

# Part 1: Australian Government Budget Outcome 2022–23

## Overview

In 2022–23, the Australian Government general government sector recorded an underlying cash surplus of \$22.1 billion (0.9 per cent of GDP). This Final Budget Outcome (FBO) reflects Australia’s highest ever surplus in nominal terms and the first since 2007–08.

Since the 2022 Pre-election Economic and Fiscal Outlook (PEFO), the underlying cash balance for 2022–23 has improved by \$100.0 billion (4.0 per cent of GDP). This is the largest turnaround in the fiscal position on record between estimate year and outcome in nominal terms.

The improvement in the underlying cash balance has helped ease inflation when it was at its highest. This is a direct outcome of the Government returning 95 per cent of tax receipt upgrades to the Budget. The higher-than-expected tax receipts reflect elevated commodity prices and a stronger labour market.

The labour market strengthened in 2022–23. There were more than 14 million Australians with a job, the unemployment rate was at near-50-year lows, participation was near record highs and wage growth picked up to its fastest rate in around a decade. This resilience meant total wage and salary income (compensation of employees) grew by more than 10 per cent – the highest annual increase in 30 years.

The Government’s responsible fiscal management has resulted in lower debt. Gross debt was \$889.8 billion (35.2 per cent of GDP) at the end of 2022–23, \$87.2 billion lower than expected at PEFO. Net debt was \$491.0 billion (19.4 per cent of GDP), \$223.9 billion lower than expected at PEFO. Lower debt today will result in lower interest payments over the medium term.

The 2022–23 outcome represents an improvement in the underlying cash surplus of \$17.9 billion compared with the surplus estimated in the 2023–24 Budget. Receipts were \$13.9 billion higher than expected, primarily driven by strong company tax returns. Payments were \$4.0 billion lower than estimated in the Budget, reducing real growth in payments to -4.9 per cent in 2022–23. The outcome for payments is largely driven by lower demand for some programs and reflects delays in some payments, due to ongoing market capacity constraints. Payments for a number of affected programs are expected to occur, instead, in 2023–24 and beyond.

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

	2022-23 Estimate at 2022 PEFO	2022-23 Estimate at 2022-23 October Budget	2022-23 Estimate at 2023-24 Budget	2022-23 Outcome	Change on 2023-24 Budget
	\$b	\$b	\$b	\$b	\$b
<b>Underlying cash balance</b>	<b>-77.9</b>	<b>-36.9</b>	<b>4.2</b>	<b>22.1</b>	<b>17.9</b>
Per cent of GDP	-3.4	-1.5	0.2	0.9	
<b>Gross debt(a)</b>	<b>977.0</b>	<b>927.0</b>	<b>887.0</b>	<b>889.8</b>	<b>2.8</b>
Per cent of GDP	42.5	37.3	34.9	35.2	
<b>Net debt(b)</b>	<b>714.9</b>	<b>572.2</b>	<b>548.6</b>	<b>491.0</b>	<b>-57.6</b>
Per cent of GDP	31.1	23.0	21.6	19.4	

a) Gross debt measures the face value of Australian Government Securities (AGS) on issue.

b) 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 3.4 per cent in 2022–23, stronger than the 3¼ per cent forecast in the Budget. However, growth slowed over the year as continued cost-of-living pressures and the rise in interest rates led to weakness in consumption and dwelling investment. The Australian economy was also impacted by uncertainty in the global economy which faced elevated inflation, sharp rises in interest rates and tighter financial conditions.

Net exports were consistent with the Budget forecast, with a strong recovery from tourism and education exports offset by Australians travelling overseas in high numbers.

Labour market conditions were strong and resilient in 2022–23. The unemployment rate fell to 3.6 per cent in the June quarter and employment grew by 3.2 per cent through the year to the June quarter, higher than the Budget forecast of 2½ per cent. The Wage Price Index increased by 3.6 per cent through the year to the June quarter of 2023, around the fastest rate in a decade.

Inflation is moderating in the Australian economy, but it remains too high. Global price shocks and supply constraints are unwinding largely as expected. This is leading to an easing in some price pressures, particularly for dwelling construction and traded goods. Inflation was 6.0 per cent through the year to the June quarter, consistent with the Budget forecast.

Nominal GDP grew by a strong 9.7 per cent in 2022–23, slightly lower than the forecast 10¼ per cent at Budget. This reflects lower-than-expected terms of trade as commodity prices eased. The Budget assumes these prices unwind to levels consistent with long-term fundamentals, however they remain volatile.

## Budget aggregates

**Table 1.2: Australian Government general government sector budget aggregates**

	2022-23 Estimate at 2023-24 Budget \$b	2022-23 Outcome \$b	Change on 2023-24 Budget \$b
<b>Underlying cash balance</b>	<b>4.2</b>	<b>22.1</b>	<b>17.9</b>
Per cent of GDP	0.2	0.9	
<b>Receipts</b>	<b>635.6</b>	<b>649.5</b>	<b>13.9</b>
Per cent of GDP	25.0	25.7	
<b>Tax receipts</b>	<b>588.1</b>	<b>601.3</b>	<b>13.2</b>
Per cent of GDP	23.1	23.8	
<b>Non-tax receipts</b>	<b>47.5</b>	<b>48.2</b>	<b>0.6</b>
Per cent of GDP	1.9	1.9	
<b>Payments(a)</b>	<b>631.4</b>	<b>627.4</b>	<b>-4.0</b>
Per cent of GDP	24.8	24.8	
<b>Net interest payments(b)</b>	<b>12.7</b>	<b>11.9</b>	<b>-0.8</b>
Per cent of GDP	0.5	0.5	
<b>Revenue</b>	<b>653.8</b>	<b>668.4</b>	<b>14.6</b>
Per cent of GDP	25.7	26.4	
<b>Expenses</b>	<b>644.8</b>	<b>637.0</b>	<b>-7.8</b>
Per cent of GDP	25.3	25.2	
<b>Net operating balance</b>	<b>9.0</b>	<b>31.4</b>	<b>22.4</b>
Per cent of GDP	0.4	1.2	
<b>Net capital investment</b>	<b>10.4</b>	<b>9.4</b>	<b>-1.0</b>
Per cent of GDP	0.4	0.4	
<b>Fiscal balance</b>	<b>-1.5</b>	<b>21.9</b>	<b>23.4</b>
Per cent of GDP	-0.1	0.9	

a) Equivalent to cash payments for operating activities, purchases of non-financial assets and principal payments of lease liabilities.

b) 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 2023–24 Budget estimates.

## Underlying cash balance

### Receipts

Total receipts for 2022–23 were \$649.5 billion, \$13.9 billion higher than forecast in the 2023–24 Budget.

Tax receipts were \$13.2 billion higher than estimated in the Budget. The higher outcome was almost entirely due to company tax receipts with relatively small variances in other taxes.

- Company tax receipts were \$12.7 billion above the Budget estimates. This was primarily driven by receipts from companies in the resources sector, which was bolstered by sustained elevated commodity prices.
- Superannuation fund tax receipts were \$0.8 billion above the Budget estimates, primarily due to higher-than-expected pay-as-you-go instalments.
- Fringe benefits tax receipts were \$0.4 billion above the Budget estimates.
- Receipts from total individuals and other withholding taxes were \$0.3 billion below the Budget estimates.
- Receipts from the GST were \$0.2 billion below the Budget estimates, consistent with softer-than-expected consumption.
- Tax receipts from excise and customs duty were \$0.2 billion below the Budget estimates, due to weaker-than-expected collections for tobacco excise equivalent duty.

Non-tax receipts were \$48.2 billion in 2022–23, \$0.6 billion higher than estimated in the Budget. This increase largely reflected higher-than-estimated receipts under the Higher Education Loan Program (\$0.6 billion), higher-than-estimated receipts collected by the Digital Transformation Agency for Whole of Government Information and Communications Technology (ICT) services (\$0.5 billion) and higher-than-estimated Australian Government Investment Funds earnings (\$0.2 billion).

This was partially offset by lower-than-estimated receipts from the Pharmaceutical Benefits Scheme due to delays in issuing Risk Sharing Arrangements invoices and lower-than-estimated uptake of Paxlovid (\$0.9 billion).

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

	2022-23 Estimate at 2023-24 Budget \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$m
Individuals and other withholding taxes			
Gross income tax withholding	269,600	269,264	-336
Gross other individuals	69,500	69,407	-93
<i>less: Refunds</i>	42,100	42,014	-86
Total individuals and other withholding tax	297,000	296,658	-342
Fringe benefits tax	3,630	4,009	379
Company tax	138,400	151,068	12,668
Superannuation fund taxes	9,610	10,406	796
Petroleum resource rent tax	2,350	2,287	-63
<b>Income taxation receipts</b>	<b>450,990</b>	<b>464,427</b>	<b>13,437</b>
Goods and services tax	81,761	81,518	-244
Wine equalisation tax	1,150	1,107	-43
Luxury car tax	1,140	1,143	3
Excise and customs duty			
Petrol	5,600	5,680	80
Diesel	13,110	13,091	-19
Other fuel products	2,760	2,722	-38
Tobacco	12,700	12,596	-104
Beer	2,590	2,543	-47
Spirits	3,390	3,348	-42
Other alcoholic beverages(a)	1,640	1,610	-30
Other customs duty			
Textiles, clothing and footwear	190	199	9
Passenger motor vehicles	440	445	5
Other imports	1,530	1,519	-12
<i>less: Refunds and drawbacks</i>	700	723	23
Total excise and customs duty	43,250	43,029	-222
Major bank levy	1,540	1,525	-15
Agricultural levies	631	666	35
Visa application charges(b)	2,995	3,156	161
Other taxes	4,593	4,730	137
<b>Indirect taxation receipts</b>	<b>137,060</b>	<b>136,873</b>	<b>-188</b>
<b>Taxation receipts</b>	<b>588,050</b>	<b>601,300</b>	<b>13,249</b>
Sales of goods and services	19,200	19,282	82
Interest received	6,115	7,009	894
Dividends and distributions	5,407	5,164	-244
Other non-taxation receipts	16,820	16,722	-98
<b>Non-taxation receipts</b>	<b>47,543</b>	<b>48,177</b>	<b>634</b>
<b>Total receipts</b>	<b>635,593</b>	<b>649,477</b>	<b>13,884</b>
<i>Memorandum:</i>			
<i>Total excise</i>	26,070	26,022	-48
<i>Total customs duty</i>	17,180	17,006	-174

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

b) Prior to the 2022-23 October Budget, 'visa application charges' were previously included in 'other taxes'.

## Payments

Payments in 2022–23 were \$627.4 billion, \$4.0 billion lower than estimated in the 2023–24 Budget. This reflected lower-than-estimated payments across a range of programs, as outlined below.

Some Health and Aged Care programs experienced lower-than-estimated demand, including the:

- Medical Benefits program, largely reflecting lower-than-estimated payments for COVID-19 related measures and lower demand for primary care and pathology services (\$0.7 billion).
- Pharmaceutical Benefits program, largely reflecting lower-than-estimated uptake of COVID-19 vaccinations in the paediatric cohort, for boosters and for residential aged care and disability support workers (\$0.5 billion).
- Aged Care Services program, largely reflecting lower-than-estimated payments for Home Care packages, the delay in establishing the Rural Regional and Other Special Needs Building Fund, and delays in executing grant applications for the Commonwealth Home Support program (\$0.4 billion).
- Health Protection, Emergency Response and Regulation program, largely reflecting lower-than-estimated payments for COVID-19 vaccinations, and for the National Medical Stockpile warehousing and logistic services (\$0.5 billion).
- National Partnership Payments – General Health Services program, largely reflecting delays in finalising projects for community health and hospitals, and lower-than-estimated demand for COVID-19 public health services (\$0.4 billion).
- Aged Care Quality program, largely reflecting reduced demand for Aged Care Support Reimbursement (\$0.3 billion).

Several programs were impacted by a combination of market capacity constraints and supply chain disruptions, including the:

- National Partnership Payments – Water and Natural Resources program, largely reflecting lower-than-expected uptake by states for water efficiency projects (\$0.8 billion).
- National Partnership Payments – Road Transport program (\$0.5 billion) and Rail Transport program (\$0.5 billion), largely reflecting delays in states delivering projects under the Infrastructure Investment Program.
- Regional Development program, largely reflecting lower-than-estimated payments for the Community Development Grants, Building Better Regions Fund, Regional Growth Fund programs, and the Priority Community Infrastructure program (\$0.4 billion).

- Road Infrastructure Investment program (\$0.2 billion), largely reflecting delays in local governments delivering projects under the Roads to Recovery program.
- Growing innovative and competitive business, industries and regions programs, largely reflecting lower-than-estimated payments under the Modern Manufacturing measure (\$0.2 billion).

Strong labour market outcomes resulted in lower-than-estimated payments for some programs, including the:

- Family Assistance program, largely reflecting lower-than-estimated payments for Family Tax Benefit, driven by the continued strong labour market and positive wage growth (\$0.5 billion).
- Parents Income Support program, largely reflecting lower-than-estimated payments for Parenting Payment Partnered and Parenting Payment Single recipients (\$0.3 billion).
- Student Payments program, largely reflecting lower-than-estimated payments on account of the strength of the labour market and a decrease in student enrolments (\$0.2 billion).
- Financial Support for Carers program, largely reflecting a lower-than-expected number of carer recipients seeking Carer Payments during the last quarter of 2022–23 (\$0.2 billion).

The Final Budget Outcome also reflects increases to payments in certain programs, including the:

- Local Government program, reflecting the bringing forward of funding from 2023–24 for the Financial Assistance Grants program, partially offset by lower-than-expected payments for the Local Roads and Community Infrastructure program (\$2.6 billion).
- National Partnership Payments – Natural Disaster Relief program, largely reflecting timing differences between cash and fiscal impacts for Disaster Recovery Funding Arrangements (\$1.8 billion).
- National Partnership Payments – Housing program, largely reflecting the new \$2.0 billion Social Housing Accelerator initiative, announced by the Government in June 2023, which was partially offset by \$0.4 billion in lower-than-estimated payments for the Home Builder program and Remote Indigenous housing program (\$1.6 billion).

## Primary balance

The primary balance, which excludes interest payments and interest receipts related to the existing stock of debt and financial assets, was \$33.9 billion (1.3 per cent of GDP) in 2022–23, an improvement of \$17.0 billion (0.7 per cent of GDP) since the 2023–24 Budget.

## Net operating balance and fiscal balance

The 2022–23 net operating surplus was \$31.4 billion compared with an estimated surplus of \$9.0 billion in the 2023–24 Budget. The 2022–23 fiscal balance was a surplus of \$21.9 billion compared with an estimated deficit of \$1.5 billion in the 2023–24 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 \$668.4 billion in 2022–23, \$14.6 billion higher than estimated in the Budget. Total cash receipts were \$649.5 billion, \$13.9 billion higher than estimated in the Budget.

Tax revenue was \$618.3 billion in 2022–23, \$14.1 billion higher than estimated in the Budget. Total tax receipts were \$601.3 billion in 2022–23, \$13.2 billion higher than estimated in the Budget. Changes in taxation revenue were generally driven by the same factors as receipts.

Total non-tax revenue was \$50.1 billion in 2022–23, \$0.5 billion higher than estimated in the Budget. Non-tax receipts were \$48.2 billion in 2022–23, \$0.6 billion higher than estimated in the Budget.



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

	2022-23 Estimate at 2023-24 Budget \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$m
Individuals and other withholding taxes			
Gross income tax withholding	272,300	271,628	-672
Gross other individuals	73,000	74,064	1,064
less: Refunds	42,100	42,014	-86
Total individuals and other withholding tax	303,200	303,679	479
Fringe benefits tax	3,510	4,147	637
Company tax	140,800	153,158	12,358
Superannuation fund taxes	9,670	10,356	686
Petroleum resource rent tax	2,230	1,725	-505
<b>Income taxation revenue</b>	<b>459,410</b>	<b>473,065</b>	<b>13,655</b>
Goods and services tax	88,040	87,908	-132
Wine equalisation tax	1,170	1,141	-29
Luxury car tax	1,150	1,187	37
Excise and customs duty			
Petrol	5,600	5,739	139
Diesel	13,160	13,227	67
Other fuel products	2,760	2,736	-24
Tobacco	12,700	12,667	-33
Beer	2,620	2,567	-53
Spirits	3,390	3,357	-33
Other alcoholic beverages(a)	1,640	1,626	-14
Other customs duty			
Textiles, clothing and footwear	190	199	9
Passenger motor vehicles	440	445	5
Other imports	1,530	1,520	-10
less: Refunds and drawbacks	700	723	23
Total excise and customs duty	43,330	43,360	29
Major bank levy	1,560	1,542	-18
Agricultural levies	631	677	46
Visa application charges(b)	2,995	3,156	161
Other taxes(b)	5,883	6,253	370
<b>Indirect taxation revenue</b>	<b>144,759</b>	<b>145,223</b>	<b>464</b>
<b>Taxation revenue</b>	<b>604,169</b>	<b>618,288</b>	<b>14,119</b>
Sales of goods and services	19,078	19,013	-66
Interest	9,053	9,892	839
Dividends and distributions	5,361	5,291	-71
Other non-taxation revenue	16,105	15,905	-200
<b>Non-taxation revenue</b>	<b>49,598</b>	<b>50,101</b>	<b>502</b>
<b>Total revenue</b>	<b>653,767</b>	<b>668,389</b>	<b>14,622</b>
<i>Memorandum:</i>			
<i>Total excise</i>	26,150	26,281	131
<i>Total customs duty</i>	17,180	17,079	-102

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

b) Prior to the 2022–23 October Budget, 'visa application charges' were previously included in 'other taxes'.

## **Expenses and net capital investment**

Total expenses were \$637.0 billion in 2022–23, \$7.8 billion lower than estimated in the 2023–24 Budget. Total net capital investment for 2022–23 was \$9.4 billion, \$1.0 billion lower than estimated in the Budget. This results in a net outcome for expenses and net capital investment of \$646.4 billion, which is \$8.8 billion lower than the \$655.2 billion estimated at Budget.

In comparison, cash payments were \$627.4 billion in 2022–23, \$4.0 billion lower than estimated in the Budget.

The difference of \$19.0 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**

	2022-23 Estimate at 2023-24 Budget \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$m
<b>General public services</b>			
Legislative and executive affairs	1,574	1,685	111
Financial and fiscal affairs	9,309	9,187	-122
Foreign affairs and economic aid	7,622	7,522	-101
General research	3,735	3,695	-40
General services	918	1,110	192
Government superannuation benefits	6,947	6,912	-36
<b>Defence</b>	40,059	41,436	1,377
<b>Public order and safety</b>	7,384	7,513	129
<b>Education</b>	45,876	44,932	-945
<b>Health</b>	107,710	102,680	-5,030
<b>Social security and welfare</b>	226,378	222,911	-3,466
<b>Housing and community amenities</b>	7,135	8,352	1,217
<b>Recreation and culture</b>	4,840	4,641	-199
<b>Fuel and energy</b>	8,953	9,093	140
<b>Agriculture, forestry and fishing</b>	4,737	3,371	-1,367
<b>Mining, manufacturing and construction</b>	4,905	5,167	262
<b>Transport and communication</b>	13,461	12,166	-1,295
<b>Other economic affairs</b>			
Tourism and area promotion	208	204	-4
Labour and employment affairs	7,521	7,410	-111
Immigration	3,673	3,405	-269
Other economic affairs nec	3,533	3,380	-153
<b>Other purposes</b>			
Public debt interest	22,152	22,242	90
Nominal superannuation interest	12,334	12,336	2
General purpose inter-government transactions	89,841	92,076	2,235
Natural disaster relief	3,533	3,600	67
Contingency reserve	449	0	-449
<b>Total expenses</b>	<b>644,788</b>	<b>637,025</b>	<b>-7,763</b>

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

	2022-23 Estimate at 2023-24 Budget \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$m
General public services	477	171	-306
Defence	8,592	6,523	-2,069
Public order and safety	-59	197	256
Education	24	2	-22
Health	411	1,967	1,556
Social security and welfare	253	132	-121
Housing and community amenities	468	106	-363
Recreation and culture	186	-3	-190
Fuel and energy	14	-12	-25
Agriculture, forestry and fishing	50	341	291
Mining, manufacturing and construction	-21	126	147
Transport and communication	-27	-72	-45
Other economic affairs	82	-40	-123
Other purposes	-8	1	9
<b>Total net capital investment</b>	<b>10,441</b>	<b>9,437</b>	<b>-1,004</b>

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

	2022-23 Estimate at 2023-24 Budget \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$m
General public services	2,067	1,674	-393
Defence	14,402	12,343	-2,059
Public order and safety	789	1,140	351
Education	33	19	-13
Health	497	392	-104
Social security and welfare	1,245	1,097	-148
Housing and community amenities	886	526	-360
Recreation and culture	718	572	-146
Fuel and energy	46	19	-27
Agriculture, forestry and fishing	149	460	311
Mining, manufacturing and construction	17	166	148
Transport and communication	96	80	-16
Other economic affairs	943	872	-70
Other purposes	8	5	-3
<b>Total Government purchases of non-financial assets</b>	<b>21,897</b>	<b>19,366</b>	<b>-2,531</b>

## 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 2022–23, the headline cash surplus was \$14.1 billion compared with an estimated deficit of \$7.5 billion in the 2023–24 Budget. The improvement in the headline cash balance of \$21.6 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 \$3.7 billion since estimated in the 2023–24 Budget. This is primarily driven by increases to student loan repayments and lower-than-estimated outflows by the Clean Energy Finance Corporation for Rewiring the Nation and existing loan facilities. It also reflects lower-than-estimated concessional loans through the Regional Investment Corporation, and lower-than-estimated outlays for the Australian Business Securitisation Fund.

Table 1.8 provides further detail between the underlying and headline cash balance estimates of the Australian Government general government sector in 2022–23.

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

	2022-23 Estimate at 2023-24 Budget \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$m
<b>2022-23 Underlying cash balance</b>	<b>4,202</b>	<b>22,064</b>	<b>17,863</b>
<b>plus Net cash flows from investments in financial assets for policy purposes(a)</b>			
Student loans	-2,495	-977	1,518
NBN loan(b)	875	875	0
NBN investment	-328	-305	23
Trade support loans	-137	-138	-1
CEFC loans and investments	-344	270	614
Northern Australia Infrastructure Facility	-743	-578	165
Australian Business Securitisation Fund	-434	-192	242
Structured Finance Support Fund	295	340	45
Drought and rural assistance loans	-244	5	249
Official Development Assistance - Multilateral Replenishment	-128	-128	0
National Housing Finance and Investment Corporation	-60	-63	-3
COVID-19 Support for Indonesia - loan	100	100	0
Financial Assistance to Papua New Guinea - loan	-678	-678	0
Net other(c)	-7,368	-6,493	875
<b>Total net cash flows from investments in financial assets for policy purposes</b>	<b>-11,689</b>	<b>-7,962</b>	<b>3,727</b>
<b>2022-23 Headline cash balance</b>	<b>-7,487</b>	<b>14,103</b>	<b>21,590</b>

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

b) This financial profile represents the actual repayments for 2022–23. As the loan agreement between the Government and NBN Co allows some flexibility in relation to the timing of the repayment. The remaining loan balance of \$5.5 billion is included in 2023–24.

c) 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 2022–23, gross debt was \$889.8 billion (35.2 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 2022–23. 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 2023–24.

At the end of 2022–23, net debt was \$491.0 billion (19.4 per cent of GDP), \$57.6 billion lower than estimated in the 2023–24 Budget. Net debt is measured by the market value of Australian Government Securities on issue (whereas gross debt is measured by face value) and includes selected financial assets.

Since the 2023–24 Budget, the relative change in net debt has been larger than the underlying cash balance. This reflects a substantial fall in the market price of bonds on issue as yields have risen, together with an accumulation of cash reserves resulting from the better-than-expected fiscal position.

Net financial worth was -\$743.3 billion at the end of 2022–23, compared to -\$750.7 billion estimated in the Budget. Net worth was -\$538.4 billion at the end of 2022–23, compared to -\$546.9 billion estimated in the Budget. The changes in net financial worth and net worth since the Budget primarily reflect the better-than-expected fiscal position and the factors driving the improvement in net debt explained above, partially offset by an increase in the Government’s reported superannuation liability. 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 2023–24 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 2023 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 2022–23 Final Budget Outcome, the bond rates used were between 4.0 and 4.4 per cent per annum depending on the defined benefit scheme.

The variance in the reported superannuation liability between the 2023–24 Budget and 2022–23 Final Budget Outcome was an increase of \$37.3 billion. By way of comparison, the variance between the 2022–23 March Budget and the 2021–22 Final Budget Outcome was an increase of \$70.7 billion.

**Table 1.9: Australian Government general government sector balance sheet aggregates**

	2022-23 Estimate at 2023-24 Budget \$b	2022-23 Outcome \$b	Change on 2023-24 Budget \$b
<b>Financial assets</b>	<b>559.9</b>	<b>585.5</b>	<b>25.6</b>
Per cent of GDP	22.0	23.1	
<b>Non-financial assets</b>	<b>203.9</b>	<b>204.9</b>	<b>1.0</b>
Per cent of GDP	8.0	8.1	
<b>Total assets</b>	<b>763.8</b>	<b>790.4</b>	<b>26.6</b>
Per cent of GDP	30.0	31.2	
<b>Total liabilities</b>	<b>1,310.6</b>	<b>1,328.8</b>	<b>18.2</b>
Per cent of GDP	51.5	52.5	
<b>Net worth</b>	<b>-546.9</b>	<b>-538.4</b>	<b>8.5</b>
Per cent of GDP	-21.5	-21.3	
<b>Net financial worth(a)</b>	<b>-750.7</b>	<b>-743.3</b>	<b>7.4</b>
Per cent of GDP	-29.5	-29.4	
<b>Gross debt(b)</b>	<b>887.0</b>	<b>889.8</b>	<b>2.8</b>
Per cent of GDP	<b>34.9</b>	<b>35.2</b>	
<b>Net debt(c)</b>	<b>548.6</b>	<b>491.0</b>	<b>-57.6</b>
Per cent of GDP	21.6	19.4	
<b>Total interest payments</b>	<b>18.8</b>	<b>18.9</b>	<b>0.1</b>
Per cent of GDP	0.7	0.7	
<b>Net interest payments(d)</b>	<b>12.7</b>	<b>11.9</b>	<b>-0.8</b>
Per cent of GDP	0.5	0.5	

- a) Net financial worth equals total financial assets minus total liabilities.
- b) Gross debt measures the face value of Australian Government Securities (AGS) on issue.
- c) 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).
- d) 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 2023–24 Budget estimates.