# Part 1: Australian Government Budget Outcome 2023–24

## Overview

In 2023–24, the Australian Government general government sector recorded an underlying cash surplus of $15.8 billion (0.6 per cent of GDP). Together with the $22.1 billion surplus delivered by the Government in 2022–23, these are the first back–to–back surpluses to be delivered in nearly two decades and the largest nominal back–to–back surpluses on record.

The 2023–24 underlying cash balance outcome was an improvement of $6.4 billion (0.2 per cent of GDP) against the 2024–25 Budget estimate. It also reflects an improvement of $72.3 billion (3.0 per cent of GDP) compared to the 2022 Pre–election Economic and Fiscal Outlook (PEFO) estimate. Across 2022–23 and 2023–24, the underlying cash balance improved by $172.3 billion compared to the PEFO.

The Government’s responsible economic management continued to support monetary policy to keep the pressure off inflation, through delivering a second surplus and returning a total of 87 per cent of tax receipt upgrades to the budget in 2023–24 since PEFO.

The improvement in the 2023–24 surplus since the 2024–25 Budget estimate was due to lower payments, rather than higher receipts.

Payments were $10.2 billion lower than estimated in the 2024–25 Budget, reducing real growth in payments to 2.9 per cent in 2023–24. This outcome reflects lower‑than‑estimated payments across a range of programs, including around $4.2 billion in lower payments across a number of National Partnership agreements. Payments as a share of the economy were 25.2 per cent in 2023–24, lower than the 25.4 per cent estimated at the 2024–25 Budget and substantially lower than the 27.1 per cent estimated at PEFO.

Total receipts for 2023–24 were $688.6 billion, $3.7 billion lower than forecast in the 2024‍–‍25 Budget. Tax receipts for 2023–24 were $633.4 billion, $5.3 billion lower than estimated at the 2024–25 Budget, largely driven by lower personal income tax receipts and company tax receipts.

The Government’s responsible economic and fiscal management has resulted in lower debt compared to the 2022 PEFO. Gross debt was $906.9 billion (34.0 per cent of GDP) at the end of 2023–24, $149.1 billion and 10.6 percentage points of GDP lower than estimated at PEFO. Net debt was $491.5 billion (18.4 per cent of GDP), $280.6 billion lower than estimated at PEFO. Lower debt will result in lower interest payments over the medium term.

Table 1.1: Overview of key Australian Government general government sector budget aggregates

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | 2023‑24 | 2023‑24 | 2023‑24 | Change on |
|   | Estimate at | Estimate at | Outcome | 2024‑25 |
|   | 2022 PEFO | 2024‑25 |   | Budget |
|   |   | Budget |   |   |
|   | $b | $b | $b | $b |
| **Underlying cash balance** | **‑56.5** | **9.3** | **15.8** | **6.4** |
| Per cent of GDP | ‑2.4 | 0.3 | 0.6 |   |
|   |   |   |   |   |
| **Gross debt(a)** | **1,056.0** | **904.0** | **906.9** | **2.9** |
| Per cent of GDP | 44.6 | 33.7 | 34.0 |  |
|   |   |   |  |   |
| **Net debt(b)** | **772.1** | **499.9** | **491.5** | **‑8.4** |
| Per cent of GDP | 32.6 | 18.6 | 18.4 |   |

1. Gross debt measures the face value of Australian Government Securities (AGS) on issue.
2. Net debt is the sum of interest bearing liabilities (which includes AGS on issue measured at market value) less the sum of selected financial assets (cash and deposits, advances paid and investments, loans and placements).

Real GDP grew by 1.5 per cent in 2023–24, softer than the 1¾ per cent forecast in the Budget. As anticipated, high but moderating inflation and higher interest rates have weighed on household consumption and dwelling investment. The Australian economy also faced subdued global growth owing to the effects of persistent global inflation, restrictive macroeconomic policy, heightened geopolitical tensions and global economic uncertainty more broadly.

While labour market conditions have gradually eased over 2023–24, the labour market has been resilient. The unemployment rate was 4.1 per cent in the June quarter, consistent with the forecast in the 2024–25 Budget and below the 5‑year pre–pandemic average of 5.5 per cent. Employment grew by 2.4 per cent through–the–year to the June quarter, higher than the Budget forecast of 2¼ per cent. The Wage Price Index increased by 4.1 per cent through the year to the June quarter, consistent with the 2024–25 Budget forecast. Real wages, based on the WPI and the Consumer Price Index, grew 0.3 per cent through the year to the June quarter 2024.

Inflation was 3.8 per cent through the year to the June quarter 2024. While inflation remains elevated, it is less than half of its peak in 2022. This moderation in headline inflation has mainly been driven by an easing of goods inflation alongside the normalisation of global supply pressures. The Government’s cost–of–living policies are directly reducing headline inflation, with ABS data showing the energy bill relief, rent assistance increase and child care changes reduced inflation by ½ of a percentage point in the year to the June quarter 2024.

Nominal GDP grew by 4.2 per cent in 2023–24, lower than the 4¾ per cent forecast at Budget. This reflects lower‑than‑expected real GDP and a lower‑than‑expected terms of trade.

## Budget aggregates

Table 1.2: Australian Government general government sector budget aggregates

|  |  |  |  |
| --- | --- | --- | --- |
|   | 2023‑24 | 2023‑24 | Change on |
|   | Estimate at | Outcome | 2024‑25 |
|   | 2024‑25 |   | Budget |
|   | Budget |   |   |
|   | $b | $b | $b |
| **Underlying cash balance** | **9.3** | **15.8** | **6.4** |
| Per cent of GDP | 0.3 | 0.6 |  |
| **Receipts** | **692.3** | **688.6** | **‑3.7** |
| Per cent of GDP | 25.8 | 25.8 |  |
|   |  |  |  |
| **Tax receipts** | **638.8** | **633.4** | **‑5.3** |
| Per cent of GDP | 23.8 | 23.7 |  |
|   |  |  |  |
| **Non‑tax receipts** | **53.6** | **55.2** | **1.6** |
| Per cent of GDP | 2.0 | 2.1 |  |
|   |  |  |  |
| **Payments(a)** | **683.0** | **672.8** | **‑10.2** |
| Per cent of GDP | 25.4 | 25.2 |  |
|   |  |  |  |
|   |  |  |  |
| **Net interest payments(b)** | **12.3** | **12.3** | **0.0** |
| Per cent of GDP | 0.5 | 0.5 |  |
| **Revenue** | **706.9** | **704.5** | **‑2.4** |
| Per cent of GDP | 26.3 | 26.4 |  |
|   |  |  |  |
| **Expenses** | **691.1** | **685.9** | **‑5.2** |
| Per cent of GDP | 25.7 | 25.7 |  |
|   |  |  |  |
| **Net operating balance** | **15.8** | **18.6** | **2.8** |
| Per cent of GDP | 0.6 | 0.7 |  |
|   |  |  |  |
| **Net capital investment** | **7.8** | **6.7** | **‑1.1** |
| Per cent of GDP | 0.3 | 0.2 |  |
|   |  |  |  |
| **Fiscal balance** | **8.1** | **12.0** | **3.9** |
| Per cent of GDP | 0.3 | 0.4 |  |

1. Equivalent to cash payments for operating activities, purchases of non–financial assets and principal payments of lease liabilities.
2. Net interest payments are equal to the difference between interest payments and interest receipts. Net interest payments are largely tied to the existing stock of Australian Government Securities, meaning there was little change from the 2024–25 Budget estimates.

## Underlying cash balance

### Receipts

Total receipts for 2023–24 were $688.6 billion, $3.7 billion lower than forecast in the 2024‍–‍25 Budget.

Tax receipts were $5.3 billion lower than estimated in the Budget. This was mostly due to lower‑than‑expected personal income tax and company tax receipts.

* Receipts from total individuals and other withholding taxes were $3.1 billion below the Budget estimate. This primarily reflects lower net other individual tax receipts due to lower‑than‑expected collections relating to 2022–23 tax returns and slightly higher‑than‑expected refunds. Lower‑than‑expected income tax withholding receipts also contributed to the outcome.
* Company tax receipts were $1.7 billion below the Budget estimate, primarily due to lower‑than‑expected collections relating to 2022–23 tax returns.
* Receipts from excise and customs duty were $1.0 billion lower than the Budget estimate, primarily reflecting lower‑than‑expected collections for tobacco excise equivalent duty.
* Receipts from the GST were $0.7 billion below the Budget estimate.
* The lower‑than‑expected outcomes for the above taxes were partly offset by superannuation fund tax receipts which were $0.8 billion above the Budget estimate due to higher‑than‑expected pay‑as‑you‑go instalments and lower‑than‑expected refunds relating to 2022–23 tax returns.

Non‑tax receipts were $55.2 billion in 2023–24, $1.6 billion higher than estimated in the 2024–25 Budget. This increase largely reflected higher‑than‑estimated earnings from the Future Fund ($0.4 billion), the Commonwealth Debt Management program ($0.3 billion), and Australian Government Investment Funds ($0.2 billion).

Table 1.3: Australian Government general government sector (cash) receipts

|  |  |  |  |
| --- | --- | --- | --- |
|   | 2023‑24 | 2023‑24 | Change on |
|   | Estimate at | Outcome | 2024‑25 |
|   | 2024‑25 |   | Budget |
|   | Budget |   |   |
|   | $m | $m | $m |
| Individuals and other withholding taxes |   |   |   |
| Gross income tax withholding | 296,000 | 294,949 | ‑1,051 |
| Gross other individuals | 76,100 | 74,199 | ‑1,901 |
| *less:* Refunds | 37,500 | 37,635 | 135 |
| Total individuals and other withholding tax | 334,600 | 331,513 | ‑3,087 |
| Fringe benefits tax | 4,360 | 4,632 | 272 |
| Company tax | 142,900 | 141,177 | ‑1,723 |
| Superannuation fund taxes | 11,660 | 12,465 | 805 |
| Petroleum resource rent tax | 1,150 | 1,144 | ‑6 |
| **Income taxation receipts** | **494,670** | **490,931** | **‑3,739** |
|  |  |  |  |
| Goods and services tax | 85,758 | 85,031 | ‑727 |
| Wine equalisation tax | 1,080 | 1,091 | 11 |
| Luxury car tax | 1,310 | 1,253 | ‑57 |
| Excise and customs duty  |   |   |   |
| Petrol | 6,950 | 6,941 | ‑9 |
| Diesel | 16,160 | 16,092 | ‑68 |
| Other fuel products | 2,090 | 1,999 | ‑91 |
| Tobacco | 10,500 | 9,730 | ‑770 |
| Beer | 2,630 | 2,599 | ‑31 |
| Spirits | 3,340 | 3,208 | ‑132 |
| Other alcoholic beverages(a) | 1,680 | 1,686 | 6 |
| Other customs duty |   |   |   |
| Textiles, clothing and footwear | 160 | 159 | ‑1 |
| Passenger motor vehicles | 380 | 391 | 11 |
| Other imports | 1,490 | 1,501 | 11 |
| *less:* Refunds and drawbacks | 850 | 791 | ‑59 |
| Total excise and customs duty | 44,530 | 43,514 | ‑1,016 |
| Major bank levy | 1,630 | 1,623 | ‑7 |
| Agricultural levies | 620 | 637 | 17 |
| Visa application charges | 3,290 | 3,385 | 95 |
| Other taxes | 5,862 | 5,936 | 74 |
| **Indirect taxation receipts** | **144,080** | **142,469** | **‑1,611** |
|  |  |  |  |
| **Taxation receipts** | **638,750** | **633,400** | **‑5,350** |
|  |  |  |   |
| Sales of goods and services | 19,938 | 19,867 | ‑71 |
| Interest received | 10,404 | 10,509 | 105 |
| Dividends and distributions | 5,918 | 6,412 | 494 |
| Other non‑taxation receipts | 17,297 | 18,397 | 1,100 |
| **Non‑taxation receipts** | **53,557** | **55,185** | **1,628** |
|  |   |   |   |
| **Total receipts** | **692,307** | **688,585** | **‑3,722** |
| *Memorandum:* |  |  |  |
| *Total excise* | *29,940* | *29,761* | *‑179* |
| *Total customs duty* | *14,590* | *13,753* | *‑837* |

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

### Payments

Payments in 2023–24 were $672.8 billion, $10.2 billion lower than estimated in the 2024‍–‍25 Budget. This reflected lower‑than‑estimated payments across a range of programs, including around $4.2 billion in lower payments across a number of National Partnership agreements, partly due to delays in delivery of projects in 2023–24. The programs with the largest adjustments include:

* National Partnership Payments – Assistance to People with Disabilities program, due to Western Australia not having signed a full scheme bilateral agreement with the Commonwealth by 30 June 2024 ($1.0 billion).
* National Partnership Payments – Road Transport program ($0.4 billion) and Rail Transport program ($0.2 billion), largely reflecting delays in milestone payments for projects due to market constraints and adverse weather events.
* National Disability Insurance Scheme (NDIS), largely reflecting lower‑than‑expected increases in average payments per participant ($0.5 billion), noting that this partially reduces the $1.3 billion increase in payments related to the NDIS in 2023–24 recorded in the 2024–25 Budget.
* National Partnership Payments – Climate Change program, largely reflecting the timing of invoices in relation to Energy Bill Relief payments ($0.5 billion).
* National Partnership Payments – School Education program, largely reflecting a delay in payments to states in relation to the Preschool Reform Agreement ($0.4 billion).
* Aged Care Quality program, largely reflecting lower‑than‑anticipated demand for a range of activities within the program, including translating and interpreting services and dementia aged care services ($0.3 billion).
* National Partnership Payments – Housing program, largely reflecting delays in states meeting payment milestones for Remote Housing and lower‑than‑expected take up for Homebuilder ($0.3 billion).
* Growing Innovative and Competitive Businesses, Industries and Regions program, largely reflecting project delays and delays in the execution of agreements for the Modern Manufacturing Initiative grants programs ($0.3 billion).
* National Partnership Payments – General Health Services program, largely reflecting delays in states meeting payment milestones for both the Community Health and Hospitals program and lower‑than‑anticipated demand for the COVID‑19 public health response ($0.3 billion).
* Health Protection, Emergency Response and Regulation program, largely reflecting lower‑than‑estimated payments for COVID‑19 vaccinations, following changes to the Novavax contract to supply COVID‑19 vaccines ($0.3 billion).
* Indigenous Advancement – Jobs, Land and the Economy program, largely reflecting lower‑than‑expected grant payments ($0.3 billion).
* Onshore Compliance and Detention – Administered program, largely reflecting lower‑than‑expected costs in the detention network ($0.3 billion).
* National Partnership Payments – Environment Protection program, largely reflecting delays in states meeting payment milestones in National Water Grid Fund and Recycling Infrastructure projects ($0.2 billion).
* Research and Development Tax Incentive program, reflecting lower‑than‑estimated claims ($0.2 billion).
* Digital Technologies and Communication Services program, largely reflecting delays in industry delivering projects under the Better Connectivity Plan for Regional and Rural Australia ($0.2 billion).
* National Partnership Payments – Water and Natural Resources program, largely reflecting delays in states meeting payment milestones for the Sustainable Rural Water Use and Infrastructure Program and delays in finalising contracts for funding from the Water for the Environment Special Account ($0.2 billion).
* Support Reliable, Secure and Affordable Energy program, largely reflecting project delays and delays in the execution of agreements for a range of sub‑programs ($0.2 billion).

## Primary balance

The primary balance, which excludes interest payments and interest receipts related to the existing stock of debt and financial assets from the underlying cash balance, was $28.0 billion (1.1 per cent of GDP) in 2023–24, improving on the $21.6 billion surplus (0.8 per cent of GDP) estimated at the 2024–25 Budget.

## Net operating balance and fiscal balance

The 2023–24 net operating surplus was $18.6 billion, compared with an estimated surplus of $15.8 billion in the 2024–25 Budget. The 2023–24 fiscal balance was a surplus of $12.0 billion, compared with an estimated surplus of $8.1 billion in the 2024–25 Budget.

### Revenue

Revenue is the accrual accounting equivalent of cash–based receipts. The differences between receipts and revenue generally reflect timing differences between the recognition of receipts when cash is received and revenue at the time it is earned.

Total revenue was $704.5 billion in 2023–24, $2.4 billion lower than estimated in the Budget. Total cash receipts were $688.6 billion, $3.7 billion lower than estimated in the Budget.

Tax revenue was $650.4 billion in 2023–24, $5.7 billion lower than estimated in the Budget. Total tax receipts were $633.4 billion in 2023–24, $5.3 billion lower than estimated in the Budget. Changes in taxation revenue were generally driven by the same factors as receipts.

Total non‑tax revenue was $54.1 billion in 2023–24, $3.3 billion higher than estimated in the 2024–25 Budget. Non‑tax receipts were $55.2 billion in 2023–24, $1.6 billion higher than estimated in the 2024–25 Budget.

Table 1.4: Australian Government general government sector (accrual) revenue

|  |  |  |  |
| --- | --- | --- | --- |
|   | 2023‑24 | 2023‑24 | Change on |
|   | Estimate at | Outcome | 2024‑25 |
|   | 2024‑25 |   | Budget |
|   | Budget |   |   |
|   | $m | $m | $m |
| Individuals and other withholding taxes |   |   |   |
| Gross income tax withholding | 299,400 | 298,328 | ‑1,072 |
| Gross other individuals | 81,500 | 78,160 | ‑3,340 |
| *less:* Refunds | 37,500 | 37,635 | 135 |
| Total individuals and other withholding tax | 343,400 | 338,853 | ‑4,547 |
| Fringe benefits tax | 4,280 | 4,856 | 576 |
| Company tax | 144,900 | 142,945 | ‑1,955 |
| Superannuation fund taxes | 11,780 | 12,668 | 888 |
| Petroleum resource rent tax | 1,430 | 1,276 | ‑154 |
| **Income taxation revenue** | **505,790** | **500,598** | **‑5,192** |
|  |   |   |   |
| Goods and services tax | 90,180 | 90,329 | 149 |
| Wine equalisation tax | 1,090 | 1,102 | 12 |
| Luxury car tax | 1,290 | 1,230 | ‑60 |
| Excise and customs duty  |   |   |   |
| Petrol | 6,950 | 6,953 | 3 |
| Diesel | 16,210 | 16,098 | ‑112 |
| Other fuel products | 2,120 | 2,006 | ‑114 |
| Tobacco | 10,500 | 9,812 | ‑688 |
| Beer | 2,650 | 2,660 | 10 |
| Spirits | 3,370 | 3,226 | ‑144 |
| Other alcoholic beverages(a) | 1,680 | 1,719 | 39 |
| Other customs duty |   |   |   |
| Textiles, clothing and footwear | 160 | 159 | ‑1 |
| Passenger motor vehicles | 380 | 391 | 11 |
| Other imports | 1,490 | 1,501 | 11 |
| *less:* Refunds and drawbacks | 850 | 791 | ‑59 |
| Total excise and customs duty  | 44,660 | 43,735 | ‑925 |
|  |   |   |   |
| Major bank levy | 1,660 | 1,656 | ‑4 |
| Agricultural levies | 618 | 624 | 6 |
| Visa application charges | 3,290 | 3,385 | 95 |
| Other taxes | 7,461 | 7,706 | 245 |
| **Indirect taxation revenue** | **150,249** | **149,766** | **‑483** |
|  |   |   |   |
| **Taxation revenue** | **656,039** | **650,365** | **‑5,674** |
|  |   |   |   |
| Sales of goods and services | 20,274 | 19,698 | ‑576 |
| Interest | 11,131 | 12,206 | 1,075 |
| Dividends and distributions | 5,798 | 6,455 | 657 |
| Other non‑taxation revenue | 13,635 | 15,780 | 2,144 |
| **Non‑taxation revenue** | **50,838** | **54,139** | **3,301** |
|  |   |   |  |
| **Total revenue** | **706,877** | **704,503** | **‑2,374** |
| *Memorandum:* |   |  |   |
| *Total excise* | *30,020* | *29,899* | *‑121* |
| *Total customs duty* | *14,640* | *13,836* | *‑804* |

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

### Expenses and net capital investment

Total expenses were $685.9 billion in 2023–24, $5.2 billion lower than estimated in the 2024‍–‍25 Budget. Total net capital investment for 2023–24 was $6.7 billion, $1.1 billion lower than estimated in the Budget. This results in a net outcome for expenses and net capital investment of $692.5 billion, which is $6.3 billion lower than the $698.8 billion estimated at the 2024–25 Budget.

In comparison, cash payments in 2023–24 were $672.8 billion, $10.2 billion lower than estimated in the 2024–25 Budget.

The difference of $19.7 billion between the net outcome for expenses and net capital investment, and the outcome for cash payments, generally reflects timing differences between the recognition of incurred expenses and the finalisation of corresponding payments.

Further information on expenses by function and sub‑function is provided in Appendix A.

Table 1.5: Australian Government general government sector expenses by function

|  |  |  |  |
| --- | --- | --- | --- |
|   | 2023‑24 | 2023‑24 | Change on |
|   | Estimate at | Outcome | 2024‑25 |
|   | 2024‑25 |   | Budget |
|   | Budget |   |   |
|   | $m | $m | $m |
| **General public services** |   |   |   |
| Legislative and executive affairs | 2,052 | 2,125 | 73 |
| Financial and fiscal affairs | 10,378 | 10,666 | 288 |
| Foreign affairs and economic aid | 7,282 | 7,141 | ‑141 |
| General research | 4,063 | 3,947 | ‑116 |
| General services | 1,260 | 1,359 | 99 |
| Government superannuation benefits | 6,407 | 6,325 | ‑82 |
| **Defence** | 45,128 | 45,103 | ‑25 |
| **Public order and safety** | 7,960 | 7,739 | ‑221 |
| **Education** | 49,099 | 48,011 | ‑1,087 |
| **Health** | 107,416 | 106,589 | ‑827 |
| **Social security and welfare** | 252,342 | 253,184 | 842 |
| **Housing and community amenities** | 7,955 | 6,982 | ‑973 |
| **Recreation and culture** | 5,050 | 5,088 | 38 |
| **Fuel and energy** | 13,273 | 12,988 | ‑284 |
| **Agriculture, forestry and fishing** | 4,068 | 3,554 | ‑514 |
| **Mining, manufacturing and construction** | 5,968 | 5,123 | ‑844 |
| **Transport and communication** | 14,928 | 14,041 | ‑887 |
| **Other economic affairs** |   |   |   |
| Tourism and area promotion | 198 | 192 | ‑6 |
| Labour and employment affairs | 6,308 | 6,094 | ‑214 |
| Immigration | 3,836 | 3,367 | ‑470 |
| Other economic affairs nec | 3,669 | 3,838 | 169 |
| **Other purposes** |   |   |   |
| Public debt interest | 22,547 | 22,504 | ‑43 |
| Nominal superannuation interest | 13,374 | 13,375 | 1 |
| General purpose inter‑government transactions | 92,917 | 94,607 | 1,690 |
| Natural disaster relief | 1,392 | 1,913 | 521 |
| Contingency reserve | 2,200 | 0 | ‑2,200 |
| **Total expenses** | **691,070** | **685,857** | **‑5,214** |

Table 1.6: Australian Government general government sector net capital investment by function

|  |  |  |  |
| --- | --- | --- | --- |
|   | 2023‑24 | 2023‑24 | Change on |
|   | Estimate at | Outcome | 2024‑25 |
|   | 2024‑25 |   | Budget |
|   | Budget |   |   |
|   | $m | $m | $m |
| General public services | 346 | ‑96 | ‑442 |
| Defence | 7,409 | 7,863 | 455 |
| Public order and safety | 78 | ‑237 | ‑315 |
| Education | 34 | 23 | ‑11 |
| Health | ‑123 | ‑435 | ‑312 |
| Social security and welfare | 13 | 74 | 61 |
| Housing and community amenities | 68 | 156 | 88 |
| Recreation and culture | 385 | 196 | ‑189 |
| Fuel and energy | ‑1 | ‑2 | ‑1 |
| Agriculture, forestry and fishing | 212 | 107 | ‑105 |
| Mining, manufacturing and construction | ‑15 | 34 | 49 |
| Transport and communication | ‑625 | ‑704 | ‑79 |
| Other economic affairs | ‑34 | ‑337 | ‑303 |
| Other purposes | 8 | 8 | 1 |
| **Total net capital investment** | **7,754** | **6,650** | **‑1,103** |

Table 1.7: Australian Government general government sector purchases of non‍-‍financial assets by function

|  |  |  |  |
| --- | --- | --- | --- |
|   | 2023‑24 | 2023‑24 | Change on |
|   | Estimate at | Outcome | 2024‑25 |
|   | 2024‑25 |   | Budget |
|   | Budget |   |   |
|   | $m | $m | $m |
| General public services | 1,888 | 1,506 | ‑382 |
| Defence | 14,805 | 14,473 | ‑332 |
| Public order and safety | 944 | 753 | ‑191 |
| Education | 51 | 39 | ‑12 |
| Health | 395 | 239 | ‑156 |
| Social security and welfare | 919 | 1,056 | 137 |
| Housing and community amenities | 507 | 643 | 135 |
| Recreation and culture | 849 | 718 | ‑131 |
| Fuel and energy | 9 | 7 | ‑2 |
| Agriculture, forestry and fishing | 320 | 235 | ‑85 |
| Mining, manufacturing and construction | 25 | 75 | 49 |
| Transport and communication | 221 | 150 | ‑71 |
| Other economic affairs | 823 | 610 | ‑213 |
| Other purposes | 13 | 14 | 1 |
| **Total Government purchases of non‑financial assets** | **21,771** | **20,518** | **‑1,253** |

## Headline 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 Clean Energy Finance Corporation loans and equity investments).

In 2023–24, the headline cash surplus was $14.0 billion compared with an estimated surplus of $6.5 billion in the 2024–25 Budget. The improvement in the headline cash balance of $7.5 billion was primarily driven by the improvement in the underlying cash balance.

Net cash flows from investments in financial assets for policy purposes also improved by $1.1 billion since estimated in the 2024–25 Budget. This is primarily driven by lower‑than‑estimated drawdowns by the Clean Energy Finance Corporation, the Northern Australia Infrastructure Facility, and various National Interest Account loan facilities.

Table 1.8 provides further detail between the underlying and headline cash balance estimates of the Australian Government general government sector in 2023–24.

Table 1.8: Australian Government general government sector reconciliation of underlying and headline cash balance

|  |  |  |  |
| --- | --- | --- | --- |
|   | 2023‑24 | 2023‑24 | Change on |
|   | Estimate at | Outcome | 2024‑25 |
|   | 2024‑25 |   | Budget |
|   | Budget |   |   |
|   | $m | $m | $m |
| **2023‑24 Underlying cash balance** | **9,346** | **15,779** | **6,433** |
| ***plus* Net cash flows from investments in financial assets** |   |   |   |
| **for policy purposes(a)** |   |   |   |
| Student loans | ‑1,626 | ‑1,669 | ‑43 |
| NBN loan(b) | 5,500 | 5,500 | 0 |
| NBN investment | ‑771 | ‑771 | 0 |
| Snowy Hydro Limited investment | ‑277 | ‑277 | 0 |
| Australian apprenticeship support loans(c) | ‑112 | ‑36 | 76 |
| CEFC loans and investments | ‑799 | ‑606 | 193 |
| Northern Australia Infrastructure Facility  | ‑762 | ‑586 | 176 |
| NRFC loans and investments | ‑50 | 0 | 50 |
| Australian Business Securitisation Fund | 63 | 142 | 79 |
| Structured Finance Support Fund | 178 | 194 | 16 |
| Drought and rural assistance loans | ‑161 | ‑44 | 117 |
| Official Development Assistance – Multilateral Replenishment | ‑135 | ‑135 | 0 |
| Home Equity Access Scheme | ‑141 | ‑118 | 23 |
| Housing Australia(d) | ‑134 | ‑282 | ‑148 |
| National Interest Account loans and investments  | ‑469 | ‑306 | 163 |
| COVID‑19 Support for Indonesia – loan | 100 | 100 | 0 |
| Financial Assistance to Papua New Guinea – loan | ‑474 | ‑474 | 0 |
| Net other(e) | ‑2,808 | ‑2,448 | 360 |
| **Total net cash flows from investments in financial assets** |   |   |   |
| **for policy purposes** | **‑2,879** | **‑1,816** | **1,063** |
|  |  |  |  |
| **2023‑24 Headline cash balance** | **6,467** | **13,963** | **7,496** |

1. A positive number denotes a cash inflow; a negative number denotes a cash outflow.
2. The loan from the Government to NBN Co was fully repaid as of 30 June 2024.
3. In January 2024, trade support loans were renamed Australian apprenticeship support loans.
4. In October 2023, the National Housing Finance and Investment Corporation was renamed Housing Australia.
5. Net other includes amounts that have not been itemised for commercial‑in‑confidence reasons.

## Gross debt, net debt, net financial worth and net worth

At the end of 2023–24, gross debt was $906.9 billion (34.0 per cent of GDP). While there has been a significant improvement in the underlying cash balance, the gross debt outcome is broadly in line with the estimate in the Budget. This reflects the Australian Office of Financial Management’s (AOFM) decision not to deviate from the issuance guidance provided to the market following the Budget for the remainder of 2023–24. The combination of the improved underlying cash balance and AOFM’s adherence to announced issuance plans effectively pre‑funds some of the Government’s financing requirement for 2024–25.

At the end of 2023–24, net debt was $491.5 billion (18.4 per cent of GDP), $8.4 billion lower than estimated in the 2024–25 Budget. Net debt is measured by the market value of Australian Government Securities on issue (whereas gross debt is measured by face value) and also includes selected financial assets and other interest‑bearing liabilities.

Since the 2024–25 Budget, net debt has benefited from the fall in the market value of Australian Government Securities, higher‑than‑estimated cash reserves and advances paid. This has been partially offset by lower‑than‑estimated investment, loan and placement assets when compared to the 2024–25 Budget.

Net financial worth was –$746.3 billion at the end of 2023–24, compared to –$720.3 billion estimated in the Budget. Net worth was –$531.6 billion at the end of 2023–24, compared to –‍$508.6 billion estimated in the Budget. The changes in net financial worth and net worth since the Budget primarily reflect greater‑than‑expected superannuation and other employee liabilities, and other provisions for payable items, partially offset by the improvement in the value of financial assets. The reported increase in the superannuation liability is the result of the difference between the discount rates used to value the Government’s defined benefit superannuation liability at the Budget and the Final Budget Outcome.

At the 2024–25 Budget, the unfunded superannuation liabilities were estimated using an actuarially determined long‑term discount rate of 5.0 per cent per annum. This rate reflected the average annual rate estimated to apply over the remainder of the term to maturity of the liability and the actuaries’ views that short term deviations are expected to be smoothed out in the longer term. This approach also reduces the volatility in reported liabilities that would occur from year to year if the market long‑term government bond rate was used.

For the Final Budget Outcome, the Australian Accounting Standards (AAS) require the use of the long‑term government bond rate as at 30 June 2024 that best matches each individual scheme’s liability duration. This results in differences in the superannuation liability between Final Budget Outcomes, and between Budgets and Final Budget Outcomes. For the 2023–24 Final Budget Outcome, the bond rates used were between 4.2 and 4.8 per cent per annum depending on the defined benefit scheme.

The variance in the reported superannuation liability between the 2024–25 Budget and 2023–24 Final Budget Outcome was an increase of $13.8 billion. By way of comparison, the variance between the 2023–24 Budget and the 2022–23 Final Budget Outcome was an increase of $37.3 billion.

Table 1.9: Australian Government general government sector balance sheet aggregates

|  |  |  |  |
| --- | --- | --- | --- |
|   | 2023‑24 | 2023‑24 | Change on |
|   | Estimate at | Outcome | 2024‑25 |
|   | 2024‑25 |   | Budget |
|   | Budget |   |   |
|   |   |   |   |
|   | $b | $b | $b |
| **Financial assets** | **614.2** | **637.9** | **23.7** |
| Per cent of GDP | 22.9 | 23.9 |  |
|   |  |  |  |
| **Non‑financial assets** | **211.7** | **214.7** | **3.0** |
| Per cent of GDP | 7.9 | 8.0 |  |
|   |  |  |  |
| **Total assets** | **825.9** | **852.6** | **26.7** |
| Per cent of GDP | 30.8 | 31.9 |  |
|  |  |  |  |
| **Total liabilities** | **1,334.6** | **1,384.3** | **49.7** |
| Per cent of GDP | 49.7 | 51.8 |  |
|  |  |  |  |
| **Net worth** | **‑508.6** | **‑531.6** | **‑23.0** |
| Per cent of GDP | ‑18.9 | ‑19.9 |  |
|  |  |  |  |
| **Net financial worth(a)**  | **‑720.3** | **‑746.3** | **‑26.0** |
| Per cent of GDP | ‑26.8 | ‑27.9 |  |
|  |  |  |  |
| **Gross debt(b)** | **904.0** | **906.9** | **2.9** |
| Per cent of GDP | 33.7 | 34.0 |  |
|   |  |  |  |
| **Net debt(c)** | **499.9** | **491.5** | **‑8.4** |
| Per cent of GDP | 18.6 | 18.4 |  |
|   |  |  |  |
| **Total interest payments** | **22.7** | **22.8** | **0.1** |
| Per cent of GDP | 0.8 | 0.9 |  |
|   |  |  |  |
| **Net interest payments(d)** | **12.3** | **12.3** | **0.0** |
| Per cent of GDP | 0.5 | 0.5 |  |

1. Net financial worth equals total financial assets minus total liabilities.
2. Gross debt measures the face value of Australian Government Securities (AGS) on issue.
3. Net debt is the sum of interest‑bearing liabilities (which includes AGS on issue measured at market value) less the sum of selected financial assets (cash and deposits, advances paid and investments, loans and placements).
4. Net interest payments are equal to the difference between interest payments and interest receipts. Net interest payments are largely tied to the existing stock of Australian Government Securities, meaning there was little change from the 2024–25 Budget estimates.