



# Budget

## 2024–25

### **BUDGET STRATEGY AND OUTLOOK** **BUDGET PAPER NO. 1**

Circulated by

**The Honourable Jim Chalmers MP**

Treasurer of the Commonwealth of Australia

and

**Senator the Honourable Katy Gallagher**

Minister for Finance, Minister for Women,

Minister for the Public Service of the Commonwealth of Australia

For the information of honourable members  
on the occasion of the Budget 2024–25

**14 May 2024**

© Commonwealth of Australia 2024

ISSN 0728 7194 (print); 1326 4133 (online)

This publication is available for your use under a Creative Commons Attribution 4.0 International licence, with the exception of the Commonwealth Coat of Arms, third-party content and where otherwise stated. The full licence terms are available from <http://creativecommons.org/licenses/by/4.0/legalcode>.



Use of Commonwealth of Australia material under Creative Commons Attribution 4.0 International licence requires you to attribute the work (but not in any way that suggests that the Commonwealth of Australia endorses you or your use of the work).

**Commonwealth of Australia material used ‘as supplied’.**

Provided you have not modified or transformed Commonwealth of Australia material in any way including, for example, by changing the Commonwealth of Australia text; calculating percentage changes; graphing or charting data; or deriving new statistics from published statistics – then the Commonwealth of Australia prefers the following attribution:

Source: *The Commonwealth of Australia*.

**Derivative material**

If you have modified or transformed Commonwealth of Australia material, or derived new material from those of the Commonwealth of Australia in any way, then the Commonwealth of Australia prefers the following attribution:

*Based on Commonwealth of Australia data.*

**Use of the Coat of Arms**

The terms under which the Coat of Arms can be used are set out on the Department of the Prime Minister and Cabinet website (see [www.pmc.gov.au/honours-and-symbols/commonwealth-coat-arms](http://www.pmc.gov.au/honours-and-symbols/commonwealth-coat-arms)).

**Other uses**

Enquiries regarding this licence and any other use of this document are welcome at:

Manager  
Media Unit  
The Treasury  
Langton Crescent  
Parkes ACT 2600  
Email: [media@treasury.gov.au](mailto:media@treasury.gov.au)

**Internet**

A copy of this document is available on the central Budget website at: [www.budget.gov.au](http://www.budget.gov.au).

Printed by CanPrint Communications Pty Ltd

# Contents

<b>Statement 1: Budget Overview .....</b>	<b>1</b>
Economic and Fiscal Outlook.....	5
Budget priorities .....	8
<b>Statement 2: Economic Outlook.....</b>	<b>39</b>
Outlook for the international economy.....	43
Outlook for the domestic economy.....	50
<b>Statement 3: Fiscal Strategy and Outlook.....</b>	<b>73</b>
Economic and Fiscal Strategy.....	79
Fiscal outlook.....	84
The Government's balance sheet .....	103
Fiscal impacts of the net zero transformation.....	107
Physical Impacts of Climate Change.....	107
Net zero spending.....	108
New net zero spending measures.....	113
Appendix A: Other fiscal aggregates.....	116
<b>Statement 4: Meeting Australia's Housing Challenge.....</b>	<b>121</b>
Australia has underinvested in housing for too long.....	125
Affordability pressures are high.....	135
Barriers to the construction of new homes need to be addressed .....	140
The Government's plan to meet Australia's housing challenge.....	149
Australian Government housing measures since May 2022 .....	156
<b>Statement 5: Revenue.....</b>	<b>163</b>
Overview .....	167
Variations in receipts estimates .....	172
Variations in revenue estimates .....	183
Appendix A: Tax Expenditures.....	186
<b>Statement 6: Expenses and Net Capital Investment .....</b>	<b>189</b>
Overview .....	193
Estimated expenses by function .....	196
General government sector expenses .....	200
General government net capital investment.....	227
Appendix A: Expense by function and sub-function .....	231

<b>Statement 7: Debt Statement .....</b>	<b>235</b>
Australian Government Securities on issue .....	239
Green Treasury Bonds.....	244
Non-resident holdings of AGS on issue .....	244
Net debt .....	245
Interest on AGS .....	247
Appendix A: AGS issuance .....	251
<b>Statement 8: Forecasting Performance and Sensitivity Analysis.....</b>	<b>253</b>
Assessing past forecasting performance .....	257
Assessing forecast uncertainty – confidence interval analysis.....	265
Assessing current forecasts through sensitivity analysis.....	271
<b>Statement 9: Statement of Risks .....</b>	<b>275</b>
Risks to the Budget – Overview .....	279
Agriculture, Fisheries and Forestry .....	288
Attorney-General’s .....	290
Climate Change, Energy, the Environment and Water.....	292
Defence .....	296
Employment and Workplace Relations .....	299
Finance .....	301
Foreign Affairs and Trade .....	305
Health and Aged Care.....	307
Home Affairs .....	311
Industry, Science and Resources.....	314
Infrastructure, Transport, Regional Development, Communications and the Arts.....	317
Prime Minister and Cabinet.....	323
Social Services .....	324
Treasury .....	326
Veterans’ Affairs.....	333
Government loans.....	334
<b>Statement 10: Australian Government Budget Financial Statements .....</b>	<b>349</b>
Appendix A: Financial reporting standards and budget concepts .....	385
Appendix B: Assets and Liabilities .....	393
<b>Statement 11 Historical Australian Government Data.....</b>	<b>407</b>
Data sources.....	411
Comparability of data across years .....	411
Revisions to previously published data .....	413
<b>Notes .....</b>	<b>435</b>