### **International Monetary Fund — Poverty Reduction and Growth Trust**

In the Economic and Fiscal Update – July 2020, the Government announced it would make a line of credit available to the International Monetary Fund (IMF) under the Poverty Reduction and Growth Trust (PRGT) through to 31 December 2029. The PRGT provides concessional financial support to low income countries to help them achieve, maintain, or restore a stable and sustainable macroeconomic position. PRGT funds are drawn upon by the IMF as needed and will be repaid in full with interest.

*Part 5: Statement of risks*

Effective 26 October 2020, the Government made available up to SDR500 million (approximately A\$1 billion at 31 October 2020) to loan to the IMF under the PRGT. This contribution has not yet been drawn.

## **Government loans**

Loans are recorded as financial assets and accordingly the amounts advanced and repaid do not normally affect the budget aggregates of fiscal balance and underlying cash balance. Loans that are concessional (lower than market interest rate) or are agreed to be written off, result in an impact on fiscal balance.

The Government makes loans for policy purposes. All loans contain some element of credit risk that they will not be repaid in full, although in many cases this risk is small. Table 5.2 summarises Government loans estimated to exceed \$200 million at 30 June 2020.

Table 5.2: Summary of Australian Government loans exceeding \$200 million

Entity	Loan amount <sup>(a)</sup> (\$m)	Borrower	Interest rate	Term	Status <sup>(b)</sup>
<b>Department of Education, Skills and Employment</b>					
Higher Education Loan Program and VET Student Loans Program	52,332	Eligible tertiary education students	Consumer Price Index (CPI) growth	9.3 years*	Modified
<b>Clean Energy Finance Corporation</b>					
Clean Energy Finance Corporation	2,442	Approved entities undertaking clean energy technology projects	4.4 per cent weighted average	5-15 years	Modified
<b>Department of the Treasury</b>					
Loan Agreement between the Government of Australia and the Government of Indonesia	1,500	Government of Indonesia	Commonwealth cost of Borrowing plus 0.5 per cent	15 years	New
Loan to the Government of Papua New Guinea	558	Government of Papua New Guinea	Commonwealth cost of Borrowing plus 0.5 per cent	15 years	New
International Monetary Fund — New Arrangements to Borrow	191	International Monetary Fund	0.1 per cent	10 years	Modified
<b>Department of Social Services</b>					
Student Start up Loan	673	Eligible Youth Allowance (student), Austudy and ABSTUDY Living Allowance recipients	CPI growth	Various	Modified
Student Financial Supplement Scheme	373	Eligible recipients of Youth Allowance (student), Austudy and ABSTUDY recipients	CPI growth	Various	Modified
<b>Export Finance Australia</b>					
Papua New Guinea Liquefied Natural Gas	238	Entities associated with the Papua New Guinea Liquefied Natural Gas project	Commercial-in-confidence	Until 2026	Modified
Short-Term Loan to the Government of Papua New Guinea	0.0	The independent state of Papua New Guinea	LIBOR plus 0.5 per cent	Commercial-in-confidence	Removed

**Table 5.2: Summary of Australian Government loans exceeding \$200 million<sup>(a)</sup> (continued)**

Entity	Loan amount <sup>(a)</sup> (\$m)	Borrower	Interest rate	Term	Status
<b>Northern Australia Infrastructure Facility</b>					
Northern Australia Infrastructure Facility Loans <sup>(c)</sup>	299	Northern Australia jurisdictions	Various	Various	New

\* Average.

(a) Loan amount is the estimated loan program amounts outstanding as at 30 June 2020 in \$ million.

(b) Status of loan items are considered 'unchanged' unless there are modifications to respective interest rates and/or loan terms.

(c) The Northern Australia Infrastructure Facility is included in the Statement of Risks as a new item as the value of loans outstanding under the facility is now above the threshold for reporting (\$200 million)

### **Higher Education Loan Program and VET Student Loans Program**

The Higher Education Loan Program (HELP) and the VET Student Loans (VSL) program are income-contingent loan programs that assist eligible tertiary education students with the cost of their fees. As at 30 June 2020, the fair value of debt outstanding is estimated to be \$50.6 billion. The fair value takes into account the concessionality of HELP loans and makes an allowance for debt not expected to be repaid.

Debts outstanding for more than 11 months are indexed annually using the Consumer Price Index. The Australian Taxation Office collects repayment of these debts through the tax system. Repayment of debts commence when an individual debtor's income reaches the repayment threshold.

There were 2,851,725 HELP debtors as at 30 June 2020. The repayment term of a HELP debt can only be determined for people who have fully repaid their debt. As at the end of June 2020, the average time taken to repay HELP debts was 9.3 years.

### **Clean Energy Finance Corporation**

The Clean Energy Finance Corporation (CEFC) has developed a portfolio of loans and investments across the spectrum of clean energy technologies, as required by the *Clean Energy Finance Corporation Act 2012*. This portfolio has an acceptable but not excessive level of risk relative to the sector, as required under the Clean Energy Finance Corporation Investment Mandate Direction 2018.

The CEFC's loan portfolio consists of predominantly senior-ranking, secured loans, and secured project finance facilities, typically secured against energy-generating assets such as wind or solar farms or biogas facilities or energy efficiency assets. The CEFC has predominantly made loans as a co-financier either jointly or in consortiums with private sector financial institutions. Interest rates vary with a current average expected return of approximately 4.4 per cent. Loans have various maturity dates, typically in the range of 5-15 years. As at 30 June 2020, loans contracted and outstanding are expected to total \$2.442 billion.

### **Loan Agreement between the Government of Australia and the Government of Indonesia**

On 12 November 2020, Australia entered into a A\$1.5 billion loan agreement with Indonesia. This agreement is part of a multilateral action to support Indonesia led by the Asian Development Bank (ADB) and including the Asian Infrastructure Investment Bank, the Japan International Cooperation Agency (JICA) and the German state-owned development bank (KfW).

The funds will be used to support Indonesia's COVID-19 response, including social protection initiatives and health system development.

The loan has a 15-year term with an interest rate set at the 10-year Australian Government bond rate plus 0.5 per cent.

### **Loan to the Government of Papua New Guinea**

On 23 November 2020, the Government entered into a loan agreement for US\$400 million (approximately A\$558 million) in 2020-21 to the Government of Papua New Guinea. The loan refinances the US\$300 million short-term loan made in 2019-20 and a further A\$140 million loan for budget support, including PNG's response to COVID-19. The previous short term loan was made to support budget sustainability, assist in the delivery of core government services, support longer term economic reforms and increase the availability of foreign exchange in the country.

The loan has a 15-year term with an interest rate set at the 10-year Australian Government bond rate plus 0.5 per cent.

### **International Monetary Fund — New Arrangements to Borrow**

Australia has made a line of credit available to the International Monetary Fund (IMF) under its New Arrangements to Borrow (NAB) since 1998. Previously, the IMF Executive Board agreed to renew the current NAB for an additional five-year period to 16 November 2022. On 26 January 2020, the IMF Executive Board agreed to a new NAB period from 1 January 2021 to 31 December 2025. The NAB helps ensure that the IMF has the resources available to maintain stability and support recovery in the global economy. NAB funds are drawn upon by the IMF as needed to supplement the IMF's usual quota resources and will be repaid in full with interest. It is expected that the fair value of loans outstanding to Australia was approximately A\$191 million as at 31 October 2020.

### **Student Start-up Loan**

The Student Start-up Loan (SSL) is a voluntary income-contingent loan for student payment (Youth Allowance (student), Austudy and ABSTUDY Living Allowance) recipients undertaking higher education. Introduced on 1 January 2016, the SSL is paid a maximum of twice a year and each SSL payment is valued at \$1,094 (in 2020). The SSL is repayable under similar arrangements to Higher Education Loan Program (HELP) debts. Students are required to start repaying their SSL once they earn over \$46,620 for 2020-21 and only after they have repaid their HELP debt. When it commenced, the SSL was initially for new student payment recipients undertaking higher education. From 1 July 2017, with the closure of the Student Start-up Scholarship, the SSL has become available to all eligible student payment recipients undertaking higher education. As at 30 June 2021, the fair value of the Student Start-up Loan is estimated to be \$672.8 million.

### **Student Financial Supplement Scheme**

The Student Financial Supplement Scheme (SFSS) commenced in January 1993 and closed on 31 December 2003. It was a voluntary income-contingent loan scheme for tertiary students (primarily Austudy and ABSTUDY) to help cover their living expenses while studying. Under the scheme, eligible students were able to trade one dollar of income support entitlement for two dollars in loans. Debtors are required to start

repaying their SFSS loan once they earn \$46,620 for 2020-21. As at 30 June 2021, the fair value of SFSS loans outstanding is estimated to total \$372.8 million.

### **Papua New Guinea Liquefied Natural Gas**

The loan in support of the Papua New Guinea Liquefied Natural Gas (PNG LNG) project involves the development, construction, operation and maintenance of a LNG liquefaction plant, gas production and processing facilities, onshore and offshore pipelines, associated ancillary facilities and infrastructure. As at 30 June 2020, the fair value of the loan amount outstanding is estimated to total \$238.3 million.

### **Northern Australia Infrastructure Facility Loans**

The Northern Australian Infrastructure Facility (NAIF) is a lending facility established by the Commonwealth Government under the *Northern Australia Infrastructure Facility Act 2016*, and will operate until 30 June 2026. A primary purpose of the NAIF is to provide loans to infrastructure projects and businesses across northern Australia to achieve economic and population growth, and enhance private sector investment in the region.

To be eligible for a loan from the NAIF, including up to 100 per cent of the project's debt, project proponents must meet the mandatory criteria outlined in the NAIF Investment Mandate of 2 May 2018. The Commonwealth Government announced changes to the NAIF on 30 September 2020 to:

- expand the eligibility for NAIF financing to include non-construction activities associated with the development of infrastructure
- enhance the potential to deliver significant public benefit to northern Australia by removing the prohibition against the Commonwealth assuming the majority risk in any project. The new requirement is that the financial risk be acceptable but not excessive.

Further changes were announced in the 2020-21 MYEFO context to simplify the NAIF's use of debt tools other than loans, such as guarantees and the purchase of bonds.

The Commonwealth Government will introduce legislation to give effect to these changes.





## Part 6: Australian Government Budget Financial Statements

Consistent with the *Charter of Budget Honesty Act 1998* (the Charter), the Government has produced a single set of financial statements for the Australian Government general government sector (GGS), the public non-financial corporations (PNFC) sector, the total non-financial public sector (NFPS) and the public financial corporations (PFC) sector. The financial statements comply with both the Australian Bureau of Statistics' (ABS) accrual Government Finance Statistics (GFS) and Australian Accounting Standards (AAS), with departures disclosed. These statements are:

- an operating statement, including other economic flows, which shows the net operating balance and net lending/borrowing (fiscal balance)
- a balance sheet, which shows net worth, net financial worth, net financial liabilities and net debt
- a cash flow statement, which includes the calculation of the underlying cash balance.

In addition to these general purpose statements, notes to the financial statements are required. These notes include a summary of accounting policies, disaggregated information and other disclosures required by AAS.

The statements reflect the Government's policy that the ABS GFS remains the basis of budget accounting policy, except where AAS is applied because it provides a better conceptual basis for presenting information of relevance to users of public sector financial reports.

The Australian, state and territory governments have an agreed framework – the Uniform Presentation Framework (UPF) – for the presentation of government financial information on a basis broadly consistent with the Australian Accounting Standard AASB 1049. The financial statements are consistent with the requirements of the UPF.

## Australian Government Financial Statements

**Table 6.1: Australian Government general government sector operating statement**

	Note	Estimates			
		2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
<b>Revenue</b>					
Taxation revenue	3	441,842	430,722	456,140	497,698
Sales of goods and services	4	15,765	17,035	17,702	18,888
Interest income	5	4,161	3,852	3,651	3,616
Dividend income	5	8,203	10,250	6,651	8,237
Other	6	12,165	10,691	10,722	10,087
<b>Total revenue</b>		<b>482,136</b>	<b>472,551</b>	<b>494,866</b>	<b>538,527</b>
<b>Expenses</b>					
Gross operating expenses					
Wages and salaries(a)	7	21,665	21,700	21,472	21,500
Superannuation	7	12,427	6,222	6,269	6,304
Depreciation and amortisation	8	12,087	12,805	12,663	13,453
Supply of goods and services	9	151,369	152,141	153,825	159,454
Other operating expenses(a)	7	8,322	7,760	7,869	7,915
<i>Total gross operating expenses</i>		<i>205,870</i>	<i>200,628</i>	<i>202,098</i>	<i>208,627</i>
Superannuation interest expense	7	7,004	11,731	12,063	12,393
Interest expenses(b)	10	20,596	19,822	20,107	20,758
Current transfers					
Current grants	11	160,505	162,035	166,911	173,089
Subsidy expenses		88,718	17,320	14,314	14,777
Personal benefits	12	168,222	141,374	142,711	148,943
<i>Total current transfers</i>		<i>417,446</i>	<i>320,729</i>	<i>323,937</i>	<i>336,809</i>
Capital transfers					
Mutually agreed write-downs		2,286	1,506	1,641	1,674
Other capital grants		14,119	16,300	15,971	15,405
<i>Total capital transfers</i>		<i>16,405</i>	<i>17,806</i>	<i>17,612</i>	<i>17,079</i>
<b>Total expenses</b>		<b>667,321</b>	<b>570,715</b>	<b>575,816</b>	<b>595,666</b>
<b>Net operating balance</b>		<b>-185,185</b>	<b>-98,164</b>	<b>-80,950</b>	<b>-57,139</b>
<b>Other economic flows – included in operating result</b>					
Net write-downs of assets		-4,618	-6,493	-6,593	-6,899
Assets recognised for the first time		173	191	213	234
Actuarial revaluations		111	90	79	70
Net foreign exchange gains		-278	-6	56	80
Net swap interest received		608	0	0	0
Market valuation of debt		4,501	5,720	4,231	3,659
Other gains/(losses)(b)		5,377	8,210	6,786	7,148
<b>Total other economic flows – included in operating result</b>		<b>5,873</b>	<b>7,711</b>	<b>4,773</b>	<b>4,292</b>
<b>Operating result(c)</b>		<b>-179,311</b>	<b>-90,453</b>	<b>-76,177</b>	<b>-52,847</b>

**Table 6.1: Australian Government general government sector operating statement (continued)**

	Note	Estimates			
		2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
<b>Non-owner movements in equity</b>					
Revaluation of equity investments		-4,201	9	12	4
Actuarial revaluations		54	121	159	181
Other economic revaluations		-326	32	56	65
<b>Total other economic flows - included in equity</b>		<b>-4,473</b>	<b>162</b>	<b>228</b>	<b>250</b>
<b>Comprehensive result —</b>					
<b>Total change in net worth</b>		<b>-183,785</b>	<b>-90,291</b>	<b>-75,949</b>	<b>-52,597</b>
<b>Net operating balance</b>		<b>-185,185</b>	<b>-98,164</b>	<b>-80,950</b>	<b>-57,139</b>
<b>Net acquisition of non-financial assets</b>					
Purchases of non-financial assets		18,813	22,678	23,474	24,015
<i>less</i> Sales of non-financial assets		274	284	212	248
<i>less</i> Depreciation		12,087	12,805	12,663	13,453
<i>plus</i> Change in inventories		2,310	265	458	482
<i>plus</i> Other movements in non-financial assets		-4	0	0	0
<b>Total net acquisition of non-financial assets</b>		<b>8,758</b>	<b>9,854</b>	<b>11,056</b>	<b>10,796</b>
<b>Fiscal balance (Net lending/borrowing)(d)</b>		<b>-193,942</b>	<b>-108,018</b>	<b>-92,007</b>	<b>-67,935</b>

(a) Consistent with the ABS GFS classification, other employee related expenses are classified separately from wages and salaries under other operating expenses. Total employee expenses equal wages and salaries plus other operating expenses.

(b) From 2020-21, the value of Debt Not Expected to be Repaid on initial recognition of income contingent concessional loans is reported as *Other Financing costs* rather than as a valuation adjustment. This change is consistent with Australian Accounting Standards and brings the accounting treatment of income contingent concessional loans into line with other concessional loans.

(c) Operating result under AAS.

(d) The term fiscal balance is not used by the ABS.

**Table 6.2: Australian Government general government sector balance sheet**

	Note	Estimates			
		2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
<b>Assets</b>					
Financial assets					
Cash and deposits		6,115	5,172	5,336	7,598
Advances paid	13	87,370	89,344	90,672	72,893
Investments, loans and placements	14	204,339	238,483	219,523	246,021
Other receivables	13	67,649	73,620	72,563	77,022
Equity investments					
Investments in other public sector entities		63,987	66,622	70,641	75,039
Equity accounted investments		3,547	3,608	3,664	3,742
Investments — shares		67,391	73,754	78,919	84,525
<i>Total financial assets</i>		<i>500,397</i>	<i>550,601</i>	<i>541,317</i>	<i>566,840</i>
Non-financial assets					
Land	15	11,743	11,758	11,825	11,794
Buildings		43,671	44,795	47,150	49,180
Plant, equipment and infrastructure		93,954	101,278	108,398	116,012
Inventories		11,814	11,733	11,806	11,845
Intangibles		10,145	10,922	11,483	11,958
Investment properties		218	218	218	218
Biological assets		28	16	16	16
Heritage and cultural assets		11,992	11,981	11,978	11,969
Assets held for sale		241	241	241	241
Other non-financial assets		34	34	34	34
<i>Total non-financial assets</i>		<i>183,840</i>	<i>192,975</i>	<i>203,149</i>	<i>213,267</i>
<b>Total assets</b>		<b>684,236</b>	<b>743,576</b>	<b>744,467</b>	<b>780,107</b>
<b>Liabilities</b>					
Interest bearing liabilities					
Deposits held		484	484	484	484
Government securities		953,548	1,094,380	1,162,520	1,241,316
Loans	16	16,775	16,784	16,784	16,801
Lease liabilities		18,907	19,811	20,053	19,592
<i>Total interest bearing liabilities</i>		<i>989,714</i>	<i>1,131,459</i>	<i>1,199,841</i>	<i>1,278,193</i>

**Table 6.2: Australian Government general government sector balance sheet (continued)**

	Note	Estimates			
		2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
Provisions and payables					
Superannuation liability	17	236,687	243,403	250,134	256,767
Other employee liabilities	17	33,099	33,810	34,586	35,402
Suppliers payables	18	8,428	9,141	9,517	9,652
Personal benefits payables	18	3,105	3,021	2,939	3,575
Subsidies payables	18	1,000	1,396	1,420	1,448
Grants payables	18	3,972	3,643	3,378	3,602
Other payables	18	2,687	2,691	2,726	2,720
Provisions	18	52,061	51,817	52,682	54,100
<i>Total provisions and payables</i>		<i>341,037</i>	<i>348,923</i>	<i>357,381</i>	<i>367,266</i>
<b>Total liabilities</b>		<b>1,330,751</b>	<b>1,480,382</b>	<b>1,557,222</b>	<b>1,645,459</b>
<b>Net worth(a)</b>		<b>-646,515</b>	<b>-736,806</b>	<b>-812,755</b>	<b>-865,352</b>
<i>Net financial worth(b)</i>		<i>-830,355</i>	<i>-929,780</i>	<i>-1,015,905</i>	<i>-1,078,619</i>
<i>Net financial liabilities(c)</i>		<i>894,342</i>	<i>996,402</i>	<i>1,086,546</i>	<i>1,153,657</i>
<i>Net debt(d)</i>		<i>691,891</i>	<i>798,460</i>	<i>884,311</i>	<i>951,681</i>

(a) Net worth equals total assets minus total liabilities.

(b) Net financial worth equals total financial assets minus total liabilities.

(c) Net financial liabilities equals total liabilities less financial assets other than investments in other public sector entities.

(d) Net debt is the sum of interest bearing liabilities less the sum of selected financial assets (cash and deposits, advances paid and investments, loans and placements).

**Table 6.3: Australian Government general government sector cash flow statement<sup>(a)</sup>**

	Estimates			
	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
<b>Cash receipts from operating activities</b>				
Taxes received	433,500	419,917	445,182	486,392
Receipts from sales of goods and services	16,233	17,109	17,695	18,892
Interest receipts	3,709	3,562	3,603	3,937
Dividends and income tax equivalents	7,115	7,897	10,517	6,932
Other receipts	12,295	9,728	9,847	9,875
<b>Total operating receipts</b>	<b>472,853</b>	<b>458,213</b>	<b>486,844</b>	<b>526,027</b>
<b>Cash payments for operating activities</b>				
Payments to employees(b)	-32,600	-32,730	-32,823	-33,303
Payments for goods and services	-148,265	-149,716	-151,721	-158,235
Grants and subsidies paid	-276,728	-196,999	-197,063	-202,732
Interest paid	-17,174	-17,521	-17,150	-18,038
Personal benefit payments	-168,985	-141,904	-143,247	-148,838
Other payments(b)	-7,520	-7,104	-7,133	-7,149
<b>Total operating payments</b>	<b>-651,271</b>	<b>-545,974</b>	<b>-549,136</b>	<b>-568,295</b>
<b>Net cash flows from operating activities</b>	<b>-178,419</b>	<b>-87,761</b>	<b>-62,292</b>	<b>-42,268</b>
<b>Cash flows from investments in non-financial assets</b>				
Sales of non-financial assets	280	285	213	247
Purchases of non-financial assets	-17,270	-18,598	-19,907	-21,539
<b>Net cash flows from investments in non-financial assets</b>	<b>-16,989</b>	<b>-18,313</b>	<b>-19,694</b>	<b>-21,291</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-17,145</b>	<b>-11,056</b>	<b>-12,228</b>	<b>10,158</b>
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>38,608</b>	<b>-27,710</b>	<b>25,316</b>	<b>-24,157</b>
<b>Cash receipts from financing activities</b>				
Borrowing	476,708	655,295	588,335	481,395
Other financing	681	11	13	16
<b>Total cash receipts from financing activities</b>	<b>477,389</b>	<b>655,306</b>	<b>588,349</b>	<b>481,411</b>
<b>Cash payments for financing activities</b>				
Borrowing	-299,784	-503,671	-510,272	-393,923
Other financing	-6,998	-7,738	-9,015	-7,667
<b>Total cash payments for financing activities</b>	<b>-306,782</b>	<b>-511,409</b>	<b>-519,286</b>	<b>-401,590</b>
<b>Net cash flows from financing activities</b>	<b>170,607</b>	<b>143,897</b>	<b>69,062</b>	<b>79,820</b>
<b>Net increase/(decrease) in cash held</b>	<b>-3,338</b>	<b>-943</b>	<b>164</b>	<b>2,263</b>

**Table 6.3: Australian Government general government sector cash flow statement<sup>(a)</sup>(continued)**

	Estimates			
	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
<b>GFS cash surplus(+)/deficit(-)(c)</b>	<b>-195,408</b>	<b>-106,074</b>	<b>-81,987</b>	<b>-63,559</b>
<i>plus</i> Net cash flows from financing activities for leases(d)	-2,339	-2,386	-2,399	-2,415
<b>Equals underlying cash balance(e)</b>	<b>-197,747</b>	<b>-108,461</b>	<b>-84,386</b>	<b>-65,974</b>
<i>plus</i> Net cash flows from investments in financial assets for policy purposes	-17,145	-11,056	-12,228	10,158
<b>Equals headline cash balance</b>	<b>-214,892</b>	<b>-119,517</b>	<b>-96,614</b>	<b>-55,816</b>

(a) A positive number denotes a cash inflow; a negative number denotes a cash outflow.

(b) Consistent with the ABS GFS classification, other employee related payments are classified separately from wages and salaries under other payments.

(c) GFS cash surplus/deficit equals net cash flows from operating activities and investments in non-financial assets.

(d) Principal payments on lease liabilities, which are financing cash payments, are deducted in the calculation of the underlying cash balance to maintain consistency of measure following the implementation of AASB 16.

(e) The term underlying cash balance is not used by the ABS.

**Table 6.4: Australian Government public non-financial corporations sector operating statement**

	Estimates	
	2020-21	\$m
<b>Revenue</b>		
Current grants and subsidies		806
Sales of goods and services		16,150
Interest income		15
Other		41
<b>Total revenue</b>		<b>17,012</b>
<b>Expenses</b>		
Gross operating expenses		
Wages and salaries(a)		4,494
Superannuation		498
Depreciation and amortisation		5,118
Supply of goods and services		8,688
Other operating expenses(a)		819
<i>Total gross operating expenses</i>		<i>19,616</i>
Interest expenses		1,828
Other property expenses		241
Current transfers		
Tax expenses		126
<i>Total current transfers</i>		<i>126</i>
<b>Total expenses</b>		<b>21,811</b>
<b>Net operating balance</b>		<b>-4,799</b>
<b>Other economic flows</b>		<b>-373</b>
<b>Comprehensive result — Total change in net worth excluding contribution from owners</b>		<b>-5,172</b>
<b>Net acquisition of non-financial assets</b>		
Purchases of non-financial assets		7,813
<i>less</i> Sales of non-financial assets		<i>0</i>
<i>less</i> Depreciation		<i>5,118</i>
<i>plus</i> Change in inventories		<i>4</i>
<i>plus</i> Other movements in non-financial assets		<i>0</i>
<b>Total net acquisition of non-financial assets</b>		<b>2,699</b>
<b>Fiscal balance (Net lending/borrowing)(b)</b>		<b>-7,498</b>

(a) Consistent with the ABS GFS classification, other employee related expenses are classified separately from wages and salaries under other operating expenses. Total employee expenses equal wages and salaries plus other operating expenses.

(b) The term fiscal balance is not used by the ABS.



**Table 6.5: Australian Government public non-financial corporations sector balance sheet**

	Estimates	
	2020-21	\$m
<b>Assets</b>		
Financial assets		
Cash and deposits		1,026
Investments, loans and placements(a)		497
Other receivables(a)		2,994
Equity investments		201
<i>Total financial assets</i>		<b>4,719</b>
Non-financial assets		
Land and other fixed assets		58,111
Other non-financial assets(b)		3,976
<i>Total non-financial assets</i>		<b>62,087</b>
<b>Total assets</b>		<b>66,806</b>
<b>Liabilities</b>		
Interest bearing liabilities		
Deposits held		13
Advances received and loans(a)		29,211
Lease liabilities		12,549
<i>Total interest bearing liabilities</i>		<b>41,773</b>
Provisions and payables		
Superannuation liability		19
Other employee liabilities		1,980
Other payables(a)		5,349
Other provisions(b)		677
<i>Total provisions and payables</i>		<b>8,025</b>
<b>Total liabilities</b>		<b>49,798</b>
<b>Shares and other contributed capital</b>		<b>17,008</b>
<b>Net worth(c)</b>		<b>17,008</b>
<i>Net financial worth(d)</i>		<b>-45,079</b>
<i>Net debt(e)</i>		<b>40,250</b>

(a) Since the 2019-20 FBO, derivative assets and liabilities have been reclassified from interest bearing assets and liabilities to non-interest bearing assets and liabilities and are no longer included in the calculation of net debt consistent with Government Finance Statistics.

(b) Excludes the impact of commercial taxation adjustments.

(c) Under AASB 1049, net worth equals total assets minus total liabilities. Under the ABS GFS, net worth equals total assets minus total liabilities minus shares and other contributed capital. The AASB 1049 method is used in this table.

(d) Under AASB 1049, net financial worth equals total financial assets minus total liabilities. Under the ABS GFS, net financial worth equals total financial assets minus total liabilities minus shares and other contributed capital. The AASB 1049 method is used in this table.

(e) Net debt is the sum of interest bearing liabilities less the sum of selected financial assets (cash and deposits and investments, loans and placements).

**Table 6.6: Australian Government public non-financial corporations sector cash flow statement<sup>(a)</sup>**

	Estimates	
	2020-21	\$m
<b>Cash receipts from operating activities</b>		
Receipts from sales of goods and services	17,412	
Grants and subsidies received	757	
GST input credit receipts	1,164	
Other receipts	19	
<b>Total operating receipts</b>	<b>19,352</b>	
<b>Cash payments for operating activities</b>		
Payments to employees(b)	-4,948	
Payments for goods and services	-11,046	
Interest paid	-1,806	
GST payments to taxation authority	-717	
Distributions paid(c)	-243	
Other payments(b)	-877	
<b>Total operating payments</b>	<b>-19,636</b>	
<b>Net cash flows from operating activities</b>	<b>-284</b>	
<b>Cash flows from investments in non-financial assets</b>		
Sales of non-financial assets	0	
Purchases of non-financial assets	-7,065	
<b>Net cash flows from investments in non-financial assets</b>	<b>-7,065</b>	
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-3</b>	
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-421</b>	
<b>Net cash flows from financing activities</b>		
Borrowing (net)	4,132	
Other financing (net)	2,406	
<b>Net cash flows from financing activities</b>	<b>6,538</b>	
<b>Net increase/(decrease) in cash held</b>	<b>-1,235</b>	
<b>Cash at the beginning of the year</b>	<b>2,261</b>	
<b>Cash at the end of the year</b>	<b>1,026</b>	
<b>GFS cash surplus(+)/deficit(-)(d)</b>	<b>-7,349</b>	
<i>plus</i> Net cash flows from financing activities for leases(e)	-389	
<b>Adjusted GFS cash surplus(+)/deficit(-)(e)</b>	<b>-7,737</b>	

(a) A positive number denotes a cash inflow; a negative number denotes a cash outflow.

(b) Consistent with the ABS GFS classification, other employee related payments are classified separately from wages and salaries under other payments.

(c) Consistent with the ABS GFS classification, distributions paid by public corporations were reclassified from cash flows from financing activities to cash flows from operating activities in the 2019-20 FBO.

(d) GFS cash surplus/deficit equals net cash flows from operating activities and investments in non-financial assets.

(e) To retain a consistent measure of the GFS cash surplus/deficit following the implementation of AASB 16, its calculation is adjusted to include the principal payments on lease liabilities.

**Table 6.7: Australian Government total non-financial public sector operating statement**

	Estimates
	2020-21 \$m
<b>Revenue</b>	
Taxation revenue	441,716
Sales of goods and services	31,045
Interest income	3,395
Dividend income	7,962
Other	12,106
<b>Total revenue</b>	<b>496,223</b>
<b>Expenses</b>	
Gross operating expenses	
Wages and salaries(a)	26,159
Superannuation	12,925
Depreciation and amortisation	17,205
Supply of goods and services	159,072
Other operating expenses(a)	9,140
<i>Total gross operating expenses</i>	<i>224,502</i>
Superannuation interest expense	7,004
Interest expenses(b)	21,643
Current transfers	
Current grants	160,505
Subsidy expenses	88,136
Personal benefits	168,222
<i>Total current transfers</i>	<i>416,864</i>
Capital transfers	16,194
<b>Total expenses</b>	<b>686,206</b>
<b>Net operating balance</b>	<b>-189,983</b>
<b>Other economic flows(b)</b>	<b>3,738</b>
<b>Comprehensive result — Total change in net worth</b>	<b>-186,245</b>
<b>Net acquisition of non-financial assets</b>	
Purchases of non-financial assets	26,626
<i>less</i> Sales of non-financial assets	<i>274</i>
<i>less</i> Depreciation	<i>17,205</i>
<i>plus</i> Change in inventories	<i>2,314</i>
<i>plus</i> Other movements in non-financial assets	<i>-4</i>
<b>Total net acquisition of non-financial assets</b>	<b>11,457</b>
<b>Fiscal balance (Net lending/borrowing)(c)</b>	<b>-201,440</b>

(a) Consistent with the ABS GFS classification, other employee related expenses are classified separately from wages and salaries under other operating expenses. Total employee expenses equal wages and salaries plus other operating expenses.

(b) From 2020-21, the value of Debt Not Expected to be Repaid on initial recognition of income contingent concessional loans is reported as *Other Financing costs* rather than as a valuation adjustment. This change is consistent with Australian Accounting Standards and brings the accounting treatment of income contingent concessional loans into line with other concessional loans.

(c) The term fiscal balance is not used by the ABS.

**Table 6.8: Australian Government total non-financial public sector balance sheet**

	Estimates	
	2020-21	\$m
<b>Assets</b>		
Financial assets		
Cash and deposits		7,141
Advances paid		67,597
Investments, loans and placements(a)		204,817
Other receivables(a)		70,458
Equity investments		100,632
<i>Total financial assets</i>		<b>450,645</b>
Non-financial assets		
Land and fixed assets		231,277
Other non-financial assets		14,692
<i>Total non-financial assets</i>		<b>245,969</b>
<b>Total assets</b>		<b>696,614</b>
<b>Liabilities</b>		
Interest bearing liabilities		
Deposits held		496
Government securities		953,548
Advances received and loans(a)		26,195
Lease liabilities		31,450
<i>Total interest bearing liabilities</i>		<b>1,011,688</b>
Provisions and payables		
Superannuation liability		236,706
Other employee liabilities		35,078
Other payables(a)		24,427
Other provisions		52,714
<i>Total provisions and payables</i>		<b>348,925</b>
<b>Total liabilities</b>		<b>1,360,614</b>
<b>Net worth(b)</b>		<b>-664,000</b>
<i>Net financial worth(c)</i>		<b>-909,969</b>
<i>Net debt(d)</i>		<b>732,134</b>

(a) Since the 2019-20 FBO, derivative assets and liabilities have been reclassified from interest bearing assets and liabilities to non-interest bearing assets and liabilities and are no longer included in the calculation of net debt consistent with Government Finance Statistics.

(b) Under AASB 1049, net worth equals total assets minus total liabilities. Under the ABS GFS, net worth equals total assets minus total liabilities minus shares and other contributed capital. The AASB 1049 method is used in this table.

(c) Under AASB 1049, net financial worth equals total financial assets minus total liabilities. Under the ABS GFS, net financial worth equals total financial assets minus total liabilities minus shares and other contributed capital. The AASB 1049 method is used in this table.

(d) Net debt is the sum of interest bearing liabilities less the sum of selected financial assets (cash and deposits, advances paid and investments, loans and placements).

**Table 6.9: Australian Government total non-financial public sector cash flow statement<sup>(a)</sup>**

	Estimates
	2020-21 \$m
<b>Cash receipts from operating activities</b>	
Taxes received	433,431
Receipts from sales of goods and services	31,354
Interest receipts	2,955
Dividends and income tax equivalents	6,875
Other receipts	12,135
<b>Total operating receipts</b>	<b>486,749</b>
<b>Cash payments for operating activities</b>	
Payments to employees(b)	-37,548
Payments for goods and services	-156,511
Grants and subsidies paid	-275,938
Interest paid	-18,207
Personal benefit payments	-168,985
Other payments(b)	-8,263
<b>Total operating payments</b>	<b>-665,451</b>
<b>Net cash flows from operating activities</b>	<b>-178,702</b>
<b>Cash flows from investments in non-financial assets</b>	
Sales of non-financial assets	280
Purchases of non-financial assets	-24,335
<b>Net cash flows from investments in non-financial assets</b>	<b>-24,054</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-14,525</b>
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>38,190</b>
<b>Net cash flows from financing activities</b>	
Borrowing (net)	181,006
Other financing (net)	-6,483
<b>Net cash flows from financing activities</b>	<b>174,523</b>
<b>Net increase/(decrease) in cash held</b>	<b>-4,570</b>
<b>Cash at the beginning of the year</b>	<b>11,711</b>
<b>Cash at the end of the year</b>	<b>7,141</b>
<b>GFS cash surplus(+)/deficit(-)(c)</b>	<b>-202,757</b>
<i>plus</i> Net cash flows from financing activities for leases(d)	-2,727
<b>Adjusted GFS cash surplus(+)/deficit(-)(d)</b>	<b>-205,484</b>

(a) A positive number denotes a cash inflow; a negative number denotes a cash outflow.

(b) Consistent with the ABS GFS classification, other employee related payments are classified separately from wages and salaries under other payments.

(c) GFS cash surplus/deficit equals net cash flows from operating activities and investments in non-financial assets.

(d) To retain a consistent measure of the GFS cash surplus/deficit following the implementation of AASB 16, its calculation is adjusted to include the principal payments on lease liabilities.

**Table 6.10: Australian Government public financial corporations sector operating statement**

	Estimates
	2020-21 \$m
<b>Revenue</b>	
Current grants and subsidies	174
Sales of goods and services	821
Interest income	3,283
Other	94
<b>Total revenue</b>	<b>4,372</b>
<b>Expenses</b>	
Gross operating expenses	
Wages and salaries(a)	207
Superannuation	77
Depreciation and amortisation	69
Supply of goods and services	515
Other operating expenses(a)	57
<i>Total gross operating expenses</i>	<i>924</i>
Interest expenses	416
Other property expenses	2,189
Current transfers	
Tax expenses	6
<i>Total current transfers</i>	<i>6</i>
<b>Total expenses</b>	<b>3,535</b>
<b>Net operating balance</b>	<b>837</b>
<b>Other economic flows</b>	<b>-4,519</b>
<b>Comprehensive result — Total change in net worth excluding contribution from owners</b>	<b>-3,682</b>
<b>Net acquisition of non-financial assets</b>	
Purchases of non-financial assets	1
<i>less</i> Sales of non-financial assets	<i>0</i>
<i>less</i> Depreciation	<i>69</i>
<i>plus</i> Change in inventories	<i>0</i>
<i>plus</i> Other movements in non-financial assets	<i>0</i>
<b>Total net acquisition of non-financial assets</b>	<b>-67</b>
<b>Fiscal balance (Net lending/borrowing)(b)</b>	<b>905</b>

(a) Consistent with the ABS GFS classification, other employee related expenses are classified separately from wages and salaries under other operating expenses. Total employee expenses equal wages and salaries plus other operating expenses.

(b) The term fiscal balance is not used by the ABS.

**Table 6.11: Australian Government public financial corporations sector balance sheet<sup>(a)</sup>**

	Estimates	
	2020-21	\$m
<b>Assets</b>		
Financial assets		
Cash and deposits		578
Investments, loans and placements(b)		279,685
Other receivables(b)		180
Equity investments		700
<i>Total financial assets</i>		<i>281,143</i>
Non-financial assets		
Land and other fixed assets		894
Other non-financial assets(c)		96
<i>Total non-financial assets</i>		<i>990</i>
<b>Total assets</b>		<b>282,133</b>
<b>Liabilities</b>		
Interest bearing liabilities		
Deposits held		243,666
Borrowing(b)		5,559
<i>Total interest bearing liabilities</i>		<i>249,225</i>
Provisions and payables		
Superannuation liability		944
Other employee liabilities		229
Other payables(b)		2,665
Other provisions(c)		1,854
<i>Total provisions and payables</i>		<i>5,692</i>
<b>Total liabilities</b>		<b>254,917</b>
<b>Shares and other contributed capital</b>		<b>27,217</b>
<b>Net worth(d)</b>		<b>27,217</b>
<i>Net financial worth(e)</i>		<i>26,226</i>
<i>Net debt(f)</i>		<i>-31,038</i>

(a) Assumes no valuation or currency movement.

(b) Since the 2019-20 FBO, derivative assets and liabilities have been reclassified from interest bearing assets and liabilities to non-interest bearing assets and liabilities and are no longer included in the calculation of net debt consistent with Government Finance Statistics.

(c) Excludes the impact of commercial taxation adjustments.

(d) Under AASB 1049, net worth equals total assets minus total liabilities. Under the ABS GFS, net worth equals total assets minus total liabilities minus shares and other contributed capital. The AASB 1049 method is used in this table.

(e) Under AASB 1049, net financial worth equals total financial assets minus total liabilities. Under the ABS GFS, net financial worth equals total financial assets minus total liabilities minus shares and other contributed capital. The AASB 1049 method is used in this table.

(f) Net debt is the sum of interest bearing liabilities less the sum of selected financial assets (cash and deposits and investments, loans and placements).

**Table 6.12: Australian Government public financial corporations sector cash flow statement<sup>(a)</sup>**

	Estimates
	2020-21 \$m
<b>Cash receipts from operating activities</b>	
Receipts from sales of goods and services	826
Grants and subsidies received	174
GST input credit receipts	1
Interest receipts	3,271
Other receipts	14
<b>Total operating receipts</b>	<b>4,286</b>
<b>Cash payments for operating activities</b>	
Payments to employees(b)	-286
Payments for goods and services	-659
Interest paid	-383
GST payments to taxation authority	-16
Distributions paid(c)	-2,583
Other payments(b)	-56
<b>Total operating payments</b>	<b>-3,983</b>
<b>Net cash flows from operating activities</b>	<b>304</b>
<b>Cash flows from investments in non-financial assets</b>	
Sales of non-financial assets	0
Purchases of non-financial assets	-2
<b>Net cash flows from investments in non-financial assets</b>	<b>-2</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-206</b>
<b>Net cash flows from investments in financial assets for liquidity purposes(d)</b>	<b>-843</b>
<b>Net cash flows from financing activities</b>	
Borrowing and deposits received (net)(d)	518
Other financing (net)	107
<b>Net cash flows from financing activities</b>	<b>624</b>
<b>Net increase/(decrease) in cash held</b>	<b>-124</b>
<b>Cash at the beginning of the year</b>	<b>702</b>
<b>Cash at the end of the year</b>	<b>578</b>
<b>GFS cash surplus(+)/deficit(-)(e)</b>	<b>302</b>
<i>plus</i> Net cash flows from financing activities for leases(f)	-1
<b>Adjusted GFS cash surplus(+)/deficit(-)(f)</b>	<b>301</b>

(a) A positive number denotes a cash inflow; a negative number denotes a cash outflow.

(b) Consistent with the ABS GFS classification, other employee related payments are classified separately from wages and salaries under other payments.

(c) Consistent with the ABS GFS classification, distributions paid by public corporations were reclassified from cash flows from financing activities to cash flows from operating activities in the 2019-20 FBO.

(d) Assumes no cash flows associated with valuation or currency movements.

(e) GFS cash surplus/deficit equals net cash flows from operating activities and investments in non-financial assets.

(f) To retain a consistent measure of the GFS cash surplus/deficit following the implementation of AASB 16, its calculation is adjusted to include the principal payments on lease liabilities.



## Notes to the general government sector financial statements

### Note 1: External reporting standards and accounting policies

The *Charter of Budget Honesty Act 1998* (the Charter) requires that the Mid-Year Economic and Fiscal Outlook (MYEFO) be based on external reporting standards and that departures from applicable external reporting standards be identified.

The external standards used for MYEFO reporting purposes are:

- the Australian Bureau of Statistics' (ABS) accrual Government Finance Statistics (GFS) publication, *Australian System of Government Finance Statistics: Concepts, Sources and Methods, 2015* (cat. no. 5514.0), which in turn is based on the International Monetary Fund (IMF) accrual GFS framework
- the Australian Accounting Standards (AAS), issued by the Australian Accounting Standards Board (AASB), which includes International Financial Reporting Standards as adopted in Australia and the public sector specific standard AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (AASB 1049).

The financial statements have been prepared on an accrual basis that complies with both the ABS GFS and AAS, except for departures disclosed at Note 2. A more detailed description of the AAS and the ABS GFS frameworks, in addition to definitions of key terms used in these frameworks, can be found in Attachment A. Detailed accounting policies, as well as a set of notes and other disclosures, as required by AAS, are disclosed in the Australian Government Consolidated Financial Statements.

Fiscal reporting focuses on the general government sector (GGS). The GGS provides public services that are mainly non-market in nature and for the collective consumption of the community, or involve the transfer or redistribution of income. These services are largely financed through taxes and other compulsory levies. This sector comprises all government departments, offices and some other bodies. In preparing financial statements for the GGS, all material transactions and balances between entities within the GGS have been eliminated.

The Government's key fiscal aggregates are based on the ABS GFS concepts and definitions, including the ABS GFS cash surplus/deficit and net financial worth. AASB 1049 requires the disclosure of other ABS GFS fiscal aggregates, including the net operating balance, net lending/borrowing (fiscal balance) and net worth. In addition to these ABS GFS aggregates, the Uniform Presentation Framework (UPF) requires disclosure of net debt, net financial worth and net financial liabilities.

AASB 1049 and the UPF also provide a basis for reporting of the public non-financial corporations (PNFC) and public financial corporations (PFC) sectors and the total non-financial public sector (NFPS).

*Part 6: Australian Government Budget Financial Statements*

Explanations of major variations in fiscal balance, revenue, expenses, net capital investment, cash flows, net debt, net financial worth and net worth since the 2020-21 Budget are disclosed in Part 3: *Fiscal strategy and outlook*, with decisions taken since the 2020-21 Budget disclosed in Appendix A: *Policy decisions taken since the 2020-21 Budget*.

Updates to fiscal risks and contingent liabilities since the 2020-21 Budget are disclosed in Part 5: *Statement of risks*.

**Note 2: Departures from external reporting standards**

The Charter requires that departures from applicable external reporting standards be identified. The major differences between AAS and the ABS GFS treatments of transactions are outlined in Table 6.13.

AASB 1049 requires AAS measurement of items to be disclosed on the face of the financial statements with reconciliation to the ABS GFS measurement of key fiscal aggregates, where different, in notes to the financial statements. Only one measure of each aggregate has been included on the face statements to avoid confusion.

Further information on the differences between the two systems is provided in the ABS publication *Australian System of Government Finance Statistics: Concepts, Sources and Methods, 2015* (cat. no. 5514.0).

**Table 6.13: Major differences between AAS and ABS GFS**

Issue	AAS treatment	ABS GFS treatment	Treatment adopted
Circulating coins — seigniorage	The profit between the cost and sale of circulating coins (seigniorage) is treated as revenue.	Circulating coins is treated as a liability, and the cost of producing the coins is treated as an expense.	AAS
Valuation of loans	Changes in the valuation of loans are treated as a revenue or an expense.  In some circumstances recognition as a revenue or an expense is delayed until the loan ends or is transferred.	Changes in the valuation of loans (excluding mutually agreed write-downs) are treated as an other economic flow.	ABS GFS
Timing recognition of Boosting Cash Flows for Employers	Expense recognition based on underlying economic activity that gives rise to the Cash Flow Boost payment.	Recognised when the businesses receive payments after submitting their activity statements and having met all requirements.	AAS
Leases	AASB 16 introduced a single lease accounting framework for lessees, which replaced the distinction between operating and finance leases. Right of use assets and lease liabilities are recognised on the balance sheets for leases that were previously accounted for as operating expense.	The distinction between operating leases and finance leases will be continued for lessees.	AAS
Concessional loans	Concessional elements are treated as an expense on initial recognition and unwound over the loan term.	Concessional elements are treated as an other economic flow.	AAS
Investment in other public sector entities	Valued at fair value in the balance sheet as long as it can be reliably measured, otherwise net assets is permissible.	Unlisted entities valued based on their net assets in the balance sheet.	AAS
Provision for restoration, decommissioning and make-good	Capitalised when the asset is acquired.	Capitalised when make-good activity takes place.	AAS
Renewable Energy Certificates (RECs)	The issuance and registration of RECs is considered to be an administrative function and does not result in the recognition of assets or liabilities and, consequently, no revenue or expenses are recognised.	The issuance and registration of RECs is considered to be government financial transactions resulting in the recognition of assets, liabilities, revenue and expenses.	AAS
Dividends paid by public corporations	Treated as an equity distribution. Equity distributions are treated as a distribution of profits, as opposed to an expense.	Dividends are treated as an expense.	ABS GFS
Dividends paid by the Reserve Bank of Australia	Dividends are recognised in the year profit was earned.	Dividends are recognised when the Treasurer makes a determination.	AAS

**Table 6.13: Major differences between AAS and ABS GFS (continued)**

Issue	AAS treatment	ABS GFS treatment	Treatment adopted
National Disability Insurance Scheme (NDIS) revenue	Funding contributions by the state and territory governments to NDIS are treated as sales of goods and services revenue.  In-kind disability services provided by the state and territory governments are treated as other revenue.	Funding contributions by the state and territory governments to NDIS are treated as grants revenue.  In-kind disability services provided by the state and territory governments are treated as sales of goods and services revenue.	AAS
Commercial tax effect accounting assets and liabilities	Corporations in the PNFC and PFC sectors record tax expenses on a commercial basis.	Deferred tax assets and liabilities are reversed so that corporations record tax expenses on a consistent basis to the Australian Taxation Office.	ABS GFS
<b>Fiscal aggregate differences</b>			
Net worth of PNFC and PFC sectors	Calculated as assets less liabilities.	Calculated as assets less liabilities less shares and other contributed capital.	AAS
Net financial worth of PNFC and PFC sectors	Calculated as financial assets less total liabilities.	Calculated as financial assets less total liabilities less shares and contributed capital.	AAS
<b>Classification differences</b>			
Prepayments	Treated as a non-financial asset.	Treated as a financial asset.	ABS GFS
Spectrum sales	Recognise non-financial asset sale for fiscal balance when licences take effect, which may be after the auction of licences, as this is regarded as the point at which control is transferred. Recognise cash at the time of receipt.	Recognise non-financial asset sale for fiscal balance at time of auction as this is regarded as the point at which control is transferred. Recognise cash at the time of receipt.	AAS

**Note 3: Taxation revenue by type**

	Estimates			
	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
Individuals and other withholding taxes				
Gross income tax withholding	212,400	211,600	219,100	231,400
Gross other individuals	46,900	46,700	51,100	55,800
less: Refunds	37,400	42,600	31,700	34,500
Total individuals and other withholding taxation	221,900	215,700	238,500	252,700
Fringe benefits tax	3,880	3,840	4,020	4,220
Company tax	89,100	75,300	71,300	93,000
Superannuation fund taxes	8,740	13,130	13,530	13,430
Petroleum resource rent tax	770	800	800	800
<b>Income taxation revenue</b>	<b>324,390</b>	<b>308,770</b>	<b>328,150</b>	<b>364,150</b>
Goods and services tax	65,750	68,770	73,160	76,620
Wine equalisation tax	1,060	1,020	1,040	1,070
Luxury car tax	610	570	560	580
Excise and Custom duty				
Petrol	5,650	5,950	6,250	6,550
Diesel	12,280	12,640	13,140	13,790
Other fuel products	1,640	1,860	1,970	2,030
Tobacco	15,310	15,150	15,150	15,260
Beer	2,500	2,410	2,470	2,540
Spirits	2,870	2,780	2,850	2,910
Other alcoholic beverages(a)	1,150	1,030	1,060	1,090
Other customs duty				
Textiles, clothing and footwear	170	170	140	130
Passenger motor vehicles	320	330	80	80
Other imports	1,100	1,160	870	880
less: Refunds and drawbacks	500	500	500	500
Total excise and customs duty	42,490	42,980	43,480	44,760
Major bank levy	1,670	1,670	1,720	1,770
Agricultural levies	479	496	516	528
Other taxes	5,392	6,446	7,514	8,221
Mirror taxes	603	641	687	725
less: Transfers to states in relation to mirror tax revenue	603	641	687	725
Mirror tax revenue	0	0	0	0
<b>Indirect taxation revenue</b>	<b>117,452</b>	<b>121,952</b>	<b>127,990</b>	<b>133,548</b>
<b>Taxation revenue</b>	<b>441,842</b>	<b>430,722</b>	<b>456,140</b>	<b>497,698</b>

**Note 3: Taxation revenue by type (continued)**

	Estimates			
	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
<i>Memorandum:</i>				
<i>Total excise</i>	23,400	23,980	24,990	26,100
<i>Total customs duty</i>	19,090	19,000	18,490	18,660
<i>Capital gains tax(b)</i>	14,000	13,900	14,200	15,100

(a) 'Other alcoholic beverages' are those not exceeding 10 per cent by volume of alcohol (excluding beer, brandy and wine).

(b) 'Capital gains tax' is part of gross other individuals, company tax and superannuation fund taxes.

**Note 3(a): Taxation revenue by source**

	Estimates			
	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
Taxes on income, profits and capital gains				
Income and capital gains levied on individuals	225,780	219,540	242,520	256,920
Income and capital gains levied on enterprises	98,610	89,230	85,630	107,230
<b>Total taxes on income, profits and capital gains</b>	<b>324,390</b>	<b>308,770</b>	<b>328,150</b>	<b>364,150</b>
Taxes on employers' payroll and labour force	1,050	804	838	894
Taxes on the provision of goods and services				
Sales/goods and services tax	67,420	70,360	74,760	78,270
Excises and levies	23,879	24,476	25,506	26,628
Taxes on international trade	19,090	19,000	18,490	18,660
<b>Total taxes on the provision of goods and services</b>	<b>110,389</b>	<b>113,836</b>	<b>118,756</b>	<b>123,558</b>
Taxes on the use of goods and performance of activities	6,012	7,312	8,396	9,097
<b>Total taxation revenue</b>	<b>441,842</b>	<b>430,722</b>	<b>456,140</b>	<b>497,698</b>

**Note 4: Sales of goods and services revenue**

	Estimates			
	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
Sales of goods	1,314	1,419	1,448	1,508
Rendering of services	12,688	13,554	14,038	15,285
Lease rental	72	79	84	79
Fees from regulatory services	1,691	1,983	2,133	2,017
<b>Total sales of goods and services revenue</b>	<b>15,765</b>	<b>17,035</b>	<b>17,702</b>	<b>18,888</b>

**Note 5: Interest and dividend revenue**

	Estimates			
	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
<b>Interest from other governments</b>				
State and territory debt	16	14	13	11
Housing agreements	81	77	72	67
<b>Total interest from other governments</b>	<b>97</b>	<b>90</b>	<b>84</b>	<b>78</b>
<b>Interest from other sources</b>				
Advances	1,207	1,324	1,416	1,470
Deposits	191	120	115	116
Indexation of HELP receivable and other student loans	125	614	959	1,032
Other	2,541	1,704	1,076	920
<b>Total interest from other sources</b>	<b>4,064</b>	<b>3,762</b>	<b>3,566</b>	<b>3,538</b>
<b>Total interest</b>	<b>4,161</b>	<b>3,852</b>	<b>3,651</b>	<b>3,616</b>
<b>Dividends</b>				
Dividends from other public sector entities	3,936	6,309	2,481	3,817
Other dividends	4,268	3,941	4,170	4,420
<b>Total dividends</b>	<b>8,203</b>	<b>10,250</b>	<b>6,651</b>	<b>8,237</b>
<b>Total interest and dividend revenue</b>	<b>12,364</b>	<b>14,102</b>	<b>10,301</b>	<b>11,854</b>

**Note 6: Other sources of non-taxation revenue**

	Estimates			
	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
Industry contributions	181	189	193	195
Royalties	442	407	268	213
Seigniorage	69	39	40	36
Other	11,473	10,056	10,221	9,643
<b>Total other sources of non-taxation revenue</b>	<b>12,165</b>	<b>10,691</b>	<b>10,722</b>	<b>10,087</b>

**Note 7: Employee and superannuation expense**

	Estimates			
	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
<b>Wages and salaries expenses</b>	<b>21,665</b>	<b>21,700</b>	<b>21,472</b>	<b>21,500</b>
<b>Other operating expenses</b>				
Leave and other entitlements	2,921	2,922	2,911	2,939
Separations and redundancies	63	76	66	63
Workers compensation premiums and claims	2,903	2,279	2,318	2,267
Other	2,435	2,482	2,574	2,647
<b>Total other operating expenses</b>	<b>8,322</b>	<b>7,760</b>	<b>7,869</b>	<b>7,915</b>
<b>Superannuation expenses</b>				
Superannuation	12,427	6,222	6,269	6,304
Superannuation interest cost	7,004	11,731	12,063	12,393
<b>Total superannuation expenses</b>	<b>19,431</b>	<b>17,953</b>	<b>18,332</b>	<b>18,697</b>
<b>Total employee and superannuation expense</b>	<b>49,418</b>	<b>47,413</b>	<b>47,673</b>	<b>48,112</b>

**Note 8: Depreciation and amortisation expense**

	Estimates			
	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
<b>Depreciation</b>				
Specialist military equipment	5,062	5,677	5,528	6,285
Buildings	3,768	3,682	3,691	3,744
Other infrastructure, plant and equipment	2,055	2,182	2,161	2,153
Heritage and cultural assets	76	77	76	76
Other	6	6	6	6
<b>Total depreciation(a)</b>	<b>10,967</b>	<b>11,624</b>	<b>11,462</b>	<b>12,264</b>
<b>Total amortisation</b>	<b>1,120</b>	<b>1,181</b>	<b>1,201</b>	<b>1,189</b>
<b>Total depreciation and amortisation expense</b>	<b>12,087</b>	<b>12,805</b>	<b>12,663</b>	<b>13,453</b>
<i>Memorandum:</i>				
<b>Depreciation relating to right of use assets</b>				
Specialist military equipment	31	31	31	31
Buildings	2,218	2,213	2,212	2,146
Other infrastructure, plant and equipment	333	330	341	332
Other	6	6	6	6
<b>Total depreciation of right of use assets</b>	<b>2,588</b>	<b>2,581</b>	<b>2,591</b>	<b>2,516</b>

(a) Includes depreciation of right of use (leased) assets, resulting from implementation of AASB 16.

**Note 9: Supply of goods and services expense**

	Estimates			
	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
Supply of goods and services	48,854	45,351	41,086	40,895
Lease expenses	202	163	152	147
Personal benefits — indirect	93,852	98,450	102,282	106,020
Health care payments	6,020	5,282	5,243	5,346
Other	2,441	2,896	5,061	7,047
<b>Total supply of goods and services expense</b>	<b>151,369</b>	<b>152,141</b>	<b>153,825</b>	<b>159,454</b>



**Note 10: Interest expense**

	Estimates			
	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
<b>Interest on debt</b>				
Government securities(a)	16,943	17,285	17,492	17,711
Loans	2	4	4	5
Other	107	129	133	133
<b>Total interest on debt</b>	<b>17,052</b>	<b>17,417</b>	<b>17,629</b>	<b>17,849</b>
<b>Interest on lease liabilities</b>	<b>356</b>	<b>353</b>	<b>364</b>	<b>365</b>
<b>Other financing costs(b)</b>	<b>3,188</b>	<b>2,052</b>	<b>2,114</b>	<b>2,544</b>
<b>Total interest expense</b>	<b>20,596</b>	<b>19,822</b>	<b>20,107</b>	<b>20,758</b>

(a) Public debt interest estimates are calculated using the contract interest rates incurred on existing Australian Government Securities (AGS), previously referred to as Commonwealth Government Securities, when issued and on technical assumptions, based on prevailing market interest rates across the yield curve, for yields on future AGS issuance.

(b) From 2020-21, the value of Debt Not Expected to be Repaid on initial recognition of income contingent concessional loans is reported as *Other Financing costs* rather than as a valuation adjustment. This change is consistent with Australian Accounting Standards and brings the accounting treatment of income contingent concessional loans into line with other concessional loans.

**Note 11: Current and capital grants expense**

	Estimates			
	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
<b>Current grants expense</b>				
State and territory governments	121,626	126,205	132,638	138,921
Private sector	13,380	11,298	10,964	10,827
Overseas	4,306	3,842	3,937	4,184
Non-profit organisations	5,549	4,886	4,523	4,536
Multi-jurisdictional sector	12,405	11,624	11,279	11,292
Other	3,239	4,181	3,572	3,330
<b>Total current grants expense</b>	<b>160,505</b>	<b>162,035</b>	<b>166,911</b>	<b>173,089</b>
<b>Capital grants expense</b>				
Mutually agreed write-downs	2,286	1,506	1,641	1,674
Other capital grants				
State and territory governments	11,244	14,213	14,770	14,635
Local governments	1,596	1,068	473	452
Non-profit organisations	832	570	465	260
Private sector	96	56	27	5
Other	350	392	238	53
<b>Total capital grants expense</b>	<b>16,405</b>	<b>17,806</b>	<b>17,612</b>	<b>17,079</b>
<b>Total grants expense</b>	<b>176,910</b>	<b>179,841</b>	<b>184,523</b>	<b>190,168</b>

**Note 12: Personal benefits expense**

	Estimates			
	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
Social welfare — assistance to the aged	54,242	51,612	53,357	55,269
Assistance to veterans and dependants	4,947	4,455	4,177	4,009
Assistance to people with disabilities	28,623	27,154	27,562	28,673
Assistance to families with children	31,585	27,933	27,910	28,360
Assistance to the unemployed	36,300	17,316	14,143	13,074
Student assistance	4,438	2,804	2,603	2,546
Other welfare programs	1,115	1,032	1,058	1,075
Financial and fiscal affairs	736	413	442	475
Vocational and industry training	62	72	65	72
Other	6,175	8,583	11,394	15,390
<b>Total personal benefits expense</b>	<b>168,222</b>	<b>141,374</b>	<b>142,711</b>	<b>148,943</b>

**Note 13: Advances paid and other receivables**

	Estimates			
	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
<b>Advances paid</b>				
Loans to state and territory governments	2,221	2,062	1,921	1,773
Student loans	54,217	55,402	56,112	56,106
Other	31,239	32,184	32,935	15,303
less Impairment allowance	307	304	296	290
<b>Total advances paid</b>	<b>87,370</b>	<b>89,344</b>	<b>90,672</b>	<b>72,893</b>
<b>Other receivables</b>				
Goods and services receivable	1,496	1,476	1,533	1,525
Recoveries of benefit payments	4,604	4,486	4,311	4,206
Taxes receivable	37,499	40,122	42,351	44,539
Prepayments	3,582	3,791	4,021	4,273
Other	23,313	26,523	23,090	25,228
less Impairment allowance	2,844	2,778	2,743	2,749
<b>Total other receivables</b>	<b>67,649</b>	<b>73,620</b>	<b>72,563</b>	<b>77,022</b>

**Note 14: Investments, loans and placements**

	Estimates			
	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
Investments — deposits	29,772	53,397	23,462	42,506
IMF quota	12,910	12,902	12,976	13,082
Other	161,657	172,184	183,085	190,434
<b>Total investments, loans and placements</b>	<b>204,339</b>	<b>238,483</b>	<b>219,523</b>	<b>246,021</b>

**Note 15: Non-financial assets**

	Estimates			
	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
<b>Land and buildings</b>				
Land	11,743	11,758	11,825	11,794
Buildings	43,671	44,795	47,150	49,180
<b>Total land and buildings</b>	<b>55,414</b>	<b>56,552</b>	<b>58,975</b>	<b>60,974</b>
<b>Plant, equipment and infrastructure</b>				
Specialist military equipment	76,053	81,469	88,470	96,657
Other plant, equipment and infrastructure	17,901	19,809	19,928	19,356
<b>Total plant, equipment and infrastructure</b>	<b>93,954</b>	<b>101,278</b>	<b>108,398</b>	<b>116,012</b>
<b>Inventories</b>				
Inventories held for sale	1,025	931	921	919
Inventories not held for sale	10,789	10,802	10,885	10,926
<b>Total inventories</b>	<b>11,814</b>	<b>11,733</b>	<b>11,806</b>	<b>11,845</b>
<b>Intangibles</b>				
Computer software	5,569	6,103	6,421	6,643
Other	4,576	4,818	5,062	5,314
<b>Total intangibles</b>	<b>10,145</b>	<b>10,922</b>	<b>11,483</b>	<b>11,958</b>
<b>Total investment properties</b>	<b>218</b>	<b>218</b>	<b>218</b>	<b>218</b>
<b>Total biological assets</b>	<b>28</b>	<b>16</b>	<b>16</b>	<b>16</b>
<b>Total heritage and cultural assets</b>	<b>11,992</b>	<b>11,981</b>	<b>11,978</b>	<b>11,969</b>
<b>Total assets held for sale</b>	<b>241</b>	<b>241</b>	<b>241</b>	<b>241</b>
<b>Total other non-financial assets</b>	<b>34</b>	<b>34</b>	<b>34</b>	<b>34</b>
<b>Total non-financial assets(a)</b>	<b>183,840</b>	<b>192,975</b>	<b>203,149</b>	<b>213,267</b>
<i>Memorandum:</i>				
<b>Total relating to right of use assets</b>				
Land	156	152	149	144
Buildings	16,505	16,064	16,246	15,880
Specialist military equipment	260	228	197	165
Other plant, equipment and infrastructure	1,553	2,761	2,680	2,550
<b>Total right of use assets</b>	<b>18,474</b>	<b>19,205</b>	<b>19,271</b>	<b>18,738</b>

(a) Include right of use (leased) assets, resulting from implementation of AASB 16.

**Note 16: Loans**

	Estimates			
	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
Promissory notes	10,255	10,255	10,255	10,255
Special drawing rights	6,056	6,053	6,087	6,137
Other	464	477	442	409
<b>Total loans</b>	<b>16,775</b>	<b>16,784</b>	<b>16,784</b>	<b>16,801</b>

**Note 17: Employee and superannuation liabilities**

	Estimates			
	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
<b>Total superannuation liability(a)</b>	<b>236,687</b>	<b>243,403</b>	<b>250,134</b>	<b>256,767</b>
<b>Other employee liabilities</b>				
Leave and other entitlements	9,573	9,657	9,790	9,931
Accrued salaries and wages	479	535	574	623
Workers compensation claims	1,918	1,828	1,749	1,678
Military compensation	20,428	21,078	21,753	22,438
Other	700	711	721	732
<b>Total other employee liabilities</b>	<b>33,099</b>	<b>33,810</b>	<b>34,586</b>	<b>35,402</b>
<b>Total employee and superannuation liabilities</b>	<b>269,785</b>	<b>277,213</b>	<b>284,720</b>	<b>292,168</b>

(a) For budget reporting purposes, a discount rate of 5 per cent determined by actuaries in preparing the 2017 Long Term Cost Reports is used to value the superannuation liability. This reflects the average annual rate estimated to apply over the term of the liability and it reduces the volatility in reported liabilities that would occur from year to year if the spot rates on long-term government bonds were used. Consistent with AAS, the superannuation liability for the 2019-20 Final Budget Outcome (FBO) was calculated using the spot rates on long-term government bonds as at 30 June 2020 that best matched each individual scheme's liability duration. These rates were between 1.0 and 1.7 per cent per annum.

**Note 18: Provisions and payables**

	Estimates			
	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
<b>Suppliers payables</b>				
Trade creditors	5,952	6,245	6,553	6,771
Lease rental payable	10	10	12	12
Personal benefits payables — indirect	1,839	2,262	2,321	2,234
Other creditors	627	624	631	635
<b>Total suppliers payables</b>	<b>8,428</b>	<b>9,141</b>	<b>9,517</b>	<b>9,652</b>
<b>Total personal benefits payables — direct</b>	<b>3,105</b>	<b>3,021</b>	<b>2,939</b>	<b>3,575</b>
<b>Total subsidies payable</b>	<b>1,000</b>	<b>1,396</b>	<b>1,420</b>	<b>1,448</b>
<b>Grants payables</b>				
State and territory governments	33	23	19	16
Non-profit organisations	162	161	159	158
Private sector	450	451	451	451
Overseas	2,011	1,682	1,420	1,652
Local governments	8	8	8	8
Other	1,309	1,319	1,321	1,317
<b>Total grants payables</b>	<b>3,972</b>	<b>3,643</b>	<b>3,378</b>	<b>3,602</b>
<b>Total other payables</b>	<b>2,687</b>	<b>2,691</b>	<b>2,726</b>	<b>2,720</b>
<b>Provisions</b>				
Provisions for tax refunds	3,095	3,095	3,095	3,095
Grants provisions	7,830	6,575	6,141	5,767
Personal benefits provisions — direct	8,022	8,045	8,168	8,296
Personal benefits provisions — indirect	3,272	3,545	3,721	3,787
Provisions for subsidies	5,129	4,552	4,566	4,762
Other	24,713	26,005	26,991	28,393
<b>Total provisions</b>	<b>52,061</b>	<b>51,817</b>	<b>52,682</b>	<b>54,100</b>

**Note 19: Reconciliation of cash**

	Estimates			
	2020-21	2021-22	2022-23	2023-24
	\$m	\$m	\$m	\$m
<b>Net Operating balance (revenues less expenses)</b>	<b>-185,185</b>	<b>-98,164</b>	<b>-80,950</b>	<b>-57,139</b>
<i>less</i> Revenues not providing cash				
Other	1,533	1,766	1,639	1,299
<b>Total revenues not providing cash</b>	<b>1,533</b>	<b>1,766</b>	<b>1,639</b>	<b>1,299</b>
<i>plus</i> Expenses not requiring cash				
Increase/(decrease) in employee entitlements	9,745	7,639	7,745	7,700
Depreciation/amortisation expense	12,087	12,805	12,663	13,453
Mutually agreed write-downs	2,286	1,506	1,641	1,674
Other	3,296	2,170	2,846	2,611
<b>Total expenses not requiring cash</b>	<b>27,415</b>	<b>24,120</b>	<b>24,895</b>	<b>25,438</b>
<i>plus</i> Cash provided/(used) by working capital items				
Decrease/(increase) in inventories	-2,186	-265	-458	-482
Decrease/(increase) in receivables	797	-11,240	-4,670	-9,896
Decrease/(increase) in other financial assets	-1,625	-778	-293	-744
Decrease/(increase) in other non-financial assets	1,019	-290	-311	-331
Increase/(decrease) in benefits, subsidies and grants payable	-18,834	-1,002	-258	581
Increase/(decrease) in suppliers' liabilities	84	354	409	259
Increase/(decrease) in other provisions and payables	1,631	1,270	985	1,344
<b>Net cash provided/(used) by working capital</b>	<b>-19,114</b>	<b>-11,951</b>	<b>-4,596</b>	<b>-9,269</b>
<i>equals</i> (Net cash from/(to) operating activities)	-178,419	-87,761	-62,292	-42,268
<i>plus</i> (Net cash from/(to) investing activities)	4,473	-57,079	-6,606	-35,290
<b>Net cash from operating activities and investment</b>	<b>-173,945</b>	<b>-144,840</b>	<b>-68,899</b>	<b>-77,558</b>
<i>plus</i> (Net cash from/(to) financing activities)	170,607	143,897	69,062	79,820
<b>equals Net increase/(decrease) in cash</b>	<b>-3,338</b>	<b>-943</b>	<b>164</b>	<b>2,263</b>
<b>Cash at the beginning of the year</b>	<b>9,453</b>	<b>6,115</b>	<b>5,172</b>	<b>5,336</b>
Net increase/(decrease) in cash	-3,338	-943	164	2,263
<b>Cash at the end of the year</b>	<b>6,115</b>	<b>5,172</b>	<b>5,336</b>	<b>7,598</b>

## Financial reporting standards and budget concepts

The MYEFO primarily focuses on the financial performance and position of the general government sector (GGS). The GGS provides public services that are mainly non-market in nature and for the collective consumption of the community, or involve the transfer or redistribution of income. These services are largely financed through taxes and other compulsory levies. AASB 1049 recognises the GGS as a reporting entity.

### AASB 1049 Conceptual framework

AASB 1049 seeks to 'harmonise' the ABS GFS and AAS.

The reporting framework for AASB 1049 requires the preparation of accrual-based general purpose financial reports, showing government assets, liabilities, revenue, expenses and cash flows. GGS reporting under AASB 1049 aims to provide users with information about the stewardship of each government in relation to its GGS and accountability for the resources entrusted to it; information about the financial position, performance and cash flows of each government's GGS; and information that facilitates assessments of the macroeconomic impact. AASB 1049 also provides a basis for whole-of-government reporting including for the PNFC and PFC sectors.

AASB 1049 has adopted the AAS conceptual framework and principles for the recognition of assets, liabilities, revenues and expenses and their presentation, measurement and disclosure. In addition, AASB 1049 has broadly adopted the ABS GFS conceptual framework for presenting government financial statements. In particular, AASB 1049 requires the GGS to prepare a separate set of financial statements, overriding AASB 10 *Consolidated Financial Statements*. AASB 1049 also follows the ABS GFS by requiring changes in net worth to be split into either transactions or 'other economic flows' and for this to be presented in a single operating statement. AASB 1049 is therefore broadly consistent with international statistical standards and the International Monetary Fund's (IMF) *Government Finance Statistics Manual 2014*.<sup>3</sup>

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3 Additional information on the Australian accrual GFS framework is available in the ABS publication *Australian System of Government Finance Statistics: Concepts, Sources and Methods, 2015* (cat. no. 5514.0).

All financial data presented in the financial statements are recorded as either stocks (assets and liabilities) or flows (classified as either transactions or 'other economic flows'). Transactions result from a mutually agreed interaction between economic entities. Despite their compulsory nature, taxes are transactions deemed to occur by mutual agreement between the government and the taxpayer. Transactions that increase or decrease net worth (assets less liabilities) are reported as revenues and expenses respectively in the operating statement.<sup>4</sup>

A change to the value or volume of an asset or liability that does not result from a transaction is an 'other economic flow'. This can include changes in values from market prices, most actuarial valuations and exchange rates, and changes in volumes from discoveries, depletion and destruction. All 'other economic flows' are reported in the operating statement.

Consistent with the ABS GFS framework, and in general AAS, the financial statements record flows in the period in which they occur. As a result, prior period outcomes may be revised for classification changes relating to information that could reasonably have been expected to be known in the past, is material in at least one of the affected periods and can be reliably assigned to the relevant period(s).

### **Operating statement**

The operating statement presents details of transactions in revenues, expenses, the net acquisition of non-financial assets (net capital investment) and other economic flows for an accounting period.

Revenues arise from transactions that increase net worth and expenses arise from transactions that decrease net worth. Revenues less expenses gives the net operating balance. The net operating balance is similar to the National Accounts concept of government saving plus capital transfers.

The net acquisition of non-financial assets (net capital investment) equals gross fixed capital formation, less depreciation, plus changes (investment) in inventories, plus other transactions in non-financial assets.

'Other economic flows' are presented in the operating statement and outline changes in net worth that are driven by economic flows other than revenues and expenses. Revenues, expenses and 'other economic flows' sum to the total change in net worth during a period. The majority of 'other economic flows' for the Australian Government GGS arise from price movements in its assets and liabilities.

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<sup>4</sup> Not all transactions impact net worth. For example, transactions in financial assets and liabilities do not impact net worth as they represent the swapping of assets and liabilities on the balance sheet.



### **Net operating balance**

The net operating balance is the excess of revenue from transactions over expenses from transactions. The net operating balance excludes expenditure on the acquisition of capital assets, but includes non-cash costs such as accruing superannuation entitlements and the consumption of capital (depreciation). By including all accruing costs, including depreciation, the net operating balance encompasses the full current cost of providing government services. This makes it a measure of the sustainability of the government's fiscal position over time and provides an indication of the sustainability of the existing level of government services.

The net operating balance is a flow measure on the operating statement.

### **Fiscal balance**

The fiscal balance (or net lending/borrowing) is the net operating balance less net capital investment. Thus, the fiscal balance includes the impact of net expenditure (effectively purchases less sales) on non-financial assets rather than consumption (depreciation) of non-financial assets.<sup>5</sup>

The fiscal balance measures the Australian Government's investment-saving balance. It measures in accrual terms the gap between government savings plus net capital transfers, and investment in non-financial assets. As such, it approximates the contribution of the Australian Government GGS to the balance on the current account in the balance of payments.

### **Balance sheet**

The balance sheet shows stocks of assets, liabilities and net worth. In accordance with the UPF, net debt, net financial worth and net financial liabilities are also reported in the balance sheet.

### **Net worth**

The net worth of the GGS, PNFC and PFC sectors is defined as assets less liabilities. This differs from the ABS GFS definition for the PNFC and PFC sectors, where net worth is defined as assets less liabilities less shares and other contributed capital. Net worth is an economic measure of wealth, reflecting the Australian Government's contribution to the wealth of Australia.

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5 The net operating balance includes consumption of non-financial assets because depreciation is an expense. Depreciation is deducted in the calculation of net capital investments as the full investment in non-financial assets is included in the calculation of fiscal balance.

### **Net financial worth**

Net financial worth measures a government's net holdings of financial assets. It is calculated from the balance sheet as financial assets minus liabilities. This differs from the ABS GFS definition of net financial worth for the PNFC and PFC sectors, defined as financial assets, less liabilities, less shares and other contributed capital. Net financial worth is a broader measure than net debt, in that it incorporates provisions made (such as superannuation) as well as holdings of equity. Net financial worth includes all classes of financial assets and all liabilities, only some of which are included in net debt. As non-financial assets are excluded from net financial worth, this is a narrower measure than net worth. However, it avoids the concerns inherent with the net worth measure relating to the valuation of non-financial assets and their availability to offset liabilities.

### **Net financial liabilities**

Net financial liabilities comprises total liabilities less financial assets but excludes equity investments in the other sectors of the jurisdiction. Net financial liabilities is a more accurate indicator than net debt of a jurisdiction's fiscal position as it includes substantial non-debt liabilities such as accrued superannuation and long service leave entitlements. Excluding the net worth of other sectors in government results in a purer measure of financial worth than net financial worth, as, in general, the net worth of other sectors of government, in particular the PNFC sector, is backed up by physical assets.

### **Net debt**

Net debt is the sum of interest bearing liabilities less the sum of selected financial assets (cash and deposits, advances paid, and investments, loans and placements). Financial assets include the Future Fund's investments in interest bearing securities and collective investment vehicles (CIVs). CIVs enable investors to pool their money and invest the pooled funds, rather than buying securities directly. Net debt does not include superannuation related liabilities. Net debt is a common measure of the strength of a government's financial position. High levels of net debt impose a call on future revenue flows to service that debt.

The 2015 ABS GFS Manual presents debt in a matrix format, with no single net debt aggregate identified. The Australian Government continues to report net debt in accordance with the UPF as described above.

## Cash flow statement

The cash flow statement identifies how cash is generated and applied in a single accounting period. The cash flow statement reflects a cash basis of recording (rather than an accrual basis) where information is derived indirectly from underlying accrual transactions and movements in balances. This, in effect, means that transactions are captured when cash is received or when cash payments are made. Cash transactions are specifically identified because cash management is considered an integral function of accrual budgeting.

## Underlying cash balance

The underlying cash balance is the cash counterpart of the fiscal balance, reflecting the Australian Government's cash investment-saving balance.

For the GGS, the underlying cash balance is calculated as shown below:

Net cash flows from operating activities  
*plus*  
Net cash flows from investments in non-financial assets  
*equals*  
ABS GFS cash surplus/deficit  
*plus*  
Net cash flows from financing activities for leases  
*equals*  
Underlying cash balance

Under the *Future Fund Act 2006*, earnings are required to be reinvested to meet the Government's future public sector superannuation liabilities. The Government excluded net Future Fund cash earnings from the calculation of the underlying cash balance between 2005-06 and 2019-20. From 2020-21 onwards, net Future Fund cash earnings are included in the calculation of the underlying cash balance because the Future Fund becomes available to meet the Government's superannuation liabilities from that year.

In contrast, net Future Fund earnings have been included in the net operating balance and fiscal balance for all years because superannuation expenses relating to future cash payments are recorded in the net operating balance and fiscal balance.

Net Future Fund earnings are separately identified in the historical tables in Appendix D: *Historical Australian Government Data*.

### Headline cash balance

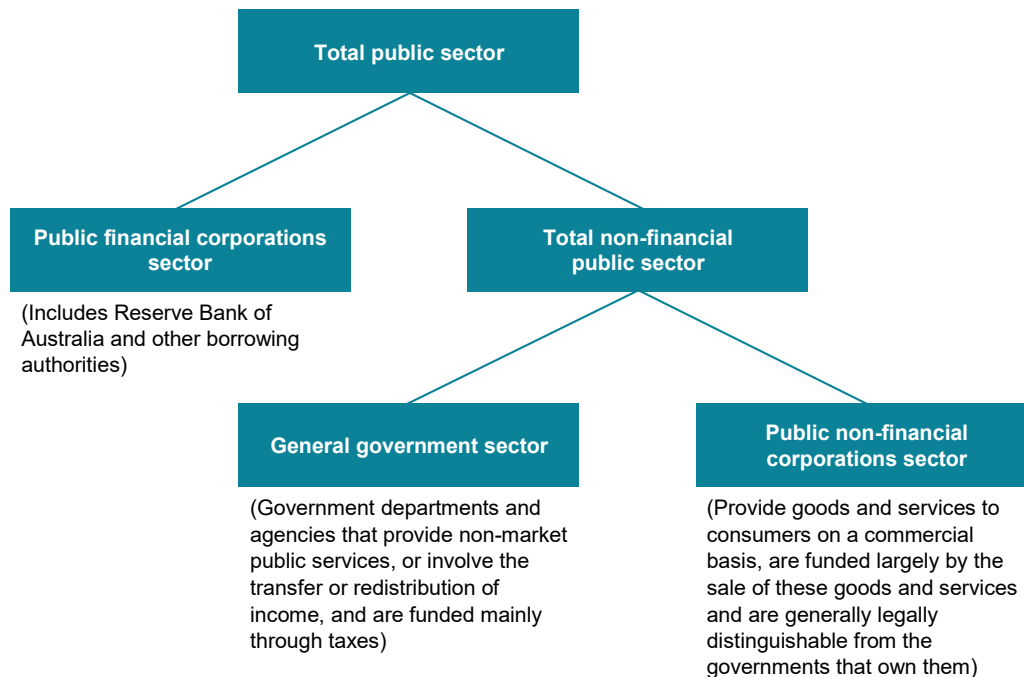
The headline cash balance is calculated by adding net cash flows from investments in financial assets for policy purposes to the underlying cash balance.

Net cash flows from investments in financial assets for policy purposes include equity transactions and advances paid. Equity transactions include equity injections into controlled businesses and privatisations of government businesses. Advances paid include net loans to the states and net loans to students.

### Sectoral classifications

To assist in analysing the public sector, data are presented by institutional sector as shown in Figure 6.1. ABS GFS defines the GGS, PNFC and PFC sectors. AASB 1049 has also adopted this sectoral reporting.

**Figure 6.1: Institutional structure of the public sector**



All entities are classified as GGS entities except for the following list of portfolio entities that are classified as PFC or PNFC (Table 6.14).

A table which provides a full list of public sector principal entities under the current portfolio structure is available on the Department of Finance website at: <https://www.finance.gov.au/government/managing-commonwealth-resources/structure-australian-government-public-sector/pgpa-act-flipchart-list>.

**Table 6.14: Entities outside of the general government sector — 2020-21**

<b>Public financial corporations</b>
Attorney-General's Portfolio
<ul style="list-style-type: none"> <li>• Coal Mining Industry (Long Service Leave Funding) Corporation</li> </ul>
Foreign Affairs and Trade Portfolio
<ul style="list-style-type: none"> <li>• Export Finance and Insurance Corporation (also referred to as Export Finance Australia)</li> </ul>
Industry, Science, Energy and Resources Portfolio
<ul style="list-style-type: none"> <li>• CSIRO FollowOn Services Pty Ltd</li> <li>• CSIRO FollowOn Services 2 Pty Ltd</li> <li>• CSIRO General Partner Pty Ltd</li> <li>• CSIRO General Partner 2 Pty Ltd</li> <li>• CSIROGP Fund 2 Pty Ltd</li> </ul>
Treasury Portfolio
<ul style="list-style-type: none"> <li>• Australian Reinsurance Pool Corporation</li> <li>• National Housing Finance and Investment Corporation*</li> <li>• Reserve Bank of Australia</li> </ul>
<b>Public non-financial corporations</b>
Industry, Science, Energy and Resources Portfolio
<ul style="list-style-type: none"> <li>• ANSTO Nuclear Medicine Pty Ltd</li> <li>• Snowy Hydro Limited</li> </ul>
Infrastructure, Transport, Regional Development and Communications Portfolio
<ul style="list-style-type: none"> <li>• Airservices Australia</li> <li>• Australian Postal Corporation (Australia Post)</li> <li>• Australian Rail Track Corporation Limited</li> <li>• Moorebank Intermodal Company Limited</li> <li>• nbn Co Ltd</li> <li>• WSA Co Ltd</li> </ul>
Finance Portfolio
<ul style="list-style-type: none"> <li>• ASC Pty Ltd</li> <li>• Australian Naval Infrastructure Pty Ltd</li> </ul>

**Table 6.14: Entities outside of the general government sector — 2020-21  
(continued)**

<b>Public non-financial corporations (continued)</b>
Social Services Portfolio
• Australian Hearing Services (Hearing Australia)
Prime Minister and Cabinet Portfolio
• Voyages Indigenous Tourism Australia Pty Ltd

\* The National Housing Finance and Investment Corporation (NHFIC), a corporate Commonwealth entity, operates an affordable housing bond aggregator to encourage greater private and institutional investment and provide cheaper and longer-term finance to registered providers of affordable housing. The NHFIC bond aggregator is a PFC. NHFIC also administers the National Housing Infrastructure Facility (the Facility). The Facility is included in the GGS.

# Appendix A: Policy decisions taken since the 2020-21 Budget

## Receipt Measures

**Table 1: Receipt measures since the 2020-21 Budget<sup>(a)</sup>**

	2020-21	2021-22	2022-23	2023-24
	\$m	\$m	\$m	\$m
<b>AGRICULTURE, WATER AND THE ENVIRONMENT</b>				
<i>Department of Agriculture, Water and the Environment</i>				
Primary Industries — changes to agricultural production levy(b)	-	-	-	-
<b>Portfolio total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EDUCATION, SKILLS AND EMPLOYMENT</b>				
<i>Department of Education, Skills and Employment</i>				
JobMaker Plan — higher education — further amendments(b)	-	-	..	..
<b>Portfolio total</b>	<b>-</b>	<b>-</b>	<b>..</b>	<b>..</b>
<b>FOREIGN AFFAIRS AND TRADE</b>				
<i>Export Finance and Insurance Corporation</i>				
Australian Infrastructure Financing Facility for the Pacific — support for the Republic of Palau(b)	nfp	nfp	nfp	nfp
<b>Portfolio total</b>	<b>nfp</b>	<b>nfp</b>	<b>nfp</b>	<b>nfp</b>
<b>HEALTH</b>				
<i>Department of Health</i>				
COVID-19 Response Package — quarantine arrangements in the Northern Territory and Tasmania for people returning from overseas(b)	10.6	-	-	-
Guaranteeing Medicare — improving access to appropriate services(b)	-	-	-	-
Improving Access to Medicines — Pharmaceutical Benefits Scheme — new and amended listings(b)	nfp	nfp	nfp	nfp
<b>Portfolio total</b>	<b>10.6</b>	<b>nfp</b>	<b>nfp</b>	<b>nfp</b>

Appendix A: Policy decisions taken since the 2020-21 Budget

**Table 1: Receipt measures since the 2020-21 Budget<sup>(a)</sup> (continued)**

	2020-21	2021-22	2022-23	2023-24
	\$m	\$m	\$m	\$m
<b>HOME AFFAIRS</b>				
<i>Department of Home Affairs</i>				
COVID-19 Response Package — waiving import duty on certain medical and hygiene products	-3.8	-	-	-
Customs duty exemption for F-35A Lightning II Joint Strike Fighter Program	-0.4	-1.8	-2.2	-2.3
Regional Comprehensive Economic Partnership Agreement	-	-	-	-
<b>Portfolio total</b>	<b>-4.2</b>	<b>-1.8</b>	<b>-2.2</b>	<b>-2.3</b>
<b>INDUSTRY, SCIENCE, ENERGY AND RESOURCES</b>				
<i>Department of Industry, Science, Energy and Resources</i>				
Northern Australia Infrastructure Facility — expansion(b)	-	-1.0	-1.0	-2.2
<i>Geoscience Australia</i>				
Satellite Based Augmentation System(b)	nfp	nfp	nfp	nfp
<b>Portfolio total</b>	<b>nfp</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-2.2</b>
<b>INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS</b>				
<i>Department of Infrastructure, Transport, Regional Development and Communications</i>				
NBN Co Limited — refinancing the Commonwealth loan	nfp	nfp	nfp	nfp
<b>Portfolio total</b>	<b>nfp</b>	<b>nfp</b>	<b>nfp</b>	<b>nfp</b>
<b>TREASURY</b>				
<i>Australian Securities and Investments Commission</i>				
North Queensland Home Insurance Comparison Website — continuation(b)	nfp	nfp	nfp	nfp
<i>Australian Taxation Office</i>				
Alcohol Taxation — automatic remission of excise duty for alcohol manufacturers	-	-1.2	..	..
Changes to foreign investment monetary thresholds and fees	..	..	..	..



**Table 1: Receipt measures since the 2020-21 Budget<sup>(a)</sup> (continued)**

	2020-21	2021-22	2022-23	2023-24
	\$m	\$m	\$m	\$m
<b>TREASURY (continued)</b>				
COVID-19 Response Package — Extend Coronavirus Supplement and Temporary Access and Eligibility(b)	-	18.0	-	-
COVID-19 Response Package — further updates to making Victoria's business support grants non-assessable, non-exempt income for tax purposes	-	-	-	-
JobMaker Plan — temporary full expensing — expansion of eligibility and minor amendments	..	-20.0	-30.0	10.0
Miscellaneous Amendments — ongoing care and maintenance of Treasury portfolio legislation	*	*	*	*
Philanthropy — changes to the governance standards for charities(b)	-	*	*	*
Philanthropy — incentivising charities to join the National Redress Scheme for Institutional Child Sexual Abuse(b)	*	*	*	*
Superannuation — amendments to commutation rules for certain income stream products	-	-	-	-
<i>Department of the Treasury</i>				
COVID-19 Response Package — support for Indonesia(b)	10.6	20.2	18.9	17.6
Financial Assistance to Papua New Guinea(b)	3.9	7.4	6.9	6.4
<b>Portfolio total</b>	<b>14.5</b>	<b>24.4</b>	<b>-4.2</b>	<b>34.0</b>
<b>Decisions taken but not yet announced(c)</b>	<b>-126.0</b>	<b>-451.6</b>	<b>-641.5</b>	<b>-636.2</b>
<b>Total impact of receipt measures(d)</b>	<b>-105.2</b>	<b>-430.0</b>	<b>-648.9</b>	<b>-606.6</b>

\* The nature of the measure is such that a reliable estimate cannot be provided.

.. Not zero, but rounded to zero.

- Nil.

nfp not for publication.

(a) A minus sign before an estimate indicates a reduction in receipts, no sign before an estimate indicates a gain in receipts.

(b) These measures can also be found in the payment measures summary table.

(c) Includes the impact of measures that are not for publication (nfp).

(d) Measures may not add due to rounding.

## Agriculture, Water and the Environment

### Primary Industries — changes to agricultural production levy

Receipts (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Agriculture, Water and the Environment	-	-	-	-
<i>Related payments (\$m)</i>				
<i>Department of Agriculture, Water and the Environment</i>	-	-	-	-

The Government is making changes from 1 April 2021 to the cherries levy and export charge, at the request of Cherry Growers Australia, to reflect the industry's funding needs while not increasing the overall levy rate of 7 cents per kilogram.

The components of the cherries levy and export charge that will increase are the research and development component (from 3.97 cents to 5 cents per kilogram), the Plant Health Australia component (from 0.03 cents to 0.3 cents per kilogram), and the Emergency Plant Pest Response component (from nil to 0.7 cents per kilogram as the industry's contribution to several pest responses initially underwritten by the Government). There will be a corresponding decrease in the marketing component of the levy (from 3 cents to 1 cent per kilogram).

This measure is estimated to have no net impact on the underlying cash balance over the forward estimates period.

## Home Affairs

### COVID-19 Response Package — waiving import duty on certain medical and hygiene products

Receipts (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Home Affairs	-3.8	-	-	-

The Government has extended the free rate of customs duty for certain hygiene or medical products imported to treat, diagnose or prevent the spread of COVID-19 to cover the period 1 January 2021 to 30 June 2021. Affected product types include face masks, gloves, disinfectant preparations (excluding hand sanitiser), soaps, COVID-19 test kits and reagents, and viral transport media.

This measure is estimated to decrease receipts by \$3.8 million over the forward estimates period.

### Customs duty exemption for F-35A Lightning II Joint Strike Fighter Program

Receipts (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Home Affairs	-0.4	-1.8	-2.2	-2.3

The Government will amend Schedule 4 of the *Customs Tariff Act 1995* in order to achieve tax neutrality for the F-35 Joint Strike Fighter Program (F-35 Program).

Under the terms of the *Memorandum of Understanding concerning the Production, Sustainment and Follow-on Development of the Joint Strike Fighter* (MoU) entered into for the F-35 Program, all participating countries agreed to achieve tax neutrality.

Participating countries include Australia, the United States, the United Kingdom, Italy, the Netherlands, Canada, Denmark and Norway.

Currently, only some goods imported into Australia for use in the F-35 Program qualify for a customs duty exemption. This measure will ensure all goods imported for use in the F-35 Program qualify for a customs duty exemption, allowing Australia to fulfil its obligations under the MoU.

This measure is estimated to decrease receipts by \$6.7 million over the forward estimates period.

*Appendix A: Policy decisions taken since the 2020-21 Budget*

**Regional Comprehensive Economic Partnership Agreement**

Receipts (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Home Affairs	-	-	-	-

On 15 November 2020, the governments of Australia and 14 other Indo-Pacific countries signed the Regional Comprehensive Economic Partnership (RCEP) Agreement. RCEP is a regional free trade agreement that will complement and build upon Australia's existing free trade agreements with these countries. It is a modern and comprehensive free trade agreement covering trade in goods, trade in services, investment, economic and technical cooperation, and includes new rules for electronic commerce, intellectual property, government procurement, competition, and small and medium-sized enterprises.

RCEP is the world's largest free trade agreement and will improve export opportunities for Australian farmers and businesses, especially in the services sector.

This measure is estimated to have no impact on receipts over the forward estimates period.

Further information can be found in the joint press release of 15 November 2020 issued by the Prime Minister and the Minister for Trade, Tourism and Investment.

## Infrastructure, Transport, Regional Development and Communications

### NBN Co Limited — refinancing the Commonwealth loan

Receipts (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Infrastructure, Transport, Regional Development and Communications	nfp	nfp	nfp	nfp

The Government has amended the existing \$19.5 billion Commonwealth Loan Agreement with NBN Co Limited (NBN Co) to allow NBN Co to access private debt markets to finance repayment of the Commonwealth Loan by 30 June 2024 and to execute the additional investment outlined in *NBN Co's Corporate Plan 2021*.

The financial implications of this measure are not for publication (nfp) due to commercial sensitivities.

Further information can be found in *NBN Co's Corporate Plan 2021* released on 23 September 2020.

## Treasury

### Alcohol Taxation — automatic remission of excise duty for alcohol manufacturers

Receipts (\$m)	2020-21	2021-22	2022-23	2023-24
Australian Taxation Office	-	-1.2	..	..

The Government will reduce red tape for eligible alcohol manufacturers by enabling them to immediately receive the 60 per cent excise duty remission upon lodgement of their excise returns, from 1 July 2021. The current excise refund scheme for alcohol manufacturers requires alcohol manufacturers to pay the full amount of excise before claiming a 60 per cent refund up to a cap of \$100,000 per year. This change to the refund scheme will reduce administrative overheads and address cash flow concerns for alcohol manufacturers.

This measure is estimated to decrease receipts by \$1.2 million over the forward estimates period.

### Changes to foreign investment monetary thresholds and fees

Receipts (\$m)	2020-21	2021-22	2022-23	2023-24
Australian Taxation Office	..	..	..	..

The Government will remove from 1 January 2021 the temporary \$0 foreign investment monetary screening thresholds introduced in response to COVID-19 and make minor adjustments to the fee framework for foreign investment applications which will commence on 1 January 2021.

This measure builds on the *July 2020 Economic and Fiscal Update* measures titled *COVID-19 Response Package – Treasury* and *Reforming Australia’s Foreign Investment Framework* and the 2020-21 Budget measure titled *Strengthening Australia’s Foreign Investment Framework*.

This measure is estimated to have a negligible impact on receipts over the forward estimates period.

**COVID-19 Response Package — further updates to making Victoria’s business support grants non-assessable, non-exempt income for tax purposes**

Receipts (\$m)	2020-21	2021-22	2022-23	2023-24
Australian Taxation Office	-	-	-	-

Further to the 2020-21 Budget measure *COVID-19 Response Package – making Victoria’s business support grants non-assessable, non-exempt income for tax purposes*, non-assessable non-exempt tax treatment will apply to businesses with an annual turnover below \$50 million. Recognising that the proposed tax treatment will only be provided in exceptional circumstances, eligibility will be limited to grant programs directed at supporting businesses who are the subject of a public health directive applying to a geographical area in which the businesses operate and whose operations have been significantly disrupted as a result of the public health directive.

Consistent with this, the Government has made grants provided under the \$30 million small and medium business component of Victoria’s Melbourne City Recovery Fund program, announced on 14 September 2020, eligible for this income tax treatment.

This measure is estimated to have no impact on receipts over the forward estimates period.

**JobMaker Plan — temporary full expensing — expansion of eligibility and minor amendments**

Receipts (\$m)	2020-21	2021-22	2022-23	2023-24
Australian Taxation Office	..	-20.0	-30.0	10.0

The Government will support business investment and economic recovery by expanding eligibility for the 2020-21 Budget measure *JobMaker Plan – temporary full expensing to support investment and jobs*.

Under the original measure, temporary full expensing is available for businesses with aggregated annual turnover of less than \$5 billion. The Government will introduce an alternative eligibility test to allow businesses with less than \$5 billion in statutory and ordinary income (excluding non-assessable, non-exempt income) in either the 2018-19 or 2019-20 income year (provided the income year ends on or before 6 October 2020), and that have invested more than \$100 million in tangible depreciating assets in the period 2016-17 to 2018-19 to also qualify. These businesses will be able to deduct the full cost of eligible tangible depreciable assets acquired from 7:30pm AEDT on 6 October 2020 and first used or installed ready for use by 30 June 2022. Businesses that qualify under the existing \$5 billion aggregated annual turnover test will not be required to apply the alternative test.

*Appendix A: Policy decisions taken since the 2020-21 Budget*

Businesses will also be allowed to opt-out of temporary full expensing and the Backing Business Investment incentive on an asset-by-asset basis. This will provide greater flexibility in accessing the incentives to encourage businesses to bring forward investment.

To ensure integrity of the measure, the Government will introduce a balancing adjustment to prevent the tax benefit of temporary full expensing from being retained if an asset is no longer being used primarily for business purposes, or moved out of Australia.

This measure is estimated to decrease receipts by \$40.0 million over the forward estimates period and \$10.0 million over the medium term.

Further information can be found in the press release of 23 November 2020 issued by the Treasurer.

**Miscellaneous Amendments — ongoing care and maintenance of Treasury portfolio legislation**

Receipts (\$m)	2020-21	2021-22	2022-23	2023-24
Australian Taxation Office	*	*	*	*

The Government will make a series of minor amendments to Treasury portfolio legislation that clarify the law to ensure it operates in accordance with the policy intent, make minor policy changes to improve administrative outcomes, and correct technical or drafting defects. These changes are part of the Government's ongoing commitment to the care and maintenance of Treasury portfolio laws.

Further information can be found in the explanatory memorandum to the Treasury Laws Amendment (2020 Measures No. 6) Bill 2020.

This measure is estimated to have an unquantifiable impact on receipts over the forward estimates period.



**Philanthropy — changes to the governance standards for charities**

Receipts (\$m)	2020-21	2021-22	2022-23	2023-24
Australian Taxation Office	-	*	*	*
<i>Related payments (\$m)</i>				
<i>Department of the Treasury</i>	-	*	*	*

The Government is making amendments under the *Australian Charities and Not-for-profits Commission Regulation 2013* to prohibit charities from engaging in certain types of unlawful activity or using their resources to promote unlawful activity. Under these amendments, charities registered with the Australian Charities and Not-for-profits Commission:

- must not engage in conduct that may be dealt with as a summary offence relating to real property, personal property or persons under an Australian law
- must not use their resources to promote or support unlawful activity.

This measure forms part of the Government's response to recommendation 20 of the Australian Charities and Not-for-profits Commission Legislation Review 2018, as released on 6 March 2020.

This measure is estimated to have an unquantifiable impact on the underlying cash balance over the forward estimates period.

**Philanthropy — incentivising charities to join the National Redress Scheme for Institutional Child Sexual Abuse**

Receipts (\$m)	2020-21	2021-22	2022-23	2023-24
Australian Taxation Office	*	*	*	*
<i>Related payments (\$m)</i>				
<i>Department of the Treasury</i>	*	*	*	*

The Government will introduce a new Australian Charities and Not-for-profits Commission (ACNC) governance standard requiring registered charities to take reasonable steps to become participating non-government institutions in the National Redress Scheme for Institutional Child Sexual Abuse (Redress Scheme) if the charity is, or is likely to be, identified as being involved in the abuse of an applicant for redress under the Redress Scheme. To complement the new governance standard, the Government will amend the eligibility criteria for basic religious charities (BRC) in the *Australian Charities and Not-for-profits Commission Act 2012* so that BRCs who have a claim against them under the Redress Scheme must join the Redress Scheme to retain their BRC status. Relevant BRCs who fail to join the Redress Scheme will no longer be eligible for BRC status and therefore must comply with the ACNC governance standards.

*Appendix A: Policy decisions taken since the 2020-21 Budget*

Charities registered with the ACNC may be eligible for a range of tax concessions, such as an income tax exemption, goods and services tax concessions, fringe benefits tax exemption or rebate, and deductible gift recipient status. Registered charities, with the exception of BRCs, must comply with the ACNC governance standards to maintain their registration and access to tax concessions.

These changes will incentivise charities, including BRCs, to participate in the Redress Scheme and ensure that survivors of institutional child sexual abuse are appropriately compensated. This is consistent with the public's expectation that generous support from the Commonwealth by way of charitable tax concessions should not be provided to institutions who fail to fulfil their moral obligation to survivors of child sexual abuse.

This measure is estimated to have an unquantifiable increase in the underlying cash balance over the forward estimates period.

**Superannuation — amendments to commutation rules for certain income stream products**

Receipts (\$m)	2020-21	2021-22	2022-23	2023-24
Australian Taxation Office	-	-	-	-

The Government is amending the law to ensure that retirees who have commuted and restarted certain market-linked pension, life expectancy pension and similar products are treated appropriately under the transfer balance cap.

The measure will enable retirees with these products who have been unable to commute amounts in excess of their transfer balance cap to undertake the necessary partial commutation. The measure also ensures appropriate tax outcomes for these retirees given their prior inability to comply with the transfer balance cap rules.

These amendments will take effect from the date the relevant bill receives Royal Assent.

This measure is expected to have no impact on receipts over the forward estimates period.

## Payment Measures

**Table 2: Payment measures since the 2020-21 Budget<sup>(a)</sup>**

	2020-21	2021-22	2022-23	2023-24
	\$m	\$m	\$m	\$m
<b>AGRICULTURE, WATER AND THE ENVIRONMENT</b>				
<i>Bureau of Meteorology</i>				
Royal Commission into National Natural Disaster Arrangements — Climate and Resilience Services Australia — establishment	5.3	-	-	-
<i>Department of Agriculture, Water and the Environment</i>				
COVID-19 Response Package — Extend Coronavirus Supplement and Temporary Access and Eligibility(b)	9.3	-	-	-
Primary Industries — changes to agricultural production levy(b)	-	-	-	-
Royal Commission into National Natural Disaster Arrangements — Climate and Resilience Services Australia — establishment	0.4	-	-	-
Support for environmental initiatives	-	8.7	-	-
<b>Portfolio total</b>	<b>15.0</b>	<b>8.7</b>	-	-
<b>ATTORNEY-GENERAL'S</b>				
<i>Attorney-General's Department</i>				
JobMaker Plan — supporting job creation through industrial relations reforms	1.4	1.3	-	-
National Emergency Declaration Bill — enhancement	1.0	1.9	1.0	-
<i>Fair Work Commission</i>				
JobMaker Plan — supporting job creation through industrial relations reforms	1.9	5.6	5.3	2.8
<i>Fair Work Ombudsman and Registered Organisations Commission</i>				
JobMaker Plan — supporting job creation through industrial relations reforms	-	-	-	-
<i>Federal Court of Australia</i>				
JobMaker Plan — supporting job creation through industrial relations reforms	-	0.7	0.7	0.7
<b>Portfolio total</b>	<b>4.3</b>	<b>9.4</b>	<b>6.9</b>	<b>3.5</b>
<b>CROSS PORTFOLIO</b>				
<i>Various Agencies</i>				
COVID-19 Response Package — Australia's Indo-Pacific Engagement — enhanced partnerships in Southeast Asia	53.6	100.6	103.6	122.8
<b>Portfolio total</b>	<b>53.6</b>	<b>100.6</b>	<b>103.6</b>	<b>122.8</b>

Appendix A: Policy decisions taken since the 2020-21 Budget

**Table 2: Payment measures since the 2020-21 Budget<sup>(a)</sup> (continued)**

	2020-21	2021-22	2022-23	2023-24
	\$m	\$m	\$m	\$m
<b>EDUCATION, SKILLS AND EMPLOYMENT</b>				
<i>Department of Education, Skills and Employment</i>				
COVID-19 Response Package — Child Care Subsidy — changes to families' income reporting requirements	-	-	-	-
COVID-19 Response Package — Extend Coronavirus Supplement and Temporary Access and Eligibility(b)	103.2	107.1	55.0	33.8
COVID-19 Response Package — Targeted Compliance Framework — changes to income support payment suspension arrangements	-	-	-	-
JobMaker Plan — Boosting Apprenticeship Commencements — revised eligibility	-	-	-	-
JobMaker Plan — higher education — further amendments(b)	4.5	11.3	16.4	23.6
JobMaker Plan — Skills Reform Package — continuation	12.3	11.4	-	-
<b>Portfolio total</b>	<b>120.0</b>	<b>129.8</b>	<b>71.4</b>	<b>57.4</b>
<b>FINANCE</b>				
<i>Australian Electoral Commission</i>				
Australian Electoral Commission — Polling Place Technology	9.8	2.7	6.2	7.7
Australian Electoral Commission — Northern Territory Office	0.8	1.6	1.6	1.7
<i>Department of Finance</i>				
Australian Electoral Commission — Polling Place Technology	-	0.1	0.1	0.1
Northern Endeavour Decommission	0.1	0.1	0.1	-
<b>Portfolio total</b>	<b>10.7</b>	<b>4.5</b>	<b>8.1</b>	<b>9.5</b>
<b>FOREIGN AFFAIRS AND TRADE</b>				
<i>Australian Trade and Investment Commission</i>				
COVID-19 Response Package — Consumer Travel Support Program	127.9	-	-	-
<i>Department of Foreign Affairs and Trade</i>				
COVID-19 Response Package — Australian Support for COVID-19 Vaccine Access in the Pacific and Southeast Asia	165.7	174.7	159.7	-
COVID-19 Response Package — consular capability, sustainability and uplift	14.6	12.6	4.4	1.6
COVID-19 Response Package — quarantine arrangements in the Northern Territory and Tasmania for people returning from overseas(b)	-	-	-	-
Multilateral Engagement Strategy and its Candidacies	-	-	-	-
<i>Export Finance and Insurance Corporation</i>				
Australian Infrastructure Financing Facility for the Pacific — support for the Republic of Palau(b)	nfp	nfp	nfp	nfp
<b>Portfolio total</b>	<b>308.1</b>	<b>187.3</b>	<b>164.1</b>	<b>1.6</b>

**Table 2: Payment measures since the 2020-21 Budget<sup>(a)</sup> (continued)**

	2020-21	2021-22	2022-23	2023-24
	\$m	\$m	\$m	\$m
<b>HEALTH</b>				
<i>Aged Care Quality and Safety Commission</i>				
COVID-19 Response Package — ageing and aged care	3.7	7.4	0.4	0.3
<i>Australian Digital Health Agency</i>				
COVID-19 Response Package — vaccination and treatment	2.4	-	-	-
<i>Department of Health</i>				
Aged Care — supporting older Australians to stay at home longer	122.7	245.7	243.4	247.7
Australian Sporting Events	-	-	-	-
COVID-19 Response Package — ageing and aged care	38.3	34.3	1.2	0.4
COVID-19 Response Package — Extend Coronavirus Supplement and Temporary Access and Eligibility(b)	18.3	9.8	2.1	1.5
COVID-19 Response Package — quarantine arrangements in the Northern Territory and Tasmania for people returning from overseas(b)	0.7	-	-	-
COVID-19 Response Package — vaccination and treatment	691.7	851.9	-	-
Guaranteeing Medicare — improving access to appropriate services(b)	-	-	-	-
Implementing Sport 2030 — Australian sport integrity	-	-	-	-
Improving Access to Medicines — Pharmaceutical Benefits Scheme — new and amended listings(b)	69.4	163.0	204.5	234.1
Onshore Manufacture and Supply of Essential Medical Products	-	-	-	-
Prioritising Mental Health — Early Psychosis Youth Services — continued support	-	-	-	-
Queensland Children’s Hospital Foundation Telethon	-	-	-	-
Reducing Stillbirths	-	-	-	-
Strengthening Primary Care — integrated primary care trials	-	-	-	-
Western Australian Children’s Health Telethon	-	-	-	-
<i>National Mental Health Commission</i>				
Prioritising Mental Health — National Stigma Reduction Strategy	0.3	0.7	-	-
<i>Professional Services Review</i>				
Guaranteeing Medicare — improving access to appropriate services(b)	-	-	-	-
<i>Sport Integrity Australia</i>				
Implementing Sport 2030 — Australian sport integrity	-	-	-	-
<b>Portfolio total</b>	<b>947.4</b>	<b>1,312.7</b>	<b>451.7</b>	<b>483.9</b>
<b>HOME AFFAIRS</b>				
<i>Department of Home Affairs</i>				
Emergency Response Fund — flood mitigation	-	-	-	-
Whole-of-government Permissions Capability	74.9	-	-	-
<i>Office of the Special Investigator</i>				
Office of the Special Investigator — establishment	-	-	-	-
<b>Portfolio total</b>	<b>74.9</b>	<b>-</b>	<b>-</b>	<b>-</b>

Appendix A: Policy decisions taken since the 2020-21 Budget

**Table 2: Payment measures since the 2020-21 Budget<sup>(a)</sup> (continued)**

	2020-21	2021-22	2022-23	2023-24
	\$m	\$m	\$m	\$m
<b>INDUSTRY, SCIENCE, ENERGY AND RESOURCES</b>				
<i>Commonwealth Scientific and Industrial Research Organisation</i>				
Royal Commission into National Natural Disaster Arrangements — Climate and Resilience Services Australia — establishment	2.5	-	-	-
<i>Department of Industry, Science, Energy and Resources</i>				
COVID-19 Response Package — new interim measures under the fuel security package	42.7	41.7	-	-
COVID-19 Response Package — vaccine security — manufacturing capability and capacity	nfp	-	-	-
JobMaker Plan — gas-fired recovery — delivering accelerated exploration in the Beetaloo sub-basin	0.5	20.7	30.7	0.2
Northern Australia Infrastructure Facility — expansion(b)	-	-	-	-
Northern Endeavour Decommission	nfp	nfp	nfp	-
Special Advisor for Low Emissions Technology	0.5	0.4	-	-
<i>Geoscience Australia</i>				
Royal Commission into National Natural Disaster Arrangements — Climate and Resilience Services Australia — establishment	3.9	-	-	-
Satellite Based Augmentation System(b)	-43.0	56.0	30.3	35.4
<i>Northern Australia Infrastructure Facility</i>				
Northern Australia Infrastructure Facility — expansion(b)	1.2	4.1	4.5	4.6
<b>Portfolio total</b>	<b>8.4</b>	<b>123.0</b>	<b>65.5</b>	<b>40.1</b>
<b>INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS</b>				
<i>Australian Communications and Media Authority</i>				
Spam Intelligence Database — enhancement	0.9	0.4	0.4	0.4
<i>Department of Infrastructure, Transport, Regional Development and Communications</i>				
COVID-19 Response Package — continuing aviation support	nfp	nfp	nfp	nfp
Drought Community Outreach Program — extension	-	-	-	-
JobMaker Plan — Infrastructure Investment	49.5	164.0	92.6	-
<i>National Gallery of Australia</i>				
Capital Works — National Gallery of Australia	6.0	14.0	-	-
<b>Portfolio total</b>	<b>56.4</b>	<b>178.4</b>	<b>93.0</b>	<b>0.4</b>

**Table 2: Payment measures since the 2020-21 Budget<sup>(a)</sup> (continued)**

	2020-21	2021-22	2022-23	2023-24
	\$m	\$m	\$m	\$m
<b>PRIME MINISTER AND CABINET</b>				
<i>Department of the Prime Minister and Cabinet</i>				
National Australia Day Council — additional funding	-	-	-	-
Royal Commission into National Natural Disaster Arrangements — Climate and Resilience Services Australia — establishment	0.9	-	-	-
<i>National Indigenous Australians Agency</i>				
COVID-19 Response Package — support for Indigenous and remote communities — continuation	19.7	-	-	-
<i>Old Parliament House</i>				
COVID-19 Response Package — Old Parliament House	1.4	-	-	-
<b>Portfolio total</b>	<b>22.0</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>SOCIAL SERVICES</b>				
<i>Department of Social Services</i>				
COVID-19 Response Package — Extend Coronavirus Supplement and Temporary Access and Eligibility(b)	2,796.8	0.9	..	-
Mobility Allowance Program — extension	0.4	-	-	-
<i>Services Australia</i>				
COVID-19 Response Package — ageing and aged care	0.1	0.3	-	-
COVID-19 Response Package — Child Care Subsidy — changes to families' income reporting requirements	5.8	4.8	-	-
COVID-19 Response Package — Consumer Travel Support Program	-	-	-	-
COVID-19 Response Package — Extend Coronavirus Supplement and Temporary Access and Eligibility(b)	42.3	-	-	-
COVID-19 Response Package — Targeted Compliance Framework — changes to income support payment suspension arrangements	..	-0.1	-0.1	-0.1
COVID-19 Response Package — vaccination and treatment	35.2	4.2	-	-
Improving Access to Medicines — Pharmaceutical Benefits Scheme — new and amended listings(b)	0.2	..	..	..
Income Compliance Program Settlement	23.5	-	-	-
Mobility Allowance Program — extension	0.3	-	-	-
<b>Portfolio total</b>	<b>2,904.6</b>	<b>10.2</b>	<b>-0.1</b>	<b>-0.1</b>

Appendix A: Policy decisions taken since the 2020-21 Budget

**Table 2: Payment measures since the 2020-21 Budget<sup>(a)</sup> (continued)**

	2020-21	2021-22	2022-23	2023-24
	\$m	\$m	\$m	\$m
<b>TREASURY</b>				
<i>Australian Bureau of Statistics</i>				
JobMaker Plan — supporting job creation through industrial relations reforms	0.3	0.9	0.7	0.8
Royal Commission into National Natural Disaster Arrangements — Climate and Resilience Services Australia — establishment	0.7	-	-	-
<i>Australian Securities and Investments Commission</i>				
North Queensland Home Insurance Comparison Website — continuation(b)	nfp	nfp	nfp	nfp
<i>Australian Taxation Office</i>				
Superannuation — KiwiSaver accounts	-	-	-	-
<i>Department of the Treasury</i>				
COVID-19 Response Package — ageing and aged care	57.8	-	-	-
COVID-19 Response Package — HomeBuilder — extension	-230.3	316.9	154.3	-
COVID-19 Response Package — quarantine arrangements in the Northern Territory and Tasmania for people returning from overseas(b)	101.0	-	-	-
COVID-19 Response Package — support for Indonesia(b)	-	-	-	-
Emergency Response Fund — flood mitigation	50.0	-	-	-
Financial Assistance to Papua New Guinea(b)	-	-	-	-
JobMaker Plan — Infrastructure Investment	-	-	-	-
New Disciplinary System for Financial Advisers	-	-	-	-
Philanthropy — changes to the governance standards for charities(b)	-	*	*	*
Philanthropy — incentivising charities to join the National Redress Scheme for Institutional Child Sexual Abuse(b)	*	*	*	*
Reducing Stillbirths	-	-	-	-
<b>Portfolio total</b>	<b>-20.5</b>	<b>317.9</b>	<b>155.0</b>	<b>0.8</b>
<b>VETERANS' AFFAIRS</b>				
<i>Department of Veterans' Affairs</i>				
COVID-19 Response Package — ageing and aged care	1.0	1.2	-	-
COVID-19 Response Package — Extend Coronavirus Supplement and Temporary Access and Eligibility(b)	1.5	-	-	-
Improving Access to Medicines — Pharmaceutical Benefits Scheme — new and amended listings(b)	1.3	2.7	3.4	3.9
<b>Portfolio total</b>	<b>3.8</b>	<b>3.9</b>	<b>3.4</b>	<b>3.9</b>
<b>Decisions taken but not yet announced(c)</b>	<b>269.7</b>	<b>419.5</b>	<b>390.5</b>	<b>482.1</b>
<b>Total impact of payment measures(d)</b>	<b>4,778.4</b>	<b>2,805.9</b>	<b>1,513.1</b>	<b>1,206.0</b>

\* The nature of the measure is such that a reliable estimate cannot be provided.

.. Not zero, but rounded to zero.

- Nil.

nfp not for publication.

(a) A minus sign before an estimate indicates a reduction in payments, no sign before an estimate indicates increased payments.

(b) These measures can also be found in the receipt measures summary table.

(c) Includes the impact of measures that are not for publication (nfp).

(d) Measures may not add due to rounding.



## Agriculture, Water and the Environment

### Royal Commission into National Natural Disaster Arrangements — Climate and Resilience Services Australia — establishment

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Bureau of Meteorology	5.3	-	-	-
Geoscience Australia	3.9	-	-	-
Commonwealth Scientific and Industrial Research Organisation	2.5	-	-	-
Department of the Prime Minister and Cabinet	0.9	-	-	-
Australian Bureau of Statistics	0.7	-	-	-
Department of Agriculture, Water and the Environment	0.4	-	-	-
Total — Payments	13.8	-	-	-

The Government will provide \$13.8 million in 2020-21 towards implementation of the Government's response to recommendations from the final report of the *Royal Commission into National Natural Disaster Arrangements*. This funding includes:

- \$12.9 million to undertake priority research and development to support the establishment of *Climate and Resilience Services Australia*, which will combine data and expertise from across the Commonwealth Government to further prepare for, respond to, recover from and build resilience to natural disasters
- \$0.9 million to establish a taskforce within the Department of the Prime Minister and Cabinet, to co-ordinate and oversee the design and establishment of the *National Resilience, Relief and Recovery Agency*, an agency that will manage effective relief and recovery to national disasters and enhance natural disaster resilience, and to finalise the design of *Climate and Resilience Services Australia*.

*Appendix A: Policy decisions taken since the 2020-21 Budget*

**Support for environmental initiatives**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Agriculture, Water and the Environment	-	8.7	-	-

The Government will provide \$8.7 million in 2021-22 to support:

- South Australian environment and conservation groups to protect, maintain and revegetate their local habitats and regions
- the Goyder Institute to operate a water research institute.

## Attorney-General's

### JobMaker Plan — supporting job creation through industrial relations reforms

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Fair Work Commission	1.9	5.6	5.3	2.8
Attorney-General's Department	1.4	1.3	-	-
Australian Bureau of Statistics	0.3	0.9	0.7	0.8
Federal Court of Australia	-	0.7	0.7	0.7
Fair Work Ombudsman and Registered Organisations Commission	-	-	-	-
<b>Total — Payments</b>	<b>3.6</b>	<b>8.5</b>	<b>6.7</b>	<b>4.3</b>

The Government will provide \$70.9 million over four years from 2020-21 to support the Government's proposed Industrial Relations reforms, as part of the JobMaker Plan to support economic recovery following the COVID-19 pandemic. This funding includes:

- \$47.3 million over four years from 2020-21 (including \$2.6 million in capital funding in 2020-21) to the Fair Work Ombudsman to prevent and rectify instances of wage underpayments
- \$15.6 million over four years from 2020-21 (including \$3.5 million in capital funding over four years from 2020-21) for the Fair Work Commission to conciliate and arbitrate wage underpayment disputes resulting from the increase in the small claims awards threshold from \$20,000 to \$50,000, and to develop an online enterprise agreement guidance and application tool
- \$2.0 million over three years from 2021-22 to the Federal Circuit Court to implement an expanded small claims jurisdiction
- \$2.8 million over four years from 2020-21 for the Australian Bureau of Statistics to enhance industrial relations data
- \$2.7 million over two years from 2020-21 for the Attorney-General's Department to deliver services to ensure that relevant stakeholders understand industrial relations changes
- \$0.5 million in 2020-21 for the Attorney-General's Department to commence the development of a regulatory technology solution to support employers to meet their modern award obligations.

Partial funding for this measure has already been provided for by the Government.

*Appendix A: Policy decisions taken since the 2020-21 Budget*

**National Emergency Declaration Bill — enhancement**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Attorney-General's Department	1.0	1.9	1.0	-

The Government will provide \$3.8 million over three years from 2020-21 to identify opportunities to further enhance the legal framework supporting the Commonwealth's response to national emergencies.

## Cross Portfolio

### COVID-19 Response Package — Australia’s Indo-Pacific Engagement — enhanced partnerships in Southeast Asia

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Various Agencies	53.6	100.6	103.6	122.8

The Government will provide \$484.6 million over four years from 2020-21 (and further ongoing funding) for a package of economic, development and security measures to support Southeast Asia’s recovery from COVID-19. This funding includes:

- \$232.3 million to support economic integration and development in the Mekong region through initiatives to boost trade and investment through the Australia-Vietnam Enhanced Economic Engagement Strategy, scholarships for emerging leaders, initiatives to build the region’s resilience to environmental shocks and to enhance Australia’s diplomatic presence, and advisory support to partner governments on foreign investment, critical infrastructure and cyber capabilities
- \$168.8 million to help Southeast Asian countries manage their offshore resources and address emerging security challenges, including by expanding the Defence Adviser and Defence Attaché network to cover all Association of Southeast Asian Nations member states
- \$70.2 million to deliver independent advice and technical assistance to partner governments on infrastructure planning, prioritisation and development, including in relation to energy generation projects and pilot infrastructure business partnerships and to promote enhanced investment in Southeast Asia
- \$13.3 million to support Southeast Asian countries’ engagement with international standards-setting bodies.

Partial funding for this measure has already been provided by the Government.

Further information can be found in the press release of 14 November 2020 issued by the Prime Minister.

## Education, Skills and Employment

### COVID-19 Response Package — Child Care Subsidy — changes to families' income reporting requirements

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Services Australia	5.8	4.8	-	-
Department of Education, Skills and Employment	-	-	-	-
Total — Payments	5.8	4.8	-	-

The Government has made changes to income reporting requirements for families who access the Child Care Subsidy (CCS), to help minimise potential debts during a period of uncertainty and sensitivity to financial stress due to the COVID-19 pandemic.

Families who receive CCS are required to report their income each year, to ensure they have received their correct entitlement. Under the changes:

- the deadline for families to submit their 2018-19 tax return has been extended by nine months to 31 March 2021 until which time they can continue to access CCS
- families that report their income after two years will be allowed to undergo a revised process for balancing their estimated and actual income.

Funding of \$10.6 million over two years will be provided to Services Australia to implement the changes.

Further information can be found in the press release of 30 June 2020 issued by the Minister for Education.

### COVID-19 Response Package — Targeted Compliance Framework — changes to income support payment suspension arrangements

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Education, Skills and Employment	-	-	-	-
Services Australia	..	-0.1	-0.1	-0.1
Total — Payments	..	-0.1	-0.1	-0.1

The Government has made changes to the Targeted Compliance Framework for job seekers to reduce unnecessary disruption to payments for those who have genuinely tried to meet their requirements. The change will allow job seekers two business days to re-engage with their mutual obligation requirements prior to any payment suspension occurring.

**JobMaker Plan — Boosting Apprenticeship Commencements — revised eligibility**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Education, Skills and Employment	-	-	-	-

The Government has revised eligibility for the *Boosting Apprenticeship Commencement* program to better balance opportunities for upskilling existing workers with the creation of new Australian Apprenticeship places.

From 28 October 2020, a 30 worker limit applies for employers who seek to convert an existing casual or part-time worker who is not an apprentice to an Australian Apprenticeship or traineeship, with no limits for signing up to a trades-based Australian Apprenticeship.

This measure builds on the 2020-21 Budget measure titled *JobMaker Plan – boosting apprenticeships wage subsidy*.

**JobMaker Plan — higher education — further amendments**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Education, Skills and Employment	4.5	11.3	16.4	23.6
<i>Related receipts (\$m)</i>				
<i>Department of Education, Skills and Employment</i>	-	-	..	..

The Government will provide \$218.4 million over four years from 2020-21 to increase support under the Job-ready Graduates reforms. This includes:

- \$159.2 million over four years from 2020-21 (and \$478.3 million over ten years to 2029-30) to encourage students to pay their tuition fees early by re-introducing a 10 per cent discount to Commonwealth supported students who make an upfront payment of at least \$500 to their provider, starting from 1 January 2021
- \$27.2 million over four years from 2020-21 (and \$133.3 million over ten years to 2029-30) to increase the number of Commonwealth supported places (CSPs) by re-categorising the University of Notre Dame Australia (UNDA) to a Table A university under the *Higher Education Support Act 2003*
- \$28.7 million over four years from 2020-21 (and \$136.7 million over ten years to 2029-30) to create the disciplines of Professional Pathway Youth Work, Professional Pathway Counselling and Professional Pathway Community Work to reduce the student contribution amounts for units of study that form part of a pathway to professional qualifications, starting from 1 January 2021

*Appendix A: Policy decisions taken since the 2020-21 Budget*

- \$2.3 million over four years from 2020-21 (including \$1.2 million in capital funding over two years from 2020-21 and \$3.0 million over ten years to 2029-30) to encourage students to take up jobs by introducing a Student Learning Entitlement of seven years full-time study load. From 1 January 2022, students will no longer be eligible for a CSP after they have consumed their entitlement. Students who are no longer eligible for a CSP may choose to pay for their study in full or use a FEE-HELP loan
- \$1.0 million in 2020-21 for 50 scholarships in 2021 valued at up to \$18,000 each for students from regional and remote areas undertaking creative arts qualifications.

Partial funding for this measure has already been provided for by the Government.

This measure builds on the 2020-21 Budget measure titled *JobMaker Plan – higher education – additional support for students and education providers*.

Further information can be found in the joint press release of 7 December 2020 issued by the Minister for Education and the Minister for Communications, Cyber Safety and the Arts.

**JobMaker Plan — Skills Reform Package — continuation**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Education, Skills and Employment	12.3	11.4	-	-

The Government will provide \$26.2 million over two years from 2020-21 to increase understanding of vocational education and training (VET) and extend the *Skills and Training Incentive* program. This funding includes:

- \$14.6 million to deliver a campaign to highlight opportunities to further develop existing skills or forge a new career path, ensuring Australians understand how VET can work for them
- \$11.6 million to extend the *Skills and Training Incentive* program for 18 months from 1 January 2021 to 30 June 2022, aligning it with the *Skills Checkpoint for Older Workers* program, which is the gateway for people to access the *Skills and Training Incentive*.

The *Skills and Training Incentive* program provides training funding of up to \$2,000 for eligible workers aged 45 to 70 years to participate in reskilling or upskilling opportunities, with the Government contribution to be matched by either the worker or their current employer.

Funding for this measure will be partially met from within the existing resources of the Department of Education, Skills and Employment.



## Finance

### Australian Electoral Commission — Polling Place Technology

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Australian Electoral Commission	9.8	2.7	6.2	7.7
Department of Finance	-	0.1	0.1	0.1
Total — Payments	9.8	2.8	6.3	7.8

The Government will provide \$26.8 million over four years (including \$9.3 million in capital funding) to enfranchise voters, mitigate against multiple voting and enhance coordination of elections by:

- modernising the technology supporting Electronic Certified Lists, to support deployment at more vote issuing points
- developing and piloting a secure communications tool to connect selected Officers in Charge located at polling places with the Australian Electoral Commission coordination centre and support faster reporting of polling activities
- undertaking a scoping study into complementary solutions that help maintain the integrity of Australia's electoral system.

### Australian Electoral Commission — Northern Territory Office

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Australian Electoral Commission	0.8	1.6	1.6	1.7

The Government will provide \$5.6 million in additional funding over four years from 2020-21 for the Northern Territory (NT) electoral office, to support recruitment of a permanent Australian Electoral Officer and an expanded Australian Electoral Commission presence, to enhance electoral enrolment and participation in the NT, in particular by Indigenous Australians.

## Foreign Affairs and Trade

### Australian Infrastructure Financing Facility for the Pacific — support for the Republic of Palau

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Export Finance and Insurance Corporation	nfp	nfp	nfp	nfp
<i>Related receipts (\$m)</i>				
<i>Export Finance and Insurance Corporation</i>	<i>nfp</i>	<i>nfp</i>	<i>nfp</i>	<i>nfp</i>

The Government will provide a loan to Solar Pacific Pristine Power to finance the development of a solar photovoltaic facility and battery storage system in Palau. It will also provide a loan to the Belau Submarine Cable Corporation to finance a second submarine fibre optic cable to Palau.

The loans will be financed through the Australian Infrastructure Financing Facility for the Pacific.

The submarine cable project is the first project developed under the Australia-Japan- United States Trilateral Infrastructure Partnership.

The financial implications of this measure are not for publication (nfp) due to commercial sensitivities.

Further information can be found in the press release of 28 October 2020 issued by the Minister for Foreign Affairs.

### COVID-19 Response Package — Australian Support for COVID-19 Vaccine Access in the Pacific and Southeast Asia

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Foreign Affairs and Trade	165.7	174.7	159.7	-

The Government will provide \$500.0 million over three years from 2020-21 to support vaccine access for Pacific and Southeast Asian countries.

This includes \$21.0 million over two years from 2020-21 towards the cost of a new, Japan-sponsored ASEAN Centre for Public Health Emergencies and Emerging Diseases.

Further information can be found in the joint press release of 31 October 2020 issued by the Minister for Foreign Affairs, the Minister for Health and the Minister for

International Development and the Pacific and the press release of 14 November 2020 issued by the Prime Minister.

**COVID-19 Response Package — consular capability, sustainability and uplift**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Foreign Affairs and Trade	14.6	12.6	4.4	1.6

The Government will provide \$33.2 million over four years from 2020-21 (including \$16.3 million in capital funding) to upgrade communications capability for the consular network and support additional staff to manage the surge in consular workloads, including those associated with the COVID-19 pandemic.

**COVID-19 Response Package — Consumer Travel Support Program**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Australian Trade and Investment Commission	127.9	-	-	-
Services Australia	-	-	-	-
Total — Payments	127.9	-	-	-

The Government will provide \$127.9 million in 2020-21 to support businesses in the travel agent sector, which has been disproportionately impacted by the COVID-19 pandemic and the closure of international borders.

Further information can be found in the press release of 1 December 2020 issued by the Minister for Trade, Tourism and Investment.

**Multilateral Engagement Strategy and its Candidacies**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Foreign Affairs and Trade	-	-	-	-

The Government will provide additional support for Australia’s engagement with multilateral institutions crucial to national and economic security. This includes additional funding of \$30.0 million and a component that is not for publication (nfp) for national security reasons.

Australia will also continue to promote and protect the international rules and institutions that support global stability and prosperity and support international cooperation to tackle global challenges.

Funding for this measure has already been provided for by the Government.

## Health

### Aged Care — supporting older Australians to stay at home longer

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Health	122.7	245.7	243.4	247.7

The Government will provide \$859.4 million over four years from 2020-21 to support older Australians to stay at home longer. This funding includes:

- \$850.8 million over four years from 2020-21 for the release of an additional 10,000 home care packages
- \$8.7 million over four years from 2020-21 for business and service delivery model design for a future in home care program and to undertake annual surveys of home care package providers.

This measure continues to build on the Government's response to the priorities identified in the Interim Report of the Royal Commission into Aged Care Quality and Safety, bringing the number of additional home care packages released to almost 50,000 at a value of nearly \$3.3 billion since the Interim Report was handed down in late 2019, and building on the reform process for delivery of care in the home as proposed by the Royal Commission.

### Australian Sporting Events

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Health	-	-	-	-

The Government will provide \$9.4 million over three years from 2020-21 to support sporting events in Australia through the following initiatives:

- \$8.8 million over two years from 2020-21 to support Rugby Australia's bid for the 2027 Rugby World Cup
- \$0.6 million over three years from 2020-21 to support Transplant Australia to host the 2023 Transplant Games in Perth.

Funding for this measure has already been provided for by the Government.

**COVID-19 Response Package — ageing and aged care**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of the Treasury	57.8	-	-	-
Department of Health	38.3	34.3	1.2	0.4
Aged Care Quality and Safety Commission	3.7	7.4	0.4	0.3
Department of Veterans' Affairs	1.0	1.2	-	-
Services Australia	0.1	0.3	-	-
<b>Total — Payments</b>	<b>101.0</b>	<b>43.2</b>	<b>1.6</b>	<b>0.7</b>

The Government will provide \$146.5 million over four years from 2020-21 (and \$0.2 million in 2024-25) to continue supporting older Australians and the aged care sector with the impacts of the COVID-19 pandemic and to respond to the Royal Commission into Aged Care Quality and Safety's *Aged Care and COVID-19: a special report*. This funding includes:

- \$63.3 million over three years from 2020-21 to provide additional allied and mental health services to residents in aged care facilities, including those directly affected by COVID-19
- \$57.8 million in 2020-21 to increase the scope of aged care services funded by the Commonwealth under the National Partnership on COVID-19 Response to include infection prevention and control activities and resources for coordinated COVID-19 preparedness and response
- \$10.8 million over four years from 2020-21 (and \$0.2 million in 2024-25) to prioritise the implementation of the serious incident response scheme to 1 April 2021 in residential aged care
- \$8.2 million over four years from 2020-21 to extend the operation of the Victorian Aged Care Response Centre to ensure a continued, coordinated rapid response to COVID-19 across aged care facilities in Victoria
- \$6.3 million in 2020-21 to temporarily suspend the reduction in the residential aged care subsidy paid when a resident is on extended hospital leave, for the period 1 July 2020 to 30 June 2021, in recognition that the COVID-19 pandemic has seen a significant number of residents moved to hospital for an extended period of time.

This measure builds on the 2020-21 Budget measure titled *COVID-19 Response Package — ageing and aged care*.

*Appendix A: Policy decisions taken since the 2020-21 Budget*

**COVID-19 Response Package — quarantine arrangements in the Northern Territory and Tasmania for people returning from overseas**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of the Treasury	101.0	-	-	-
Department of Health	0.7	-	-	-
Department of Foreign Affairs and Trade	-	-	-	-
Total — Payments	101.7	-	-	-
<i>Related receipts (\$m)</i>				
<i>Department of Health</i>	<i>10.6</i>	<i>-</i>	<i>-</i>	<i>-</i>

The Government will provide \$101.7 million in 2020-21 to provide quarantine services in the Northern Territory and Tasmania to help more Australians return amid the unprecedented travel disruption caused by the COVID-19 pandemic.

The cost of this measure will be partially recovered from people who are quarantined at these facilities.

The Government will also extend the 2020-21 Budget measure titled *COVID-19 Response Package – supporting vulnerable Australians overseas*.

The cost of this will be met from within the existing resources of the Department of Foreign Affairs and Trade.

**COVID-19 Response Package — vaccination and treatment**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Health	691.7	851.9	-	-
Services Australia	35.2	4.2	-	-
Australian Digital Health Agency	2.4	-	-	-
Total — Payments	729.3	856.1	-	-

The Government will provide \$1.5 billion over two years from 2020-21 to support investments in Australia's portfolio of COVID-19 vaccine candidates to maximise the opportunity for eligible Australian residents to receive vaccines once they have been assessed as safe and effective, including:

- advanced purchase agreements to purchase the Pfizer/BioNTech vaccine and the Novavax vaccine
- extending the existing purchase agreements with the University of Oxford/AstraZeneca and Novavax for additional doses

- no longer proceeding with purchases of the University of Queensland/CSL vaccine candidate following issues identified during Phase 1 trials.

The Government will also provide \$75.2 million over two years from 2020-21 to support the COVID-19 Vaccination Program, including for tracking and monitoring systems, a national communication campaign, program administration, and to continue the National COVID-19 Clinical Evidence Taskforce's preparation of clinical guidelines for health professionals on appropriate COVID-19 treatments.

The Government will also provide \$6.0 million over two years from 2020-21 to support mandatory reporting of all vaccines to the Australian Immunisation Register, enabling individuals to access their vaccine history, including influenza vaccines.

This measure builds on the 2020-21 Budget measure titled *COVID-19 Response Package – access to COVID-19 vaccines and consumables*.

Further information can be found in the press releases of 5 November and 11 December 2020 issued by the Minister for Health.

### **Guaranteeing Medicare — improving access to appropriate services**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Health	-	-	-	-
Professional Services Review	-	-	-	-
<b>Total — Payments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Related receipts (\$m)</i>				
<i>Department of Health</i>	-	-	-	-

The Government will expand the role of the *Practitioner Review Program* and the Professional Services Review to improve the integrity of Medicare payments, including telehealth items.

This will achieve efficiencies of \$157.2 million over four years from 2020-21.

The Government will also maintain the existing remote and rural area exemption for diagnostic imaging equipment for a further 12 months, ensuring access to services during the COVID-19 pandemic.

Funding for this measure has already been provided for by the Government.

*Appendix A: Policy decisions taken since the 2020-21 Budget*

**Implementing Sport 2030 — Australian sport integrity**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Sport Integrity Australia	-	-	-	-
Department of Health	-	-	-	-
Total — Payments	-	-	-	-

The Government will provide \$13.7 million over three years from 2020-21 to safeguard the integrity of Australian sport, through the following initiatives:

- \$10.1 million to pilot an independent nationally coordinated sports integrity complaints and disputes handling function to support accredited Australian National Sports Organisations on an opt-in basis from 1 January 2021
- \$3.6 million to extend the National Sports Tribunal through to March 2023.

Funding for this measure has already been provided for by the Government.

**Improving Access to Medicines — Pharmaceutical Benefits Scheme — new and amended listings**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Health	69.4	163.0	204.5	234.1
Department of Veterans' Affairs	1.3	2.7	3.4	3.9
Services Australia	0.2	..	..	..
Total — Payments	70.9	165.7	207.9	238.0
<i>Related receipts (\$m)</i>				
<i>Department of Health</i>	<i>nfp</i>	<i>nfp</i>	<i>nfp</i>	<i>nfp</i>

The Government will provide \$682.6 million over four years from 2020-21 for a number of new and amended listings on the *Pharmaceutical Benefits Scheme (PBS)*, the *Repatriation Pharmaceutical Benefits Scheme (RPBS)* and the *Stoma Appliance Scheme*.

New and amended listings since the 2020-21 Budget include:

- dolutegravir with lamivudine (Dovato®) from 1 December 2020, for the treatment of HIV infection
- nusinersen (Spinraza®) from 1 December 2020, for the treatment of spinal muscular atrophy
- ambrisentan in a dual combination therapy from 1 December 2020, for the treatment of pulmonary arterial hypertension



- clostridium botulinum type A toxin – haemagglutinin complex (Dysport®) from 1 December 2020, for the treatment of moderate to severe focal spasticity of the upper limb in patients with cerebral palsy
- rifampicin (Rimycin®) from 1 December 2020, for the treatment of Buruli ulcer
- ixekizumab (Taltz®) from 1 December 2020, for the treatment of active ankylosing spondylitis
- venetoclax (Venclexta®) in combination with obinutuzumab (Gazyva®) from 1 December 2020, for the first-line treatment of patients with chronic lymphocytic leukaemia who have co-existing conditions and are unsuitable for fludarabine-based chemo-immunotherapy.

The cost of some of these medicines will be reduced by revenue from rebates negotiated as part of purchase agreements. Details of the revenue are not for publication (nfp) due to commercial sensitivities.

The Government has also implemented arrangements under the *National Health Act 1953* to allow pharmacist substitution of PBS subsidised medicines in cases of medicine shortages during periods of emergency.

The Minister for Health has also listed products on the *National Immunisation Program* and the *National Diabetes Services Scheme*.

### **Onshore Manufacture and Supply of Essential Medical Products**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Health	-	-	-	-

The Government will provide \$1.0 billion from 2020-21 to secure access to onshore manufacturing capability, for the production of pandemic influenza vaccines, Q fever vaccines and Australian specific antivenoms with Seqirus (Australia) Pty Ltd until 2035-36. This will support the development of a new vaccine manufacturing facility in Melbourne. The facility will ensure capacity and capability to rapidly manufacture essential vaccines in Australia to respond to influenza pandemics.

Funding for this measure has already been provided for by the Government.

*Appendix A: Policy decisions taken since the 2020-21 Budget*

**Prioritising Mental Health — National Stigma Reduction Strategy**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
National Mental Health Commission	0.3	0.7	-	-

The Government will provide \$1.0 million over two years from 2020-21 to the National Mental Health Commission to develop the *National Stigma Reduction Strategy* to reduce stigma and discrimination for people living with mental illness.

**Prioritising Mental Health — Early Psychosis Youth Services — continued support**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Health	-	-	-	-

The Government will provide an additional \$53.0 million to extend the *Early Psychosis Youth Services* program for a further 12 months to 30 June 2022, to continue access to specialist mental health services for young people at 14 *headspace* centres.

Funding for this measure has already been provided for by the Government.

**Queensland Children’s Hospital Foundation Telethon**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Health	-	-	-	-

The Government provided \$2.0 million in 2020-21 to the Channel Nine Queensland Telethon which raises funds for the Children’s Hospital Foundation to fund medical research, new medical equipment and support services for children and their families.

Funding for this measure has already been provided for by the Government.

**Reducing Stillbirths**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Health	-	-	-	-
Department of the Treasury	-	-	-	-
Total — Payments	-	-	-	-

The Government will provide \$10.0 million over four years from 2020-21 to fund a range of actions to reduce the stillbirth rate in Australia and to ensure high quality care is provided to families who experience stillbirth. This will include \$1.0 million in 2020-21 to states and territories to increase the rate of stillbirth autopsies and investigations.

Funding for this measure has already been provided for by the Government.

Further information can be found in the press release of 10 December 2020 issued by the Minister for Health.

**Strengthening Primary Care — integrated primary care trials**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Health	-	-	-	-

The Government will provide \$4.0 million over three years from 2020-21 for three additional General Practice Incentive Funds to attract and retain general practitioners in the Tasmania, Perth South, and Central Queensland, Wide Bay, Sunshine Coast Primary Health Network regions.

Funding for this measure has already been provided for by the Government.

**Western Australian Children's Health Telethon**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Health	-	-	-	-

The Government provided \$3.5 million in 2020-21 to the Channel 7 Telethon Trust (the Trust), to support children's health in Western Australia. The Trust provides financial assistance to charitable organisations and children's hospitals and funds research into children's diseases.

Funding for this measure has already been provided for by the Government.

## Home Affairs

### Emergency Response Fund — flood mitigation

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of the Treasury	50.0	-	-	-
Department of Home Affairs	-	-	-	-
Total — Payments	50.0	-	-	-

The Government will provide \$50.0 million in 2020-21 to support national flood mitigation infrastructure priorities to reduce the impacts of floods on Australian communities. The funding will be provided as payments to state and territory governments.

Funding for this measure will be drawn from the Emergency Response Fund, which can be used to reduce the risk of future natural disasters, as well as to fund emergency response and recovery following natural disasters.

### Office of the Special Investigator — establishment

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Office of the Special Investigator	-	-	-	-

The Government will provide \$116.5 million from 2020-21 for the Office of the Special Investigator (OSI). The OSI will investigate potential criminal matters identified in the Inspector General of the Australian Defence Force Afghanistan Inquiry into the conduct of Australia's Special Operations Task Group in Afghanistan between 2005 and 2016.

This measure will be offset by redirecting funding from the Department of Defence.

Further information can be found in the joint press release of 12 November 2020 issued by the Prime Minister, the Minister for Home Affairs and the Minister for Defence.

**Whole-of-government Permissions Capability**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Home Affairs	74.9	-	-	-

The Government will provide \$74.9 million in 2020-21 (including \$31.6 million in capital funding) to support the development of a new digital platform for the efficient and secure collection of incoming passenger information. The new digital platform will be designed to be reused for similar permission-based government services in the future such as visas, permits, accreditation, licences and registrations.

Further information can be found in the joint press release of 17 October 2020 issued by the Acting Minister for Immigration, Citizenship, Migrant Services and Multicultural Affairs and the Minister for Government Services.

## Industry, Science, Energy and Resources

### COVID-19 Response Package — new interim measures under the fuel security package

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Industry, Science, Energy and Resources	42.7	41.7	-	-

The Government will provide an additional \$84.5 million over two years from 2020-21 to provide an interim production payment for the major oil refineries that recognises the refining sector's fuel security benefits to Australia. This will support our domestic oil refining capability and assist refineries in the recovery from the COVID 19 pandemic.

This measure builds on the \$344.7 million provided to secure Australia's liquid fuel security and increase onshore stockholdings in the July 2020 Economic and Fiscal Update measure titled *COVID-19 Response Package – fuel security* and the 2020-21 Budget measure titled *JobMaker Plan – securing Australia's liquid fuel stocks*.

### COVID-19 Response Package — vaccine security — manufacturing capability and capacity

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Industry, Science, Energy and Resources	nfp	-	-	-

The Government will provide funding in 2020-21 to develop a business case to inform future investments in onshore mRNA platform-based vaccine manufacturing capability and capacity.

The financial implications for this measure are not for publication (nfp) due to commercial sensitivities.

### JobMaker Plan — gas-fired recovery — delivering accelerated exploration in the Beetaloo sub-basin

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Industry, Science, Energy and Resources	0.5	20.7	30.7	0.2

The Government will provide \$52.1 million over four years from 2020-21 to accelerate exploration activities in the Beetaloo sub-basin (the Basin) in the Northern Territory. This funding includes:

*Industry, Science, Energy and Resources*

- \$50.6 million over four years from 2020-21 to provide grants to support eligible accelerated exploration activities in the Basin
- \$1.5 million over three years from 2020-21 to strengthen collaboration across government and industry to support the development of the Basin.

This measure builds on the 2020-21 Budget measure titled *JobMaker Plan – gas-fired recovery*.

**Northern Australia Infrastructure Facility — expansion**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Northern Australia Infrastructure Facility	1.2	4.1	4.5	4.6
Department of Industry, Science, Energy and Resources	-	-	-	-
<b>Total — Payments</b>	<b>1.2</b>	<b>4.1</b>	<b>4.5</b>	<b>4.6</b>
<i>Related receipts (\$m)</i>				
<i>Department of Industry, Science, Energy and Resources</i>	-	-1.0	-1.0	-2.2

The Government will provide \$18.6 million over four years from 2020-21 (and \$215.9 million from 2024-25 to 2056-57) to expand the Northern Australia Infrastructure Facility's (NAIF's) offering to include more debt instruments and allow the NAIF to make limited equity investments.

This measure builds on the 2020-21 Budget measure titled *Northern Australia Infrastructure Facility – extension and enhancements*.

Further information can be found in the joint press release of 10 December 2020 issued by the Minister for Resources, Water and Northern Australia and the Assistant Minister for Northern Australia.

**Northern Endeavour Decommission**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Finance	0.1	0.1	0.1	-
Department of Industry, Science, Energy and Resources	nfp	nfp	nfp	-
<b>Total — Payments</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>-</b>

The Government will provide funding over three years from 2020-21 to decommission the Northern Endeavour floating production storage and offtake facility and remediate the Laminaria-Corallina oil fields.

*Appendix A: Policy decisions taken since the 2020-21 Budget*

This measure is required to avoid possible catastrophic environmental damage as a commercial restart of the facility is not viable.

The financial implications for the Department of Industry, Science, Energy and Resources is not for publication (nfp) due to commercial sensitivities.

This measure builds on the July 2020 Economic and Fiscal Update measure titled *Northern Endeavour Temporary Operations Program*.

**Satellite Based Augmentation System**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Geoscience Australia	-43.0	56.0	30.3	35.4
<i>Related receipts (\$m)</i>				
<i>Geoscience Australia</i>	<i>nfp</i>	<i>nfp</i>	<i>nfp</i>	<i>nfp</i>

The Government will provide funding of \$78.7 million over four years from 2020-21 (and \$180.9 million over 11 years from 2024-25) to deliver the Satellite Based Augmentation System. Refinements to the project include engagement with industry on technical requirements and the Australian Government's partnership with the New Zealand Government, who will contribute towards the cost of delivery.

The receipts for this measure are not for publication (nfp) due to ongoing negotiations with the New Zealand Government.

**Special Advisor for Low Emissions Technology**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Industry, Science, Energy and Resources	0.5	0.4	-	-

The Government will provide \$0.9 million over two years from 2020-21 to engage a Special Advisor for Low Emissions Technology. The Special Advisor would engage internationally, conducting high-level and strategic international engagement to support Australia's emission reduction strategy.



## Infrastructure, Transport, Regional Development and Communications

### Capital Works — National Gallery of Australia

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
National Gallery of Australia	6.0	14.0	-	-

The Government will provide \$20.0 million in capital funding over two years from 2020-21 for critical building works.

### COVID-19 Response Package — continuing aviation support

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Infrastructure, Transport, Regional Development and Communications	nfp	nfp	nfp	nfp

The Government will provide additional financial relief to the aviation sector as it recovers from the impacts of the COVID-19 pandemic by extending a partial waiver of Airservices Australia charges levied on operators of regular passenger transport and aeromedical air services from 1 January to 31 March 2021.

The Government will also continue to provide support to maintain connectivity on domestic air routes by extending the Domestic Aviation Network Support program to 28 March 2021.

This measure builds on the July 2020 Economic and Fiscal Update measure titled *COVID-19 Response Package – aviation support* and the 2020-21 Budget measure titled *COVID-19 Response Package – additional aviation support*.

The expenditure for the Domestic Aviation Network Support program is not for publication (nfp) due to commercial sensitivities.

*Appendix A: Policy decisions taken since the 2020-21 Budget*

**Drought Community Outreach Program — extension**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Infrastructure, Transport, Regional Development and Communications	-	-	-	-

The Government will provide \$5.0 million in 2020-21 to extend support to the Country Women’s Association and Rotary Australia World Community Service to deliver Drought Community Outreach activities and support in drought-affected communities across Australia.

Funding for this measure has already been provided for by the Government.

This measure builds on the 2020-21 Budget measure titled *Drought Response, Resilience and Preparedness Plan – further support for farmers and communities in drought*.

**JobMaker Plan — Infrastructure Investment**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Infrastructure, Transport, Regional Development and Communications	49.5	164.0	92.6	-
Department of the Treasury	-	-	-	-
Total — Payments	49.5	164.0	92.6	-

The Government will provide \$506.4 million from 2020-21 for priority rail infrastructure to support local jobs and economic recovery. This funding includes:

- \$306.2 million for projects on the Australian Rail Track Corporation network, including Stage 3 of the Advanced Train Management System, Narrabri to Turravan Upgrades and Southern Highlands Overtaking Opportunities
- \$200.2 million for the Murray Basin Freight Rail Project, Victoria.

The Government will also allocate \$65.1 million for Princes Highway projects in Victoria.

Partial funding for this measure has already been provided for by the Government.

This measure builds on the 2020-21 Budget *JobMaker Plan – Infrastructure Investment* measures.

**Spam Intelligence Database — enhancement**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Australian Communications and Media Authority	0.9	0.4	0.4	0.4

The Government will provide \$2.1 million over four years from 2020-21 (and \$0.4 million per year ongoing) to support the Australian Communications and Media Authority to deliver improvements to the Spam Intelligence Database.

The Spam Intelligence Database supports the enforcement of the *Spam Act 2003* to provide effective safeguards for Australians.

## Prime Minister and Cabinet

### COVID-19 Response Package — Old Parliament House

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Old Parliament House	1.4	-	-	-

The Government will provide \$1.4 million in 2020-21 to Old Parliament House (Museum of Australian Democracy) to support continued provision of services to the public while experiencing a decline in revenue as a result of impacts from COVID-19.

This follows the 2020-21 Budget measure titled *COVID-19 Response Package – arts portfolio entities*.

### COVID-19 Response Package — support for Indigenous and remote communities — continuation

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
National Indigenous Australians Agency	19.7	-	-	-

The Government will provide \$19.7 million in 2020-21 to extend support for two Commonwealth wholly-owned Indigenous subsidiaries that have been severely impacted by the COVID-19 pandemic. This funding will support the National Centre of Indigenous Excellence and Voyages Indigenous Tourism Australia to manage the financial impacts of the COVID-19 pandemic ensuring continued business viability and securing jobs.

This measure builds on the July 2020 Economic and Fiscal Update measure titled *COVID-19 Response Package – support for Indigenous and remote communities*.

### National Australia Day Council — additional funding

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of the Prime Minister and Cabinet	-	-	-	-

The Government will provide \$11.3 million in 2020-21 to support the National Australia Day Council in the lead up to and on Australia Day 2021.

Funding for this measure has already been provided for by the Government.

## Social Services

### COVID-19 Response Package — Extend Coronavirus Supplement and Temporary Access and Eligibility

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Social Services	2,796.8	0.9	..	-
Department of Education, Skills and Employment	103.2	107.1	55.0	33.8
Services Australia	42.3	-	-	-
Department of Health	18.3	9.8	2.1	1.5
Department of Agriculture, Water and the Environment	9.3	-	-	-
Department of Veterans' Affairs	1.5	-	-	-
<b>Total — Payments</b>	<b>2,971.3</b>	<b>117.8</b>	<b>57.2</b>	<b>35.2</b>
<i>Related receipts (\$m)</i>				
<i>Australian Taxation Office</i>	-	18.0	-	-

The Government will provide \$3.2 billion over five years from 2020-21 to temporarily extend the Coronavirus Supplement and current eligibility exemptions for income support payments for new and existing recipients as a result of the COVID-19 pandemic.

From 1 January 2021 the Coronavirus Supplement will be paid at a rate of \$150 per fortnight through to 31 March 2021. The Coronavirus Supplement is paid to all recipients of JobSeeker Payment, Youth Allowance, Parenting Payment, Austudy, ABSTUDY Living Allowance, Farm Household Allowance, Special Benefit, and recipients of the Department of Veterans' Affairs Education Schemes, *Military Rehabilitation and Compensation Act* Education and Training Scheme and Veterans' Children's Education Scheme.

A temporary extension of the current income free area of \$300 per fortnight and 60 cents in the dollar income test taper will continue to apply for all recipients of JobSeeker Payment and Youth Allowance (other), with the exception of principal carer parents who will continue to have an income free area of \$106 and a taper rate of 40 cents in the dollar.

Revised partner income testing arrangements will also continue for recipients of JobSeeker Payments, with the taper set at 27 cents in the dollar for every dollar of partner income above the income free area, with the payment cutting out for JobSeeker Payment recipients once their partner's income exceeds approximately \$80,000.

Payment eligibility will continue to be relaxed on a temporary basis, with the One Week Ordinary Waiting Period, Newly Arrived Resident's Waiting Period and the Seasonal Work Preclusion Period continuing to be waived until 31 March 2021.

*Appendix A: Policy decisions taken since the 2020-21 Budget*

Further information can be found in the press release of 10 November 2020 issued by the Prime Minister and the Minister for Families and Social Services.

**Income Compliance Program Settlement**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Services Australia	23.5	-	-	-

The Government will provide \$112 million to settle the *Prygodicz v The Commonwealth* class action, including the provision of interest payments for eligible group members who paid debts based wholly or partially on averaged Australian Taxation Office (ATO) data under the Income Compliance Program.

Partial funding for this measure has already been provided for by the Government.

This measure builds on the July 2020 Economic and Fiscal Update measure titled *Changes to the Income Compliance Program*.

Further information can be found in the press release of 16 November 2020 issued by the Minister for Government Services.

**Mobility Allowance Program — extension**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Social Services	0.4	-	-	-
Services Australia	0.3	-	-	-
Total — Payments	0.7	-	-	-

The Government will provide \$0.7 million to extend the continuation period for Mobility Allowance recipients from 1 January 2021 until 31 March 2021 for people unable to satisfy qualification requirements.

This measure extends the Mobility Allowance component of the 2020-21 Budget measure titled *Social Services Programs – extension*.

## Treasury

### COVID-19 Response Package — HomeBuilder — extension

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of the Treasury	-230.3	316.9	154.3	-

The Government will provide an additional \$240.9 million over three years from 2020-21 to extend the HomeBuilder program from 1 January 2021 to 31 March 2021. This will bring the total investment in the program to \$920.9 million over three years.

Eligible contracts signed between 1 January 2021 and 31 March 2021 will receive a \$15,000 HomeBuilder grant. For these contracts, the property price caps for new builds in New South Wales and Victoria will be increased to \$950,000 and \$850,000 respectively.

In addition, the construction commencement deadline will be extended from three months to six months for all eligible contracts signed on or after 4 June 2020 and the deadline to lodge applications for HomeBuilder has been extended to 14 April 2021.

This measure builds on the July 2020 Economic and Fiscal Update measure titled *COVID-19 Response Package – HomeBuilder Grant*.

Further information can be found in the joint press release of 29 November 2020 issued by the Prime Minister, the Treasurer and the Assistant Treasurer and Minister for Housing.

### COVID-19 Response Package — support for Indonesia

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of the Treasury	-	-	-	-
<i>Related receipts (\$m)</i>				
<i>Department of the Treasury</i>	<i>10.6</i>	<i>20.2</i>	<i>18.9</i>	<i>17.6</i>

The Government has committed to providing a \$1.5 billion loan to the Indonesian Government to support Indonesia's COVID-19 response, including social protection initiatives and health system development.

This support for Indonesia contributes to a multilateral action led by the Asian Development Bank.

Further information can be found in the joint press release of 12 November 2020 issued by the Treasurer and Indonesian Minister of Finance.

Appendix A: Policy decisions taken since the 2020-21 Budget

**Financial Assistance to Papua New Guinea**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of the Treasury	-	-	-	-
<i>Related receipts (\$m)</i>				
<i>Department of the Treasury</i>	3.9	7.4	6.9	6.4

The Government has provided a 15-year \$558.0 million loan to the Papua New Guinea (PNG) Government to provide financial support to PNG and to support its reform actions under the International Monetary Fund Staff-Monitored Program.

The loan amount comprises a \$140.0 million loan and a refinancing of a US\$300 million loan that PNG already has with Export Finance Australia (EFA), the Australian Government's export credit agency, which PNG entered into in November 2019. In effect, this loan agreement provides PNG with \$140.0 million in new funding and replaces the debt PNG has with EFA with a debt to the Australian Government.

**New Disciplinary System for Financial Advisers**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of the Treasury	-	-	-	-

The Government will introduce legislation to transfer the legislative functions currently exercised by the Financial Advisor Standards and Ethics Authority (FASEA) to the Minister administering the *Corporations Act 2001*, including standard-setting, with FASEA to cease operations and be wound up.

The Government will also expand and codify the role of the Financial Services and Credit Panel within the Australian Securities and Investments Commission and appoint it as the single disciplinary body for financial advisors, consistent with Recommendation 2.10 of the Royal Commission into Misconduct in the Banking, Superannuation Financial Sector.

Further information can be found in the press release of 9 December 2020 issued by the Treasurer.



**North Queensland Home Insurance Comparison Website — continuation**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Australian Securities and Investments Commission	nfp	nfp	nfp	nfp
<i>Related receipts (\$m)</i>				
<i>Australian Securities and Investments Commission</i>	<i>nfp</i>	<i>nfp</i>	<i>nfp</i>	<i>nfp</i>

The Government will provide additional funding over four years from 2020-21 to the Australian Securities and Investment Commission (ASIC) to continue administering the North Queensland Home Insurance Comparison Website. The website is an Australian Government initiative designed to help North Queensland residents compare home insurance policies and indicative premiums.

The cost of this measure will be offset by revenue received through ASIC's industry funding model.

The financial implications for this measure are not for publication (nfp) due to commercial sensitivities.

**Superannuation — KiwiSaver accounts**

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Australian Taxation Office	-	-	-	-

The Government has revised the start date for the Australian Taxation Office to pay lost and unclaimed superannuation amounts directly to New Zealand KiwiSaver accounts from six months after Royal Assent to a day to be fixed by proclamation, or 12 months after Royal Assent if no date is fixed.

This measure is estimated to result in no impact on the underlying cash balance over the forward estimates period.



## **Appendix B: Supplementary expenses table and the Contingency Reserve**

### **Expenses**

Table B.1 shows estimates of Australian Government general government expenses by function and sub-function for 2020-21 and the forward years.

**Table B.1: Estimates of Australian Government general government sector expenses by function and sub-function**

	Estimates											
	2020-21			2021-22			2022-23			2023-24		
	Budget	MYEFO	Change on Budget	Budget	MYEFO	Change on Budget	Budget	MYEFO	Change on Budget	Budget	MYEFO	Change on Budget
\$m	\$m	%	\$m	\$m	%	\$m	\$m	%	\$m	\$m	%	
<b>General public services</b>												
Legislative and executive affairs	1,401	1,459	4	1,659	1,642	-1	1,305	1,307	0	1,308	1,312	0
Financial and fiscal affairs	7,901	8,690	10	7,715	7,580	-2	7,371	7,240	-2	6,971	6,831	-2
Foreign affairs and economic aid	6,541	6,647	2	5,868	6,071	3	5,954	6,141	3	6,513	6,669	2
General research	3,452	3,440	0	3,410	3,395	0	3,400	3,374	-1	3,524	3,506	-1
General services	1,190	1,171	-2	705	687	-3	695	680	-2	720	702	-3
Government superannuation benefits	11,279	11,210	-1	5,055	4,994	-1	5,115	5,050	-1	5,290	5,226	-1
<b>Defence</b>	34,415	34,407	0	35,382	35,362	0	37,120	37,061	0	38,996	38,895	0
<b>Public order and safety</b>	6,212	6,253	1	5,802	5,855	1	5,597	5,631	1	5,514	5,591	1
<b>Education</b>	41,742	43,318	4	41,512	41,909	1	42,095	42,429	1	43,349	43,671	1
<b>Health</b>	93,771	95,119	1	90,313	92,178	2	93,819	94,080	0	97,532	97,862	0
<b>Social security and welfare</b>	227,529	230,519	1	201,730	202,406	0	201,562	202,282	0	205,480	206,391	0
<b>Housing and community amenities</b>	7,086	6,871	-3	5,713	5,986	5	5,172	5,313	3	4,794	4,773	0
<b>Recreation and culture</b>	4,364	4,393	1	4,000	4,034	1	3,836	3,861	1	3,900	3,900	0
<b>Fuel and energy</b>	8,771	8,899	1	8,603	8,993	5	9,021	9,141	1	9,511	9,511	0
<b>Agriculture, forestry and fishing</b>	3,913	3,982	2	3,880	3,937	1	3,182	3,222	1	2,871	2,884	0
<b>Mining, manufacturing and construction</b>	3,306	3,609	9	3,696	3,839	4	4,026	4,093	2	4,112	4,029	-2
<b>Transport and communication</b>	13,060	13,337	2	14,453	14,842	3	15,054	15,203	1	15,158	15,189	0

**Table B.1: Estimates of Australian Government general government sector expenses by function and sub-function (continued)**

	Estimates															
	2020-21				2021-22				2022-23				2023-24			
	Budget	MYEFO	Change on Budget	%	Budget	MYEFO	Change on Budget	%	Budget	MYEFO	Change on Budget	%	Budget	MYEFO	Change on Budget	%
	\$m	\$m	\$m		\$m	\$m	\$m		\$m	\$m	\$m		\$m	\$m	\$m	
<b>Other economic affairs</b>																
Tourism and area promotion	261	261	0		179	177	-1		170	168	-1		171	170	-1	
Labour and employment affairs	7,671	7,825	2		5,801	5,979	3		4,705	4,696	0		4,501	4,356	-3	
Immigration	3,836	3,839	0		2,719	2,850	5		2,602	2,640	1		2,568	2,621	2	
Other economic affairs nec	86,180	75,145	-13		5,582	5,600	0		2,833	2,847	0		2,555	2,561	0	
<b>Other purposes</b>																
Public debt interest	16,804	17,051	1		17,365	17,316	0		17,774	17,523	-1		17,812	17,742	0	
Nominal superannuation interest	7,004	7,004	0		11,731	11,731	0		12,063	12,063	0		12,393	12,393	0	
General purpose inter-government transactions	64,092	67,199	5		71,213	72,225	1		75,468	76,007	1		79,461	79,446	0	
Natural disaster relief	482	266	-45		832	110	-87		155	119	-23		0	0	0	
Contingency reserve	8,068	5,403	-33		12,570	11,018	-12		14,811	13,645	-8		21,612	19,436	-10	
<b>Total expenses</b>	<b>670,330</b>	<b>667,321</b>	<b>0</b>		<b>567,491</b>	<b>570,715</b>	<b>1</b>		<b>574,907</b>	<b>575,816</b>	<b>0</b>		<b>596,619</b>	<b>595,666</b>	<b>0</b>	

## **Contingency Reserve**

The Contingency Reserve (other purposes function) is an allowance, included in aggregate expenses, principally to reflect anticipated events that cannot be assigned to individual programs in the preparation of the Australian Government budget estimates. The Contingency Reserve is used to ensure that the estimates are based on the best information available at the time of the Mid-Year Economic and Fiscal Outlook (MYEFO). It is not a general policy reserve.

While the Contingency Reserve is designed to ensure that aggregate estimates are as close as possible to expected outcomes, it is not appropriated. Allowances that are included in the Contingency Reserve can only be drawn upon once they have been appropriated by Parliament. These allowances are allocated to specific entities for appropriation closer to the time when the associated events occur.

The Contingency Reserve contains an allowance for the tendency for estimates of expenses for existing Government policy to be revised upwards in the forward years, known as the conservative bias allowance (CBA). The increase in expenses in the Contingency Reserve sub-function from 2021-22 is largely due to the CBA. Since the 2020-21 Budget, the allowance has been drawn down to:

- $\frac{1}{4}$  of a percentage point of total general government sector expenses (excluding GST payments to the states) in the first forward year 2021-22 (\$1.3 billion)
- $\frac{3}{4}$  of a percentage point of expenses in the second forward year 2022-23 (\$3.8 billion)
- $1\frac{1}{2}$  of a percentage point of expenses in the third forward year 2023-24 (\$7.8 billion).

The drawdown of the CBA reduced expenses by \$1.1 billion in 2021-22, \$1.1 billion in 2022-23, and \$2.2 billion in 2023-24. This is consistent with long standing practice and does not represent a saving.

In general, the Contingency Reserve can also include:

- a provision for underspends in the current financial year reflecting the tendency for budgeted expenses for some entities or functions not to be met
- commercial-in-confidence and national security-in-confidence items that cannot be disclosed separately and programs that are yet to be renegotiated with state and territory governments
- the effect, on the budget and forward estimates, of economic parameter revisions received late in the process and hence not able to be allocated to individual entities or functions
- decisions taken but not yet announced by the Government, and decisions made too late for inclusion against individual entity estimates
- provisions for other specific events and policy changes that may impact the budget estimates.

## Appendix C: Australia's Federal Relations

This appendix provides information on payments for specific purposes and general revenue assistance provided to the states and territories (the states).

The current framework for federal financial relations under the *Intergovernmental Agreement on Federal Financial Relations* (the Intergovernmental Agreement) was introduced on 1 January 2009.

More detailed information on the Intergovernmental Agreement and Australia's federal financial relations is provided at [www.federalfinancialrelations.gov.au](http://www.federalfinancialrelations.gov.au) and in Budget Paper No. 3, *Federal Financial Relations 2020-21*.

### Overview of payments to the states

Australian Government payments to the states in 2020-21 are estimated to be \$134.5 billion, or 20.2 per cent of total Australian Government expenditure for the year. This amount comprises payments for specific purposes of \$69.4 billion and general revenue assistance of \$65.0 billion.

In 2020-21, payments to the states include support provided by the Australian Government in response to the COVID-19 pandemic to areas where states have primary responsibility. This includes payments relating to health services; local roads and community infrastructure to support jobs and local economies; training places to help young people and job seekers; domestic, family and sexual violence services; and legal assistance services. Payments to the states do not capture the direct support provided by the Australian Government to households and businesses through COVID-19 response measures such as the JobKeeper Payment and the Coronavirus Supplement.

Table C.1 shows payments for specific purposes and general revenue assistance to the states.

Appendix C: Australia's Federal Relations

**Table C.1: Australian Government payments to the states, 2020-21 to 2023-24**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>2020-21</b>									
Payments for specific purposes(a)	20,847	16,321	15,478	7,428	4,387	1,532	1,113	1,490	69,433
GST entitlement	18,453	15,876	13,387	2,941	5,906	2,530	1,222	2,835	63,150
Other general revenue assistance(c)	-	-	-	1,562	-	-	41	-	1,884
<b>Total payments to the states</b>	<b>39,300</b>	<b>32,198</b>	<b>28,865</b>	<b>11,931</b>	<b>10,293</b>	<b>4,062</b>	<b>2,376</b>	<b>4,325</b>	<b>134,466</b>
<b>2021-22</b>									
Payments for specific purposes(a)	21,293	17,168	16,182	8,306	4,592	1,638	1,117	1,612	72,440
GST entitlement(b)	~	~	~	~	~	~	~	~	67,180
Other general revenue assistance(c)	20	11	-	1,528	-	-	42	-	1,866
<b>Total payments to the states</b>	<b>21,313</b>	<b>17,179</b>	<b>16,182</b>	<b>9,834</b>	<b>4,592</b>	<b>1,638</b>	<b>1,158</b>	<b>1,612</b>	<b>141,486</b>
<b>2022-23</b>									
Payments for specific purposes(a)	21,798	18,074	16,747	8,402	4,572	1,754	1,147	1,334	74,529
GST entitlement(b)	~	~	~	~	~	~	~	~	71,317
Other general revenue assistance(c)	672	553	423	3	121	20	75	-	2,034
<b>Total payments to the states</b>	<b>22,470</b>	<b>18,627</b>	<b>17,170</b>	<b>8,405</b>	<b>4,692</b>	<b>1,774</b>	<b>1,222</b>	<b>1,334</b>	<b>147,880</b>
<b>2023-24</b>									
Payments for specific purposes(a)	22,469	19,449	17,277	8,053	5,066	1,876	1,180	1,251	77,289
GST entitlement(b)	~	~	~	~	~	~	~	~	74,616
Other general revenue assistance(c)	701	580	444	1	137	33	78	-	2,103
<b>Total payments to the states</b>	<b>23,170</b>	<b>20,029</b>	<b>17,721</b>	<b>8,054</b>	<b>5,202</b>	<b>1,909</b>	<b>1,258</b>	<b>1,251</b>	<b>154,009</b>

(a) As state allocations for a number of programs have not yet been determined, these payments are not included in state totals. As a result, total payments may not equal the sum of state totals.

(b) The GST is distributed among the states based on the GST revenue sharing relativities recommended by the Commonwealth Grants Commission (the Commission) and determined by the Treasurer for 2020-21. The Commission does not provide projected relativities beyond 2020-21.

(c) State allocations for royalties are not published due to commercial sensitivities. These payments are not included in state totals. As a result, total payments may not equal the sum of state totals.



## **Payments for specific purposes**

The Australian Government provides payments to the states for specific purposes in areas administered by the states. Payments to the states for specific purposes are estimated to total \$69.4 billion in 2020-21, which is 10.4 per cent of total Australian Government expenditure for the year and an increase of \$5.7 billion (or 8.9 per cent) on the \$63.8 billion the states received in 2019-20.

The Australian Government provides the following types of specific purpose payments (SPPs) to the states:

- National Specific Purpose Payments (National SPPs) in respect of skills and workforce development.
- National Health Reform funding, largely for public hospital services.
- Quality Schools funding for government and non-government schools.
- National Housing and Homelessness funding for improved housing outcomes.
- National Partnership payments in a wide range of areas.

Table C.2 shows total payments for specific purposes by type of SPP.

Appendix C: Australia's Federal Relations

**Table C.2: Total payments for specific purposes by category, 2020-21 to 2023-24**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total(a)
<b>2020-21</b>									
National Specific Purpose Payments	496	408	315	161	107	33	26	15	1,561
National Health Reform funding(b)	7,991	6,622	5,479	2,555	1,507	517	474	331	25,476
Quality Schools funding	6,709	5,656	4,873	2,195	1,421	515	358	365	22,091
National Housing and Homelessness funding	489	415	327	170	111	35	27	20	1,595
National Partnership payments(c)	5,162	3,221	4,484	2,347	1,241	434	228	758	18,711
<b>Total payments for specific purposes</b>	<b>20,847</b>	<b>16,321</b>	<b>15,478</b>	<b>7,428</b>	<b>4,387</b>	<b>1,532</b>	<b>1,113</b>	<b>1,490</b>	<b>69,433</b>
<b>2021-22</b>									
National Specific Purpose Payments	498	411	319	163	108	33	26	15	1,574
National Health Reform funding	7,683	6,229	5,731	2,690	1,513	509	469	365	25,189
Quality Schools funding	7,468	6,124	5,321	2,515	1,726	544	381	410	24,489
National Housing and Homelessness funding	485	398	320	164	107	33	26	19	1,552
National Partnership payments(c)	5,159	4,006	4,491	2,774	1,138	519	214	803	19,637
<b>Total payments for specific purposes</b>	<b>21,293</b>	<b>17,168</b>	<b>16,182</b>	<b>8,306</b>	<b>4,592</b>	<b>1,638</b>	<b>1,117</b>	<b>1,612</b>	<b>72,440</b>
<b>2022-23</b>									
National Specific Purpose Payments	502	417	323	165	109	34	27	14	1,591
National Health Reform funding	8,122	6,531	6,139	2,853	1,578	522	504	400	26,649
Quality Schools funding	7,916	6,528	5,619	2,692	1,840	569	403	423	25,991
National Housing and Homelessness funding	489	403	324	166	108	34	26	19	1,569
National Partnership payments(c)	4,768	4,196	4,341	2,526	937	596	187	478	18,731
<b>Total payments for specific purposes</b>	<b>21,798</b>	<b>18,074</b>	<b>16,747</b>	<b>8,402</b>	<b>4,572</b>	<b>1,754</b>	<b>1,147</b>	<b>1,334</b>	<b>74,529</b>

**Table C.2: Total payments for specific purposes by category, 2020-21 to 2023-24 (continued)**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total(a)
<b>2023-24</b>									
National Specific Purpose Payments	508	424	328	167	110	34	27	14	1,613
National Health Reform funding	8,585	6,866	6,582	3,037	1,645	547	539	437	28,238
Quality Schools funding	8,297	6,876	5,877	2,836	1,930	591	423	434	27,263
National Housing and Homelessness funding	494	410	329	168	109	34	26	19	1,591
National Partnership payments(c)	4,584	4,873	4,161	1,844	1,272	671	165	347	18,585
<b>Total payments for specific purposes</b>	<b>22,469</b>	<b>19,449</b>	<b>17,277</b>	<b>8,053</b>	<b>5,066</b>	<b>1,876</b>	<b>1,180</b>	<b>1,251</b>	<b>77,289</b>

(a) As state allocations for a number of programs have not yet been determined, these payments are not included in state totals. As a result, total payments may not equal the sum of state totals.

(b) Includes \$1.9 billion for the COVID-19 public health response in 2020-21.

(c) Includes financial assistance grants for local government and payments direct to local government.

Payments for specific purposes cover most areas of state and local government activity, including health, education, skills and workforce development, community services, affordable housing, infrastructure, and the environment. Table C.3 shows total payments for specific purposes by sector.

**Table C.3: Payments for specific purposes by sector, 2020-21 to 2023-24**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total(a)
<b>2020-21</b>									
Health	8,095	6,730	5,568	2,591	1,573	538	508	499	26,136
Education	6,858	5,799	4,975	2,250	1,458	527	369	401	22,636
Skills and workforce development	751	553	430	247	160	55	41	23	2,261
Community services	649	277	722	693	82	25	18	46	2,512
Affordable housing	489	415	427	170	111	35	27	161	2,286
Infrastructure	3,131	1,909	2,756	1,220	754	274	61	296	10,441
Environment	162	132	155	42	61	16	6	11	895
Contingent payments	139	40	28	..	22	..	36	..	267
Other(b)	573	466	417	213	165	63	47	52	1,999
<b>Total payments for specific purposes</b>	<b>20,847</b>	<b>16,321</b>	<b>15,478</b>	<b>7,428</b>	<b>4,387</b>	<b>1,532</b>	<b>1,113</b>	<b>1,490</b>	<b>69,433</b>

**Table C.3: Payments for specific purposes by sector, 2020-21 to 2023-24 (continued)**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total(a)
<b>2021-22</b>									
Health	7,726	6,280	5,803	2,715	1,527	520	477	406	25,471
Education	7,578	6,226	5,399	2,555	1,754	553	389	443	24,898
Skills and workforce development	580	417	323	196	127	48	31	17	1,739
Community services	630	261	219	109	78	24	17	46	1,385
Affordable housing	485	398	320	164	107	33	26	208	2,059
Infrastructure	2,961	2,820	3,248	2,197	711	316	100	423	12,798
Environment	295	58	261	64	20	48	5	5	928
Contingent payments	117	-13	-1	..	6	..	~	~	110
Other(b)	922	718	609	305	262	97	71	64	3,052
<b>Total payments for specific purposes</b>	<b>21,293</b>	<b>17,168</b>	<b>16,182</b>	<b>8,306</b>	<b>4,592</b>	<b>1,638</b>	<b>1,117</b>	<b>1,612</b>	<b>72,440</b>
<b>2022-23</b>									
Health	8,157	6,624	6,187	2,898	1,626	535	514	418	26,982
Education	7,916	6,528	5,619	2,692	1,840	569	403	423	26,052
Skills and workforce development	502	417	323	165	109	38	27	14	1,595
Community services	350	271	219	113	81	25	18	11	1,087
Affordable housing	489	403	324	166	108	34	26	129	1,834
Infrastructure	3,120	3,080	3,298	1,974	501	430	92	277	12,772
Environment	228	17	162	93	37	29	2	2	1,026
Contingent payments	108	7	-2	~	6	~	~	~	119
Other(b)	929	728	615	301	264	94	65	61	3,062
<b>Total payments for specific purposes</b>	<b>21,798</b>	<b>18,074</b>	<b>16,747</b>	<b>8,402</b>	<b>4,572</b>	<b>1,754</b>	<b>1,147</b>	<b>1,334</b>	<b>74,529</b>
<b>2023-24</b>									
Health	8,673	6,924	6,605	3,073	1,660	560	543	438	28,496
Education	8,297	6,876	5,877	2,836	1,930	591	423	434	27,324
Skills and workforce development	508	424	328	167	110	34	27	14	1,613
Community services	362	280	227	136	83	26	19	11	1,143
Affordable housing	494	410	329	168	109	34	26	19	1,592
Infrastructure	3,020	3,779	3,154	1,338	861	513	73	271	13,010
Environment	164	8	126	26	42	23	2	1	973
Contingent payments	~	~	~	~	~	~	~	~	..
Other(b)	950	747	631	308	271	97	67	62	3,138
<b>Total payments for specific purposes</b>	<b>22,469</b>	<b>19,449</b>	<b>17,277</b>	<b>8,053</b>	<b>5,066</b>	<b>1,876</b>	<b>1,180</b>	<b>1,251</b>	<b>77,289</b>

(a) As state allocations for a number of programs have not yet been determined, these payments are not included in state totals. As a result, total payments may not equal the sum of state totals.

(b) Includes financial assistance grants for local government.

Table C.4 shows total payments for specific purposes by sector and category (National SPPs, National Health Reform funding, Quality Schools funding, National Housing and Homelessness and National Partnership payments).

**Table C.4: Payments for specific purposes by sector and category, 2020-21 to 2023-24**

\$million	2020-21	2021-22	2022-23	2023-24
<i>Health</i>				
National Health Reform funding(a)	25,476	25,189	26,649	28,238
National Partnership payments	659	282	333	259
<i>Education</i>				
Quality Schools funding	22,091	24,489	25,991	27,263
National Partnership payments	545	409	61	61
<i>Skills and workforce development</i>				
National Skills and Workforce Development SPP	1,561	1,574	1,591	1,613
National Partnership payments	700	165	5	-
<i>Community services</i>				
National Partnership payments	2,512	1,385	1,087	1,143
<i>Affordable housing</i>				
National Housing and Homelessness funding	1,595	1,552	1,569	1,591
National Partnership payments	692	508	265	1
<i>Infrastructure</i>				
National Partnership payments	10,441	12,798	12,772	13,010
<i>Environment</i>				
National Partnership payments	895	928	1,026	973
<i>Contingent payments</i>				
National Partnership payments	267	110	119	..
<i>Other</i>				
National Partnership payments(b)	1,999	3,052	3,062	3,138
<b>Total payments for specific purposes</b>	<b>69,433</b>	<b>72,440</b>	<b>74,529</b>	<b>77,289</b>

(a) Includes \$1.9 billion for the COVID-19 public health response in 2020-21.

(b) Includes financial assistance grants for local government.

Detailed tables of payments for specific purposes are provided in Annex A (available online).

The Australian Government provides funding under the Disaster Recovery Funding Arrangements (DRFA) to assist the states following natural disasters. For accounting purposes, the Australian Government recognises a liability equal to the present value of future payments expected to be made to the states under the DRFA. This is regardless of whether a state has completed eligible reconstruction work or submitted an eligible claim under the DRFA. Estimated DRFA cash payments are shown in Table C.5. Expense estimates are presented in Table A.8 in Annex A (available online).

**Table C.5: Estimated DRFA cash payments, 2020-21 to 2023-24**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2020-21	68.2	-	669.4	144.2	7.3	42.0	1.9	25.6	958.5
2021-22	359.4	47.6	418.8	7.6	43.8	5.5	-	-	882.7
2022-23	13.5	24.7	16.6	-	10.1	0.1	-	-	65.0
2023-24	-	-	-	-	-	..	-	-	..

## General revenue assistance

General revenue assistance is provided to the states without conditions and can be spent by the states according to their own budget priorities.

In 2020-21, the states are expected to receive \$65.0 billion in general revenue assistance from the Australian Government, comprising \$63.2 billion in goods and services tax (GST) entitlements and \$1.9 billion in other general revenue assistance. General revenue assistance to the states is estimated to represent 9.7 per cent of total Australian Government expenditure in 2020-21.

Table C.6 summarises GST and other general revenue assistance payments to the states. Detailed tables of GST and other general revenue assistance are provided in Annex A (available online).

**Table C.6: General revenue assistance, 2020-21 to 2023-24**

\$million	2020-21	2021-22	2022-23	2023-24
GST entitlements	63,150	67,180	71,317	74,616
Other payments				
<i>ACT municipal services</i>	41	42	42	43
<i>Compensation for reduced royalties</i>	15	10	3	1
<i>Royalties</i>	280	265	167	128
<i>Transitional GST top-up payments(a)</i>	1,547	1,518	-	-
<i>HFE transition payments(a)</i>	-	31	1,821	1,930
Total other	1,884	1,866	2,034	2,103
Total GST and other payments	65,034	69,046	73,350	76,719

(a) Estimates of the transitional GST top-up payments and horizontal fiscal equalisation (HFE) transition payments for 2021-22 and later years are based on current GST relativities, and adjusted to take into account the transition to the new HFE system.

## GST payments

Under the *Federal Financial Relations Act 2009*, the states are entitled to receive payments from the Australian Government equivalent to the revenue raised from the GST in any given financial year, after some minor adjustments. Table C.7 reconciles GST revenue and the states' GST entitlement.

**Table C.7: Reconciling GST revenue and the states' GST entitlement**

\$million	2020-21	2021-22	2022-23	2023-24
GST revenue	65,750	68,770	73,160	76,620
<i>less</i> Change in GST receivables	2,538	2,129	2,409	2,609
GST receipts	63,212	66,641	70,751	74,011
<i>less</i> Non-GIC penalties collected	50	60	70	60
<i>less</i> GST collected by Commonwealth agencies but not yet remitted to the ATO	12	1	1	1
<i>plus</i> GST pool boost	-	600	637	666
States' GST entitlement	63,150	67,180	71,317	74,616

Table C.8 reconciles the change in the estimates of the states' GST entitlement since the 2020-21 Budget.

**Table C.8: Reconciliation of the GST entitlement estimates since the 2020-21 Budget**

\$million	2020-21	2021-22	2022-23	2023-24
GST entitlement at 2020-21 Budget	59,920	66,140	70,752	74,587
<i>Changes between 2020-21 Budget and 2020-21 MYEFO</i>				
Effect of policy decisions	0	0	0	0
Effect of parameter and other variations	3,230	1,040	565	30
Total variations	3,230	1,040	565	30
GST entitlement at 2020-21 MYEFO	63,150	67,180	71,317	74,616

Policy decisions taken since the 2020-21 Budget are not expected to have a material impact on the GST entitlement.

### Distribution of the GST among the states

The Australian Government distributes the GST among the states based on the GST revenue sharing relativities recommended by the Commonwealth Grants Commission. Table C.9 shows the calculation for the distribution of the states' estimated GST entitlement in 2020-21. This method of calculation is prescribed in the *Federal Financial Relations Act 2009*.

**Table C.9: Distribution of the GST entitlement, 2020-21<sup>(a)</sup>**

	Estimated 31 December 2020 population	GST relativities	Adjusted population (1) x (2)	Share of adjusted population	Share of GST pool \$million
<b>2020-21</b>	(1)	(2)	(3)	(4)	(5)
NSW	8,156,893	0.91808	7,488,680	29.2%	18,453
VIC	6,712,016	0.95992	6,442,998	25.1%	15,876
QLD	5,178,758	1.04907	5,432,880	21.2%	13,387
WA	2,654,112	0.44970	1,193,554	4.7%	2,941
SA	1,765,497	1.35765	2,396,927	9.4%	5,906
TAS	541,121	1.89742	1,026,734	4.0%	2,530
ACT	430,655	1.15112	495,736	1.9%	1,222
NT	241,271	4.76893	1,150,605	4.5%	2,835
<b>Total</b>	<b>25,680,323</b>	<b>na</b>	<b>25,628,113</b>	<b>100.0%</b>	<b>63,150</b>

(a) Amounts shown are estimates of each state's GST entitlement, based on the estimated total GST entitlement and state populations. These amounts do not take into account the 2019-20 balancing adjustment of -\$5.2 billion which is being made to the states' monthly GST advance payments in 2020-21.

The calculation of the final GST entitlement for 2019-20 is shown in Table C.10. The Assistant Treasurer made a Determination giving effect to this entitlement on 20 October 2020. The table also includes the distribution of the balancing adjustment, taking account of differences between advances of GST paid to each state and each state's final entitlement for 2019-20.

**Table C.10: Calculation of the GST entitlement and balancing adjustment, 2019-20<sup>(a)</sup>**

	31 December 2019 population	GST relativities	Adjusted population (1) x (2)	Share of adjusted population	Share of GST pool \$million	GST advances \$million	Balancing adjustment \$million (5) — (6)
<b>2019-20</b>	(1)	(2)	(3)	(4)	(5)	(6)	(7)
NSW	8,128,984	0.87013	7,073,273	27.8%	16,723	18,192	-1,469
VIC	6,651,074	0.98273	6,536,210	25.7%	15,453	16,798	-1,345
QLD	5,129,996	1.05370	5,405,477	21.2%	12,780	13,868	-1,088
WA	2,639,080	0.51842	1,368,152	5.4%	3,235	3,489	-255
SA	1,759,184	1.46552	2,578,119	10.1%	6,095	6,592	-496
TAS	537,012	1.75576	942,864	3.7%	2,229	2,417	-188
ACT	427,419	1.23759	528,969	2.1%	1,251	1,368	-117
NT	244,761	4.26735	1,044,481	4.1%	2,469	2,685	-216
<b>Total</b>	<b>25,517,510</b>	<b>na</b>	<b>25,477,545</b>	<b>100.0%</b>	<b>60,236</b>	<b>65,410</b>	<b>-5,174</b>

(a) These amounts do not take into account the 2018-19 balancing adjustment of -\$470 million which was made to the state's monthly GST advance payments in 2019-20.

### GST administration

States reimburse the Australian Government for the agreed costs incurred by the Australian Taxation Office (ATO) in administering the GST, including costs incurred by the Department of Home Affairs. The GST administration budget for the ATO is estimated to be \$621.5 million for 2020-21, as shown in Table C.11.

**Table C.11: GST administration budget<sup>(a)</sup>**

\$million	Actual		Estimates		
	2019-20	2020-21	2021-22	2022-23	2023-24
Administration budget at 2020-21 Budget	646.6	621.5	675.7	671.7	487.4
Changes from 2020-21 Budget to MYEFO					
Parameter variations	-	-	-	-0.5	-
Other variations	-	-	5.4	3.3	-6.3
Total variations	-	-	5.4	2.8	-6.3
Administration budget at 2020-21 MYEFO	646.6	621.5	681.1	674.5	481.1
less Prior year adjustment	-	-	-	-	-
<b>equals State government payments(b)</b>	<b>646.6</b>	<b>621.5</b>	<b>681.1</b>	<b>674.5</b>	<b>481.1</b>

(a) The move to full cost recovery has led to a greater focus on the actual costs of GST administration which has identified increased indirect administration costs. Increases relate to investment in technology to improve the resilience of ATO information technology security, data storage and sustainment and data analytics. The 2020-21 estimate at the 2020-21 Budget also included a decrease in costs due to ATO resources being diverted to support COVID-19 stimulus work. GST activities will gradually return to business as usual during the 2020-21 year.

(b) GST administration costs for 2019-20 were capped at the estimate as per Schedule B of the *GST Administration Performance Agreement* and will move to a full cost recovery arrangement from 2020-21 as endorsed by the Council on Federal Financial Relations.



## Appendix D: Historical Australian Government Data

This appendix reports historical data for the Australian Government fiscal aggregates across the general government, public non-financial corporations and non-financial public sectors.

### Data sources

Data are sourced from Australian Government *Final Budget Outcomes*, the Australian Bureau of Statistics (ABS), the Australian Office of Financial Management and Australian Government *Consolidated Financial Statements*.

- Accrual data from 1996-97 onwards and cash data, net debt data, net financial worth data and net worth data from 1999-2000 onwards are sourced from Australian Government *Final Budget Outcomes*. Back-casting adjustments for accounting classification changes and other revisions have been made from 1998-99 onwards where applicable.
- Cash data prior to 1999-2000 are sourced from ABS data, which have been calculated using methodology consistent with that used for later years in ABS cat. no. 5512.0 *Government Finance Statistics*.
- Net debt data prior to 1999-2000 are from ABS cat. no. 5512.0 *Government Finance Statistics 2003-04* in 1998-99, ABS cat. no. 5501.0 *Government Financial Estimates 1999-2000* and ABS cat. no. 5513.0 *Public Sector Financial Assets and Liabilities 1998* from 1987-88 to 1997-98, and Treasury estimates (see Treasury's *Economic Roundup, Spring 1996*, pages 97-103) prior to 1987-88.

### Comparability of data across years

The data set contains a number of structural breaks owing to accounting classification differences and changes to the structure of the budget which cannot be eliminated through back-casting because of data limitations. These breaks can affect the comparability of data across years, especially when the analysis is taken over a large number of years. Specific factors causing structural breaks include:

- Most recent accounting classification changes that require revisions to the historical series have been back-cast (where applicable) to 1998-99, ensuring that data are consistent across the accrual period from 1998-99 onwards. However, because of data limitations, these changes have not been back-cast to earlier years.
- From 2019-20 onwards, as a result of the implementation of the accounting standard *AASB 16 Leases*, the distinction between operating and finance leases for lessees has been removed. This change impacted a number of budget aggregates, in particular

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net debt and net financial worth. Due to data limitations, these changes have not been back-cast to earlier years.

- From 2005-06 onwards, underlying Government Finance Statistics (GFS) data are provided by agencies in accordance with Australian Accounting Standards (AAS), which includes International Financial Reporting Standards (IFRS) as adopted in Australia. Prior to 2005-06, underlying GFS data are based on data provided by agencies applying AAS prior to the adoption of IFRS.
- Prior to 1999-2000, Australian Government general government sector debt instruments are valued at historic cost, whereas from 1999-2000 onwards they are valued at market prices (consistent with accrual GFS standards). This affects net debt and net interest payments.
- Cash data up to and including 1997-98 are calculated under a cash accounting framework, while cash data from 1998-99 onwards are derived from an accrual accounting framework.<sup>6</sup> Although the major methodological differences associated with the move to the accrual framework have been eliminated through back-casting, comparisons across the break may still be affected by changes to some data sources and collection methodologies.
- Adjustments in the coverage of agencies are included in the accounts of the different sectors. These include the reclassification of Central Banking Authorities from the general government to the public financial corporations sector in 1998-99, and subsequent back-casting to account for this change.
- Changes have been made in arrangements for transfer payments, where tax concessions or rebates are replaced by payments through the social security system. This has the effect of increasing both cash receipts and payments, as compared with earlier periods, but not changing cash balances. Changes in the opposite direction reduce both cash payments and receipts.
- Classification differences in the data relating to the period prior to 1976-77 mean that earlier data may not be entirely consistent with data for 1976-77 onwards.

### **Revisions to previously published data**

Under the accrual GFS framework and generally under AAS, flows are recorded in the period in which they occurred. As a result, prior period outcomes may be revised for classification changes relating to information that could reasonably have been expected

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<sup>6</sup> Prior to the 2008-09 Budget, cash data calculated under the cash accounting framework were used up to and including 1998-99. In the 2008-09 Budget, cash data prior to 1998-99 have been replaced by ABS data derived from the accrual framework.

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to be known in the past, is material in at least one of the affected periods, and can be reliably assigned to the relevant period(s).

There have been no material classification changes that have resulted in back-casting in this update.

**Table D.1: Australian Government general government sector receipts, payments, net Future Fund earnings and underlying cash balance<sup>(a)</sup>**

	Receipts(b)		Payments(c)			Net Future Fund earnings	Underlying cash balance(d)	
	\$m	Per cent of GDP	\$m	Per cent real growth(f)	Per cent of GDP	\$m	\$m	Per cent of GDP
1970-71	8,290	20.6	7,389	na	18.3	-	901	2.2
1971-72	9,135	20.5	8,249	4.1	18.5	-	886	2.0
1972-73	9,735	19.6	9,388	7.7	18.9	-	348	0.7
1973-74	12,228	20.3	11,078	4.2	18.4	-	1,150	1.9
1974-75	15,643	22.0	15,463	19.9	21.7	-	181	0.3
1975-76	18,727	22.5	20,225	15.7	24.3	-	-1,499	-1.8
1976-77	21,890	22.8	23,157	0.6	24.1	-	-1,266	-1.3
1977-78	24,019	22.9	26,057	2.7	24.8	-	-2,037	-1.9
1978-79	26,129	22.0	28,272	0.3	23.8	-	-2,142	-1.8
1979-80	30,321	22.6	31,642	1.5	23.5	-	-1,322	-1.0
1980-81	35,993	23.7	36,176	4.6	23.8	-	-184	-0.1
1981-82	41,499	23.6	41,151	2.9	23.4	-	348	0.2
1982-83	45,463	24.0	48,810	6.3	25.8	-	-3,348	-1.8
1983-84	49,981	23.4	56,990	9.4	26.7	-	-7,008	-3.3
1984-85	58,817	25.0	64,853	9.1	27.6	-	-6,037	-2.6
1985-86	66,206	25.4	71,328	1.5	27.4	-	-5,122	-2.0
1986-87	74,724	26.2	77,158	-1.1	27.0	-	-2,434	-0.9
1987-88	83,491	25.8	82,039	-0.9	25.3	-	1,452	0.4
1988-89	90,748	24.7	85,326	-3.1	23.2	-	5,421	1.5
1989-90	98,625	24.4	92,684	0.6	22.9	-	5,942	1.5
1990-91	100,227	24.2	100,665	3.1	24.3	-	-438	-0.1
1991-92	95,840	22.7	108,472	5.7	25.7	-	-12,631	-3.0
1992-93	97,633	22.0	115,751	5.6	26.1	-	-18,118	-4.1
1993-94	103,824	22.3	122,009	3.5	26.2	-	-18,185	-3.9
1994-95	113,458	22.9	127,619	1.4	25.8	-	-14,160	-2.9
1995-96	124,429	23.6	135,538	1.9	25.7	-	-11,109	-2.1
1996-97	133,592	24.1	139,689	1.7	25.2	-	-6,099	-1.1
1997-98	140,736	23.9	140,587	0.6	23.9	-	149	0.0
1998-99	152,063	24.5	148,175	4.1	23.9	-	3,889	0.6
1999-00	166,199	25.1	153,192	1.0	23.2	-	13,007	2.0
2000-01	182,996	26.0	177,123	9.1	25.1	-	5,872	0.8
2001-02	187,588	24.9	188,655	3.5	25.0	-	-1,067	-0.1
2002-03	204,613	25.5	197,243	1.4	24.6	-	7,370	0.9
2003-04	217,775	25.3	209,785	3.9	24.4	-	7,990	0.9
2004-05	235,984	25.6	222,407	3.5	24.1	-	13,577	1.5
2005-06	255,943	25.7	240,136	4.6	24.1	51	15,757	1.6
2006-07	272,637	25.1	253,321	2.5	23.3	2,127	17,190	1.6
2007-08	294,917	25.0	271,843	3.8	23.1	3,319	19,754	1.7
2008-09	292,600	23.2	316,046	12.7	25.1	3,566	-27,013	-2.1
2009-10	284,662	21.9	336,900	4.2	25.9	2,256	-54,494	-4.2

**Table D.1: Australian Government general government sector receipts, payments, net Future Fund earnings and underlying cash balance<sup>(a)</sup> (continued)**

	Receipts(b)		Payments(c)			Net Future Fund earnings	Underlying cash balance(d)	
	\$m	Per cent of GDP	\$m	Per cent real growth(f)	Per cent of GDP	\$m	\$m	Per cent of GDP
2010-11	302,024	21.3	346,102	-0.4	24.4	3,385	-47,463	-3.4
2011-12	329,874	22.0	371,032	4.8	24.7	2,203	-43,360	-2.9
2012-13	351,052	22.9	367,204	-3.2	23.9	2,682	-18,834	-1.2
2013-14	360,322	22.5	406,430	7.8	25.4	2,348	-48,456	-3.0
2014-15	378,301	23.3	412,079	-0.3	25.4	4,089	-37,867	-2.3
2015-16	386,924	23.3	423,328	1.3	25.5	3,202	-39,606	-2.4
2016-17	409,868	23.3	439,375	2.0	24.9	3,644	-33,151	-1.9
2017-18	446,905	24.2	452,742	1.1	24.5	4,305	-10,141	-0.5
2018-19	485,286	24.9	478,098	3.9	24.5	7,878	-690	0.0
2019-20	469,398	23.6	549,634	13.4	27.7	5,036	-85,272	-4.3
<b>2020-21 (e)</b>	<b>473,133</b>	<b>23.6</b>	<b>670,880</b>	<b>20.9</b>	<b>33.4</b>	<b>3,943</b>	<b>-197,747</b>	<b>-9.9</b>
2021-22 (e)	458,497	22.5	566,958	-16.4	27.9	3,491	-108,461	-5.3
2022-23 (e)	487,057	23.1	571,443	-0.8	27.1	3,711	-84,386	-4.0
2023-24 (e)	526,274	23.8	592,248	1.8	26.8	3,928	-65,974	-3.0

- (a) Data have been revised in the 2020-21 MYEFO to improve accuracy and comparability through time.  
(b) Receipts are equal to cash receipts from operating activities and sales of non-financial assets.  
(c) Payments are equal to cash payments for operating activities, purchases of non-financial assets and net cash flows from financing activities for leases.  
(d) Between 2005-06 and 2019-20, the underlying cash balance is equal to receipts less payments, less net Future Fund earnings. In all other years, the underlying cash balance is equal to receipts less payments.  
(e) Estimates.  
(f) Real spending growth is calculated using the Consumer Price Index as the deflator.

**Table D.2: Australian Government general government sector net cash flows from investments in financial assets for policy purposes and headline cash balance<sup>(a)</sup>**

			Net cash flows from investments in financial assets for policy purposes(b)		Headline cash balance(c)	
	Receipts	Payments		Per cent of GDP		Per cent of GDP
	\$m	\$m	\$m		\$m	
1970-71	8,290	7,389	-851	-2.1	50	0.1
1971-72	9,135	8,249	-987	-2.2	-101	-0.2
1972-73	9,735	9,388	-977	-2.0	-629	-1.3
1973-74	12,228	11,078	-1,275	-2.1	-125	-0.2
1974-75	15,643	15,463	-2,648	-3.7	-2,467	-3.5
1975-76	18,727	20,225	-2,040	-2.5	-3,539	-4.3
1976-77	21,890	23,157	-1,530	-1.6	-2,796	-2.9
1977-78	24,019	26,057	-1,324	-1.3	-3,361	-3.2
1978-79	26,129	28,272	-1,074	-0.9	-3,216	-2.7
1979-80	30,321	31,642	-702	-0.5	-2,024	-1.5
1980-81	35,993	36,176	-962	-0.6	-1,146	-0.8
1981-82	41,499	41,151	-1,008	-0.6	-660	-0.4
1982-83	45,463	48,810	-1,363	-0.7	-4,711	-2.5
1983-84	49,981	56,990	-1,136	-0.5	-8,144	-3.8
1984-85	58,817	64,853	-922	-0.4	-6,959	-3.0
1985-86	66,206	71,328	-810	-0.3	-5,932	-2.3
1986-87	74,724	77,158	-545	-0.2	-2,979	-1.0
1987-88	83,491	82,039	657	0.2	2,109	0.7
1988-89	90,748	85,326	168	0.0	5,589	1.5
1989-90	98,625	92,684	1,217	0.3	7,159	1.8
1990-91	100,227	100,665	1,563	0.4	1,125	0.3
1991-92	95,840	108,472	2,156	0.5	-10,475	-2.5
1992-93	97,633	115,751	2,471	0.6	-15,647	-3.5
1993-94	103,824	122,009	3,447	0.7	-14,738	-3.2
1994-95	113,458	127,619	1,546	0.3	-12,614	-2.6
1995-96	124,429	135,538	5,188	1.0	-5,921	-1.1
1996-97	133,592	139,689	7,241	1.3	1,142	0.2
1997-98	140,736	140,587	15,154	2.6	15,303	2.6
1998-99	152,063	148,175	6,948	1.1	10,837	1.7
1999-00	166,199	153,192	9,500	1.4	22,507	3.4
2000-01	182,996	177,123	5,673	0.8	11,545	1.6
2001-02	187,588	188,655	3,422	0.5	2,355	0.3
2002-03	204,613	197,243	-229	0.0	7,141	0.9
2003-04	217,775	209,785	-452	-0.1	7,538	0.9
2004-05	235,984	222,407	-1,139	-0.1	12,438	1.3
2005-06	255,943	240,136	-1,647	-0.2	14,160	1.4
2006-07	272,637	253,321	7,403	0.7	26,720	2.5
2007-08	294,917	271,843	5,108	0.4	28,181	2.4
2008-09	292,600	316,046	-7,889	-0.6	-31,336	-2.5
2009-10	284,662	336,900	-4,278	-0.3	-56,516	-4.3

**Table D.2: Australian Government general government sector net cash flows from investments in financial assets for policy purposes and headline cash balance<sup>(a)</sup> (continued)**

			Net cash flows from investments in financial assets for policy purposes(b)		Headline cash balance(c)	
	Receipts	Payments		Per cent of GDP		Per cent of GDP
	\$m	\$m	\$m		\$m	
2010-11	302,024	346,102	-7,028	-0.5	-51,106	-3.6
2011-12	329,874	371,032	-5,866	-0.4	-47,023	-3.1
2012-13	351,052	367,204	-4,802	-0.3	-20,954	-1.4
2013-14	360,322	406,430	-6,371	-0.4	-52,479	-3.3
2014-15	378,301	412,079	-5,158	-0.3	-38,936	-2.4
2015-16	386,924	423,328	-12,684	-0.8	-49,088	-3.0
2016-17	409,868	439,375	-13,501	-0.8	-43,008	-2.4
2017-18	446,905	452,742	-20,041	-1.1	-25,878	-1.4
2018-19	485,286	478,098	-14,387	-0.7	-7,199	-0.4
2019-20	469,398	549,634	-13,632	-0.7	-93,868	-4.7
<b>2020-21 (e)</b>	<b>473,133</b>	<b>670,880</b>	<b>-17,145</b>	<b>-0.9</b>	<b>-214,892</b>	<b>-10.7</b>
2021-22 (e)	458,497	566,958	-11,056	-0.5	-119,517	-5.9
2022-23 (e)	487,057	571,443	-12,228	-0.6	-96,614	-4.6
2023-24 (e)	526,274	592,248	10,158	0.5	-55,816	-2.5

(a) Data have been revised in the 2020-21 MYEFO to improve accuracy and comparability through time.

(b) Prior to 1999-2000, net cash flows from investments in financial assets for policy purposes were referred to as 'net advances'. A negative number reflects a cash outflow, while a positive number reflects a cash inflow.

(c) Headline cash balance is equal to receipts less payments, plus net cash flows from investments in financial assets for policy purposes. Receipts and payments are identical to Table D1.

(e) Estimates.

**Table D.3: Australian Government general government sector taxation receipts, non-taxation receipts and total receipts<sup>(a)</sup>**

	Taxation receipts		Non-taxation receipts		Total receipts <sup>(b)</sup>	
	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP
1970-71	7,193	17.8	1,097	2.7	8,290	20.6
1971-72	7,895	17.7	1,240	2.8	9,135	20.5
1972-73	8,411	16.9	1,324	2.7	9,735	19.6
1973-74	10,832	18.0	1,396	2.3	12,228	20.3
1974-75	14,141	19.9	1,502	2.1	15,643	22.0
1975-76	16,920	20.3	1,807	2.2	18,727	22.5
1976-77	19,714	20.5	2,176	2.3	21,890	22.8
1977-78	21,428	20.4	2,591	2.5	24,019	22.9
1978-79	23,409	19.7	2,720	2.3	26,129	22.0
1979-80	27,473	20.4	2,848	2.1	30,321	22.6
1980-81	32,641	21.5	3,352	2.2	35,993	23.7
1981-82	37,880	21.6	3,619	2.1	41,499	23.6
1982-83	41,025	21.7	4,438	2.3	45,463	24.0
1983-84	44,849	21.0	5,132	2.4	49,981	23.4
1984-85	52,970	22.5	5,847	2.5	58,817	25.0
1985-86	58,841	22.6	7,365	2.8	66,206	25.4
1986-87	66,467	23.3	8,257	2.9	74,724	26.2
1987-88	75,076	23.2	8,415	2.6	83,491	25.8
1988-89	83,452	22.7	7,296	2.0	90,748	24.7
1989-90	90,773	22.5	7,852	1.9	98,625	24.4
1990-91	92,739	22.4	7,488	1.8	100,227	24.2
1991-92	87,364	20.7	8,476	2.0	95,840	22.7
1992-93	88,760	20.0	8,873	2.0	97,633	22.0
1993-94	93,362	20.0	10,462	2.2	103,824	22.3
1994-95	104,921	21.2	8,537	1.7	113,458	22.9
1995-96	115,700	21.9	8,729	1.7	124,429	23.6
1996-97	124,559	22.4	9,033	1.6	133,592	24.1
1997-98	130,984	22.3	9,752	1.7	140,736	23.9
1998-99	138,420	22.3	13,643	2.2	152,063	24.5
1999-00	151,313	22.9	14,887	2.3	166,199	25.1
2000-01	170,354	24.2	12,641	1.8	182,996	26.0
2001-02	175,371	23.3	12,218	1.6	187,588	24.9
2002-03	192,391	24.0	12,222	1.5	204,613	25.5
2003-04	206,734	24.0	11,041	1.3	217,775	25.3
2004-05	223,986	24.3	11,999	1.3	235,984	25.6
2005-06	241,987	24.3	13,956	1.4	255,943	25.7
2006-07	258,252	23.8	14,385	1.3	272,637	25.1
2007-08	279,317	23.7	15,600	1.3	294,917	25.0
2008-09	273,674	21.7	18,926	1.5	292,600	23.2
2009-10	262,167	20.1	22,495	1.7	284,662	21.9



**Table D.3: Australian Government general government sector taxation receipts, non-taxation receipts and total receipts<sup>(a)</sup> (continued)**

	Taxation receipts		Non-taxation receipts		Total receipts <sup>(b)</sup>	
	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP
2010-11	282,106	19.9	19,918	1.4	302,024	21.3
2011-12	311,269	20.8	18,606	1.2	329,874	22.0
2012-13	327,835	21.3	23,218	1.5	351,052	22.9
2013-14	340,283	21.3	20,038	1.3	360,322	22.5
2014-15	353,883	21.8	24,418	1.5	378,301	23.3
2015-16	362,387	21.8	24,537	1.5	386,924	23.3
2016-17	379,271	21.5	30,597	1.7	409,868	23.3
2017-18	418,053	22.6	28,853	1.6	446,905	24.2
2018-19	448,579	23.0	36,707	1.9	485,286	24.9
2019-20	431,775	21.7	37,623	1.9	469,398	23.6
<b>2020-21 (e)</b>	<b>433,500</b>	<b>21.6</b>	<b>39,633</b>	<b>2.0</b>	<b>473,133</b>	<b>23.6</b>
2021-22 (e)	419,917	20.7	38,580	1.9	458,497	22.5
2022-23 (e)	445,182	21.1	41,874	2.0	487,057	23.1
2023-24 (e)	486,392	22.0	39,883	1.8	526,274	23.8

(a) Data have been revised in the 2020-21 MYEFO to improve accuracy and comparability through time.

(b) Receipts are equal to receipts from operating activities and sales of non-financial assets. Receipts are identical to Table D1.

(e) Estimates.

**Table D.4: Australian Government general government sector net debt and net interest payments<sup>(a)</sup>**

	Net debt(b)		Net interest payments(c)	
	\$m	Per cent of GDP	\$m	Per cent of GDP
1970-71	344	0.9	-189	-0.5
1971-72	-496	-1.1	-245	-0.6
1972-73	-790	-1.6	-252	-0.5
1973-74	-1,851	-3.1	-286	-0.5
1974-75	-1,901	-2.7	-242	-0.3
1975-76	-341	-0.4	-330	-0.4
1976-77	898	0.9	-62	-0.1
1977-78	2,896	2.8	4	0.0
1978-79	4,983	4.2	254	0.2
1979-80	6,244	4.6	440	0.3
1980-81	6,356	4.2	620	0.4
1981-82	5,919	3.4	680	0.4
1982-83	9,151	4.8	896	0.5
1983-84	16,015	7.5	1,621	0.8
1984-85	21,896	9.3	2,813	1.2
1985-86	26,889	10.3	3,952	1.5
1986-87	29,136	10.2	4,762	1.7
1987-88	27,344	8.4	4,503	1.4
1988-89	21,981	6.0	4,475	1.2
1989-90	16,123	4.0	4,549	1.1
1990-91	16,915	4.1	3,636	0.9
1991-92	31,041	7.3	3,810	0.9
1992-93	55,218	12.5	3,986	0.9
1993-94	70,223	15.1	5,628	1.2
1994-95	83,492	16.9	7,292	1.5
1995-96	95,831	18.2	8,861	1.7
1996-97	96,281	17.3	9,489	1.7
1997-98	82,935	14.1	8,279	1.4
1998-99	72,065	11.6	8,649	1.4
1999-00	57,661	8.7	7,514	1.1
2000-01	46,802	6.6	6,195	0.9
2001-02	42,263	5.6	5,352	0.7
2002-03	33,403	4.2	3,758	0.5
2003-04	26,995	3.1	3,040	0.4
2004-05	15,604	1.7	2,502	0.3
2005-06	331	0.0	2,303	0.2
2006-07	-24,288	-2.2	228	0.0
2007-08	-39,958	-3.4	-1,015	-0.1
2008-09	-11,285	-0.9	-1,196	-0.1
2009-10	47,874	3.7	2,386	0.2

**Table D.4: Australian Government general government sector net debt and net interest payments<sup>(a)</sup> (continued)**

	Net debt <sup>(b)</sup>		Net interest payments <sup>(c)</sup>	
	\$m	Per cent of GDP	\$m	Per cent of GDP
2010-11	90,660	6.4	4,608	0.3
2011-12	153,443	10.2	6,609	0.4
2012-13	159,594	10.4	8,285	0.5
2013-14	209,559	13.1	10,843	0.7
2014-15	245,817	15.1	10,868	0.7
2015-16	303,467	18.3	12,041	0.7
2016-17	322,320	18.3	12,365	0.7
2017-18	341,961	18.5	13,135	0.7
2018-19	373,566	19.1	15,149	0.8
2019-20	491,217	24.7	13,280	0.7
<b>2020-21 (e)</b>	<b>691,891</b>	<b>34.5</b>	<b>13,464</b>	<b>0.7</b>
2021-22 (e)	798,460	39.3	13,958	0.7
2022-23 (e)	884,311	41.9	13,547	0.6
2023-24 (e)	951,681	43.0	14,102	0.6

(a) Data have been revised in the 2020-21 MYEFO to improve accuracy and comparability through time.

(b) Net debt is the sum of interest bearing liabilities less the sum of selected financial assets (cash and deposits, advances paid and investments, loans and placements).

(c) Net interest payments are equal to the difference between interest paid and interest receipts.

(e) Estimates.

**Table D.5: Australian Government general government sector face value of Australian Government Securities (AGS) on issue and interest paid<sup>(a)</sup>**

	Face value of AGS on issue(b)					
	Total AGS on issue(c)		Subject to Treasurer's Direction(d)		Interest paid(f)	
	End of year \$m	Per cent of GDP	End of year \$m	Per cent of GDP	\$m	Per cent of GDP
1970-71	10,887	27.0	-	-	580	1.4
1971-72	11,490	25.8	-	-	614	1.4
1972-73	12,217	24.6	-	-	675	1.4
1973-74	12,809	21.3	-	-	712	1.2
1974-75	14,785	20.8	-	-	893	1.3
1975-76	17,940	21.6	-	-	1,001	1.2
1976-77	20,845	21.7	-	-	1,485	1.5
1977-78	23,957	22.8	-	-	1,740	1.7
1978-79	28,120	23.7	-	-	2,080	1.8
1979-80	29,321	21.8	-	-	2,356	1.8
1980-81	30,189	19.8	-	-	2,723	1.8
1981-82	31,060	17.7	-	-	3,058	1.7
1982-83	37,071	19.6	-	-	3,580	1.9
1983-84	45,437	21.3	-	-	4,558	2.1
1984-85	54,420	23.2	-	-	5,952	2.5
1985-86	63,089	24.2	-	-	7,394	2.8
1986-87	67,172	23.5	-	-	8,339	2.9
1987-88	62,794	19.4	-	-	8,139	2.5
1988-89	56,854	15.5	-	-	8,222	2.2
1989-90	48,399	12.0	-	-	8,064	2.0
1990-91	48,723	11.8	-	-	6,994	1.7
1991-92	58,826	13.9	-	-	6,819	1.6
1992-93	76,509	17.3	-	-	6,487	1.5
1993-94	90,889	19.5	-	-	7,709	1.7
1994-95	105,466	21.3	-	-	9,144	1.8
1995-96	110,166	20.9	-	-	10,325	2.0
1996-97	111,067	20.0	-	-	10,653	1.9
1997-98	93,664	15.9	-	-	9,453	1.6
1998-99	85,331	13.8	-	-	9,299	1.5
1999-00	75,536	11.4	-	-	8,509	1.3
2000-01	66,403	9.4	-	-	7,335	1.0
2001-02	63,004	8.4	-	-	6,270	0.8
2002-03	57,435	7.2	-	-	4,740	0.6
2003-04	54,750	6.4	-	-	4,096	0.5
2004-05	55,151	6.0	-	-	3,902	0.4
2005-06	54,070	5.4	-	-	4,628	0.5
2006-07	53,264	4.9	-	-	3,959	0.4
2007-08	55,442	4.7	-	-	3,754	0.3
2008-09	101,147	8.0	95,103	7.5	3,970	0.3
2009-10	147,133	11.3	141,806	10.9	6,411	0.5

**Table D.5: Australian Government general government sector face value of Australian Government Securities (AGS) on issue and interest paid<sup>(a)</sup> (continued)**

	Face value of AGS on issue(b)					
	Total AGS on issue(c)		Subject to Treasurer's Direction(d)		Interest paid(f)	
	End of year \$m	Per cent of GDP	End of year \$m	Per cent of GDP	\$m	Per cent of GDP
2010-11	191,292	13.5	186,704	13.2	9,551	0.7
2011-12	233,976	15.6	229,389	15.3	10,875	0.7
2012-13	257,378	16.8	252,791	16.5	11,846	0.8
2013-14	319,487	20.0	316,952	19.8	13,972	0.9
2014-15	368,738	22.7	366,202	22.5	13,924	0.9
2015-16	420,420	25.3	417,936	25.2	14,977	0.9
2016-17	500,979	28.4	498,510	28.3	15,290	0.9
2017-18	531,937	28.8	529,467	28.6	16,568	0.9
2018-19	541,992	27.8	541,986	27.8	18,951	1.0
2019-20	684,298	34.5	684,292	34.5	16,524	0.8
<b>2020-21 (e)</b>	<b>852,000</b>	<b>42.5</b>	<b>852,000</b>	<b>42.5</b>	<b>17,174</b>	<b>0.9</b>
2021-22 (e)	991,000	48.7	991,000	48.7	17,521	0.9
2022-23 (e)	1,059,000	50.2	1,059,000	50.2	17,150	0.8
2023-24 (e)	1,138,000	51.5	1,138,000	51.5	18,038	0.8

- (a) Data have been revised in the 2020-21 MYEFO to improve accuracy and comparability through time.
- (b) From 2020-21 onwards, data for AGS on issue are projections and are rounded to the nearest \$1 billion.
- (c) Total AGS on issue includes AGS held on behalf of the states and the Northern Territory.
- (d) The face value of AGS subject to the Treasurer's Direction excludes the stock and securities outlined in subsection 51JA(2A) of the *Commonwealth Inscribed Stock Act 1911*. These are the same stock and securities that were excluded from the previous legislative debt limit. AGS on issue subject to the Treasurer's Direction are not available prior to 2008-09 because the limit was first introduced in July 2008.
- (e) Estimates.
- (f) Interest paid consists of all cash interest payments of the general government sector, including those relating to AGS on issue.

**Table D.6: Australian Government general government sector revenue, expenses, net operating balance, net operating balance, net capital investment and fiscal balance<sup>(a)</sup>**

	Revenue		Expenses		Net operating balance(b)		Net capital investment		Fiscal balance(c)	
	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP
1996-97	141,688	25.5	145,940	26.3	-4,252	-0.8	90	0.0	-4,342	-0.8
1997-98	146,820	25.0	148,788	25.3	-1,968	-0.3	147	0.0	-2,115	-0.4
1998-99	152,106	24.5	146,925	23.7	5,181	0.8	1,433	0.2	3,748	0.6
1999-00	167,304	25.3	155,728	23.6	11,576	1.8	-69	0.0	11,645	1.8
2000-01	186,106	26.4	180,277	25.6	5,829	0.8	8	0.0	5,820	0.8
2001-02	190,432	25.2	193,214	25.6	-2,782	-0.4	382	0.1	-3,164	-0.4
2002-03	206,778	25.8	201,402	25.1	5,376	0.7	287	0.0	5,088	0.6
2003-04	222,042	25.8	215,634	25.0	6,409	0.7	660	0.1	5,749	0.7
2004-05	242,354	26.3	229,427	24.9	12,926	1.4	1,034	0.1	11,892	1.3
2005-06	260,569	26.2	241,977	24.3	18,592	1.9	2,498	0.3	16,094	1.6
2006-07	277,895	25.6	259,197	23.9	18,698	1.7	2,333	0.2	16,365	1.5
2007-08	303,402	25.8	280,335	23.8	23,068	2.0	2,593	0.2	20,475	1.7
2008-09	298,508	23.7	324,889	25.8	-26,382	-2.1	4,064	0.3	-30,445	-2.4
2009-10	292,387	22.5	340,354	26.2	-47,967	-3.7	6,433	0.5	-54,400	-4.2
2010-11	309,204	21.8	356,710	25.2	-47,506	-3.4	5,297	0.4	-52,802	-3.7
2011-12	337,324	22.5	377,948	25.2	-40,624	-2.7	4,850	0.3	-45,474	-3.0
2012-13	359,496	23.4	383,351	25.0	-23,855	-1.6	987	0.1	-24,842	-1.6
2013-14	374,151	23.4	415,691	26.0	-41,540	-2.6	3,850	0.2	-45,390	-2.8
2014-15	379,455	23.4	418,956	25.8	-39,501	-2.4	2,706	0.2	-42,206	-2.6
2015-16	395,055	23.8	430,739	25.9	-35,684	-2.1	3,829	0.2	-39,513	-2.4
2016-17	415,723	23.6	449,712	25.5	-33,989	-1.9	2,876	0.2	-36,865	-2.1
2017-18	456,280	24.7	461,490	25.0	-5,209	-0.3	1,284	0.1	-6,493	-0.4
2018-19	493,346	25.3	485,869	24.9	7,476	0.4	6,126	0.3	1,350	0.1
2019-20	486,278	24.5	579,805	29.2	-93,527	-4.7	4,005	0.2	-97,532	-4.9
<b>2020-21 (e)</b>	<b>482,136</b>	<b>24.0</b>	<b>667,321</b>	<b>33.3</b>	<b>-185,185</b>	<b>-9.2</b>	<b>8,758</b>	<b>0.4</b>	<b>-193,942</b>	<b>-9.7</b>
2021-22 (e)	472,551	23.2	570,715	28.1	-98,164	-4.8	9,854	0.5	-108,018	-5.3
2022-23 (e)	494,866	23.5	575,816	27.3	-80,950	-3.8	11,056	0.5	-92,007	-4.4
2023-24 (e)	538,527	24.4	595,666	26.9	-57,139	-2.6	10,796	0.5	-67,935	-3.1

(a) Data have been revised in the 2020-21 MYEFO to improve accuracy and comparability through time.

(b) Net operating balance is equal to revenue less expenses.

(c) Fiscal balance is equal to revenue less expenses less net capital investment.

(e) Estimates.

**Table D.7: Australian Government general government sector net worth and net financial worth<sup>(a)</sup>**

	Net worth(b)		Net financial worth(c)	
	\$m	Per cent of GDP	\$m	Per cent of GDP
1999-00	-10,424	-1.6	-70,414	-10.7
2000-01	-10,287	-1.5	-75,544	-10.7
2001-02	-15,330	-2.0	-81,707	-10.8
2002-03	-18,856	-2.4	-86,456	-10.8
2003-04	-4,740	-0.6	-75,976	-8.8
2004-05	11,066	1.2	-62,372	-6.8
2005-06	14,293	1.4	-63,442	-6.4
2006-07	42,677	3.9	-39,370	-3.6
2007-08	67,122	5.7	-18,428	-1.6
2008-09	15,452	1.2	-75,465	-6.0
2009-10	-50,383	-3.9	-148,930	-11.4
2010-11	-100,504	-7.1	-203,904	-14.4
2011-12	-252,046	-16.8	-360,672	-24.1
2012-13	-207,769	-13.5	-317,843	-20.7
2013-14	-261,596	-16.4	-375,882	-23.5
2014-15	-308,390	-19.0	-427,169	-26.3
2015-16	-423,674	-25.5	-548,028	-33.0
2016-17	-390,897	-22.2	-529,225	-30.0
2017-18	-418,135	-22.6	-562,183	-30.4
2018-19	-543,459	-27.8	-694,448	-35.6
2019-20	-664,892	-33.5	-840,557	-42.3
<b>2020-21 (e)</b>	<b>-646,515</b>	<b>-32.2</b>	<b>-830,355</b>	<b>-41.4</b>
2021-22 (e)	-736,806	-36.2	-929,780	-45.7
2022-23 (e)	-812,755	-38.5	-1,015,905	-48.2
2023-24 (e)	-865,352	-39.1	-1,078,619	-48.8

(a) Data have been revised in the 2020-21 MYEFO to improve accuracy and comparability through time.

(b) Net worth is equal to total assets less total liabilities.

(c) Net financial worth is equal to financial assets less total liabilities.

(e) Estimates.

**Table D.8: Australian Government general government sector accrual taxation revenue, non-taxation revenue and total revenue<sup>(a)</sup>**

	Taxation revenue		Non-taxation revenue		Total revenue	
	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP
1999-00	153,409	23.2	13,895	2.1	167,304	25.3
2000-01	175,876	24.9	10,229	1.5	186,106	26.4
2001-02	178,410	23.7	12,022	1.6	190,432	25.2
2002-03	195,319	24.4	11,458	1.4	206,778	25.8
2003-04	210,541	24.5	11,501	1.3	222,042	25.8
2004-05	230,490	25.0	11,863	1.3	242,354	26.3
2005-06	245,846	24.7	14,723	1.5	260,569	26.2
2006-07	262,876	24.2	15,019	1.4	277,895	25.6
2007-08	286,869	24.4	16,534	1.4	303,402	25.8
2008-09	279,303	22.2	19,206	1.5	298,508	23.7
2009-10	268,841	20.7	23,546	1.8	292,387	22.5
2010-11	289,566	20.4	19,639	1.4	309,204	21.8
2011-12	317,413	21.2	19,911	1.3	337,324	22.5
2012-13	338,106	22.0	21,390	1.4	359,496	23.4
2013-14	353,239	22.1	20,912	1.3	374,151	23.4
2014-15	356,321	21.9	23,134	1.4	379,455	23.4
2015-16	369,410	22.2	25,645	1.5	395,055	23.8
2016-17	388,641	22.1	27,082	1.5	415,723	23.6
2017-18	427,183	23.1	29,097	1.6	456,280	24.7
2018-19	456,072	23.4	37,274	1.9	493,346	25.3
2019-20	447,526	22.5	38,752	2.0	486,278	24.5
<b>2020-21 (e)</b>	<b>441,842</b>	<b>22.0</b>	<b>40,294</b>	<b>2.0</b>	<b>482,136</b>	<b>24.0</b>
2021-22 (e)	430,722	21.2	41,829	2.1	472,551	23.2
2022-23 (e)	456,140	21.6	38,726	1.8	494,866	23.5
2023-24 (e)	497,698	22.5	40,829	1.8	538,527	24.4

(a) Data have been revised in the 2020-21 MYEFO to improve accuracy and comparability through time.

(e) Estimates.



**Table D.9: Australian Government cash receipts, payments and surplus by institutional sector (\$m)<sup>(a)</sup>**

	General government			Public non-financial corporations			Non-financial public sector		
	Receipts(b)	Payments(c)	Underlying cash balance(d)	Receipts(b)	Payments(f)	Cash surplus	Receipts(b)	Payments(f)	Cash surplus
1988-89	90,748	85,326	5,421	4,177	6,035	257	93,923	90,312	5,678
1989-90	98,625	92,684	5,942	3,926	11,322	-5,261	101,495	102,883	681
1990-91	100,227	100,665	-438	4,804	9,351	-2,139	103,837	108,808	-2,577
1991-92	95,840	108,472	-12,631	3,899	7,713	101	97,937	114,369	-12,530
1992-93	97,633	115,751	-18,118	4,385	7,819	-196	100,512	122,042	-18,314
1993-94	103,824	122,009	-18,185	5,178	6,476	1,482	106,747	126,214	-16,703
1994-95	113,458	127,619	-14,160	5,262	7,318	1,956	116,751	132,965	-12,204
1995-96	124,429	135,538	-11,109	4,927	8,190	-527	126,593	140,963	-11,636
1996-97	133,592	139,689	-6,099	4,782	7,373	473	135,259	143,948	-5,626
1997-98	140,736	140,587	149	6,238	7,923	1,119	144,517	145,985	1,268
1998-99	152,063	148,175	3,889	na	na	-353	na	na	3,536
1999-00	166,199	153,192	13,007	na	na	-2,594	na	na	10,413
2000-01	182,996	177,123	5,872	na	na	391	na	na	6,323
2001-02	187,588	188,655	-1,067	na	na	1,210	na	na	65
2002-03	204,613	197,243	7,370	27,386	26,105	1,280	na	na	8,651
2003-04	217,775	209,785	7,990	27,718	26,142	1,575	238,236	228,664	9,569
2004-05	235,984	222,407	13,577	29,621	28,071	1,550	257,946	242,805	15,141
2005-06	255,943	240,136	15,757	30,875	31,874	-999	278,254	263,421	14,833
2006-07	272,637	253,321	17,190	16,882	18,641	-1,759	285,336	267,719	17,625
2007-08	294,917	271,843	19,754	7,758	8,231	-472	300,503	277,754	22,800
2008-09	292,600	316,046	-27,013	7,987	8,960	-973	297,421	321,275	-23,786
2009-10	284,662	336,900	-54,494	8,419	9,341	-922	290,681	343,816	-52,879

**Table D.9: Australian Government cash receipts, payments and surplus by institutional sector (\$m)<sup>(a)</sup> (continued)**

	General government			Public non-financial corporations			Non-financial public sector		
	Receipts(b)	Payments(c)	Underlying cash balance(d)	Receipts(b)	Payments(f)	Cash surplus	Receipts(b)	Payments(f)	Cash surplus
2010-11	302,024	346,102	-47,463	8,558	9,733	-1,175	308,258	353,452	-44,911
2011-12	329,874	371,032	-43,360	8,845	10,847	-2,002	336,122	379,266	-42,763
2012-13	351,052	367,204	-18,834	9,766	13,061	-3,294	358,088	377,221	-19,133
2013-14	360,322	406,430	-48,456	11,042	14,246	-3,204	368,521	417,248	-48,726
2014-15	378,301	412,079	-37,867	11,256	15,136	-3,880	386,643	424,229	-37,586
2015-16	386,924	423,328	-39,606	11,606	17,753	-6,147	395,842	438,228	-42,386
2016-17	409,868	439,375	-33,151	12,406	19,543	-7,138	419,433	456,020	-36,587
2017-18	446,905	452,742	-10,141	14,195	22,348	-8,153	457,604	471,451	-13,846
2018-19	485,286	478,098	-690	17,909	26,608	-8,699	498,767	500,276	-1,510
2019-20	469,398	549,634	-85,272	18,824	28,244	-9,419	483,362	573,018	-89,656
<b>2020-21 (e)</b>	<b>473,133</b>	<b>670,880</b>	<b>-197,747</b>	<b>19,352</b>	<b>27,090</b>	<b>-7,737</b>	<b>487,029</b>	<b>692,514</b>	<b>-205,484</b>
2021-22 (e)	458,497	566,958	-108,461	na	na	na	na	na	na
2022-23 (e)	487,057	571,443	-84,386	na	na	na	na	na	na
2023-24 (e)	526,274	592,248	-65,974	na	na	na	na	na	na

(a) Data have been revised in the 2020-21 MYEFO to improve accuracy and comparability through time.

(b) Receipts are equal to receipts from operating activities and sales of non-financial assets.

(c) Payments in the general government sector are equal to payments for operating activities, purchases of non-financial assets and net cash flows from financing activities for leases.

(d) Between 2005-06 and 2019-20, the underlying cash balance is equal to receipts less payments, less net Future Fund earnings. In all other years, the underlying cash balance is equal to receipts less payments.

(e) Estimates.

(f) Payments in the public non-financial corporations and non-financial public sectors are equal to payments for operating activities, purchases of non-financial assets, distributions paid and net cash flows from financing activities for leases.

na Data not available.

Table D.10: Australian Government accrual revenue, expenses and fiscal balance by institutional sector (\$m)<sup>(a)</sup>

	General government			Public non-financial corporations			Non-financial public sector		
	Revenue	Expenses	Fiscal balance(b)	Revenue	Expenses	Fiscal balance(b)	Revenue	Expenses	Fiscal balance(b)
1996-97	141,688	145,940	-4,342	27,431	26,015	-331	na	na	-4,673
1997-98	146,820	148,788	-2,115	29,618	26,999	2,360	na	na	251
1998-99	152,106	146,925	3,748	27,687	26,088	-816	175,891	169,111	2,932
1999-00	167,304	155,728	11,645	25,485	23,542	1,062	188,841	175,322	11,550
2000-01	186,106	180,277	5,820	25,869	24,762	-826	207,367	200,433	4,994
2001-02	190,432	193,214	-3,164	26,638	25,341	793	212,462	213,947	-2,371
2002-03	206,778	201,402	5,088	24,339	22,916	1,975	225,989	219,232	7,023
2003-04	222,042	215,634	5,749	25,449	23,444	2,143	241,746	233,333	7,892
2004-05	242,354	229,427	11,892	26,965	25,191	1,473	263,434	248,733	13,365
2005-06	260,569	241,977	16,094	28,143	29,531	-2,442	281,927	264,722	13,652
2006-07	277,895	259,197	16,365	15,443	16,360	-1,763	289,551	271,771	14,601
2007-08	303,402	280,335	20,475	6,854	6,686	-584	308,888	285,652	19,891
2008-09	298,508	324,889	-30,445	6,998	7,576	-1,495	303,309	330,268	-31,941
2009-10	292,387	340,354	-54,400	7,288	7,297	-1,079	298,033	346,008	-55,480
2010-11	309,204	356,710	-52,802	7,563	7,787	-1,446	315,001	362,732	-54,248
2011-12	337,324	377,948	-45,474	8,046	8,238	-2,158	343,722	384,538	-47,632
2012-13	359,496	383,351	-24,842	8,863	9,415	-4,189	366,642	391,048	-29,031
2013-14	374,151	415,691	-45,390	9,537	11,127	-6,070	381,971	425,102	-51,460
2014-15	379,455	418,956	-42,206	9,987	11,850	-4,856	387,719	429,083	-47,062
2015-16	395,055	430,739	-39,513	10,044	12,809	-7,486	403,868	442,318	-46,999
2016-17	415,723	449,712	-36,865	10,894	15,035	-9,918	425,114	463,243	-46,784
2017-18	456,280	461,490	-6,493	12,318	16,934	-10,055	466,661	476,403	-16,463
2018-19	493,346	485,869	1,350	15,836	20,899	-11,121	507,017	504,486	-9,655
2019-20	486,278	579,805	-97,532	17,029	23,174	-10,096	500,961	600,339	-107,325
<b>2020-21 (e)</b>	<b>482,136</b>	<b>667,321</b>	<b>-193,942</b>	<b>17,012</b>	<b>21,811</b>	<b>-7,498</b>	<b>496,223</b>	<b>686,206</b>	<b>-201,440</b>
2021-22 (e)	472,551	570,715	-108,018	na	na	na	na	na	na
2022-23 (e)	494,866	575,816	-92,007	na	na	na	na	na	na
2023-24 (e)	538,527	595,666	-67,935	na	na	na	na	na	na

(a) Data have been revised in the 2020-21 MYEFO to improve accuracy and comparability through time.

(b) Fiscal balance is equal to revenue less expenses less net capital investment. Net capital investment is not shown in this table.

(e) Estimates.

na Data not available.

**Table D.11: Australian Government general government sector receipts, payments, underlying cash balance, net debt and net interest payments presented on a real per capita basis<sup>(a)(b)</sup>**

	Taxation receipts	Non-taxation receipts	Total receipts	Payments	Underlying cash balance	Net debt	Net interest payments
1970-71	5,494	838	6,331	5,643	688	263	-144
1971-72	5,524	868	6,391	5,771	620	-347	-171
1972-73	5,484	863	6,348	6,122	227	-515	-164
1973-74	6,138	791	6,930	6,278	652	-1,049	-162
1974-75	6,797	722	7,519	7,433	87	-914	-116
1975-76	7,125	761	7,886	8,516	-631	-144	-139
1976-77	7,212	796	8,008	8,471	-463	329	-23
1977-78	7,073	855	7,928	8,601	-672	956	1
1978-79	7,066	821	7,887	8,534	-647	1,504	77
1979-80	7,430	770	8,200	8,557	-358	1,689	119
1980-81	7,954	817	8,771	8,815	-45	1,549	151
1981-82	8,208	784	8,992	8,916	75	1,283	147
1982-83	7,861	850	8,712	9,353	-642	1,754	172
1983-84	7,956	910	8,866	10,110	-1,243	2,841	288
1984-85	8,889	981	9,870	10,883	-1,013	3,674	472
1985-86	8,978	1,124	10,102	10,883	-782	4,103	603
1986-87	9,131	1,134	10,265	10,600	-334	4,003	654
1987-88	9,453	1,060	10,512	10,329	183	3,443	567
1988-89	9,628	842	10,470	9,844	625	2,536	516
1989-90	9,555	827	10,382	9,756	625	1,697	479
1990-91	9,153	739	9,893	9,936	-43	1,670	359
1991-92	8,368	812	9,180	10,390	-1,210	2,973	365
1992-93	8,341	834	9,175	10,877	-1,703	5,189	375
1993-94	8,532	956	9,488	11,150	-1,662	6,417	514
1994-95	9,191	748	9,938	11,179	-1,240	7,314	639
1995-96	9,608	725	10,333	11,255	-922	7,958	736
1996-97	10,096	732	10,828	11,322	-494	7,804	769
1997-98	10,511	783	11,294	11,282	12	6,655	664
1998-99	10,852	1,070	11,922	11,617	305	5,650	678
1999-00	11,455	1,127	12,582	11,597	985	4,365	569
2000-01	12,010	891	12,901	12,487	414	3,299	437
2001-02	11,882	828	12,710	12,782	-72	2,863	363
2002-03	12,500	794	13,294	12,815	479	2,170	244
2003-04	12,983	693	13,677	13,175	502	1,695	191
2004-05	13,566	727	14,293	13,470	822	945	152
2005-06	14,012	808	14,820	13,904	912	19	133
2006-07	14,269	795	15,064	13,997	950	-1,342	13
2007-08	14,630	817	15,447	14,239	1,035	-2,093	-53
2008-09	13,618	942	14,559	15,726	-1,344	-562	-60
2009-10	12,552	1,077	13,629	16,131	-2,609	2,292	114

**Table D.11: Australian Government general government sector receipts, payments, underlying cash balance, net debt and net interest payments presented on a real per capita basis<sup>(a)(b)</sup> (continued)**

	Taxation receipts	Non-taxation receipts	Total receipts	Payments	Underlying cash balance	Net debt	Net interest payments
2010-11	12,919	912	13,831	15,849	-2,174	4,152	211
2011-12	13,692	818	14,511	16,321	-1,907	6,750	291
2012-13	13,859	982	14,841	15,524	-796	6,747	350
2013-14	13,798	813	14,611	16,480	-1,965	8,497	440
2014-15	13,906	960	14,866	16,193	-1,488	9,660	427
2015-16	13,829	936	14,765	16,154	-1,511	11,580	459
2016-17	13,992	1,129	15,121	16,210	-1,223	11,891	456
2017-18	14,900	1,028	15,929	16,137	-361	12,188	468
2018-19	15,493	1,268	16,761	16,512	-24	12,902	523
2019-20	14,548	1,268	15,815	18,519	-2,873	16,551	447
<b>2020-21 (e)</b>	<b>14,438</b>	<b>1,320</b>	<b>15,758</b>	<b>22,344</b>	<b>-6,586</b>	<b>23,044</b>	<b>448</b>
2021-22 (e)	13,790	1,267	15,057	18,619	-3,562	26,222	458
2022-23 (e)	14,270	1,342	15,612	18,317	-2,705	28,345	434
2023-24 (e)	15,118	1,240	16,357	18,408	-2,051	29,579	438

(a) Data have been revised in the 2020-21 MYEFO to improve accuracy and comparability through time.

(b) The real levels are derived using the Consumer Price Index (CPI). The current reference period for the CPI is 2011-12, which means the real levels per capita are reported in 2011-12 dollars.

(e) Estimates.