Budget
2023–24

MID-YEAR ECONOMIC AND FISCAL OUTLOOK
2023–24

Statement by

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

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A copy of this document is available on the central Budget website at: www.budget.gov.au.

Printed by CanPrint Communications Pty Ltd.

Foreword

The *Mid-Year Economic and Fiscal Outlook 2023–24* (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 2023–24 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 2023–24 Budget
- **Part 4: Debt Statement** – provides information on current and estimated Government debt
- **Part 5: Sensitivity Analysis** – presents analysis which illustrates the sensitivity of the forecasts to changes in key variables
- **Part 6: 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 7: 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 2023–24 Budget** – provides details of decisions taken since the 2023–24 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 Financial Relations** – provides information on payments for specific purposes and general revenue assistance provided to the states and territories

- **Appendix D: Tax Expenditures** – provides information on the largest measured Australian Government tax expenditures

- **Appendix E: Historical Australian Government Data** – provides historical data for the Australian Government's key fiscal aggregates

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Part 1: Overview

In the face of high but moderating inflation, higher interest rates and global economic uncertainty, the Australian economy has slowed in expected ways, but faces these challenges from a position of strength. While inflation is still too high, it is continuing to moderate and real wages are beginning to grow. Our unemployment rate is low, our participation rate is near record highs and employment growth has been strong, outperforming all major advanced economies.

The Government's responsible economic and fiscal management delivered Australia's first surplus in 15 years in 2022–23 and helped ease inflationary pressures at their peak. In the 2023–24 Mid-Year Economic and Fiscal Outlook (MYEFO), the fiscal position has further improved with lower deficits and gross debt now forecast across the forward estimates compared to the 2023–24 Budget. By restraining spending and returning most of the tax upgrades to the budget, the Government's Economic and Fiscal Strategy continues to ensure fiscal and monetary policy settings are aligned, and helps ease inflationary pressures.

The Government's comprehensive economic plan is focused on addressing cost-of-living pressures, repairing the budget and restoring fiscal buffers, whilst laying the foundations for future growth.

This MYEFO furthers that plan and makes responsible new investments in housing, energy, Medicare and other priority areas, taking into account the challenging economic and fiscal circumstances facing the nation. Through this MYEFO the Government is:

- taking pressure off Australians by continuing to roll out targeted cost-of-living relief and unlocking greater housing supply
- building our future here by investing in Australia's potential to become a renewable energy superpower and progressing the Employment White Paper Roadmap
- strengthening Medicare and securing essential services
- securing our home and region by building our economic resilience, sustaining our environment, strengthening the digital economy and improving trade.

The global economic outlook remains highly uncertain. Global growth is expected to slow over the next two years as persistent inflation and higher interest rates weigh on economic activity. Russia's invasion of Ukraine, the Hamas-Israel conflict, the ongoing adjustment in China's property sector and the lagged effects of sharp global monetary tightening all pose downside risks.

The Australian economy has shown resilience in the face of elevated inflation, higher interest rates and the volatile international environment, and is well positioned to grow more than all major advanced economies over the forecast period.

Economic growth was solid at 3.1 per cent in 2022–23. Wage growth has picked up to its fastest annual rate since 2009 and after two consecutive quarters of positive real wage growth, annual real wage growth is expected to return in early 2024.

The labour market remains strong, with the unemployment rate recording the longest consecutive run below 4 per cent since monthly records began. The participation rate remains at a record high, and employment has grown by over 600,000 people in the last 18 months – a faster pace than all major advanced economies.

The economy is slowing in expected ways, with growth forecast to moderate in 2023–24 as higher interest rates, high but moderating inflation and global pressures weigh on domestic activity in the near-term. Higher global oil prices have put upward pressure on inflation in recent quarters, but the broader outlook has not changed with the headline rate still projected to return to target within 2024–25 and forecast to be 2¾ per cent in the June quarter 2025. The Australian economy is now expected to expand by 1¾ per cent in 2023–24 before regaining momentum in 2024–25 as improving real incomes support a recovery in household consumption.

The fiscal position has strengthened. A deficit of $1.1 billion is forecast in 2023–24 (0.0 per cent of GDP), an improvement of $12.8 billion since the 2023–24 Budget. Over the four years to 2026–27, the underlying cash balance has improved by a cumulative $39.5 billion. Gross debt as a share of GDP is now expected to peak 1.1 percentage points lower than forecast at the 2023–24 Budget at 35.4 per cent of GDP in 2027–28.

The significant budget improvement is the result of the Government's fiscal restraint and continued focus on reprioritisations and savings. In this MYEFO, the Government has identified $9.8 billion in savings and reprioritisations. The Government is returning 92 per cent of tax upgrades in this MYEFO to the budget, and the Government has returned 88 per cent of all tax upgrades since the start of its term. The Government's fiscal restraint has been supported by the International Monetary Fund, the Organisation for Economic Co-operation and Development and major rating agencies.

Taking pressure off Australians by continuing to roll out responsible and targeted cost-of-living relief remains the Government's highest priority. In this MYEFO, new investments will help improve housing supply and affordability, with $3.0 billion for the New Homes Bonus to encourage state and territory governments to meet the 1.2 million new homes target, and $2.0 billion towards the Social Housing Accelerator.

The Government is modernising our economy, working to maximise our advantages and laying the foundations for growth. Building on the $40 billion already committed towards the Government's renewable energy superpower plan, this MYEFO provides around $3 billion towards measures which unlock new investment in critical minerals projects and clean energy. This MYEFO also progresses the Employment White Paper Roadmap through removing barriers to work and making investments in skills and lifelong learning. An additional $6.8 billion will support delivery of current infrastructure projects, helping to build future productivity and avoid capacity constraints that can drive inflation.

This MYEFO continues to strengthen Medicare and secure essential services and care for Australians. This includes additional investment in Medicare Urgent Care Clinics, improvements to the Medicare Benefits Schedule (MBS), new and amended Pharmaceutical Benefits Scheme (PBS) listings, expanded access to the Shingrix® vaccine, and continued COVID-19 support. It also invests in aged care, to ensure older Australians receive high-quality and safe care, and in the National Disability Insurance Scheme (NDIS), to improve the operation of the Scheme so that every dollar goes to support those who need it most.

The Commonwealth is working closely with states through National Cabinet. On 6 December 2023, National Cabinet agreed reforms to strengthen the health system and to secure the future of the NDIS, improve Australia's firearms management systems, and provide states with funding certainty by extending the GST No Worse Off Guarantee for three years from 2027–28.

Our prosperity and security are linked to our neighbours in our region. The Government is securing our home and region by investing in our international partnerships, national security, environment and economic resilience. This MYEFO makes further investments in implementing the AUKUS agreement, and provides funding to strengthen economic engagement with our region and facilitate and simplify trade. It strengthens our resilience through investments in improving cyber security, expanding the Digital ID program, and pest and disease preparedness and response activities.

Updated economic and fiscal outlook

The outlook for the global economy remains uncertain and inflation is still a key challenge in many economies. Russia's invasion of Ukraine, the Hamas-Israel conflict, China's property sector downturn and the lagged effects of sharp monetary tightening all pose downside risks to the outlook for global growth. Global growth is expected to slow from 3.4 per cent in 2022 to 3 per cent in 2023 and 2024 as persistent inflation and higher interest rates weigh on economic activity. A modest pick-up to 3¼ per cent is expected in 2025.

The Australian economy has slowed in expected ways in the face of global uncertainty, higher interest rates and high but moderating inflation. However, the economy faces these challenges from a position of strength. The labour market remains strong, with over 600,000 additional people employed over the past 18 months and participation is still at close to record high levels. The unemployment rate has recorded its longest consecutive run below 4 per cent since monthly records began and wages are growing at the fastest rate in over a decade.

Economic growth is expected to moderate in 2023–24 as inflationary pressures and higher interest rates weigh on household consumption and dwelling investment. Continued public and business investment momentum and the ongoing recovery in the international student and tourism sectors are helping to offset this weakness and support growth in 2023–24. These developments are flowing through to a modest upgrade to GDP growth this financial year relative to the 2023–24 Budget.

Economic growth is expected to pick up in 2024–25 as inflation subsides following its peak in 2022 and household disposable incomes improve. With inflation moderating, real annual wage growth is expected to return in early 2024. This will support household consumption and drive the pace of economic growth to a forecast 2¼ per cent in 2024–25.

The labour market remains resilient, with unemployment below 4 per cent and the participation rate near record highs, including for women. While leading indicators suggest some slowing is underway, consistent with the expected softening in growth, the labour market is forecast to perform well compared to pre-pandemic averages even as momentum eases. In line with forecasts from the past two budgets, the unemployment rate is expected to rise modestly to 4¼ per cent by June 2024.

Inflation is still elevated and above target, but it has fallen broadly in line with expectations since peaking in 2022. Inflation is still projected to return to the target band within 2024–25 and forecast to be 2¾ per cent in the June quarter 2025, though higher global oil prices were passed through to petrol prices and added ¼ per cent to annual inflation in the September quarter 2023. The Government's cost-of-living measures are providing targeted relief to household budgets and ABS data shows they reduced headline inflation by half a percentage point through the year to the September quarter 2023. They are expected to directly reduce annual headline inflation by ¾ of a percentage point through the year to the June quarter 2024.

Table 1.1: Major economic parameters [(a)]

	Outcome	Forecasts			
	2022-23	2023-24	2024-25	2025-26	2026-27
Real GDP	3.1	1 3/4	2 1/4	2 1/2	2 3/4
Employment	3.2	1 1/2	1	1 1/2	1 3/4
Unemployment rate	3.6	4 1/4	4 1/2	4 1/2	4 1/4
Consumer price index	6.0	3 3/4	2 3/4	2 1/2	2 1/2
Wage price index	3.6	4	3 1/4	3 1/2	3 1/2
Nominal GDP	9.8	4 1/4	2 1/4	4 1/2	5

a) Real GDP and nominal GDP are percentage change on preceding year. Employment, the consumer price index 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 Survey, Australia; Consumer Price Index, Australia; Wage Price Index, Australia; and Treasury.

The Government delivered the first surplus in 15 years in 2022–23, with fiscal policy working in concert with monetary policy to put downward pressure on inflation when it was at its highest. Australia returned to surplus ahead of all major advanced economies.

In this MYEFO, the Government continues the task of budget repair from the last two budgets, returning the majority of tax upgrades to the budget. 92 per cent of tax upgrades have been returned to the budget in this MYEFO, 88 per cent since coming to government. Real spending growth has been limited to an average of 0.8 per cent over the five years to 2026–27. The Government's fiscal discipline is delivering smaller deficits and lower debt in every year of the forward estimates compared to the 2023–24 Budget, building on improvements delivered in the 2023–24 Budget and 2022–23 October Budget.

A small deficit is now forecast for 2023–24, a $12.8 billion improvement from the 2023–24 Budget. Over four years to 2026–27, the underlying cash balance has improved by a cumulative $39.5 billion. Tax receipts have been revised up by $64.4 billion over four years to 2026–27, primarily reflecting near-term strength in commodity prices, higher non-mining corporate profits and recent strong employment growth.

MYEFO continues the work of the Government in rolling out responsible and targeted cost-of-living relief. The Government is working to strengthen Australia's future productive capacity while addressing the inflation challenge. In this MYEFO, the Government has taken net policy decisions of $5.3 billion over four years to 2026–27. This includes $5.2 billion to resolve legacy issues from the former government and respond to unavoidable pressures including continuing support for the COVID-19 response.

The net impact of new policy decisions has been limited to $650.2 million in 2023–24, when inflation remains elevated. Consistent with the Economic and Fiscal Strategy, the Government has identified $9.8 billion of savings and spending reprioritisations in this MYEFO to improve the efficiency, quality and sustainability of spending. This brings the total budget improvements since coming to government to $72.7 billion.

In 2033–34, at the end of the medium term, the budget is projected to be in a deficit of 0.3 per cent of GDP. Gross debt-to-GDP is now lower in every year of the projection period compared to the 2023–24 Budget. It is forecast to peak at 35.4 per cent of GDP in 2027–28, before falling to 32.1 per cent of GDP by 2033–34.

Interest payments are projected to be higher in the medium term, reflecting the effect of higher yields on borrowing costs. The Government's responsible fiscal management has helped to reduce the impact of higher yields by improving the bottom line and reducing the stock of debt-to-GDP. Returning 88 per cent of tax receipt upgrades since coming to government is estimated to reduce gross debt by 10.5 percentage points of GDP in 2033–34 and avoid $145 billion in interest costs over the 12 years to 2033–34. As demonstrated in the 2023 Intergenerational Report, the Government's actions to repair the budget are providing an ongoing benefit through lower debt and interest payments, but challenges are intensifying.

Table 1.2: Budget aggregates

	Estimates							
	2023-24		2024-25		2025-26		2026-27	
	$b	% GDP	$b	% GDP	$b	% GDP	$b	% GDP
Underlying cash balance								
MYEFO	-1.1	0.0	-18.8	-0.7	-35.1	-1.2	-19.5	-0.6
Budget	*-13.9*	*-0.5*	*-35.1*	*-1.3*	*-36.6*	*-1.3*	*-28.5*	*-1.0*
Gross debt(a)								
MYEFO	909.0	34.0	934.0	34.2	1,007.0	35.2	1,058.0	35.3
Budget	*923.0*	*35.8*	*958.0*	*36.3*	*1,015.0*	*36.5*	*1,067.0*	*36.5*
Net debt(b)								
MYEFO	491.0	18.4	533.3	19.5	586.4	20.5	623.9	20.8
Budget	*574.9*	*22.3*	*620.6*	*23.5*	*665.2*	*24.0*	*702.9*	*24.1*

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).

The Government's priorities

Taking the pressure off Australians

The Government's continued focus is on rolling out $23 billion in cost-of-living relief, carefully targeted to reduce pressure on households. This MYEFO makes further investments to unlock more housing for Australians, to support the expansion of the Paid Parental Leave scheme and to allow eligible job seekers who enter employment to retain access to concession cards, child care subsidies and other supplementary benefits for longer.

Rolling out the Government's cost-of-living plan

Since the 2022–23 October Budget, the Government has continued to roll out billions of dollars in targeted, responsible and meaningful cost-of-living relief. To take pressure off increases in energy prices, the Government's energy bill relief is providing rebates of up to $500 to around five million households and up to $650 to around one million eligible small businesses. The second quarterly energy bill relief payments commenced rolling out to eligible households and businesses from October 2023. The ABS estimates that energy bill rebates reduced quarterly growth in electricity prices by 14.4 percentage points in the September quarter 2023.

In September 2023, the Government delivered additional support to low-income renters, with the largest increase to Commonwealth Rent Assistance in more than 30 years. The ABS estimates that this reduced quarterly growth in rental inflation by 0.3 of a percentage point in the September quarter 2023. The Government has also boosted eligible working age and student payments, in addition to expanding access to additional financial support for single parents.

Early childhood education and care has been made more affordable for around 1.2 million eligible families, with child care costs decreasing by 13.2 per cent in the September quarter 2023. Without the changes to the Child Care Subsidy introduced in July 2023, it is estimated that child care prices in the Consumer Price Index would have increased by 6.7 per cent over the same period.

The Government is increasing the Paid Parental Leave scheme by two weeks each year starting from 1 July 2024, to reach a total of 26 weeks by 1 July 2026, providing further support to around 180,000 families each year. This MYEFO includes an additional $79.5 million over four years to support this expansion and advance gender equality, including by reserving four weeks of Paid Parental Leave for each parent from 1 July 2026 and providing flexibility for parents to take up to four weeks at the same time from 1 July 2025.

From 1 September 2023, the Government delivered the increase to maximum dispensing quantities for the first tranche of medicines. This means many Australians are now able to receive 60 days' worth of the medicine they need, lowering out-of-pocket costs and reducing the number of visits to a pharmacy and general practitioner. The Government has also delivered cost-of-living relief by lowering the general patient co-payment for treatments under the Pharmaceutical Benefits Scheme (PBS) from $42.50 to $30 since 1 January 2023. The lower general patient co-payment has reduced the cost of prescription medicines by around $20 million each month.

Ensuring Australians can access affordable health care when they need it, the Government has tripled the bulk billing incentive doctors receive to bulk bill pensioners, children under 16 and other Commonwealth concession card holders from 1 November 2023. This will support 11.6 million eligible patients to access bulk-billed appointments.

The Government has continued its focus on getting wages moving again, with wages now growing at around their fastest pace in a decade. Australia's future workforce will also benefit from the Government's investment in skills and training, including the commitment to provide 480,000 fee-free TAFE and vocational education places, particularly in critical areas of shortage. In the first nine months of this program, over 296,000 Australians enrolled in a fee-free course, far surpassing the target of 180,000 places for 2023.

To help smooth the transition between income support and work, in this MYEFO the Government is extending the employment income nil rate period from six to 12 fortnights and expanding eligibility to income support recipients who take up full-time work. An initiative identified in the Employment White Paper Roadmap, the nil rate period enables job seekers to remain connected to the social security system and retain access to concession cards, child care subsidies and other supplementary benefits for a period after entering employment.

Unlocking more housing supply

Access to safe, affordable and well-located housing, whether buying or renting is critical for the wellbeing of Australians and the productivity of the economy. The MYEFO invests around $6.5 billion to improve housing supply and affordability, building on the $10 billion already invested in the Housing Australia Future Fund.

Social Housing Accelerator

In June 2023, the Government invested $2.0 billion through the Social Housing Accelerator (the Accelerator) to deliver a permanent increase in the nation's social housing stock. The Accelerator was a one-off payment to the state and territory governments and is expected to deliver around 4,000 new and refurbished social homes across the country. States have agreed to commit all Accelerator funding by 30 June 2025, and complete all new homes by 2028.

Funding more social housing through the National Housing Infrastructure Facility

In 2023–24, the Government will provide an additional $1.0 billion to the National Housing Infrastructure Facility (NHIF), administered by Housing Australia. These funds will enable the NHIF to provide grants and concessional loans to support additional social housing dwellings.

New Homes Bonus

In August 2023, National Cabinet agreed to an ambitious national target to build 1.2 million new, well-located homes over five years from 1 July 2024. This is an additional 200,000 homes above the target originally agreed under the National Housing Accord in 2022.

To incentivise the states and territories to reach this new target, the Government has committed up to $3.0 billion through the New Homes Bonus, a performance-based fund for the states and territories that exceed their share of the original one million new homes target.

Housing Support Program

The Government is providing around $500 million over two years from 2023–24 to establish the Housing Support Program as a competitive grants program open to local, state and territory governments to support ancillary infrastructure to increase housing supply, including for essential services, community amenities and planning capability.

Building our future here

The Government is focused on steering the economy through the current challenges and building the foundations for future growth. This MYEFO is continuing to build upon the foundations for Australia to seize the opportunities of the net zero transformation and deliver a more sustainable pipeline of investment in nationally significant infrastructure projects. Following the release of the Employment White Paper, immediate steps are being made towards sustained and inclusive full employment through investments in skills, education, reforms to the migration system and better incentivising and supporting participation in the labour market.

Box 1.1: Australia's plan to become a renewable energy superpower

The Government is capitalising on the opportunities of the net zero transition and strengthening domestic resilience through its plan to become a renewable energy superpower.

Achieving this goal will require strengthening supply chains, accelerating approval processes, attracting capital, and building a clean energy workforce.

Most importantly, more work is needed to secure sufficient renewable energy generation, transmission and storage, to decarbonise the economy and realise the clean industrial opportunities of the future.

The Government is committed to its longer-term ambitions to help develop the clean energy industries of the future as part of its plan to become a renewable energy superpower. Initial work has identified priority areas for focus, including green metals; green hydrogen and derivative products like ammonia; critical minerals; and storage and generation technologies such as batteries.

In addition to its previous commitment of over $40 billion towards its ambition to become a renewable superpower, the Government has further committed around $3 billion this MYEFO, including via:

- $2.5 billion to support the *Critical Minerals Strategy 2023–2030*, including an additional $2 billion in funding for the Critical Minerals Facility and $500 million for critical minerals projects in Northern Australia through the Northern Australia Infrastructure Facility.
- $5.4 million for a Battery Supply Chain and Research Working Group to enable collaboration with the United States Government on battery supply chains, battery manufacturing capabilities and battery technology research and development.
- $359.0 million over four years to unlock the benefits of cleaner, cheaper and more reliable energy, as a critical enabler of future clean industries and broader decarbonisation. This includes an expansion of the Capacity Investment Scheme to boost renewable generation, firm our electricity supply and secure Australia's energy transformation.

Energy transformation

$359.0 million over four years is being invested to secure Australia's energy transformation and maintain system reliability as our grid transitions. The Government is expanding the Capacity Investment Scheme from the current pilot stage to support 9 GW of clean dispatchable capacity and 23 GW of renewable generation capacity nationally. The Government will also negotiate bilateral Renewable Energy Transformation Agreements with jurisdictions to support the rollout of renewables and maintain reliability through objective benchmarks, an orderly transition, and potential strategic reserves.

Complementing these actions, the Government is providing funding to address supply chain barriers for clean energy technologies, secure a skilled energy workforce, plan for a future energy market design and support local governments with energy upgrades. To maintain energy system security, the Government is also supporting the Australian Energy Regulator to oversee our energy markets through the net zero transformation, and is providing funding to implement the Mandatory Gas Code of Conduct to ensure an affordable and reliable supply of gas.

Boost for critical minerals

Australia's supply of critical minerals is crucial to global emissions reduction and presents opportunities for Australia. The Government is doubling the Critical Minerals Facility to $4.0 billion to support growth in the critical minerals sector and advance Australia's renewable superpower ambitions. This is in addition to the $500 million for critical minerals projects in Northern Australia earmarked through the Northern Australia Infrastructure Facility.

This expansion aligns with the Government's *Critical Minerals Strategy 2023–30* and will also support international partnerships, including the Australia-United States Climate, Critical Minerals and Clean Energy Transformation Compact.

Nationally significant infrastructure investment

Building a better future through considered infrastructure investment

The Government is committed to continued investment in infrastructure across Australia and will invest over $120 billion in land transport infrastructure projects over the next ten years. Following a recent independent strategic review, the Government will continue to work with the states and territories to improve the sustainability of the Infrastructure Investment Program, providing an additional $6.8 billion to support the delivery of current projects and reprioritising funding to ensure an ongoing pipeline of nationally significant infrastructure projects across all states and territories. This will help deliver the infrastructure Australia needs, create jobs and relieve capacity constraints that can drive inflation.

Following advice from the independent strategic review, the Government will provide a further $4.2 billion for road safety infrastructure, including a graduated increase in funding for the Roads to Recovery Program to $1.0 billion a year.

Unlocking the economic potential of Western Sydney

The Government is making significant investments in productivity-enhancing infrastructure to support the growth of Western Sydney. A further $174.7 million will be provided to support operational preparations by border agencies for the new Western Sydney International Airport. In addition to supporting the delivery of projects such as the Sydney Metro – Western Sydney Airport development, the Government will consider future investment priorities with the state government following the independent report of the Western Sydney Transport Infrastructure Panel.

Delivering important water infrastructure

The Government is continuing to invest in important water infrastructure projects by allocating a further $180.3 million through the National Water Grid Fund. These investments will enhance water security for remote and regional communities such as $13.2 million for Yulara in the Northern Territory and $10.0 million for the Central Darling Shire in New South Wales. The Government is also providing an additional $26.5 million towards the Mount Morgan Water Supply Pipeline project in Queensland to ensure full delivery of the project and to fix this town’s water crisis.

Investing in skills, tertiary education and lifelong learning

A landmark National Skills Agreement

The Government has secured a new five-year National Skills Agreement (the Agreement) with the states and territories to commence from 1 January 2024. The Government is providing up to $12.6 billion under the Agreement to lift productivity and deliver a national Vocational Education and Training (VET) system that is high quality, responsive and accessible. The Agreement includes a joint funding commitment from the states and territories, ensuring the collective investment in the VET system keeps growing. A new national stewardship model will coordinate strategic investment in skills across the economy and support the delivery of skills in areas of national priority. The Agreement also includes funding to implement major reforms, including establishing TAFE Centres of Excellence, improving foundation skills training and new Closing the Gap initiatives. The Agreement will also support women’s economic participation and ensure more opportunities for those historically locked out of the labour market, through reforms to boost VET completion rates.

TAFE Centres of Excellence and accelerating the uptake of apprenticeships

Building on the National Skills Agreement, the Government increased funding by $41.2 million through the Employment White Paper to fast track up to six TAFE Centres of Excellence and accelerate the take up of higher and degree apprenticeships in the priority areas of net zero, care and digitalisation. TAFE Centres of Excellence will support partnerships between TAFEs, Jobs and Skills Councils, industry and universities to design and teach world-leading curriculum and provide students with cutting edge skills.

National Skills Passport

Following the release of the Employment White Paper, the Government is investing $7.5 million to prepare a business case to define the scope, outcomes and benefits of a National Skills Passport. As part of the scoping and business case, the Government will consult widely with industry, unions, tertiary institutions and across government. A Skills Passport could combine a person's qualifications across VET and higher education to demonstrate their skills more effectively to employers, help them change jobs and upskill. A Skills Passport could also reduce barriers to lifelong learning and make it simpler for employers to find more skilled workers.

Australian Universities Accord priority actions

In response to the Australian Universities Accord Interim Report, the Government is implementing priority actions to start to address the fundamental challenges facing the Australian higher education system. These include investing $66.9 million to create additional Regional University Study Hubs and establish new Suburban University Study Hubs to reduce barriers to participation for students who may have difficulty accessing a physical campus. The Government is also providing $323.5 million over 11 years to extend demand driven funding to metropolitan Aboriginal and Torres Strait Islander students, guaranteeing all First Nations students in Australia a Commonwealth supported place when accepted into their chosen course of study. The Universities Accord will provide its final report to the Government by December 2023.

Reforming the migration system

In December 2023 the Government released its Migration Strategy which outlines an ambitious, phased policy roadmap to ensure the migration system delivers for the nation and migrants. The Strategy will help ensure migration is better targeted to build Australia's economic prosperity and security, and contribute to bringing net overseas migration back down faster, to pre-pandemic levels from next financial year.

Targeting skilled migration to address skills needs

The Government will provide $30.1 million over four years from 2023–24 to improve the skilled visa system, including replacing the Temporary Skilled Shortage visa with a new Skills in Demand visa, developing a new skills shortage list and streamlining pathways from the Temporary Graduate visa to a skilled work visa for high-performing graduates. The new Skills in Demand visa will include:

- an efficient, simple pathway for specialised, highly-skilled workers earning at least $135,000 to drive innovation in our economy and build the jobs of the future
- a mainstream temporary skilled pathway for migrants with core skills earning at or above $70,000, using an improved approach to determining skills needs, informed by advice from Jobs and Skills Australia (JSA).

This flexible approach will enable Australia to attract the skills needed to drive future economic prosperity.

Getting the right skills in the right places

To ensure migration meets the local needs of communities across the country, the Government will develop a multi-year planning model for permanent migration, to improve collaboration with states on migration settings. The Government will establish a formal role for Jobs and Skills Australia in defining Australia's skills needs, and improve the quality and timeliness of migrant skills recognition and assessment. These measures will better coordinate Australia's migration settings to meet strategic and long-term challenges, ensure migration complements the domestic skills and training system, and facilitate greater workforce participation and stronger economic outcomes for all Australians.

Strengthening the integrity of the international education sector

The Government is taking important steps to improve integrity in the international education sector. The Government is increasing English language requirements for students and graduates, bolstering efforts to detect non-genuine students and strengthening requirements for international education providers. These integrity measures are in addition to a package of administrative changes applying targeted scrutiny to student visa applications. Together, these reforms will support the integrity and reputation of Australia's international education sector.

Addressing migrant worker exploitation

Migrant worker exploitation adversely impacts the individuals being exploited, affects Australian workers' confidence that their own wages and conditions are protected, and damages Australia's reputation as a migrant destination of choice. It also unfairly impacts employers who do the right thing.

The Government is delivering a suite of reforms to tackle migrant exploitation from all angles. This MYEFO, the Government will expand on reforms from the 2023–24 Budget to strengthen the regulation of the migration advice industry, and will deliver additional measures to address temporary migrant worker exploitation. These measures include enhancing protections against visa cancellation to reduce a visa holder's exposure to exploitation, and piloting a substantive temporary visa to extend a stay in Australia to pursue workplace justice. These changes will enable workplace justice outcomes to occur in a timely manner and address migrants' fears of reporting. Alongside broader reforms to address the exploitation of all workers in Australia, the Government is seeking to prevent the misuse of Australia's migration program to ensure it is not undermined for the purpose of exploitation.

Improving competition, corporate transparency and supporting small business

Competition Review

Greater competition is critical for lifting dynamism, productivity, wages growth, putting downward pressure on prices and delivering more choices for Australian consumers. To drive these outcomes, the Government is undertaking a Competition Review over two years supported by a dedicated taskforce to provide competition advice across Government. The Review will consider competition laws, policies and institutions to ensure they remain fit for purpose, with a focus on reforms that will increase productivity, put downward pressure on the cost of living and boost wages. As part of the Review, a consultation process has commenced on merger law settings. The Treasurer has also recently agreed with state and territory counterparts to revitalise national competition policy to collectively progress long-term pro-competitive reforms.

Climate-related financial disclosure

The Government is ensuring Australian investors have greater transparency of climate-related financial risks and opportunities to support informed investment decisions and encourage efficient capital market operation in Australia. New legislation will introduce standardised climate-related financial disclosure requirements for large businesses and financial institutions. The Government is providing funding of $81.6 million to financial regulators, accounting, audit and assurance reporting standards setters and Treasury to support implementation of the new requirements.

Integrity reforms

The Government is improving the integrity of systems and structures that keep our tax and superannuation systems and capital markets strong. Tax and audit firms play a key role by providing important services to companies, investors, governments and the public. The Government is focused on addressing shortcomings in governance and regulation related to these services that were highlighted by the misconduct in the PricewaterhouseCoopers matter.

The Government has introduced legislation to strengthen the tax promoter penalty laws to deter and penalise tax advisers and firms who promote tax avoidance; remove limitations in the tax secrecy laws that are a barrier to regulators responding to a breach of confidence; extend protections to whistleblowers when they make disclosures to the Tax Practitioners Board (TPB); and enhance the TPB's investigation powers.

The Government is providing an additional $22.2 million to the Treasury, the Department of Finance, the Attorney-General's Department and the Australian Taxation Office to strengthen the integrity of the tax system, increase the powers of regulators and strengthen regulatory arrangements to ensure they are fit for purpose. This is in addition to the $30 million increase in funding in the 2022–23 October Budget for the TPB to increase compliance, new laws to strengthen the powers of the TPB, and improvements to Commonwealth procurement practices.

Ensuring small businesses are paid on time

The Government will provide $8.1 million to implement the Government's response to the recommendations from the Statutory Review of the *Payment Times Reporting Act 2020*. The response will deliver on the Government's election commitment to ensure small businesses are paid on time. Slow and late payments negatively impact cashflow, financing and productivity, all of which have a disproportionate effect on small businesses. To level the playing field and ensure small businesses are paid on time, the Government will overhaul the Payment Times Reporting Scheme. This will increase pressure on large businesses with poor small business payment practices and embed fair payment terms for small businesses in a range of other Government policies and processes.

Incentivising and supporting participation

Enhancing the Work Bonus

The Government is increasing the starting Work Bonus income balance to $4,000, from the previous $0 balance, for all new pension entrants over Age Pension age and eligible veterans, benefiting around 195,000 people each year. The Work Bonus supports pensioners over Age Pension age to work by allowing them to keep more of their pension when they have income from work. Both existing and new recipients will retain the current elevated maximum Work Bonus balance limit of $11,800.

Local Jobs Program reform

Reforms to the Local Jobs Program, which helps bring a local focus to employment services, will better support employment outcomes for people seeking work and strengthen the efficacy and effectiveness of the program. Initial changes include broadening eligibility for projects funded through the Local Recovery Fund to support more people to connect to work, including those not on income support, strengthening governance structures to enhance community representation, improving public sector servicing capability with staff from the Australian Public Service deployed in three micro regions in Western Australia, and enhancing local and regional data and information.

Backing social enterprises

To boost labour force participation and economic development in some of the nation's most disadvantaged communities, the Government will work with social enterprises to identify ways to provide more employment and training opportunities for Australians who face disadvantage. This work forms part of the Government's efforts to back local communities and builds on the *Targeting Entrenched Community Disadvantage* measure announced in the 2023–24 Budget.

Strengthening Medicare and securing essential services

In the 2023–24 Budget, the Government made a historic investment of $3.5 billion to triple the bulk billing incentive for children under 16 years, pensioners and other Commonwealth concession card holders. The Government is continuing to take action to make health care more accessible and affordable, alongside further investments in our aged care and disability sectors.

New preventive health measures will support the wellbeing of the Australian community, together with targeted measures to improve the lives and economic opportunities of First Nations Australians, build on commitments to end violence against women and children and improve support for our veterans.

Box 1.2 – National Cabinet

On 6 December 2023, National Cabinet met and agreed key reforms that will strengthen the health system, secure the future of the NDIS, improve Australia's firearms management systems, and provide states with certainty over the GST No Worse Off Guarantee. These reforms demonstrate that the Federation is working collaboratively to address growing pressures on the health system and the NDIS and ensure that these systems can continue to be delivered sustainably into the future.

- National Cabinet endorsed the Commonwealth increasing its **National Health Reform Agreement** contribution to 45 per cent over ten years, from 1 July 2025. A 42.5 per cent Commonwealth contribution will be achieved before 2030, as well as a more generous approach to the funding cap.
- To take further pressure off hospitals, the Commonwealth will deliver a further package of **Strengthening Medicare** measures. This includes implementing the health-related recommendations from the Independent Review of Health Practitioner Regulatory Settings. These reforms will help move the health system to a more integrated, equitable, efficient and sustainable system.
- National Cabinet acknowledged the need for reforms to **secure the future of the NDIS**, ensuring it can continue to provide life-changing support to future generations of Australians with disability.
- As an initial response to the independent NDIS Review, National Cabinet committed to work together to implement legislative and other changes to the NDIS to improve the experience of participants and restore the original intent of the Scheme to support people with permanent and significant disability, within a broader ecosystem of supports. National Cabinet also agreed to jointly design additional Foundational Supports, with additional costs split 50–50.
- National Cabinet agreed to work together to adjust state NDIS contribution escalation rates, increasing from 4 per cent to be in line with actual Scheme growth, capped at 8 per cent.
- A **National Firearms Register** will be established, which will deliver the most significant improvement in Australia's firearms management systems since the reforms immediately following the Port Arthur massacre in 1996. The Register will address significant gaps and inconsistencies in firearms management across all jurisdictions. The Commonwealth will assist states and territories with funding the reforms to ensure the Register is operational within four years.
- National Cabinet agreed to extend the **GST No Worse Off Guarantee**, which was due to expire in 2026–27, for three years from 2027–28 to 2029–30. This extension will provide funding certainty for states in their coming budgets.

Investing in health and wellbeing

Medicare Benefits Schedule and Urgent Care Clinics

The 2023–24 Budget responded to the Strengthening Medicare Taskforce report. The Government is further supporting access to Medicare services through improvements to the Medicare Benefits Schedule (MBS). This includes support to access MBS items for vestibular assessment, to detect residual disease in patients with acute lymphoblastic leukaemia, and abdominal MRI scans for patients with rare genetic conditions.

The Government is investing a further $39.5 million in Medicare Urgent Care Clinics and Services to support the delivery of bulk billed urgent care. This builds on the $358.5 million provided in the 2023–24 Budget and the $235.0 million provided in the 2022–23 October Budget.

Improving access to medicines and medical services

The Government will provide $3.5 billion for new and amended Pharmaceutical Benefits Scheme (PBS) listings, including treatments for chronic heart failure, breast cancer and diabetic kidney disease.

The Government will provide an additional $380.3 million to expand the eligibility for Shingrix® under the National Immunisation Program to people aged 65 years and over, First Nations people aged 50 years and over and immunocompromised people aged 18 years and over. This builds on the $446.5 million provided for Shingrix® in the 2023–24 Budget and together will provide almost five million Australians who are at risk of severe disease from shingles with a free Shingrix® vaccine.

The Government is investing $148.2 million to provide additional assistance to community pharmacies in regional, rural and remote communities as they transition business arrangements for 60-day prescriptions. This is part of the Government's commitment to reinvest $1.2 billion back into community pharmacies as they transition business arrangements for 60-day prescriptions.

Improving cancer outcomes

The Government will provide $184.9 million to extend funding for existing cancer initiatives and establish new cancer programs including a Cancer Nursing and Navigation Program. The new program will ensure all people with cancer have access to high quality and culturally safe care.

Improving access to mental health services

The Government is committed to ensuring Australians can obtain the mental health support they need. Funding of $483.7 million is being provided to strengthen Australia's mental health and suicide prevention system, including through the extension of funding for national crisis and support services Lifeline, Beyond Blue, Kids Helpline and 13YARN.

Protecting against harm from vaping

To protect Australians from the harms caused by vaping, the Government is providing $82.0 million to support vaping product regulation, enforcement activities and increase awareness. The Government will also continue to work with states and territories to end the sale of vapes in retail settings.

Continuing COVID-19 support

The Government is delivering $392.5 million to continue the response to COVID-19 and provide Australians with COVID-19 vaccines and treatments. The Government is providing $6.5 million to extend the *National COVID-19 Vaccine Program*. Additional funding of $317.4 million is being provided to continue assisting aged care providers in managing the effects of COVID-19.

Play Our Way program

$200.0 million will be invested in the Play Our Way program, which will provide targeted grants for infrastructure and sporting facilities to support women and girls to participate in sports and physical activity.

Investing in aged care and disability support

Continued investment in aged care

The Government is continuing to deliver on its commitments to ensure that older Australians receive high quality and safe care. Building on the support provided in the 2023–24 Budget, the Government is investing $202.4 million to deliver the ICT changes required for the implementation of the new Aged Care Act.

The Government is also providing new funding to the Aged Care Quality and Safety Commission to support better regulatory oversight of the Government's aged care reforms and ensure the aged care sector has a fit for purpose regulator. Funding of $11.8 million is being provided to continue monitoring compliance of aged care providers with meeting the Government's 24/7 registered nursing commitment and care minutes standards, and $85.6 million to better support facilities in meeting the 24/7 registered nursing requirement.

To continue progressing the Government's commitment to reform in-home aged care, funding of $12.2 million is being provided to support the design and delivery of the new *Support at Home Program* to commence on 1 July 2025.

Improving NDIS sustainability and support for participants

In the 2023–24 Budget, the Government announced measures to support NDIS participant outcomes and the effective and sustainable operation of the Scheme. Reforms are needed to secure the future of the NDIS, ensuring it can continue to provide life-changing support to future generations of Australians with a disability. National Cabinet has agreed to work together to develop and implement reforms to the Scheme (see Box 1.2).

The Government is also investing in reforms to prohibit providers from advertising or charging unreasonably higher prices for NDIS participants. Funding of $6.7 million is being provided to the Australian Competition and Consumer Commission to support these reforms and to prioritise NDIS related matters for potential investigation and enforcement action, as appropriate, under existing laws. A further $492.2 million in additional funding will be provided to the National Disability Insurance Agency in 2024–25 to ensure continued support for NDIS participants.

Establishing a Commonwealth Disability Royal Commission Taskforce

The final report for the Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability was first published on 29 September 2023, with 222 recommendations. To immediately begin work on a response, the Government is providing $4.3 million to establish a Commonwealth Disability Royal Commission Taskforce, engaging closely with the disability community and states and territories.

Strengthening the care and support economy

The Government will provide $13.6 million to support initiatives to promote a sustainable and productive care sector that delivers quality care and decent jobs. Funding includes:

- $7.6 million to progress activities to provide a more streamlined and efficient whole of government ICT experience for businesses providing care and support services across aged care, disability support and veterans' care.
- $3.6 million to progress national worker screening arrangements for the care and support sector, including working with jurisdictions to standardise arrangements nationally.
- $2.4 million to fund activities to simplify and harmonise regulatory requirements on workers and care providers.

Strengthening support for Aboriginal and Torres Strait Islander communities, women, children and veterans

Closing the Gap initiatives

The Government is committed to working in partnership with First Nations Australians on Closing the Gap and sharing decision making on policies and programs which impact on their lives.

Scoping work has commenced with the Coalition of Peaks and other First Nations stakeholders on a First Nations Economic Partnership. The Partnership will focus on the strengths of First Nations Australians and community-controlled organisations, opportunities for jobs creation and translating First Nations' knowledge, assets, interests and rights into sustainable social and economic benefits for communities.

The Government will also provide funding of $25.0 million to extend the Tailored Assistance Employment Grant Program (TAEG) to 31 December 2024, ensuring existing TAEG providers can continue to deliver First Nations employment services across Australia.

Ending violence against women and children

The Government is committed to ending violence against women and children in Australia in one generation. This MYEFO will provide $18.6 million over five years from 2023–24 to support temporary visa holders leaving violent relationships and people who are at-risk of, or have experienced, forced marriage. This includes:

- $12.1 million over five years from 2023–24 to establish the Forced Marriage Specialist Support Program to provide caseworker support, counselling, temporary accommodation and financial support.
- $4.4 million over two years from 2023–24 to increase financial support available under the Temporary Visa Holders Experiencing Violence Pilot to $5,000 (previously $3,000) to align with the Escaping Violence Payment.
- $2.2 million over four years from 2024–25 to extend Speak Now, Australia's national forced marriage community education service delivered by Anti-Slavery Australia.

This builds on a total investment of $2.3 billion announced in the 2022–23 October Budget and 2023–24 Budget to support women's safety and help deliver the *National Plan to End Violence against Women and Children 2022–32*.

Looking after our veterans

In response to the Interim Report of the Royal Commission into Defence and Veteran Suicide, the Government is addressing longstanding complexities in the veteran support system by providing:

- $40.1 million over three years (and an additional $1.2 million from 2027–28 to 2028–29) to implement reforms to the veterans' compensation, rehabilitation, and entitlements legislation framework.
- $18.0 million over four years (and an additional $0.1 million in 2027–28) to replace and modernise at-risk legacy ICT systems.

To support veterans who are experiencing or at risk of homelessness, the Government will provide $3.6 million over three years from 2024–25 (and an additional $2.4 million from 2027–28 to 2028–29) to deliver specialist support services as part of the Government's $30 million election commitment in *Labor's Plan to Address the Veterans Crisis*.

Securing our home and region

Protecting our sovereignty and being a leader in driving stability in our region is at the core of the Government's agenda. In an environment of global economic and strategic uncertainty, the Government is continuing to invest in our key relationships, sustaining our environment, supporting trade, national defence and strengthening our digital capabilities to ensure we can meet both current and future challenges.

A sustainable future

Reducing transport emissions

Reducing transport emissions will be critical to the net zero transition, with the transport sector projected to be Australia's largest source of emissions by 2030. To provide a clear, long-term strategy, the Government is developing a Transport and Infrastructure Net Zero Roadmap and Action Plan, which will outline pathways to net zero by 2050 for all transport modes and supporting infrastructure. The *National Electric Vehicle Strategy* released earlier this year will support Australians to access electric vehicles, including with the introduction of a Fuel Efficiency Standard. The Government also committed $500 million to the Driving the Nation Fund, and legislated the Electric Car Discount to support Australia's shift to electric vehicles.

Building on these actions, the Government is modernising the Luxury Car Tax by tightening the definition of a fuel-efficient vehicle. This change will encourage greater take-up of fuel-efficient vehicles, such as electric vehicles.

Climate finance – meeting our global and regional ambitions

At the United Nations COP28 summit, the Government announced it would contribute $50.0 million to the UN Framework Convention on Climate Change's (UNFCCC) Green Climate Fund (GCF) to support developing countries to establish low emission and climate resilient development pathways. The Government also announced it would contribute $100.0 million to the Pacific Resilience Facility (PRF) which will support climate and disaster resilience and enable Pacific Island Countries to invest in the resilience and sustainability of their communities across the region.

Supporting emission reductions in the farming and forestry sectors

This MYEFO is providing $4.9 million to develop an Agriculture and Land Sector Plan that will help farmers play their part in achieving net zero emissions by 2050. This will help governments, industry and communities plan for the future and mitigate emissions from the land sector. This will be supported by a further $9.7 million over four years for the Australian Bureau of Agricultural and Resource Economics and Sciences to improve forestry data and analysis.

Supporting continuity of research in Antarctica

The Government is ensuring that Australia has a safe and effective presence in the Antarctic to support crucial research activities. This MYEFO provides $8.7 million to address critical safety risks at the Macquarie Island Research Station. The Antarctic program is central to Australia's commitment to protect 30 per cent of our oceans by 2030, to save threatened species and to protect more of what is precious.

Strengthening economic resilience and improving trade

Eradicating red imported fire ants

The Government is providing $268.2 million towards the eradication of red imported fire ants. Fire ants are an aggressive invasive exotic species that swarm and inflict painful bites on people, pets, wildlife and livestock. They also damage electrical utilities including air conditioners, streetlights and telecommunications networks. Left unchecked, this pest has the potential to spread across the nation and cost over $1.25 billion annually.

This is an unprecedented investment which will pay for 350 new workers, a new depot, new vehicles, new aerial eradication contracts and an additional 1,400 tonnes of bait each year.

Facilitating agricultural exports

The Government is providing $95.5 million to support Australian farmers to continue exporting food and fibre to the world. A further $8.8 million will support the ongoing resumption of live cattle trade with Indonesia and Malaysia and mitigate the risk of further trade suspensions.

Southeast Asia Economic Strategy

In September 2023, the Government launched *Invested: Australia's Southeast Asia Economic Strategy to 2040* (the Strategy). The Strategy sets out a pathway to strengthen Australia's economic engagement with the region by mapping emerging trade and investment opportunities in Southeast Asia and matching those with Australian capabilities.

In response to recommendations in the Strategy, the Government has announced $95.4 million in new initiatives for new investment deal teams based in the region, working with Australian businesses to increase investment in the region, a Southeast Asia Business Exchange program to boost Australia's trade in the region, and an internship pilot for young professionals to help build enduring links between Australian and Southeast Asian business people.

Simplifying trade

The Government is providing $53.5 million to simplify cross-border trade. This includes digitalising trade procedures and supporting paperless trade, reducing regulatory burden, trialling new cargo inspection technologies and procedures, and streamlining interactions between businesses and Commonwealth agencies. This will reduce the time and cost for businesses to import and export as well as improving and strengthening Australia's border and biosecurity to increase our global trade competitiveness.

Investing in our national defence

We continue to make significant progress through the AUKUS partnership. The Government will provide $575.5 million over 11 years to support the nuclear-powered submarine program. This includes $558.0 million to establish and support the Australian Naval Nuclear Power Safety Regulator to regulate nuclear safety and radiological protection and $11.7 million to pilot a nuclear science graduate program at the Australian Submarine Agency.

The Government will provide $285.0 million to acquire 78 additional Bushmaster Protected Mobility Vehicles to replace the vehicles gifted by Australia to Ukraine. This includes $160.0 million to produce new Bushmasters in Bendigo, Victoria.

The Government will provide $186.6 million over two years from 2023–24 to deliver additional support for Ukraine and expand Australian Defence Force deployments under *Operation Kudu*. This support includes $131.9 million for the provision of additional military vehicles and ammunition. The Government is also providing $10.0 million to the Ukraine Humanitarian Fund to help meet needs for shelter, health services, clean water and sanitation.

Enabling a strong and secure digital economy

Cyber security

The Government's investment of $300.1 million over five years from 2023–24 (and $21.2 million per year ongoing) in the *2023–2030 Australian Cyber Security Strategy* will improve our cyber security, manage cyber risks and better support individuals and Australian businesses to manage the cyber environment. We are building public awareness to better protect our communities from identity theft and crime, including boosting the Australian Federal Police's capability to disrupt and investigate cybercrime. The Government is also investing in embedding secure by design in digital goods and services, and growing and professionalising our cyber workforce. These investments build on other initiatives like the National Anti-Scam Centre, and support the Strategy's intention to work with industry to break the ransomware business model.

Investments in better threat-blocking and threat-sharing capabilities will uplift industry and business cyber resilience, including through a threat-sharing platform for the health sector. A new national Executive Cyber Council has been created to bring together government and industry leaders to share insights and address emerging challenges.

Government will uplift its own cyber maturity as an owner and operator of critical infrastructure and provider of essential services. We are also strengthening collective cyber resilience with neighbours in the Pacific and Southeast Asia.

Cyber security resilience for small business

Small businesses have rapidly digitalised in the last few years, increasing their exposure to cyber security threats. As part of the *2023–2030 Australian Cyber Security Strategy*, the Government will invest $20.8 million to empower small businesses to bolster their cyber security. This includes a Small Business Cyber Resilience Service, providing one-on-one assistance to help small businesses navigate their cyber challenges and recover from a cyber attack. The Government will also establish a voluntary cyber health-check program, supporting businesses to undertake a free, tailored self-assessment of their cyber security. Building the sector's cyber security resilience by helping businesses to recover swiftly in the event of an attack will protect Australians and the jobs this vital sector provides.

Digital ID

The Government is providing $145.5 million to continue to expand the Digital ID system and establish the Australian Competition and Consumer Commission as the Digital ID regulator. This will support the development of a national, economy-wide system that provides Australians with a voluntary, secure, convenient and inclusive way of proving who they are online.

Strengthening our social fabric

Supporting Australian communities

The Government is committed to supporting the safety and wellbeing of all Australians during the Hamas-Israel conflict. The Government will provide $77.7 million for a range of initiatives to support Australian communities, including $25.0 million for the Australian Jewish community, and $25.0 million for Australian Palestinian, Muslim and other communities. The remainder of the funding will support the broader Australian community through targeted mental health and wellbeing support services and protection against terrorist and violent extremist online content.

Humanitarian Program

The Government has reaffirmed Australia's commitment to those in need, increasing the annual Humanitarian Program intake to 20,000 per year. The Government will also provide $163.5 million to address backlogs in Australia's refugee protection system. This will restore system integrity and ensure those owed Australia's protection will have access to a quicker assessment of their claims allowing them to rebuild their lives with certainty and stability.

Part 2: Economic Outlook

Overview

The Australian economy is slowing in expected ways, given high but moderating inflation, higher interest rates and global economic uncertainty. Inflation is higher than target but is moderating alongside a clear pickup in wage growth. The labour market continues to perform well, with a low unemployment rate and strong employment growth. Risks, particularly internationally, are weighted to the downside but the Australian economy faces these challenges from a position of strength.

The outlook for the global economy remains highly uncertain and inflation continues to be a major challenge around the world. More persistent global inflation, Russia's invasion of Ukraine, the Hamas-Israel conflict, an ongoing adjustment in China's property sector and the lagged effects of sharp global monetary tightening all pose downside risks to growth. While some key economies have shown greater-than-expected resilience, global growth is still expected to moderate over the next two years as persistent inflation and higher interest rates weigh on economic activity.

Global growth is expected to slow from 3.4 per cent in 2022 to 3 per cent in 2023 and 2024 before a modest pick-up to 3¼ per cent in 2025. As at the 2023–24 Budget, global growth over the next two years is expected to be the weakest in over two decades, excluding the Global Financial Crisis and the pandemic.

While global inflationary pressures have eased overall since the second half of 2022, fuel prices have recently driven volatility in headline inflation in a number of advanced economies and inflation in many countries is taking longer to return to target than previously anticipated. Financial markets expect that most advanced economies have reached or are close to the peak in their tightening cycle, however interest rates are expected to remain near current levels until mid–2024. The Hamas-Israel conflict, Russia's ongoing invasion of Ukraine and additional production cuts by OPEC+ pose upside risks to global fuel prices and global inflation.

The Australian economy has not been immune from these challenges, with higher interest rates and high but moderating inflation impacting households. Inflation is still elevated and above target, but it has fallen broadly in line with expectations since the annual peak in 2022. This downward trend is expected to continue as easing supply constraints and weaker domestic activity reduce underlying price pressures across the economy.

In the near term, higher global oil prices and the continued pass-through of cost pressures will apply upward pressure to headline inflation, which has been revised up to 3¾ per cent through the year to the June quarter 2024. Elevated fuel prices directly added ¼ of a percentage point to annual inflation in the September quarter 2023. The oil price has since fallen but remains volatile, given ongoing global conflicts.

These developments have not changed the broader outlook for inflation, with the headline rate still projected to return to target within 2024–25 and forecast to be 2¾ per cent in the June quarter 2025. While Australia's inflation trajectory is similar to the experience of major advanced economies, inflation peaked later and lower than in most of these economies.

The Government's cost-of-living measures are directly reducing headline inflation and providing targeted relief to household budgets. Increases to child care subsidies, Commonwealth rental assistance and electricity rebates were estimated to reduce headline inflation by ½ of a percentage point in the September quarter 2023. The Government's cost-of-living policies are expected to reduce annual headline inflation by ¾ of a percentage point in the June quarter 2024.

Nonetheless, the impact of higher interest rates and elevated but moderating inflation on households is expected to weigh on economic activity in the near term. Economic growth is expected to slow from 3.1 per cent in 2022–23 to 1¾ per cent in 2023–24. Household consumption growth has slowed materially in response to elevated inflation and higher interest rates. Dwelling investment, which is highly sensitive to interest rates and remains subject to labour and material shortages, was also weaker than expected in the first half of 2023.

The Australian economy is well placed to navigate these challenges. Continued public and business investment momentum and the ongoing recovery in the international student and tourism sectors are helping to offset weakness in the household sector. These developments, combined with a resilient and dynamic labour market, are flowing through to a modest upgrade to GDP growth this financial year relative to the 2023–24 Budget.

The labour market has remained highly resilient to date, with over 600,000 additional people employed over the past 18 months. Participation also remains at record highs, and the unemployment rate has recorded its longest consecutive run below 4 per cent since monthly records began. Australia's labour market has outperformed major advanced economies with faster employment growth over the past 18 months, and a higher participation rate and employment-to-population ratio.

Given its strong starting position, the labour market is forecast to perform well compared to pre-pandemic averages even as conditions soften. Leading indicators suggest some slowing in the labour market is underway, with job advertisements and vacancies moderating from recent peaks and the underemployment rate rising from early-2023 lows. The unemployment rate is expected to rise modestly, reaching 4¼ per cent in the June quarter 2024. Broader labour market indicators, such as hours worked and the participation rate, are also expected to weaken. The unemployment rate is expected to peak at 4½ per cent in the June quarter 2025, unchanged from Budget. This remains low by historical standards and is only ¼ of a percentage point above Treasury's estimate of the Non-Accelerating Inflation Rate of Unemployment (NAIRU).

Annual wage growth has picked up to 4 per cent, the fastest rate of annual growth since 2009. This reflects recent labour market strength, as well as the Fair Work Commission determinations on the minimum wage and the Aged Care Work Value Case. Wage growth is expected to remain around 4 per cent until the end of 2023–24, before easing as the labour market softens and inflation normalises. As there is no evidence of a wage-price spiral and medium-term inflation expectations remain well anchored, this outlook is consistent with a return of inflation to target within 2024–25, with headline inflation forecast to reach 2¾ per cent by the June quarter 2025.

The economy is expected to regain momentum in 2024–25 as inflation subsides and growth in household disposable incomes improves. With inflation moderating, positive annual real wage growth is expected to return in early 2024 and will support real household disposable incomes. This is expected to support household consumption and drive a recovery in economic growth to 2¼ per cent in 2024–25.

There are substantial risks to the economic outlook. Further global instability and a re-tightening of oil markets stemming from escalations in Russia's invasion of Ukraine or the Hamas-Israel conflict pose upside risks to global inflation and downside risks to growth. As a large commodity exporter, Australia is also exposed to the risk of a sharper downturn in China's property sector that leads to commodity price volatility. Globally, the cumulative effects of monetary policy tightening could induce a larger-than-expected economic contraction and rise in unemployment, as well as the re-emergence of banking sector stress.

Heightened global inflationary pressures could contribute to more persistent domestic inflation, which would dampen household spending through further reductions in real incomes. Over the past decade, productivity outcomes in most advanced economies, including Australia, have been weak, and price pressures may be more persistent if this continues. As the global and domestic economies navigate the current environment, there remains a risk that further temporary shocks add to the anticipated cyclical slowdown and inflation challenge facing the Australian economy.

International economic outlook

The outlook for the global economy remains highly uncertain and inflation remains a key challenge in many economies. Russia's invasion of Ukraine, the Hamas-Israel conflict, China's property sector downturn and the lagged effects of sharp monetary tightening all pose downside risks to economic activity.

Key economies have diverged over 2023. The outlook for the euro area and United Kingdom remains weak, given higher peaks in headline inflation and weaker external demand. China's rebound after the removal of pandemic restrictions has also been more subdued than expected, as a deeper and more protracted decline in the property sector weighs on the broader economy.

In contrast, activity in some advanced economies – particularly the United States – has been stronger than previously expected. Growth has remained resilient despite sharp rises in interest rates over the past two years, labour markets have remained tight and banking sector stresses have so far been successfully contained.

Momentum in the global economy is expected to remain subdued as above-target inflation and higher interest rates weigh on activity. Global growth is forecast to slow from 3.4 per cent in 2022 to 3 per cent in 2023 and 2024, before edging up slightly to 3¼ per cent in 2025 as lower inflation and more accommodative policy rates support activity. Forecast global growth in 2023 and 2024 continues to represent the weakest two years in two decades, outside of the pandemic and global financial crisis.

Australia's major trading partners are forecast to grow by 3½ per cent in 2023. Growth is expected to slow to 3¼ per cent in 2024, unchanged since Budget, primarily due to weaker growth in China. A pick-up to 3½ per cent is expected in 2025 as moderating inflation leads to increases in real household incomes and policy interest rates begin to become more accommodative.

In the past two years, the global economy has experienced the most severe inflationary episode in decades. Despite recent volatility in oil prices, global headline inflation has fallen sharply as energy and food spot prices have retreated from their 2022 peaks and supply chain bottlenecks have unwound. However, core inflation in most major advanced economies has declined more gradually and remains above central banks' targets due to the continued pass-through of earlier shocks and ongoing strength in labour markets.

Inflation in advanced economies is expected to gradually decline over the forecast period. However, the normalisation of inflation rates is expected to take longer than previously anticipated for several economies. A return to central banks' targets is not anticipated in most advanced economies until at least 2025. Nonetheless, financial markets expect that most central banks have reached or are close to the peak in their tightening cycles, with policy rates in several advanced economies judged to be sufficiently restrictive to bring about further declines in inflation.

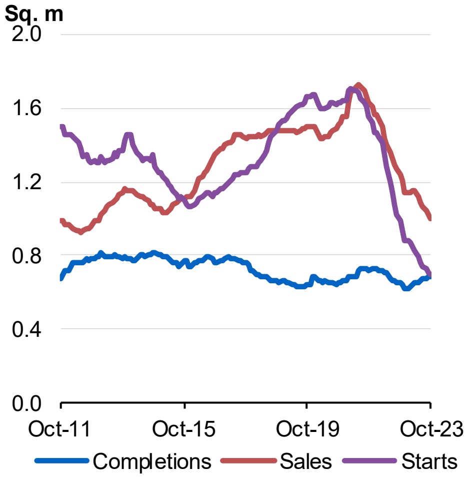
Risks to the international outlook remain tilted to the downside. Recent movements in global oil and energy prices contributed to volatility in headline inflation in several economies. Sustained increases in global commodity prices would add further pressure to global inflation, complicating the decisions of central banks. Despite resilience in some advanced economies to date, a larger-than-anticipated contraction in global economic activity and rise in unemployment rates could still materialise as the full effects of cumulative monetary policy tightening flow through. Renewed banking sector stress could emerge in an environment of heightened interest rates, particularly among small US institutions that are highly exposed to commercial real estate. Weaker-than-expected growth in China as the downturn in the property sector undermines consumer confidence could also weigh on global growth. As a commodity exporter, Australia is exposed to the associated risk of a sharp correction in key commodity prices.

China's economy is forecast to grow by 5¼ per cent in 2023, and 4½ per cent in 2024 and 2025. This represents a downward revision of ½ of a percentage point in 2023. China's post-pandemic rebound has been more subdued than expected due to a deeper and more protracted decline in the property sector, weak household and business confidence, and waning global demand.

Formerly a key growth driver, the property sector's downturn was precipitated by policy-driven efforts to limit financial risks and bring activity in line with slowing underlying demand. However, the downturn exposed weak fundamentals as credit restrictions forced developers to halt projects (Chart 2.1). With most new properties paid for in advance, demand has fallen due to buyers' fears that projects may not be delivered. Despite signs of a tentative recovery in early 2023, the correction has deepened, leading more developers to default and undertake lengthy debt restructuring.

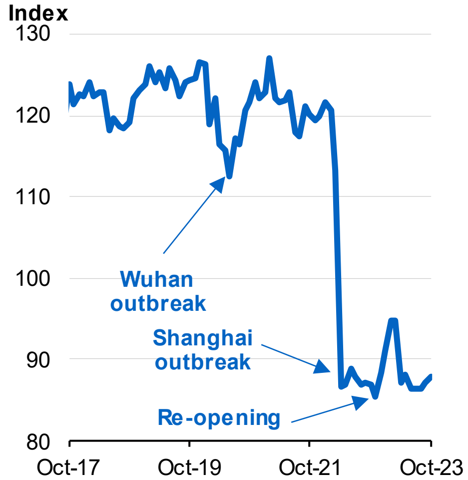
The structural downturn in property is weighing on China's broader economy. The property sector is linked to a substantial amount of household wealth and local government revenue. Its downturn has exacerbated fragile consumer confidence (Chart 2.2) and stretched local government finances. While authorities have provided targeted support, aiming to ensure delivery of pre-sold apartments, they appear resolute that the sector should play a smaller role in the economy going forward. Though pockets of strength in infrastructure and manufacturing have helped to soften property's drag, its transition will continue to weigh on China's growth in the next two years.

Chart 2.1: China property sector activity indicators



Source: National Bureau of Statistics, China; Refinitiv.

Chart 2.2: China consumer confidence index



Source: National Bureau of Statistics, China; Refinitiv.

Note: Data is in billions, 12-month sums.

In the longer-term, growth in China's economy is expected to gradually slow as demographics and diminishing returns to investment lead China to become more reliant on productivity improvements to drive growth.

The **United States** is forecast to grow by 2½ per cent in 2023, 1½ per cent in 2024 and 1¾ per cent in 2025. The US achieved stronger-than-expected growth in the first 3 quarters of 2023. Strong employment growth and falling inflation have boosted consumption, and government tax incentives have stimulated business investment. Additionally, banking sector stresses from earlier in the year have so far been successfully contained. Combined, these factors see the growth outlook for 2023 upgraded by 1½ percentage points. Growth is still expected to slow in 2024, albeit less so than expected at Budget, as higher interest rates weigh on activity.

US policy interest rates are expected to be higher for longer than expected at Budget due to the stronger near-term outlook for growth. As such, forecast growth in 2025 has been downgraded by ½ of a percentage point. Moderating inflation despite resilient growth has widened the path to a soft landing since Budget. However, the outlook remains highly uncertain as inflation could prove more persistent than expected and the cumulative monetary policy tightening since early 2022 may have a stronger impact than anticipated.

Euro area GDP is forecast to grow by ½ per cent in 2023, ¾ per cent in 2024 and 1¾ per cent in 2025. Banking sector stresses have receded, allowing the region to grow more strongly than expected through the first half of 2023. However, high core inflation has led to further policy rate increases that, alongside weak external demand and a contracting manufacturing sector, will weigh on growth in 2023 and 2024. An anticipated easing in inflation and less restrictive policy rates are expected to support a recovery in 2025.

The **United Kingdom** is forecast to grow by ½ per cent in 2023 and 2024 and 1¾ per cent in 2025. Tighter monetary policy and high energy costs have weighed on growth in the UK. However, the containment of banking stresses and resilience in the labour market and services consumption have contributed to an improved outlook for growth in 2023. While higher than in all other major advanced economies, easing inflation should support real wage and consumption growth. There remains a risk that persistent inflation, high interest rates and weaker external demand weigh more heavily on the services sector and labour market.

Japan is forecast to grow by 1¾ per cent in 2023 and by 1 per cent in 2024 and 2025. Japan has experienced stronger-than-expected growth in 2023, driven by the easing of pandemic-related regulations, expansionary monetary policy and strong growth in net exports reflecting a recovery in inbound tourism and auto shipments amidst easing supply constraints and a depreciating yen. Although conditions for Japan's exporters will become tougher as the pace of recovery overseas slows, the economy is expected to grow strongly by recent historical standards.

Other East Asia is forecast to grow by 3¼ per cent in 2023 and by 4 per cent in 2024 and 2025. Economies in the region have recovered from pandemic-related shocks, but the recovery has been uneven. Going forward, growth will be impacted by high interest rates, relatively high levels of government debt relative to GDP, and reduced capacity for government spending. Externally, the region will also be impacted by tight financial conditions and slowing global growth, especially the slowdown in China.

India is forecast to grow by 7 per cent in 2023 and by 6½ per cent in 2024 and 2025. Growth in 2023 has been upgraded by 1½ percentage points due to unexpected strength in the first 3 quarters of the year. The strong growth through the year to the September quarter reflects higher government consumption and investment. This is despite weak monsoon season rainfall and a historically dry August harming crop yields, raising food inflation, and leading to the government placing restrictions on food exports.

Table 2.1: International GDP growth forecasts[(a)]

	Outcome	Forecasts (Calendar years)		
	2022	2023	2024	2025
Australia	3.9	2	1 ¾	2 ¼
China	3.0	5 ¼	4 ½	4 ½
India	6.6	7	6 ½	6 ½
Japan	0.9	1 ¾	1	1
United States	1.9	2 ½	1 ½	1 ¾
Euro area	3.4	½	¾	1 ¾
United Kingdom	4.3	½	½	1 ¾
Other East Asia (b)	4.5	3 ¼	4	4
Major trading partners	3.0	3 ½	3 ¼	3 ½
World	3.4	3	3	3 ¼

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

b) Other East Asia comprises Indonesia, Malaysia, the Philippines, Thailand, Vietnam and Singapore, along with Hong Kong, South Korea and Taiwan.

Source: National statistical agencies, IMF, Refinitiv and Treasury.

Domestic economic outlook

Elevated inflation, higher interest rates and a volatile international environment are all placing pressure on the Australian economy. The economy has shown significant resilience in the face of these challenges with continued labour market strength and a pick-up in wage growth. In 2022–23, economic growth was broad-based at 3.1 per cent, supported by consumption, returning international students and significant investment from both businesses and the public sector. This was broadly in line with Budget expectations of 3¼ per cent. Economic growth is expected to moderate to 1¾ per cent in 2023–24 before recovering to 2¼ per cent in 2024–25.

Household budgets remain under pressure from elevated but moderating inflation and higher interest rates. Growth in household consumption has softened in recent quarters. Many households, particularly those facing higher housing costs, have adjusted their consumption and savings behaviour. Financial markets and market economists see the current cash rate of 4.35 per cent as at or near its peak. This is higher than the 3.85 per cent peak assumed at Budget, and the higher cash rate profile will act as an additional drag on consumption and dwelling investment over coming quarters.

The near-term weakness in the household sector is being partly offset by stronger-than-expected business investment and a recovery in tourism and international education enabled by the reopening of international borders.

New business investment grew by 8.2 per cent in 2022–23, the fastest rate since 2011–12, supported by continued investment in non-dwelling construction projects and demand for new machinery and equipment. The level of business investment is expected to remain elevated through 2023–24 and 2024–25, though the pace of growth is expected to fall back from recent highs. This activity will be underpinned by a solid pipeline of non-dwelling construction projects, particularly on commercial buildings, electricity transmission, generation and supply, and a few significant LNG projects.

Inflation has peaked and is moderating as expected, with inflation still projected to return to the target band within 2024–25 and reach 2¾ per cent in the June quarter 2025. While annual inflation is easing, several factors are adding to price pressures in the near term. Higher global oil prices, in particular, have been flowing through to petrol prices and added ¼ of a percentage point to annual inflation in the September quarter. Targeted cost-of-living policies are helping to alleviate some of these near-term inflationary pressures and are estimated to reduce annual inflation by ¾ of a percentage point in the June quarter 2024.

Cyclical conditions are expected to improve in 2024–25, led by consumption and dwelling investment. Growth in real household disposable incomes is expected to pick-up in 2024–25 and drive a recovery in household consumption. Market economist expectations are taken as a technical assumption on the forward path of the cash rate. The assumption includes interest rate cuts, which are expected to reinforce a rebound in dwelling investment in 2024–25, spurred by strong housing demand.

The labour market remains resilient, with employment growing by over 400,000 through the year to October 2023 and the unemployment rate lifting only slightly to 3.7 per cent. Recent data has begun to show some moderation in response to the cyclical slowdown; this is expected to continue over the coming year broadly in line with the Budget outlook. The unemployment rate is expected to modestly rise over the next two years to reach 4½ per cent by the June quarter 2025, but remain below pre-pandemic levels. Easing labour market conditions are also expected to result in falls in the participation rate and an increase in broader measures of labour market slack such as the underemployment rate.

The recent strength in labour market outcomes is flowing through to wage growth, with nominal wage growth up by 4 per cent over the year to the September quarter 2023, the fastest rate of growth since 2009. The Fair Work Commission's Annual Wage Review and Aged Care Work Value Case have also had a positive impact on wage growth in the near term. Annual real wage growth is expected to resume in early 2024 for the first time since early 2021.

There are substantial risks to this outlook. It remains uncertain how sensitive aggregate household consumption will be to cyclical conditions. Households that built up significant savings buffers through the pandemic may support spending in the near term through a lower savings rate, but many households are facing acute budget pressures and spending has been weaker-than-expected to date. Inflation could also be more persistent, which would further weigh on household budgets.

Table 2.2: Domestic economy – detailed forecasts[a]

	Outcomes	Forecasts			
	2022-23	2023-24		2024-25	
		Budget	MYEFO	Budget	MYEFO
Real gross domestic product	**3.1**	**1 1/2**	**1 3/4**	**2 1/4**	**2 1/4**
Household consumption	5.0	1 1/2	1/2	2 1/2	2
Dwelling investment	-3.9	-3 1/2	-2	-1 1/2	1
Total business investment[b]	8.2	2 1/2	2 1/2	2	- 1/2
By industry					
Mining investment	1.6	2	5	1 1/2	-5
Non-mining investment	10.4	2 1/2	2	2	1
Private final demand[b]	4.1	1	3/4	2 1/4	1 1/2
Public final demand[b]	2.4	1 1/2	2 1/2	2	3/4
Change in inventories[c]	-0.2	0	- 1/2	0	1/4
Gross national expenditure	3.4	1	3/4	2 1/4	1 1/2
Exports of goods and services	6.8	6	7 1/2	3 1/2	5
Imports of goods and services	9.3	4	4 1/2	3 1/2	3
Net exports[c]	-0.1	1/2	1	0	3/4
Nominal gross domestic product	9.8	1 1/4	4 1/4	2 1/2	2 1/4
Prices and wages					
Consumer price index[d]	6.0	3 1/4	3 3/4	2 3/4	2 3/4
Wage price index[d]	3.6	4	4	3 1/4	3 1/4
GDP deflator	6.6	- 1/4	2 1/2	1/4	0
Labour market					
Participation rate (per cent)[e]	66.9	66 1/4	66 3/4	66 1/4	66 1/4
Employment[d]	3.2	1	1 1/2	1	1
Unemployment rate (per cent)[e]	3.6	4 1/4	4 1/4	4 1/2	4 1/2
Balance of payments					
Terms of trade[f]	-0.5	-13 1/4	-6 1/4	-8 3/4	-9 3/4
Current account balance (per cent of GDP)	1.1	-2 1/2	1/2	-3 1/2	-2
Net overseas migration[g]	510,000	315,000	375,000	260,000	250,000

a) Percentage change on preceding year unless otherwise indicated.
b) Excluding second-hand asset sales between the public and private sector.
c) Percentage point contribution to growth in GDP.
d) Through-the-year growth rate to the June quarter.
e) Seasonally adjusted rate for the June quarter.
f) Key commodities are assumed to decline from elevated levels over four quarters to the end of the September quarter 2024: the iron ore spot price is assumed to decline from a September quarter 2023 average of US$105/tonne to US$60/tonne; the metallurgical coal spot price declines from US$264/tonne to US$140/tonne; the thermal coal spot price declines from US$144/tonne to US$70/tonne. All prices are in free-on-board (FOB) terms.
g) Net overseas migration is forecast to be 255,000 in 2025–26 and 235,000 in 2026–27. The figure for 2022–23 consists of three quarters of preliminary estimates and one quarter of forecasts.

Note: The forecasts for the domestic economy are based on several technical assumptions. The exchange rate is assumed to remain around its recent average level – a trade-weighted index of around 60 and a $US exchange rate of around 65 US cents. Interest rates are informed by the Bloomberg survey of market economists. World oil prices (Malaysian Tapis) are assumed to remain around US$96/barrel

Source: ABS Australian National Accounts: National Income, Expenditure and Product; Balance of Payments and International Investment Position, Australia; National, state and territory population Labour Force Survey, Australia; Wage Price Index, Australia; Consumer Price Index, Australia; unpublished ABS data and Treasury.

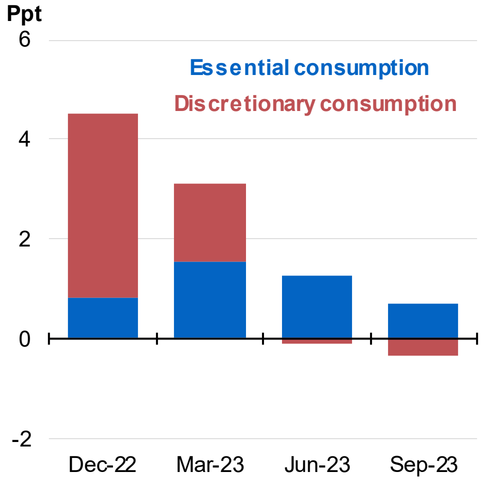
Household consumption

Elevated inflation and higher interest rates are constraining household budgets. Growth in household consumption has softened in recent quarters, with households prioritising spending on essential items (Chart 2.3). Household consumption rose 0.1 per cent in the June quarter 2023 and was flat in the September quarter 2023. Recent data indicates that this weakness has continued in recent months and consumption is expected to remain subdued in 2023–24, growing only ½ per cent.

While aggregate household savings remain positive, many are saving less of their incomes in response to elevated inflation and higher interest rates. The household saving ratio has fallen in recent quarters and is expected to average 2 per cent in 2023–24, its lowest annual level since 2007–08. It is also likely that some households are needing to draw upon previously accumulated savings to support their consumption and service mortgage costs.

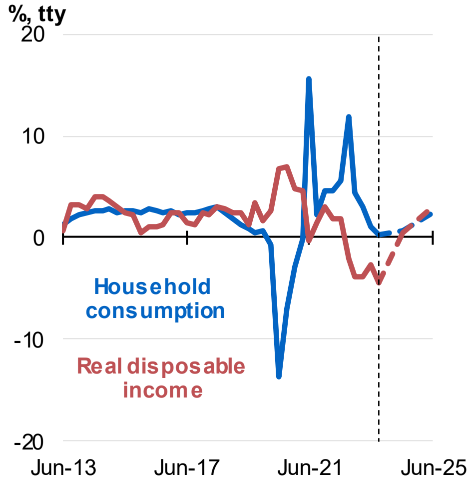
Households' financial position will improve as inflation subsides and wage growth picks up. This is expected to drive a recovery in household consumption, with 2 per cent growth forecast in 2024–25 (Chart 2.4).

Chart 2.3: Contribution to consumption growth, through the year



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

Chart 2.4: Consumption and real income growth



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

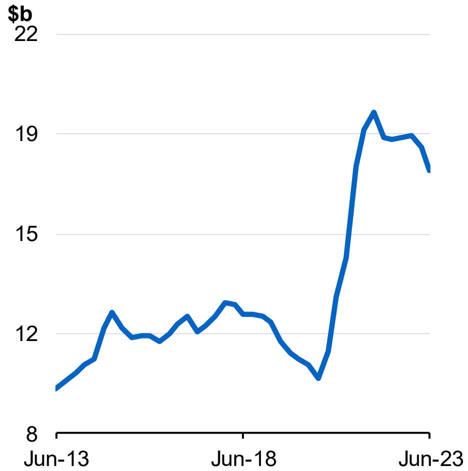
Dwelling investment

Constrained household budgets, higher interest rates and elevated construction costs are also weighing on the demand for new dwelling investment. Dwelling investment is expected to contract by 2 per cent in 2023–24, following a 3.9 per cent fall in 2022–23.

Capacity constraints, including labour and material shortages, have constrained dwelling investment in recent quarters. However, recent data suggests that these constraints are easing, allowing the pace at which the sector works through the significant backlog of detached housing to pick up (Chart 2.5).

Dwelling investment is forecast to recover, rising by 1 per cent in 2024–25, led by increased demand for housing, tight supply and improving asset returns (Chart 2.6). The projected rebound in activity is expected to be concentrated in medium and high-density dwellings.

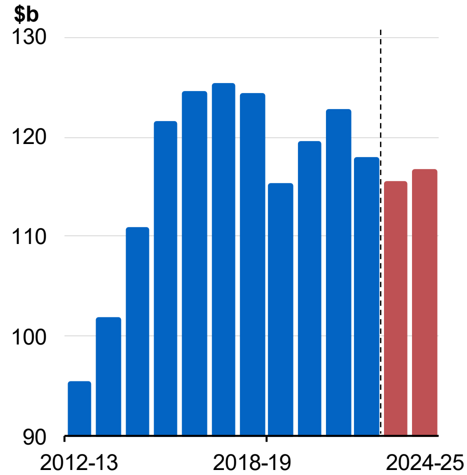
Chart 2.5: Real value of detached housing pipeline



Source: ABS Building Activity; unpublished ABS data and Treasury.

Note: Data is original. Nominal pipeline of residential work is deflated by dwelling prices.

Chart 2.6: Dwelling investment



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

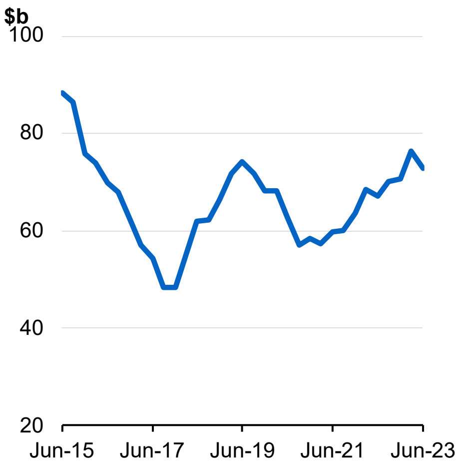
Business investment

New business investment grew strongly in 2022–23, supported by an improvement in the supply of new machinery and equipment, capital goods, and activity progressing on non-dwelling construction projects. The level of new business investment is expected to remain elevated above pre-pandemic levels.

Solid capital expenditure intentions underpinned by strong business balance sheets, and elevated levels of capacity utilisation are forecast to drive a 2½ per cent increase in investment in 2023–24. A solid pipeline of non-dwelling construction projects, particularly large mining projects, will also support growth. Investment is expected to unwind by ½ per cent in 2024–25 as this pipeline gets worked through (Chart 2.7). The possibility that firms delay or cancel projects in response to economic headwinds continues to present a downside risk to investment.

The non-mining sector is expected to drive business investment over the coming years, growing by 2 per cent in 2023–24 and by a further 1 per cent in 2024–25. The pipeline of non-residential construction projects remains elevated. Activity will be focused on commercial buildings, such as data centres and warehouses, and the generation, transmission and distribution of electricity which includes a growing number of renewable energy projects. Mining investment is expected to increase by 5 per cent in 2023–24 as work continues on significant LNG projects. Activity is expected to normalise in 2024–25, falling by 5 per cent, with expenditure concentrated on maintaining existing production capacity (Chart 2.8).

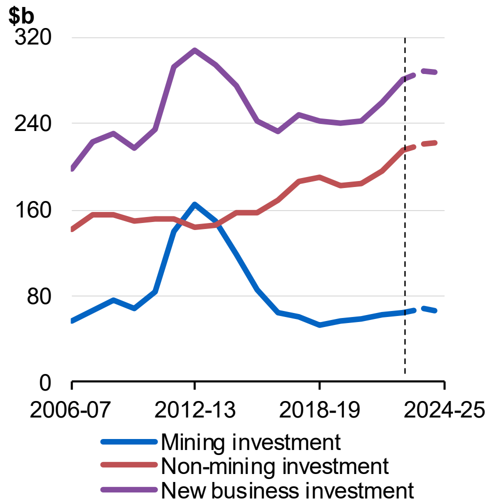
Chart 2.7: Real value of non-dwelling construction pipeline



Source: ABS Building Activity, ABS Engineering Construction, ABS Australian National Accounts: National Income, Expenditure and Product and Treasury.

Note: Nominal pipeline of non-dwelling construction work is deflated by non-dwelling construction prices.

Chart 2.8: Business investment by component

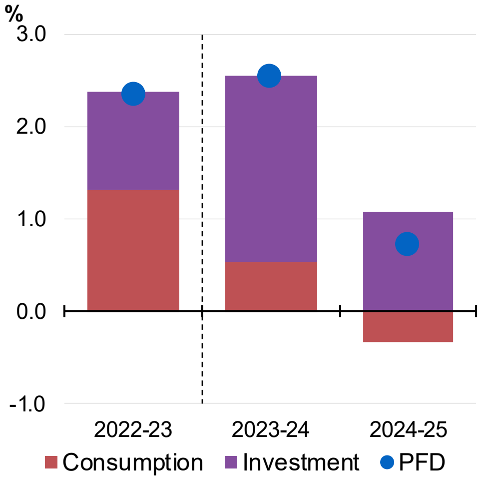


Source: ABS Australian National Accounts: National Income, Expenditure and Product and Treasury.

Public final demand

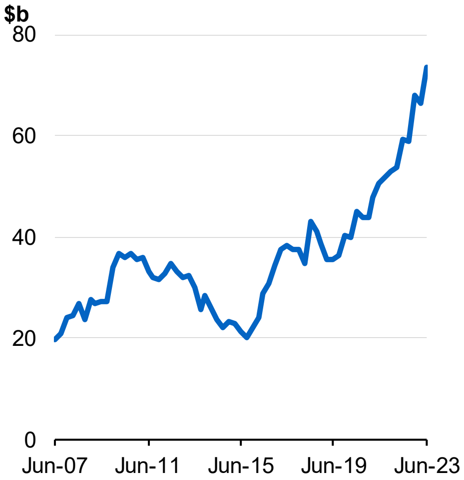
Public final demand is forecast to increase by 2½ per cent in 2023–24, driven by an increase in public investment across different levels of government and targeted cost-of-living policies to support households (Chart 2.9). As capacity constraints ease, activity in the near term will be underpinned by work progressing on public infrastructure projects that are currently underway (Chart 2.10). The Government has made changes to the Infrastructure Investment Program to ensure deliverability and ease capacity constraints, while refocussing on nationally significant infrastructure. Growth in public final demand is expected to moderate to ¾ per cent in 2024–25.

Chart 2.9: Contributions to growth in public final demand



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

Chart 2.10: Public investment pipeline



Source: ABS Building Activity, Engineering Construction and Australia National Accounts: National Income, Expenditure and Product.

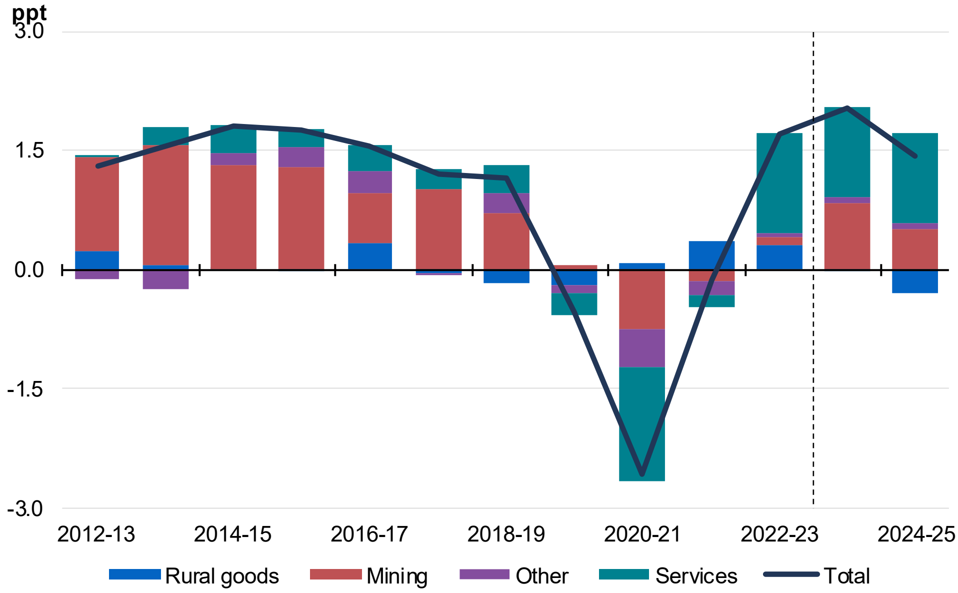
Net exports

Net exports are expected to make a stronger contribution to real GDP growth over the next two years than was expected at Budget, adding a total of 1 percentage point in 2023–24 and ¾ of a percentage point in 2024–25. This upgrade reflects a more robust outlook for services exports driven by the ongoing recovery in international demand for higher education services.

Services will underpin growth in total exports, which are expected to increase by 7½ per cent in 2023–24 and by 5 per cent in 2024–25. Strong mining exports from improved production conditions are also expected to support export growth in the near term (Chart 2.11).

Imported goods volumes have remained elevated since the pandemic, with recent strength attributable to strong vehicle imports as supply constraints resolve. Goods imports growth is expected to evolve in line with domestic demand, with growth easing in 2023–24 before recovering in 2024–25. The ongoing recovery in tourism imports is expected to support growth in imports of 4½ per cent in 2023–24 and 3 per cent 2024–25.

Chart 2.11: Contribution of export components to GDP growth



Source: ABS Australian National Accounts: National Income, Expenditure and Product; Balance of Payments and International Investment Position, Australia and Treasury.

Note: 'Other' includes exports of non-commodity goods and additive differences due to rebasing of volume change measures.

Inflation

Annual inflation peaked in late 2022, and is now moderating with the unwinding of price shocks, including from pandemic-related disruptions and Russia's invasion of Ukraine. These global factors were exacerbated by domestic events, including floods across Eastern Australia. Annual inflation eased to 5.4 per cent in the September quarter 2023, well below its peak of 7.8 per cent in the December quarter 2022 and in line with Budget expectations. This outcome was driven by both the continued easing of goods inflation as well as the Government's measures to deliver cost-of-living relief.

Goods inflation has been moderating throughout 2023, as global supply chain disruptions eased and demand for goods normalised. The pick up in services inflation has lagged that of goods inflation. Services inflation is close to its peak and is expected to normalise over the next two years.. Higher fuel prices are also contributing to higher inflation in the near term, with the outlook in 2024–25 broadly unchanged.

Headline inflation is now expected to fall to 3¾ by June quarter 2024, ½ of a percentage point higher than expected at Budget. The primary driver of this upgrade is the recent rise in global oil prices. While oil prices have subsequently retreated, movements in oil prices and the exchange rate this year have added to near-term petrol prices and inflationary pressures (Box 2.1).

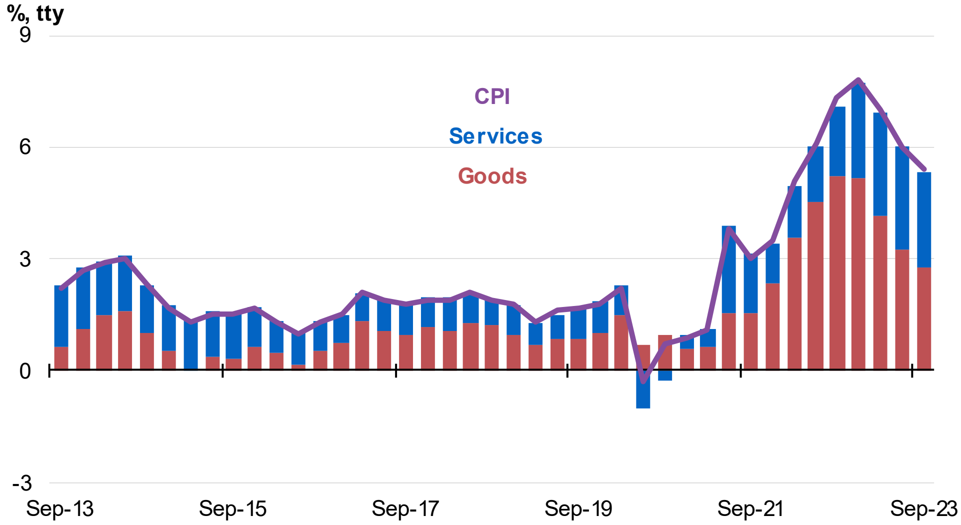
The rental market has remained very tight, with national vacancy rates at near-record lows of around 1 per cent. Annual growth of advertised rental prices remained at 8.1 per cent in November, slightly easing from its September quarter 2022 peak of 9.6 per cent. Growth in rental costs is expected to remain elevated in the next few years as increases in advertised rents flow through to existing lease agreements when they are renewed. Demand for housing has increased sharply following the pandemic, driven by a fall in average household size and the reopening of international borders. Conversely, material and labour constraints affecting the residential construction sector are delaying new dwelling completions. This is limiting the capacity for housing supply to keep up with demand.

Cost-of-living relief measures are helping to offset these developments by directly reducing headline inflation. Electricity rebates, increases in child care subsidies and Commonwealth Rent Assistance are estimated to have reduced annual inflation in the September quarter 2023 by ½ of a percentage point. The Government's cost-of-living measures are estimated to reduce annual inflation by ¾ of a percentage point in the June quarter 2024.

Inflation is expected to continue easing and to gradually return to the target band within 2024–25 and reach 2¾ per cent in the June quarter 2025. Goods disinflation will continue to drive down headline inflation, while services inflation is expected to moderate as rental price growth eases and slowing domestic activity reduces price pressures across the economy.

However, the outlook for inflation is highly uncertain, and it could remain more persistent than currently anticipated. Recent global events have demonstrated how domestic inflationary pressures can be driven by the uncertain global environment. In addition, El Niño, typically associated with dry weather conditions, pose an upside risk to food inflation. Disruptions to normal rainfall patterns or a greater likelihood of natural disasters may disrupt production which would put upward pressure on inflation.

Chart 2.12: Goods and services inflation



Source: ABS Consumer Price Index and Treasury.

Note: Contributions are approximations as they are back-cast prior to the September quarter 2023 using the 2023 CPI expenditure weights, and use rounded analytical series contributions.

Box 2.1: Global oil price impact on domestic inflation

Global oil prices have been volatile since Budget, peaking at around 16 per cent above the Budget assumption in US-dollar terms in September. While oil prices have subsequently retreated, movements this year have added to near-term petrol prices and inflationary pressures. The volatility is a result of ongoing oil production adjustments across major exporters, as well as heightened risks associated with current global conflicts. Additionally, as oil is traded in US dollars, movements in the Australian-US dollar exchange rate also impact the price paid locally. Since Budget the Australian dollar has depreciated by around 3.1 per cent against the US dollar.

Oil prices primarily impact domestic inflation via the cost of fuel. Increases in fuel prices have both direct impacts on domestic inflation, via the price households pay at the bowser, and indirect impacts, from an increase in transportation costs and intermediate input costs across the economy.

Treasury estimates that around half of the impact of an increase in global oil prices on domestic inflation is through a direct increase in automotive fuel prices for households. The rest of the impact is a result of indirect passthrough, with higher fuel prices for businesses flowing into final prices. Analysis of the CPI indicates that a sustained 15 per cent rise in oil prices in Australian dollars on average adds around ¼ of a percentage point to domestic inflation through the direct channel, and ¼ of a percentage point via the indirect channel. However, the timing and magnitude of the pass-through is uncertain and sector specific.

Oil prices have moderated recently but there is risk of further price spikes. A regional escalation of the Hamas-Israel conflict that impacts major oil exporting nations presents upside risks to global oil prices and the near-term domestic inflation outlook. The recently announced OPEC+ output cuts, which are in addition to earlier cuts, could also put upward pressure on prices. An increase in inflation resulting from such a shock would decrease households' real incomes and may reduce their consumption, weighing on domestic economic activity.

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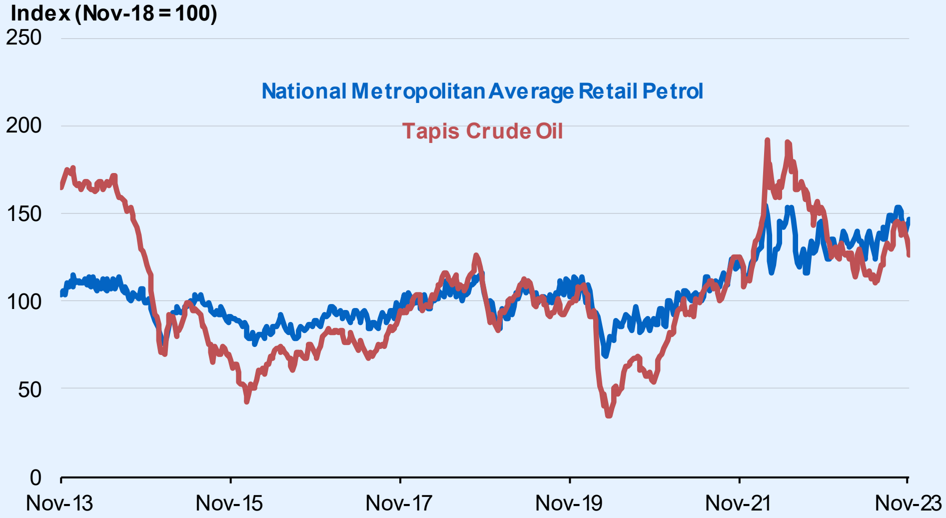
Box 2.1: Global oil price impact on domestic inflation (continued)

Chart 1: Tapis crude oil and national metropolitan average petrol prices



Source: Bloomberg, and the Australian Institute of Petroleum.

The labour market

The labour market has shown resilience, with the unemployment rate remaining below 4 per cent across 2023. Despite moderating economic growth, tight conditions in the labour market are taking time to unwind. The labour market has readily absorbed recent increases in labour supply associated with strong population growth and record-high participation, with many new workers filling job opportunities (Chart 2.13). These conditions have lifted prospects for cohorts who traditionally face barriers to employment. Female participation reached a new record high in October 2023, and while youth unemployment has risen, it remains low compared to its pre-pandemic levels.

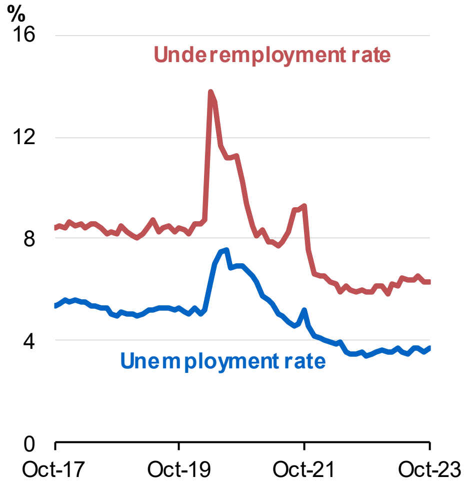
Conditions in the labour market are expected to gradually ease over the coming year. This is consistent with leading indicators, including job advertisements and vacancies. In addition, firms have started to reduce average hours worked by employees which is coinciding with a slight increase in the underemployment rate (Chart 2.14).

The continued softening in the labour market is expected to see the unemployment rate gradually rise to 4½ per cent in the June quarter 2025 and the participation rate fall slightly from record highs reflecting the delayed pass-through of weaker economic conditions. Even with this pick-up, an unemployment rate at this level is low by historical standards and only ¼ of a percentage point above Treasury's estimate of the NAIRU.

Chart 2.13: Participation rate

Source: ABS Labour Force, Australia.

Chart 2.14: Unemployment and underemployment rate



Source: ABS Labour Force, Australia.

Reflecting these tight labour market conditions, nominal wage growth has picked up, rising by 4 per cent through the year to the September quarter 2023, the fastest annual nominal wage growth since 2009. Wages are expected to continue to grow by 4 per cent through the year to the June quarter 2024. Most of the pick-up in wages over 2023–24 is anticipated to be driven by public and private enterprise agreements, which lag awards and individual arrangements due to negotiation times. Wage growth forecasts take into account administered decisions including the Fair Work Commission's Annual Wage Review determination and work value case for the aged care industry. Growth in market sensitive wages, such as those set via individual arrangements, are expected to ease in response to a softening in the labour market.

There is no sign of a wage-price spiral developing in Australia and medium-term inflation expectations are well anchored. Moving through 2024–25, wage growth is expected to soften as the labour market loosens in response to weaker demand. Nominal wage growth is expected to ease to 3¼ per cent in the June quarter 2025.

With inflation moderating and wages picking up, positive annual real wage growth is expected to return in early 2024. This is broadly in line with expectations in the Budget.

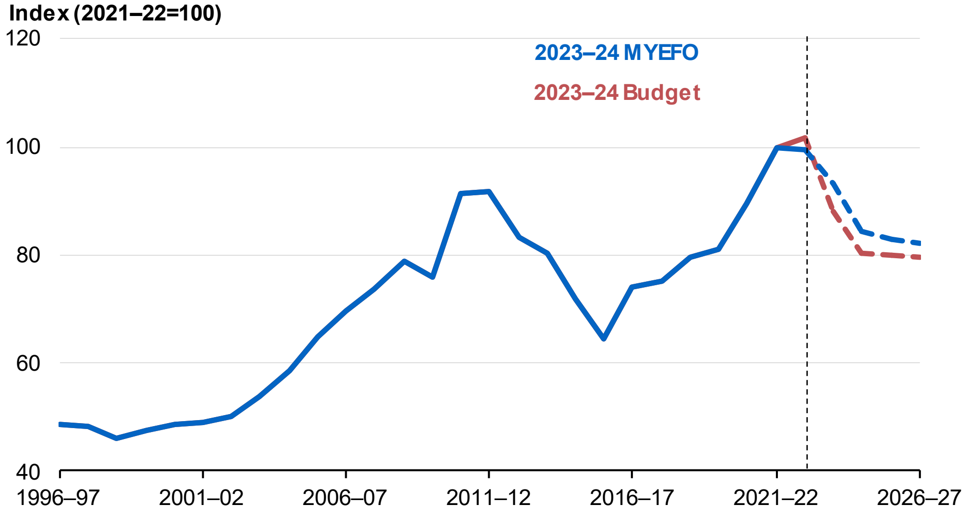
Outlook for the terms of trade

Australia's terms of trade, the ratio of export to import prices, are forecast to decline by 6¼ per cent in 2023–24 (Chart 2.15). This is driven by the assumption that bulk commodity prices trend towards their long-run anchors over four quarters, consistent with Budget.

The terms of trade are also sensitive to the exchange rate, as mining exports are denominated in US dollars. Mining export values and prices have been upgraded since the Budget to align with the current Australian-US dollar exchange rate assumption of 0.65, down from 0.67 at Budget. The recent depreciation in the exchange rate has been driven by higher interest rates in the United States relative to Australia. While recent weakness in the Australian dollar has supported mining export earnings, an upward correction in the exchange rate could weigh on the value of mining export earnings and tax receipts.

Overall, key commodity prices are assumed to return to their long-run fundamental levels by the end of the September quarter 2024. The Tapis oil price assumption, which affects both export and import prices, has been updated from US$87/barrel to US$$96/barrel. Oil prices have fallen in recent weeks but remain highly volatile, with upside risks posed by ongoing global conflict and renewed production cuts by major oil producers.

Chart 2.15: Terms of trade



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

Outlook for nominal GDP

Nominal GDP is expected to grow 4¼ per cent in 2023–24. This reflects underlying growth in economic output as well as strength in domestic consumption and investment prices. Nominal GDP growth is then expected to slow to 2¼ per cent in 2024–25 as solid output growth and continued growth in domestic prices are offset by a fall in the terms of trade.

Medium-term projections

The fiscal aggregates in MYEFO are underpinned by economic forecasts over the Budget estimates period and projections over the medium term.

Treasury uses a macroeconometric model of the Australian economy for its forecasts and projections beyond the detailed forecast horizon of 2024–25. The model informs how the economy returns to its trend level of output, known as potential GDP, following short-term fluctuations of the business cycle.

Potential GDP is estimated based on an analysis of trends for population, productivity, and participation. Changes in these trends have decreased the level of potential GDP over the projections compared with the Budget.

Since Budget, the level of population (aged over 15) has been revised up by ¼ per cent on average over the medium term. The trend participation rate is largely unchanged.

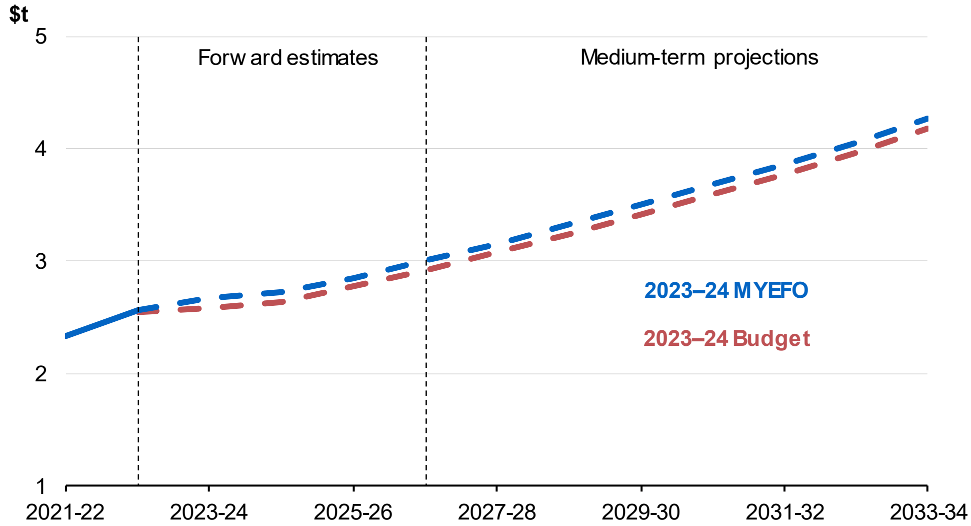
The upgrade in the size of the workforce has been more than offset by a lower estimated level of trend productivity, reflecting continued weak underlying productivity growth, which pre-dated COVID-19 related disruptions that are largely expected to unwind. In the long run, productivity is assumed to grow at 1.2 per cent per annum, unchanged from the assumption in the Budget.

The unemployment rate settles at the NAIRU assumption of 4¼ per cent by the June quarter 2027 and remains at that rate over the projections.

Domestic price growth converges over time to the midpoint of the RBA target band of 2.5 per cent. The terms of trade are projected to remain around their 2024–25 level over the medium term, with key commodity prices being at levels consistent with their long-term fundamentals. Nominal wage growth converges to 3¾ per cent, reflecting the outlook for labour productivity growth and inflation.

The level of nominal GDP over the projections is higher than at Budget, reflecting the combination of a higher domestic price level and a lower exchange rate assumption (Chart 2.16).

Chart 2.16: Projected nominal GDP



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

Part 3: Fiscal Strategy and Outlook

Overview

The Government's responsible economic and fiscal management delivered the first surplus in 15 years in 2022–23, and is helping to restore Australia's fiscal buffers. Smaller deficits and lower debt are now forecast in every year of the forward estimates compared to the 2023–24 Budget. The Government is continuing to deliver $23 billion of responsible and targeted cost-of-living relief to ease pressures on households, while making critical investments to grow the economy's future productive capacity.

In this MYEFO, the Government is delivering on the Economic and Fiscal Strategy and building on improvements from the 2022–23 October Budget and 2023–24 May Budget. The Government continues to exercise spending restraint and return the vast majority of the tax upgrades to the budget. 92 per cent of tax upgrades have been returned to the budget in this MYEFO and 88 per cent have been returned since coming to government. Real average annual payments growth has been limited to 0.8 per cent over five years to 2026–27.

By restraining spending and returning most of the tax receipt upgrades to the budget, the Government's Economic and Fiscal Strategy continues to ensure fiscal and monetary policy settings are aligned, and helps ease inflationary pressures. The Government's fiscal restraint has been supported by the International Monetary Fund (IMF), Organisation for Economic Co-operation and Development (OECD), and credit rating agencies.

The Government's targeted cost-of-living relief, including increases to child care subsidies, Commonwealth Rent Assistance and electricity rebates, is estimated to have reduced headline inflation by ½ of a percentage point in the September quarter of 2023. The Government's cost of living policies are expected to directly reduce annual headline inflation by ¾ of a percentage point through the year to the June quarter of 2024.

The Government's approach is delivering significant improvements to the fiscal position. A deficit of $1.1 billion is forecast in 2023–24, a $12.8 billion improvement from the 2023–24 Budget. Over the four years to 2026–27, the underlying cash balance has improved by $39.5 billion compared to the 2023–24 Budget. Over the five years to 2026–27, the underlying cash balance is projected to improve by $211.4 billion, compared to the 2022 Pre-Election Economic and Fiscal Outlook (PEFO). To support budget repair, the Government has identified $11.6 billion in budget improvements in this MYEFO, bringing the total since PEFO to $72.7 billion.

Tax receipts have been revised up by $64.4 billion over four years to 2026–27, with most of the upgrade coming from company tax and personal income tax. Higher company tax receipts reflect near-term strength in commodity export prices and higher non-mining corporate profits. Personal income tax upgrades are driven by strong employment growth.

The improved near-term budget position reduces the need to borrow and helps to offset the impact of higher yields. Gross debt as a share of GDP is expected to be lower in each year of the forward estimates and the medium term compared to the Budget; peaking at 35.4 per cent of GDP in 2027–28, before declining to 32.1 per cent of GDP by 2033–34.

Returning 92 per cent of tax receipt upgrades means that interest payments are $4.9 billion lower over the four years to 2026–27 than had these upgrades been spent. However, the impact of rising yields means that total interest payments over this period are $4.8 billion higher than at the 2023–24 Budget.

In aggregate, the medium-term fiscal outlook is largely unchanged since the 2023–24 Budget. The underlying cash balance is projected to improve over the medium term to a deficit of 0.3 per cent of GDP by 2033–34.

As outlined in the 2023 Intergenerational Report (IGR), Australia faces long-term fiscal challenges due to climate change, an ageing population, regional security and rising demand for care and support services. Long-term spending pressures identified in the 2023 IGR include health, aged care, the National Disability Insurance Scheme (NDIS), defence and interest on government debt.

Table 3.1: Australian Government general government sector budget aggregates

	Estimates							
	2023-24		2024-25		2025-26		2026-27	
	$b	% GDP	$b	% GDP	$b	% GDP	$b	% GDP
Underlying cash balance								
MYEFO	-1.1	0.0	-18.8	-0.7	-35.1	-1.2	-19.5	-0.6
Budget	*-13.9*	*-0.5*	*-35.1*	*-1.3*	*-36.6*	*-1.3*	*-28.5*	*-1.0*
Receipts								
MYEFO	685.3	25.6	690.7	25.3	711.3	24.9	755.4	25.2
Budget	*668.1*	*25.9*	*671.2*	*25.4*	*700.9*	*25.2*	*735.1*	*25.2*
Tax receipts								
MYEFO	632.7	23.7	633.5	23.2	657.3	23.0	700.0	23.3
Budget	*616.3*	*23.9*	*614.3*	*23.3*	*647.8*	*23.3*	*680.7*	*23.3*
Non-tax receipts								
MYEFO	52.6	2.0	57.2	2.1	54.0	1.9	55.3	1.8
Budget	*51.9*	*2.0*	*56.9*	*2.2*	*53.1*	*1.9*	*54.4*	*1.9*
Payments(a)								
MYEFO	686.4	25.7	709.5	26.0	746.5	26.1	774.9	25.8
Budget	*682.1*	*26.5*	*706.3*	*26.8*	*737.5*	*26.6*	*763.6*	*26.1*
Gross debt(b)								
MYEFO	909.0	34.0	934.0	34.2	1,007.0	35.2	1,058.0	35.3
Budget	*923.0*	*35.8*	*958.0*	*36.3*	*1,015.0*	*36.5*	*1,067.0*	*36.5*
Net debt(c)								
MYEFO	491.0	18.4	533.3	19.5	586.4	20.5	623.9	20.8
Budget	*574.9*	*22.3*	*620.6*	*23.5*	*665.2*	*24.0*	*702.9*	*24.1*
Net interest payments(d)								
MYEFO	12.7	0.5	15.0	0.5	21.9	0.8	21.9	0.7
Budget	*13.4*	*0.5*	*15.2*	*0.6*	*21.3*	*0.8*	*20.0*	*0.7*

a) Equivalent to cash payments for operating activities, purchases of non-financial assets and principal payments of lease 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. The increase in 2025–26 primarily reflects a Treasury Indexed Bond maturing in that year (details can be found in *Part 4: Debt Statement*).

Economic and Fiscal Strategy

The Government's Economic and Fiscal Strategy is making the economy and budget stronger, more resilient and more sustainable over the medium term (Box 3.1). The Strategy is consistent with the requirements of the *Charter of Budget Honesty Act 1998*, with progress reviewed at each budget update. The Strategy is unchanged since the 2023–24 Budget.

Box 3.1: The Government's Economic and Fiscal Strategy

The Government's Economic and Fiscal Strategy will make the economy more resilient and put the budget on a more sustainable footing over time.

The Strategy is focused on the objectives of strong, inclusive and sustainable economic growth, full employment, growing real wages, ensuring women's economic participation and equality, and improving living standards for all Australians.

The Government will improve the budget position in a measured way, consistent with the overarching goal of reducing gross debt as a share of the economy over time. This approach enables fiscal policy to respond to changes in economic conditions to support macroeconomic stability, including in times of high inflation.

These objectives will be achieved by investments that grow the economy and expand productive capacity, and budget discipline that restrains spending growth and enhances the quality of spending. The budget will be improved in a manner consistent with the objective of maintaining full employment, while continuing to deliver essential services.

Putting the budget on a more sustainable footing will ensure the Government has the fiscal buffers to withstand economic shocks and better manage the fiscal pressures from an ageing population and climate change.

These commitments will be underpinned by the following elements:

- Allowing tax receipts and income support to respond in line with changes in the economy and directing the majority of improvements in tax receipts to budget repair.
- Limiting growth in spending until gross debt as a share of GDP is on a downwards trajectory, while growth prospects are sound and unemployment is low.
- Improving the efficiency, quality and sustainability of spending.
- Focusing new spending on investments and reforms that build the capability of our people, expand the productive capacity of our economy, and support action on climate change.
- Delivering a tax system that funds government services in an efficient, fair and sustainable way.

Delivering on the Economic and Fiscal Strategy

This MYEFO delivers on the Government's Economic and Fiscal Strategy by:

- Returning 92 per cent of upgrades to tax receipts (excluding GST receipts) over the forward estimates. Together with the past two budgets, the Government has returned a cumulative 88 per cent of upgrades since PEFO.
  - Returning these upgrades in MYEFO means that interest payments are $31 billion lower over the 12 years to 2033–34 compared to if they had been spent.
  - Including all the upgrades returned since PEFO, $145 billion in interest payments will be avoided over the same period and gross debt as a share of GDP is projected to be 10.5 percentage points lower in 2033–34.
- Identifying $11.6 billion in budget improvements over the five years to 2026–27, including through changes to the Infrastructure Investment Program (IIP) following the Independent Strategic Review of the IIP, better targeting of employment services, improving tax integrity and modernising the tax system. Together with improvements from the past two budgets, the Government has now identified $72.7 billion in budget improvements.
  - This includes $9.8 billion in savings and spending reprioritisations in this MYEFO. Including the past two budgets, this brings total savings and spending reprioritisations to $49.6 billion.
- Limiting growth in payments, with real payments growth expected to average 0.8 per cent per year over five years to 2026–27.

These actions are supporting economic stability in a high inflation environment and are continuing to support sustained and inclusive full employment as outlined in the Employment White Paper. Allowing the budget to respond to changes in economic conditions helps stabilise the economy and reduce cyclical fluctuations in employment. The Government's investments in skills, education, and better incentivising and supporting participation in the labour market will support a more inclusive labour market over time.

The Government is also improving fiscal sustainability. Consistent with the objective of the Fiscal Strategy to reduce debt as a share of the economy over time, gross debt is expected to peak at 35.4 per cent of GDP in 2027–28 and then fall to 32.1 per cent in 2033–34.

Reducing debt reduces the impact of higher yields on the budget and rebuilds fiscal buffers. This will support the sustained provision of essential services and help prepare for future challenges and economic shocks.

The Government's fiscal restraint has been supported by the IMF and the OECD. Australia retains a AAA credit rating with a stable outlook from all three major credit rating agencies.

Fiscal Outlook

Underlying cash balance estimates

An underlying cash deficit of $1.1 billion is forecast for 2023–24 (0.0 per cent of GDP), an improvement of $12.8 billion compared to the 2023–24 Budget. Over the four years to 2026–27, the underlying cash balance has improved by a cumulative $39.5 billion since the 2023–24 Budget.

The underlying cash deficit is expected to improve in each year of the forward estimates relative to the 2023–24 Budget. However, deficits are still increasing over time, reaching $35.1 billion (1.2 per cent of GDP) in 2025–26 before improving to $19.5 billion (0.6 per cent of GDP) in 2026–27.

The Government's decision to return the majority of tax receipt upgrades to the budget has contributed to the improved fiscal outlook since the 2023–24 Budget. In this MYEFO, 92 per cent of tax receipt upgrades have been returned to the budget (88 per cent since coming to government). In addition to strengthening the fiscal position and rebuilding fiscal buffers, the Government's responsible fiscal management ensured fiscal policy did not add to inflationary pressures while they were at their highest.

Parameter and other variations have increased receipts by $66.1 billion and payments by $21.3 billion over the four years to 2026–27. Net policy decisions since the 2023–24 Budget have negatively impacted the underlying cash balance by $5.3 billion.

Addressing Unavoidable and Legacy Issues

In this MYEFO, the Government has taken policy decisions with an impact of $5.2 billion over four years to 2026–27 to address legacy issues from the former government and respond to other unavoidable issues, including continuing support for the COVID-19 response.

MYEFO measures to address legacy issues from the former government include:

- $492 million in 2024–25 to ensure the National Disability Insurance Agency can continue to support NDIS participants.
- $228 million in 2023–24 for Services Australia to reduce claim backlogs and support more timely access to government services.
- $161 million over four years to 2026–27 to address protection visa backlogs.
- $96 million over three years from 2023–24 to sustain Department of Agriculture, Fisheries and Forestry export regulatory functions that underpin Australian farmers' food and fibre exports.

- $22 million over four years to 2026–27 to implement recommendations from the Royal Commission into the Robodebt Scheme.

MYEFO measures to address unavoidable issues include:

- closing the Pandemic Event visa, with an impact of $1.5 billion over four years to 2026–27.

- $392 million over four years to 2026–27 to continue the Government's response to COVID-19 and provide Australians with COVID-19 vaccines and treatments.

- $255 million over two years from 2023–24 to respond to the High Court's decision in NZYQ v Minister for Immigration, Citizenship and Multicultural Affairs & Anor.

- $254 million over four years to 2026–27 for pest and disease preparedness and response activities.

Table 3.2: Reconciliation of general government sector underlying cash balance estimates

	Estimates				
	2023–24	2024–25	2025–26	2026–27	Total
	$m	$m	$m	$m	$m
2023–24 Budget underlying cash balance	**-13,918**	**-35,058**	**-36,627**	**-28,450**	**-114,053**
Per cent of GDP	-0.5	-1.3	-1.3	-1.0	
Changes from 2023–24 Budget to 2023–24 MYEFO					
Effect of policy decisions(a)(b)					
Receipts	*450*	*255*	*87*	*407*	*1,200*
Payments	*1,100*	*2,686*	*1,112*	*1,567*	*6,466*
Total policy decisions impact on underlying cash balance	-650	-2,430	-1,025	-1,160	-5,266
Effect of parameter and other variations(b)					
Receipts	*16,674*	*19,228*	*10,329*	*19,851*	*66,083*
Payments	*3,216*	*568*	*7,795*	*9,739*	*21,318*
Total parameter and other variations impact on underlying cash balance	13,458	18,660	2,534	10,112	44,764
2023–24 MYEFO underlying cash balance	**-1,110**	**-18,828**	**-35,119**	**-19,498**	**-74,555**
Per cent of GDP	0.0	-0.7	-1.2	-0.6	

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.

Primary balance estimates

The primary cash balance adjusts the underlying cash balance to exclude interest payments and interest receipts (as these are largely outside government control in the short term). This is a more representative measure of the Government's current fiscal decisions.

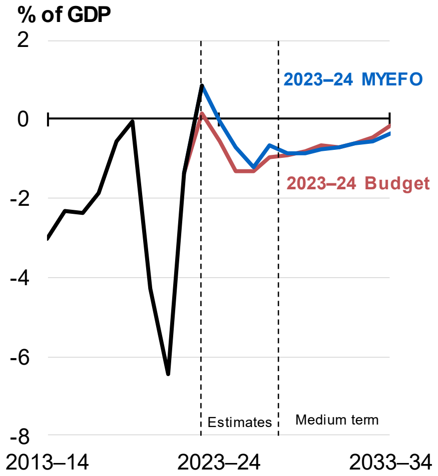
The primary balance is expected to be a surplus of $11.6 billion (0.4 per cent of GDP) in 2023–24, reflecting the improved near-term outlook. Since the Budget, the primary balance has improved by $12.1 billion in 2023–24 and $41.1 billion over four years to 2026–27.

Medium-term projections

The medium-term fiscal outlook is broadly unchanged since the 2023–24 Budget. Returning tax receipt upgrades over the forward estimates lowers debt in the medium term. However, spending pressures and higher borrowing costs offset this improvement.

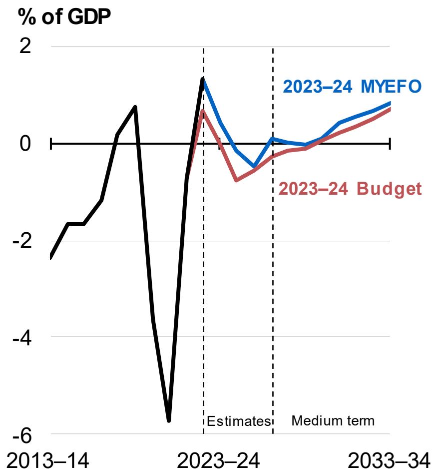
- Underlying cash deficits are slightly larger than projected at the 2023–24 Budget in most years of the medium term. The deficit is projected to be 0.3 per cent of GDP in 2033–34, 0.2 percentage points larger than projected at the 2023–24 Budget (Chart 3.1).
- The primary cash balance, which excludes net interest payments, is higher than projected at the 2023–24 Budget in each year of the medium term. The primary balance is projected to reach a surplus of 0.8 per cent of GDP in 2033–34, 0.1 percentage points larger than projected at the 2023–24 Budget (Chart 3.2).
- Gross debt-to-GDP is lower across the entire projection period compared to the 2023–24 Budget. By 2033–34, gross debt is 32.1 per cent of GDP, 0.2 percentage points lower than projected at the 2023–24 Budget.

Chart 3.1: Underlying cash balance



Source: Treasury.

Chart 3.2: Primary cash balance



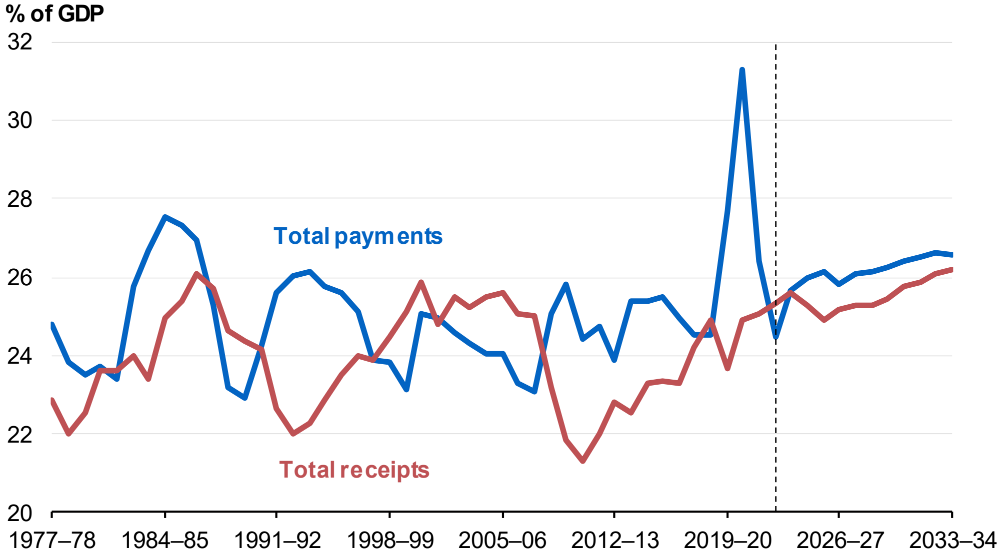
Source: Treasury.

Total receipts as a share of GDP are largely unchanged over the medium term compared to the 2023–24 Budget projections. Total receipts grow from 25.2 per cent of GDP in 2026–27 to 26.2 per cent of GDP by 2033–34, compared to 26.3 per cent of GDP at the 2023–24 Budget.

Payments are projected to grow from 25.8 per cent of GDP in 2026–27 to 26.6 per cent of GDP in 2033–34, compared to 26.4 per cent of GDP at the 2023–24 Budget (Chart 3.3).

On 6 December 2023, National Cabinet agreed to a number of reforms, including to the National Health Reform Agreement, National Disability Insurance Scheme, and initiatives to strengthen Medicare and extend the GST No Worse Off Guarantee (Box 1.2). Medium term payment projections in this MYEFO include provisions for these reforms.

Chart 3.3: Payments and receipts



Source: Treasury.

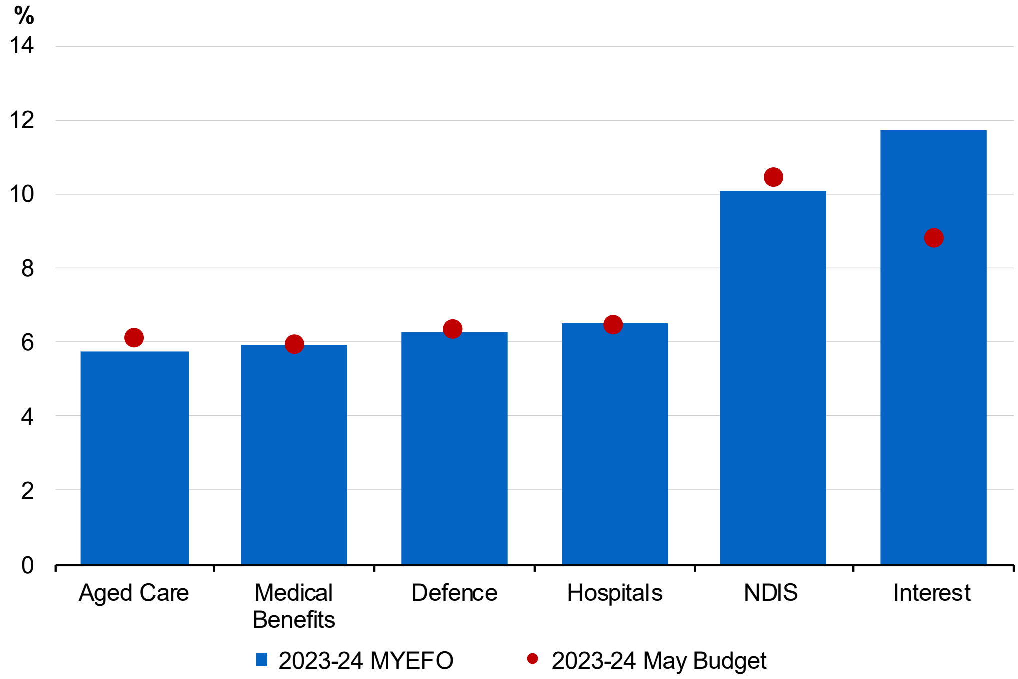
Growth in some major payments has changed since the 2023–24 Budget over the medium term (Chart 3.4). These fast-growing payments continue to reflect the long-term spending pressures identified in the 2023 IGR, including health, aged care, the NDIS, defence and interest on government debt.

- Interest payments growth is expected to average 11.7 per cent over the projection period compared to 8.8 per cent at the Budget. This largely reflects increases in bond yields since the 2023–24 Budget, partially offset by lower levels of debt over the projection period.

- NDIS Commonwealth funded participant payments growth is expected to average 10.1 per cent over the projection period from 2023–24 to 2033–34, compared to 10.4 per cent at the 2023–24 Budget. This reflects revisions by the Scheme Actuary to NDIS forecasts prior to the NDIS Financial Sustainability Framework growth targets from 2026–27. National Cabinet has agreed to work together to reform the NDIS to ensure it can continue to provide life-changing support to future generations of Australians with a disability.

- Aged care payments growth is expected to average 5.7 per cent over the projection period compared to 6.1 per cent at the 2023–24 Budget. This slower rate of growth is due in part to higher initial spending in 2023–24, including continued support for aged care providers in managing the effects of COVID-19, and investment in digital capabilities to support the implementation of the new Aged Care Act. Aged Care payments as a share of GDP are unchanged in 2033-34 compared to the 2023–24 Budget.

Chart 3.4: Average annual growth in major payments 2023–24 to 2033–34



Source: Treasury.
Note: Interest refers to interest payments on Australian Government Securities. NDIS refers to the Commonwealth's contribution to payments for NDIS participant supports. Growth rates are consistent with parameters in current intergovernmental agreements.

Receipts estimates and projections

Total receipts have increased since the 2023–24 Budget, mainly driven by higher tax receipts.

Strength in tax receipts is driven by an improved outlook for corporate profits and the recent strength in the labour market. This is a result of higher employment and a larger nominal economy, along with higher-than-expected mining profits from elevated near-term commodity prices.

Since the 2023–24 Budget, non-tax receipts are expected to increase by $0.7 billion in 2023–24 and by $2.9 billion over the four years to 2026–27.

Total receipts as a proportion of GDP are expected to decrease over the forward estimates, from 25.6 per cent of GDP in 2023–24 to 25.2 per cent of GDP in 2026–27. This is largely driven by tax receipts, which are expected to fall from 23.7 per cent of GDP in 2023–24 to 23.3 per cent in 2026–27.

Table 3.3: Reconciliation of 2023–24 general government (cash) receipts

	Estimates		Change from 2023–24 Budget	
	2023–24 Budget	2023–24 MYEFO		
	$m	$m	$m	%
Individuals and other withholding taxes				
Gross income tax withholding	286,700	291,600	4,900	1.7
Gross other individuals	69,700	73,700	4,000	5.7
less: Refunds	37,000	37,000	0	0.0
Total individuals and other withholding tax	319,400	328,300	8,900	2.8
Fringe benefits tax	3,540	4,270	730	20.6
Company tax	128,700	137,900	9,200	7.1
Superannuation fund taxes	16,560	15,710	-850	-5.1
Petroleum resource rent tax	2,750	2,000	-750	-27.3
Income taxation receipts	**470,950**	**488,180**	**17,230**	**3.7**
Goods and services tax	86,009	84,079	-1,929	-2.2
Wine equalisation tax	1,140	1,110	-30	-2.6
Luxury car tax	870	1,200	330	37.9
Excise and customs duty				
Petrol	7,350	6,900	-450	-6.1
Diesel	15,830	16,130	300	1.9
Other fuel products	2,080	2,260	180	8.7
Tobacco	12,900	12,850	-50	-0.4
Beer	2,640	2,630	-10	-0.4
Spirits	3,540	3,370	-170	-4.8
Other alcoholic beverages(a)	1,680	1,680	0	0.0
Other customs duty				
Textiles, clothing and footwear	170	180	10	5.9
Passenger motor vehicles	430	450	20	4.7
Other imports	1,310	1,500	190	14.5
less: Refunds and drawbacks	700	700	0	0.0
Total excise and customs duty	47,230	47,250	20	0.0
Major Bank Levy	1,620	1,600	-20	-1.2
Agricultural levies	586	598	12	2.1
Visa application charges	3,125	3,232	107	3.4
Other taxes	4,745	5,417	671	14.1
Indirect taxation receipts	145,325	144,486	**-839**	**-0.6**
Taxation receipts	**616,275**	**632,666**	**16,391**	**2.7**
Sales of goods and services	20,792	19,764	-1,028	-4.9
Interest received	7,654	8,862	1,208	15.8
Dividends and distributions	6,889	6,936	48	0.7
Other non-taxation receipts	16,532	17,038	506	3.1
Non-taxation receipts	**51,867**	**52,600**	**733**	**1.4**
Total receipts	**668,142**	**685,266**	**17,124**	**2.6**
Memorandum:				
Total excise	*30,010*	*29,990*	*-20*	*-0.1*
Total customs duty	*17,220*	*17,260*	*40*	*0.2*
Capital gains tax(b)	*23,200*	*25,000*	*1,800*	*7.8*

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 3.4: Reconciliation of 2024–25 general government (cash) receipts

	Estimates		Change from 2023–24 Budget	
	2023–24 Budget	2023–24 MYEFO		
	$m	$m	$m	%
Individuals and other withholding taxes				
Gross income tax withholding	280,800	283,800	3,000	1.1
Gross other individuals	70,100	73,800	3,700	5.3
less: Refunds	37,700	39,100	1,400	3.7
Total individuals and other withholding tax	313,200	318,500	5,300	1.7
Fringe benefits tax	3,550	4,130	580	16.3
Company tax	119,800	133,600	13,800	11.5
Superannuation fund taxes	23,260	23,160	-100	-0.4
Petroleum resource rent tax	2,700	2,250	-450	-16.7
Income taxation receipts	**462,510**	**481,640**	**19,130**	**4.1**
Goods and services tax	89,330	88,592	-737	-0.8
Wine equalisation tax	1,190	1,160	-30	-2.5
Luxury car tax	840	1,100	260	31.0
Excise and customs duty				
Petrol	7,750	7,350	-400	-5.2
Diesel	16,720	17,140	420	2.5
Other fuel products	2,150	2,340	190	8.8
Tobacco	13,450	13,250	-200	-1.5
Beer	2,840	2,790	-50	-1.8
Spirits	3,810	3,580	-230	-6.0
Other alcoholic beverages(a)	1,810	1,770	-40	-2.2
Other customs duty				
Textiles, clothing and footwear	170	190	20	11.8
Passenger motor vehicles	440	420	-20	-4.5
Other imports	1,330	1,530	200	15.0
less: Refunds and drawbacks	700	700	0	0.0
Total excise and customs duty	49,770	49,660	-110	-0.2
Major Bank Levy	1,650	1,660	10	0.6
Agricultural levies	593	634	40	6.8
Visa application charges	3,319	3,435	116	3.5
Other taxes	5,130	5,662	531	10.4
Indirect taxation receipts	151,822	151,903	**80**	**0.1**
Taxation receipts	**614,332**	**633,543**	**19,210**	**3.1**
Sales of goods and services	21,845	21,044	-801	-3.7
Interest received	7,168	7,899	731	10.2
Dividends and distributions	7,288	7,240	-48	-0.7
Other non-taxation receipts	20,604	20,995	391	1.9
Non-taxation receipts	**56,905**	**57,179**	**273**	**0.5**
Total receipts	**671,238**	**690,721**	**19,483**	**2.9**
Memorandum:				
Total excise	*34,480*	*31,810*	*-2,670*	*-7.7*
Total customs duty	*15,290*	*17,850*	*2,560*	*16.7*
Capital gains tax(b)	*20,300*	*22,900*	*2,600*	*12.8*

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 3.5: Australian Government general government (cash) receipts

	Estimates			
	2023–24	2024–25	2025–26	2026–27
	$m	$m	$m	$m
Individuals and other withholding taxes				
Gross income tax withholding	291,600	283,800	298,100	318,400
Gross other individuals	73,700	73,800	77,400	80,500
less: Refunds	37,000	39,100	37,300	37,500
Total individuals and other withholding tax	328,300	318,500	338,200	361,400
Fringe benefits tax	4,270	4,130	4,010	4,050
Company tax	137,900	133,600	130,500	140,000
Superannuation fund taxes	15,710	23,160	23,360	25,560
Petroleum resource rent tax	2,000	2,250	2,250	1,950
Income taxation receipts	**488,180**	**481,640**	**498,320**	**532,960**
Goods and services tax	84,079	88,592	94,399	100,255
Wine equalisation tax	1,110	1,160	1,220	1,280
Luxury car tax	1,200	1,100	1,180	1,270
Excise and customs duty				
Petrol	6,900	7,350	7,600	7,900
Diesel	16,130	17,140	17,750	18,620
Other fuel products	2,260	2,340	2,370	2,400
Tobacco	12,850	13,250	13,650	13,950
Beer	2,630	2,790	2,860	3,000
Spirits	3,370	3,580	3,730	3,920
Other alcoholic beverages(a)	1,680	1,770	1,830	1,920
Other customs duty				
Textiles, clothing and footwear	180	190	150	160
Passenger motor vehicles	450	420	190	140
Other imports	1,500	1,530	820	860
less: Refunds and drawbacks	700	700	700	700
Total excise and customs duty	47,250	49,660	50,250	52,170
Major Bank Levy	1,600	1,660	1,720	1,800
Agricultural levies	598	634	655	664
Visa application charges	3,232	3,435	3,598	3,768
Other taxes	5,417	5,662	5,982	5,882
Indirect taxation receipts	**144,486**	**151,903**	**159,003**	**167,089**
Taxation receipts	**632,666**	**633,543**	**657,323**	**700,049**
Sales of goods and services	19,764	21,044	22,118	23,065
Interest received	8,862	7,899	7,537	7,731
Dividends and distributions	6,936	7,240	7,609	8,008
Other non-taxation receipts	17,038	20,995	16,752	16,523
Non-taxation receipts	**52,600**	**57,179**	**54,016**	**55,328**
Total receipts	**685,266**	**690,721**	**711,339**	**755,377**
Memorandum:				
Total excise	*29,990*	*31,810*	*32,790*	*34,230*
Total customs duty	*17,260*	*17,850*	*17,460*	*17,940*
Capital gains tax(b)	*25,000*	*22,900*	*23,300*	*24,300*

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.

Receipts policy decisions over the forward estimates

Policy decisions in this MYEFO have increased total receipts by $0.5 billion in 2023–24 and by $1.2 billion over four years to 2026–27.

Since the 2023–24 Budget, policy decisions have decreased tax receipts by $2.2 billion over four years to 2026–27. Key tax receipts measures include:

- Reforms to foreign investment fees for foreign investors who apply to purchase established dwellings and vacancy fees. These measures are estimated to increase receipts by $525.0 million over the four years to 2026–27.
- Denying deductions for ATO interest charges, specifically the general interest charge (GIC) and shortfall interest charge (SIC), incurred in income years starting on or after 1 July 2025. This measure is estimated to increase receipts by $500.0 million over the four years to 2026–27.
- Increasing the foreign resident capital gains withholding tax rate from 12.5 per cent to 15 per cent and reducing the withholding threshold from $750,000 to $0. The changes will apply to real property disposals with contracts entered into from 1 January 2025. This measure is estimated to increase receipts by $150.0 million, and increase payments by $5.9 million over the four years to 2026–27.

Since the 2023–24 Budget, policy decisions are expected to increase non-tax receipts by $0.5 billion in 2023–24, and by $3.4 billion over the four years to 2026–27.

Further details of Government policy decisions are provided in Appendix A, *Policy Decisions taken since the 2023–24 Budget*.

Receipts parameter and other variations over the forward estimates

Parameter and other variations since the 2023–24 Budget have increased total receipts by $16.7 billion in 2023–24 and tax receipts by $16.4 billion. Over the four years to 2026–27, total receipts have increased by $66.1 billion due to parameter and other variations, and tax receipts by $66.6 billion, driven by individuals and company income tax receipts.

The key economic parameters that influence tax receipts and tax revenue are shown in Table 3.6.

Table 3.6: Key economic parameters for tax receipts(a)

	Outcome	Forecasts			
	2022–23	2023–24	2024–25	2025–26	2026–27
Revenue parameters					
Nominal gross domestic product	9.8	4 1/4	2 1/4	4 1/2	5
Change since 2023–24 Budget		3	- 1/4	- 3/4	- 1/4
Compensation of employees(b)	10.1	7	3 3/4	4 1/2	5 1/4
Change since 2023–24 Budget		1 3/4	- 1/2	- 1/4	- 1/4
Corporate gross operating surplus(c)	11.1	-3 1/4	-5 1/2	3	4
Change since 2023–24 Budget		5 1/2	-1	-2 1/4	- 1/2
Non-farm gross mixed income	-1.3	2 3/4	8 3/4	6 3/4	5 3/4
Change since 2023–24 Budget		-2 1/4	3	1 1/4	1/4
Property income(d)	23.8	14	6	6 1/4	5 1/4
Change since 2023–24 Budget		1 1/2	1/2	0	0
Consumption subject to GST	14.4	3 1/2	4 1/2	5	5
Change since 2023–24 Budget		-1	0	0	0

a) Current prices, per cent change on previous year. Changes since 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 tax receipts have been revised up by $9.0 billion in 2023–24 and $30.0 billion over the four years to 2026–27.

Income tax withholding has been revised up by $5.0 billion in 2023–24 and $15.9 billion over the four years to 2026–27 reflecting higher-than-expected employment and tax collections. Net other individuals' receipts have been revised upwards by $4.0 billion in 2023–24 and $14.1 billion over the four years to 2026–27. The increase in 2023–24 is driven by strong capital gains and net rent from prior year returns. In later years, the revision is driven by higher property and interest income.

Company tax receipts have been revised up by $9.2 billion in 2023–24 and $34.5 billion over the four years to 2026–27. The upgrade in 2023–24 largely reflects the persistent recent strength in commodity prices. The extension of commodity price glide paths also supports company tax receipts in the near term. This strength moderates further out as bulk commodity prices are assumed to return to their long-run anchors.

The upgrade over the forward estimates is also driven by an improved outlook for company profits in the non-mining non-financial sectors, reflecting an upgrade in the outlook for the nominal economy.

Superannuation funds tax receipts have been revised down by $0.8 billion in 2023–24 and $0.2 billion over the four years to 2026–27. The downwards revision in 2023–24 reflects lower-than-expected collections in recent months driven by lower earnings. The downgrade moderates over the forward estimates reflecting strength in wages and employment, which results in higher superannuation contributions.

Fringe benefits tax (FBT) receipts have been revised upwards by $0.7 billion in the current year and $2.4 billion over the four years to 2026–27, with the upgrade driven by higher collections from 2022–23 FBT returns.

Petroleum resource rent tax receipts have been revised down by $0.8 billion in 2023–24 and $2.4 billion over the four years to 2026–27. This reflects a weaker outlook for production along with higher costs but is partially offset by an increase in prices reflecting higher Australian dollar oil prices compared to the 2023–24 Budget.

GST receipts have been revised down by $1.9 billion in 2023–24 and $2.1 billion over the four years to 2026–27. The downwards revision in 2023–24 is consistent with weaker discretionary consumption. The downgrade moderates over the forward estimates as this weakness is offset by strength in nominal dwelling investment and the return of international students.

Since the 2023–24 Budget, total excise and customs duty receipts have been revised up by $24.5 million in 2023–24 and $262.8 million over the four years to 2026–27. The moderate increase reflects an upwards revision in other customs duty and fuel excise, which has partially offset downward revisions to alcohol and tobacco excise. The 2023–24 MYEFO estimates continue to include provision for the Australian–European Union Free Trade Agreement, which has not been finalised.

Since the 2023–24 Budget, parameter and other variations are expected to increase non-tax receipts by $0.3 billion in 2023–24, and decrease them by $0.5 billion over the four years from 2023–24 to 2026–27. This movement includes lower earnings from interest on deposits held in Commonwealth accounts and lower-than-expected revenue associated with liquified natural gas (LNG) royalties. The reduction in non-tax receipts is partially offset by higher earnings from the Australian Government Investment Funds and higher loan fee repayments on Higher Education Loan Program (HELP) loans.

Payments estimates and projections

Since the Budget, total payments have increased by $4.3 billion in 2023–24 and by $27.8 billion over four years to 2026–27. Real payments growth is limited to an average of 0.8 per cent per year over five years to 2026–27.

Payment policy decisions over the forward estimates

New policy decisions since the 2023–24 Budget have increased total payments by $1.1 billion in 2023–24 and by $6.5 billion over four years to 2026–27.

Major policy decisions since the 2023–24 Budget that have increased payments include:

- funding for new and amended listings on the Pharmaceutical Benefits Scheme (PBS), which is expected to increase payments by $3.5 billion over four years to 2026–27.

- funding to increase housing supply, including an estimated $682 million over four years to 2026–27 to make payments to state, territory and local governments for the delivery of additional homes and ancillary infrastructure and to provide support for social housing through the National Housing Infrastructure Fund.
- funding to continue aged care reform to improve care outcomes for older Australians, in response to the Royal Commission into Aged Care Quality and Safety, which is expected to increase payments by $517 million over four years to 2026–27.
- funding to increase support for the effective and sustainable operation of the National Disability Insurance Scheme (NDIS) and support the development and implementation of responses to the recommendations of the NDIS Review, which is expected to increase payments by $511 million over two years from 2023–24.
- funding to continue the Government's response to COVID-19 and to provide Australians with COVID-19 vaccines and treatments, which is expected to increase payments by $392 million over four years to 2026–27.
- funding for new and amended listings on the National Immunisation Program, which is expected to increase payments by $389 million over four years to 2026–27.
- funding to support community safety measures and other impacts in response to the High Court's decision in NZYQ v Minister for Immigration, Citizenship and Multicultural Affairs & Anor, which is expected to increase payments by $255 million over two years from 2023–24.
- funding for pest and disease preparedness and response activities, which is expected to increase payments by $254 million over four years to 2026–27.

Major policy decisions since the 2023–24 Budget that have decreased payments include:

- reforms to the Infrastructure Investment Program, including reprofiling funding to better align the Government's investment with construction market conditions and project delivery timeframes, which are expected to decrease payments by $7.4 billion over four years to 2026–27.

Payment parameter and other variations over the forward estimates

Parameter and other variations since the Budget have increased payments by $3.2 billion in 2023–24. Over four years to 2026–27, payments have increased by $21.3 billion due to parameter and other variations (Table 3.2).

This is driven by higher debt servicing costs, and higher estimated payments related to the National Disability Insurance Scheme (NDIS) and the Child Care Subsidy. These are partially offset by lower estimated Family Tax Benefits payments, reflecting a stronger labour market.

Major increases in payments from parameter and other variations since 2023–24 Budget include:

- payments related to Commonwealth Debt Management, which are expected to increase by $225.1 million in 2023–24 and $3.6 billion over four years to 2026–27, largely reflecting higher debt servicing costs.

- payments related to the National Disability Insurance Scheme (NDIS), which are expected to increase by $696.7 million in 2023–24 and $2.6 billion over four years to 2026–27, largely due to NDIS pricing decisions made by the National Disability Insurance Agency Board after the 2023–24 Budget, which, in turn, account for the Fair Work Commission's Annual Wage Review decision in June 2023. Growth in payments from 2026–27 is moderated by the NDIS Financial Sustainability Framework.

- payments related to the Child Care Subsidy, which are expected to increase by $599.2 million in 2023–24 and $2.2 billion over four years to 2026–27, reflecting additional support flowing to families as a result of increases in childcare fees set by childcare providers and increases in demand for childcare.

- payments relating to road transport projects under the Infrastructure Investment Program, which are expected to increase by $117.9 million in 2023–24 and $2.2 billion over four years to 2026–27, largely reflecting funding from cancelled projects in each of the states and territories being retained in the Infrastructure Investment Program to meet future project requirements in the respective state or territory, and realignment of project profiles to more accurately reflect delivery schedules.

- payments related to the Research and Development Tax Incentive, which are expected to increase by $462.2 million in 2023–24 and $2.1 billion over four years to 2026–27, largely due to increases in the number and value of expected claims in the Professional, Scientific and Technical Services sector, including in biomedicine, and the development of artificial intelligence and machine learning platforms.

- payments related to non-government schools, which are expected to increase by $618.9 million in 2023–24 and $2.0 billion over four years to 2026–27, largely reflecting an increase in total student enrolments at non-government schools and an increase in the number of non-government school students that attract a 'student with disability' loading.

- payments related to the Superannuation Guarantee Scheme, which are expected to increase by $332.1 million in 2023–24 and $1.5 billion over four years to 2026–27, largely reflecting higher-than-expected payments disbursed by the Australian Taxation Office (ATO) to employees under the Superannuation Guarantee Scheme payment program. The increase in payments is accompanied by a corresponding receipt increase in the ATO's Superannuation Guarantee charge by $1.7 billion over four years to 2026–27.

- payments related to Financial Support for People with Disability, which are expected to increase by $106.8 million in 2023–24 and $1.0 billion over four years to 2026–27, largely reflecting a higher-than-projected rate of indexation.

Major decreases in payments from parameter and other variations since 2023-24 Budget include:

- payments related to Support for Families, which are expected to decrease by $1.6 billion in 2023–24 and $8.3 billion over four years to 2026–27, largely due to a decrease in the expected number of Family Tax Benefit recipients and a decrease in average payment rates, reflecting continued strong labour market performance.

- payments related to the provision of GST to the states and territories (including Horizontal Fiscal Equalisation transition payments) are expected to decrease by $2.0 billion in 2023-24 and $2.9 billion over four years to 2026-27. The decline in payments is almost entirely offset by a decline in GST receipts, which is driven by lower discretionary consumption, particularly in 2023-24.

- payments related to the Pharmaceutical Benefits Scheme, which are expected to decrease by $111.2 million in 2023–24 and $2.0 billion over four years to 2026–27, largely reflecting a reduction in utilisation of some high-cost medicines and a decrease in receipts for some medicines with Special Pricing Arrangements, due to lower than anticipated utilisation and termination of Special Pricing Arrangements.

- payments related to Financial Support for Carers, which are expected to decrease by $331.2 million in 2023–24 and $1.8 billion over the four years to 2026–27, largely due to decreased demand for the Carer Payment, Carer Allowance (adult), and Carer Allowance (child) and lower average payment rates, reflecting continued strong labour market performance.

- payments to the states and territories for public hospitals, which are expected to decrease by $749.8 million in 2023–24 and $1.2 billion over four years to 2026–27, largely reflecting an overpayment in 2022–23 for the National Partnership on COVID-19 Response and lower than forecast hospital activity in 2022–23 under the National Health Reform Agreement.

- payments related to Student Payments, which are expected to decrease by $230.4 million in 2023–24 and $1.1 billion over four years to 2026–27, largely due to a decrease in student numbers and average payment rates as a result of students moving off payment or onto lower payment rates, reflecting continued strong labour market performance.

- payments related to Medical Benefits, which are expected to decrease by $334.8 million in 2023–24 and $948.5 million over four years to 2026–27, largely due to lower than projected demand for services and a refinement to the forecasting model.

Headline cash balance estimates

The headline cash balance adjusts the underlying cash balance to include net cash flows from investments in financial assets for policy purposes. For example, Clean Energy Finance Corporation (CEFC) loans, and equity investments in the NBN reduce the headline cash balance but not the underlying cash balance. Table 3.7 provides further details of differences between the underlying and headline cash balance estimates.

A headline cash deficit of $6.7 billion is estimated in 2023–24, compared to an estimated deficit of $19.7 billion in the 2023–24 Budget. The improved headline cash balance compared to the Budget is primarily driven by the improvement in the underlying cash balance.

Estimated net cash outflows from investments in financial assets for policy purposes increased by $3.3 billion over four years to 2026–27 compared to the 2023–24 Budget. This is primarily driven by higher CEFC loans and investments, partly offset by a reduction in net cash outflows for student loans.

Table 3.7: Reconciliation of general government sector underlying and headline cash balance estimates

	Estimates				
	2023–24	2024–25	2025–26	2026–27	Total
	$m	$m	$m	$m	$m
2023–24 MYEFO underlying cash balance	**-1,110**	**-18,828**	**-35,119**	**-19,498**	**-74,555**
***plus* Net cash flows from investments in financial assets for policy purposes(a)**					
Student loans	-2,910	-3,242	-3,476	-3,669	-13,296
NBN loan(b)	5,500	0	0	0	5,500
NBN Investment	-771	-1,016	-308	0	-2,095
Trade support loans	-112	-114	-104	-98	-428
CEFC loans and investments	-503	-2,528	-6,015	-6,124	-15,170
Northern Australia Infrastructure Facility	-862	-615	-747	-1,087	-3,311
NRFC loans and investments	-354	-448	-849	-1,935	-3,586
Australian Business Securitisation Fund	-232	-243	-141	-66	-682
Structured Finance Support Fund	175	90	90	0	355
Drought and rural assistance loans	-199	-263	-205	267	-400
Official Development Assistance - Multilateral Replenishment	-135	-142	-195	-170	-642
Home Equity Access Scheme	-141	-197	-255	-318	-910
Housing Australia(c)	-343	-1,041	-828	544	-1,667
COVID-19 Support for Indonesia – loan	100	100	100	100	400
Financial Assistance to Papua New Guinea – loan	111	111	111	111	443
Net other(d)	-4,875	-4,553	-3,755	-2,596	-15,780
Total net cash flows from investments in financial assets for policy purposes	**-5,552**	**-14,101**	**-16,577**	**-15,041**	**-51,270**
2023–24 MYEFO headline cash balance	**-6,661**	**-32,929**	**-51,695**	**-34,540**	**-125,825**

a) A positive number denote a cash inflow; a negative number denotes a cash outflow.
b) The loan agreement between the Government and NBN Co allows some flexibility in relation to the timing of the repayment. The remaining amount is included in 2023–24.
c) In October 2023, the National Housing Finance and Investment Corporation was renamed Housing Australia.
d) Net other includes amounts that have not been itemised for commercial-in-confidence reasons.

The Government's balance sheet

The balance sheet measures the value of the Government's assets and liabilities. Changes in the balance sheet reflect movements in the underlying cash balance, additional balance sheet commitments, and market valuation effects including from changes in yields.

Different balance sheet metrics measure different groupings of assets and liabilities.

- **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.
- **Net debt** is measured at market value and incorporates specific financial assets and liabilities and provides a broader measure of the financial obligations of the Government than gross debt.
- **Net financial worth** is the sum of all financial assets less all financial liabilities. The assets of the Future Fund and the public sector superannuation liability that the Future Fund will finance are included in net financial 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.

Further information on definitions is available in *Part 7: Australian Government Budget Financial Statements*.

Gross debt estimates and projections

The Government's responsible budget management has resulted in lower gross debt as a share of the economy than projected at the 2023–24 Budget in each year of the projection period.

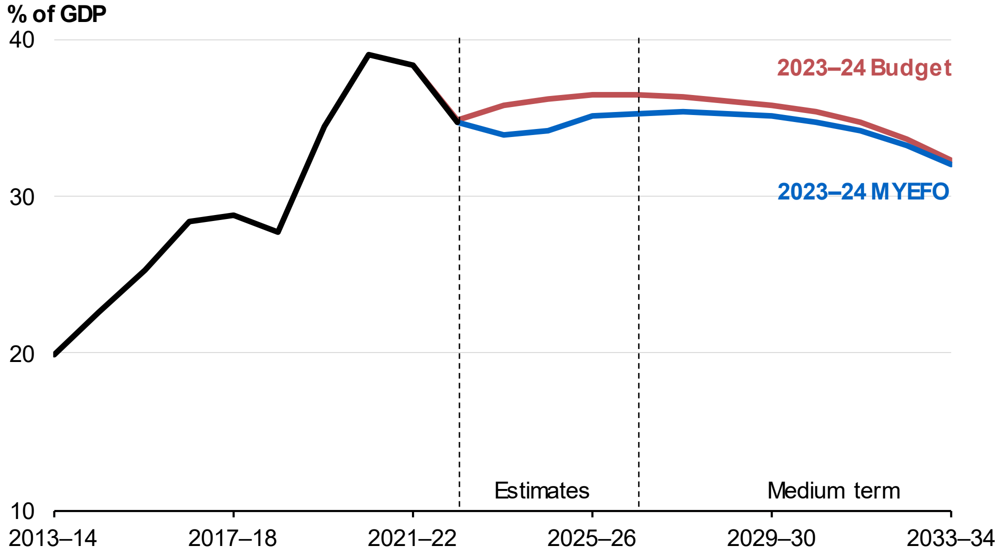
Gross debt is estimated to be 34.0 per cent of GDP ($909 billion) at the end of 2023–24, $14 billion lower than the estimate of 35.8 per cent of GDP ($923 billion) at the 2023–24 Budget. This primarily reflects the strong outcome for 2022–23, and improvements in the underlying cash balance which reduce the estimated financing requirement across the forward estimates.

In line with the Economic and Fiscal Strategy, the Government is on track to stabilise and reduce gross debt as a share of the economy. Gross debt is projected to peak at 35.4 per cent of GDP in 2027–28. Gross debt is then projected to reduce to 32.1 per cent of GDP by 2033–34, 0.2 percentage points lower than projected at the 2023–24 Budget (Chart 3.5).

Interest payments have increased since the 2023–24 Budget, driven by higher yields but partially offset by the reduction in debt. Over the forward estimates, bond yields are assumed to remain fixed at a recent average of daily spot rates at the time of the MYEFO update. Since the 2023–24 Budget, the assumed weighted average cost of borrowing for issuance of Treasury Bonds in the forward estimates has increased from 3.4 to 4.7 per cent, broadly reflecting rising yields globally.

Interest payments are estimated to be 0.8 per cent of GDP in 2023–24, the same as at the 2023–24 Budget. Interest payments are estimated to rise and stabilise at 1.5 per cent of GDP from 2031–32. By the end of the medium term, interest payments are 0.3 percentage points higher than projected at the 2023–24 Budget.

Chart 3.5: Gross debt



Source: Australian Office of Financial Management, Treasury.

Part 4: Debt Statement contains further information on yield assumptions and interest payments. *Part 5*: *Sensitivity Analysis* contains information on the impact on the underlying cash balance and gross debt if the future trajectory for yields is higher or lower than assumed. This sensitivity analysis has been updated to illustrate the fiscal impact of a more rapid rise or fall in yields, as yields have increased well above the range assumed in the sensitivity analysis in the 2023–24 Budget.

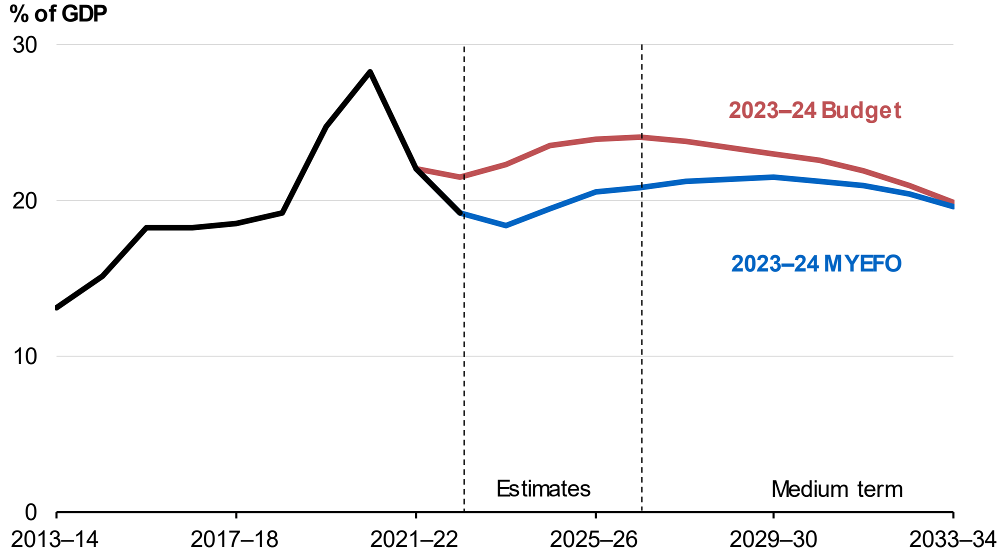
Net debt estimates and projections

Net debt is estimated to be 18.4 per cent of GDP ($491.0 billion) in 2023–24 (Table 3.8), lower than the estimate of 22.3 per cent of GDP ($574.9 billion) in the 2023–24 Budget. The improvement since the 2023–24 Budget reflects the Government's reduction in gross debt combined with a fall in the market value of existing debt.

Yields have risen since the Budget, making the fixed income stream from existing bonds relatively less attractive to investors. This decreases the market value of existing bonds and hence net debt.

Net debt as a percentage of GDP is projected to be lower across the medium term compared to the 2023–24 Budget, reaching 19.6 per cent of GDP in 2033–34, 0.3 percentage points lower than at the 2023–24 Budget (Chart 3.6).

Chart 3.6: Net debt



Source: Treasury.

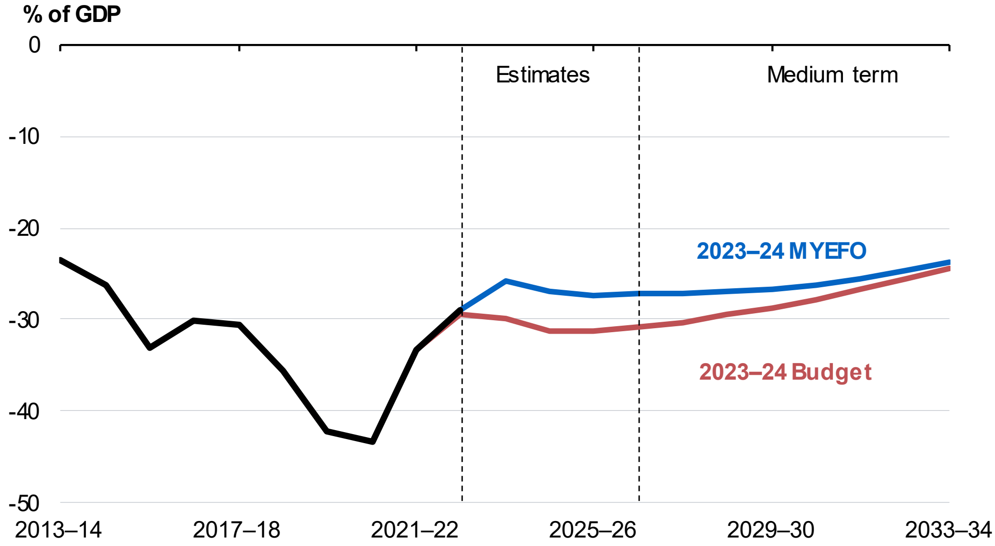
Further information on gross debt and net debt estimates across the forward estimates is provided in *Part 4: Debt Statement*.

Net financial worth and net worth estimates and projections

Net financial worth is estimated to be minus 25.9 per cent of GDP (minus $692.8 billion) in 2023–24 (Table 3.8), compared with the estimate of minus 30.0 per cent of GDP (minus $772.6 billion) at the 2023–24 Budget.

Net financial worth is projected to deteriorate to minus 27.3 per cent of GDP in 2025–26 before improving to minus 23.8 per cent of GDP by 2033–34 (Chart 3.7).

Chart 3.7: Net financial worth



Source: Treasury.

Net worth is estimated to be minus 17.9 per cent of GDP (minus $479.8 billion) in 2023–24 (Table 3.8), compared with the estimate of minus 21.7 per cent of GDP (minus $559.1 billion) at the 2023–24 Budget. Net worth is projected to deteriorate to minus 19.3 per cent of GDP by 2027–28 before improving over the medium term.

The improvements in net worth and net financial worth since the Budget largely reflect the Government's decreased borrowing requirement resulting from improvements in the underlying cash balance, combined with a decrease in the market value of existing debt.

Table 3.8: Australian Government general government sector balance sheet aggregates

	Estimates							
	2023-24		2024-25		2025-26		2026-27	
	$b	% GDP	$b	% GDP	$b	% GDP	$b	% GDP
Financial assets								
MYEFO	609.9	22.8	617.3	22.6	652.2	22.8	686.0	22.9
Budget	*590.7*	*22.9*	*595.5*	*22.6*	*621.5*	*22.4*	*651.1*	*22.3*
Non-financial assets								
MYEFO	213.0	8.0	223.3	8.2	229.6	8.0	238.3	7.9
Budget	*213.5*	*8.3*	*222.2*	*8.4*	*226.9*	*8.2*	*235.5*	*8.1*
Total assets								
MYEFO	822.9	30.8	840.6	30.8	881.8	30.9	924.3	30.8
Budget	*804.2*	*31.2*	*817.7*	*31.0*	*848.4*	*30.6*	*886.7*	*30.4*
Total liabilities								
MYEFO	1,302.6	48.7	1,350.9	49.5	1,433.1	50.2	1,501.0	50.0
Budget	*1,363.3*	*52.9*	*1,420.5*	*53.8*	*1,487.2*	*53.6*	*1,554.0*	*53.2*
Net worth								
MYEFO	-479.8	-17.9	-510.3	-18.7	-551.3	-19.3	-576.7	-19.2
Budget	*-559.1*	*-21.7*	*-602.8*	*-22.8*	*-638.8*	*-23.0*	*-667.3*	*-22.8*
Net financial worth(a)								
MYEFO	-692.8	-25.9	-733.6	-26.9	-780.8	-27.3	-815.0	-27.2
Budget	*-772.6*	*-30.0*	*-825.0*	*-31.3*	*-865.7*	*-31.2*	*-902.8*	*-30.9*
Gross debt(b)								
MYEFO	909.0	34.0	934.0	34.2	1,007.0	35.2	1,058.0	35.3
Budget	*923.0*	*35.8*	*958.0*	*36.3*	*1,015.0*	*36.5*	*1,067.0*	*36.5*
Net debt(c)								
MYEFO	491.0	18.4	533.3	19.5	586.4	20.5	623.9	20.8
Budget	*574.9*	*22.3*	*620.6*	*23.5*	*665.2*	*24.0*	*702.9*	*24.1*
Total interest payments								
MYEFO	21.5	0.8	22.9	0.8	29.5	1.0	29.6	1.0
Budget	*21.1*	*0.8*	*22.4*	*0.8*	*28.2*	*1.0*	*27.1*	*0.9*
Net interest payments(d)								
MYEFO	12.7	0.5	15.0	0.5	21.9	0.8	21.9	0.7
Budget	*13.4*	*0.5*	*15.2*	*0.6*	*21.3*	*0.8*	*20.0*	*0.7*

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. The increase in 2025–26 primarily reflects a Treasury Indexed Bond maturing in that year (details can be found in *Part 4: Debt Statement*).

Other fiscal aggregates

The following section presents alternative measures of the Government's fiscal position.

Accrual aggregates

Accrual accounting records income and costs at the time they are incurred. Cash accounting records income and costs at the time of the associated actual cash flow. Differences in estimates arise where there is a difference between the timing of an activity and the associated cash flow.

Net operating balance estimates

The net operating balance is an accrual measure, reflecting revenue minus expenses. It excludes the fiscal impact of the Commonwealth's net new capital expenditure.

The net operating balance is expected to be a surplus of $11.3 billion (0.4 per cent of GDP) in 2023–24 (Table 3.9), compared to an expected deficit of $3.7 billion (0.1 per cent of GDP) in the 2023–24 Budget.

Fiscal balance estimates

The fiscal balance is the accrual equivalent of the underlying cash balance and equals the net operating balance plus net new capital expenditure.

The fiscal balance is expected to be a surplus of $2.4 billion (0.1 per cent of GDP) in 2023–24 (Table 3.9), compared to an expected deficit of $14.1 billion (0.5 per cent of GDP) in the 2023–24 Budget.

Table 3.9: Australian Government general government sector accrual aggregates

	Estimates							
	2023-24		2024-25		2025-26		2026-27	
	$b	% GDP	$b	% GDP	$b	% GDP	$b	% GDP
Revenue								
MYEFO	700.6	26.2	700.3	25.6	726.0	25.4	770.4	25.7
Budget	*680.4*	*26.4*	*677.3*	*25.7*	*713.7*	*25.7*	*748.2*	*25.6*
Expenses								
MYEFO	689.3	25.8	716.0	26.2	751.9	26.3	783.5	26.1
Budget	*684.1*	*26.6*	*715.4*	*27.1*	*743.3*	*26.8*	*771.8*	*26.4*
Net operating balance								
MYEFO	11.3	0.4	-15.7	-0.6	-25.9	-0.9	-13.2	-0.4
Budget	*-3.7*	*-0.1*	*-38.0*	*-1.4*	*-29.6*	*-1.1*	*-23.5*	*-0.8*
Net capital investment								
MYEFO	8.9	0.3	9.1	0.3	7.1	0.2	9.7	0.3
Budget	*10.4*	*0.4*	*7.2*	*0.3*	*5.4*	*0.2*	*9.3*	*0.3*
Fiscal balance								
MYEFO	2.4	0.1	-24.8	-0.9	-33.0	-1.2	-22.9	-0.8
Budget	*-14.1*	*-0.5*	*-45.3*	*-1.7*	*-35.0*	*-1.3*	*-32.8*	*-1.1*

Table 3.10 provides a reconciliation of fiscal balance estimates, including the impact of policy decisions and parameter and other variations on revenue and expenses since the 2023–24 Budget. The drivers of movements in the fiscal balance estimates are largely the same as for the underlying cash balance.

Table 3.10: Reconciliation of general government sector fiscal balance estimates

	Estimates				
	2023-24	2024-25	2025-26	2026-27	Total
	$m	$m	$m	$m	$m
2023-24 Budget fiscal balance	**-14,144**	**-45,278**	**-35,035**	**-32,813**	**-127,270**
Per cent of GDP	-0.5	-1.7	-1.3	-1.1	
Changes from 2023-24 Budget to 2023-24 MYEFO					
Effect of policy decisions(a)(b)					
Revenue	*475*	*303*	*137*	*456*	*1,371*
Expenses	*1,262*	*2,597*	*781*	*1,242*	*5,881*
Net capital investment	*225*	*194*	*137*	*38*	*593*
Total policy decisions impact on fiscal balance	-1,012	-2,488	-781	-823	-5,104
Effect of parameter and other variations(b)					
Revenue	*19,775*	*22,657*	*12,169*	*21,660*	*76,261*
Expenses	*3,959*	*-1,989*	*7,839*	*10,517*	*20,326*
Net capital investment	*-1,761*	*1,654*	*1,488*	*373*	*1,754*
Total parameter and other variations impact on fiscal balance	17,577	22,992	2,842	10,770	54,180
2023-24 MYEFO fiscal balance	**2,421**	**-24,775**	**-32,974**	**-22,866**	**-78,193**
Per cent of GDP	0.1	-0.9	-1.2	-0.8	

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 fiscal balance, while a positive number for expenses and net capital investment worsens the fiscal balance.

Revenue estimates

Revenue is the accrual accounting equivalent of cash-based receipts. Changes in revenue are generally driven by the same factors as receipts. Revenue amounts can be higher or lower 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 generally reflect timing differences.

Total revenue has been revised up by $20.2 billion in 2023–24 since the 2023–24 Budget.

Table 3.11: Reconciliation of 2023–24 general government (accrual) revenue

	Estimates		Change on Budget	
	Budget	MYEFO		
	$m	$m	$m	%
Individuals and other withholding taxes				
Gross income tax withholding	289,300	295,000	5,700	2.0
Gross other individuals	73,600	78,600	5,000	6.8
less: Refunds	37,000	37,000	0	0.0
Total individuals and other withholding tax	325,900	336,600	10,700	3.3
Fringe benefits tax	3,500	4,190	690	19.7
Company tax	131,100	140,300	9,200	7.0
Superannuation fund taxes	16,620	15,740	-880	-5.3
Petroleum resource rent tax	2,770	2,380	-390	-14.1
Income taxation revenue	**479,890**	**499,210**	**19,320**	**4.0**
Goods and services tax	89,080	88,180	-900	-1.0
Wine equalisation tax	1,160	1,130	-30	-2.6
Luxury car tax	860	1,180	320	37.2
Excise and customs duty				
Petrol	7,350	6,900	-450	-6.1
Diesel	15,880	16,180	300	1.9
Other fuel products	2,100	2,290	190	9.0
Tobacco	12,900	12,850	-50	-0.4
Beer	2,670	2,660	-10	-0.4
Spirits	3,570	3,400	-170	-4.8
Other alcoholic beverages(a)	1,680	1,680	0	0.0
Other customs duty				
Textiles, clothing and footwear	170	180	10	5.9
Passenger motor vehicles	430	450	20	4.7
Other imports	1,310	1,500	190	14.5
less: Refunds and drawbacks	700	700	0	0.0
Total excise and customs duty	47,360	47,390	30	0.1
Major bank levy	1,640	1,620	-20	-1.2
Agricultural levies	586	598	12	2.1
Visa application charges	3,125	3,232	107	3.4
Other taxes	6,028	6,716	689	11.4
Indirect taxation revenue	**149,839**	**150,046**	**208**	**0.1**
Taxation revenue	**629,729**	**649,256**	**19,528**	**3.1**
Sales of goods and services	20,811	20,058	-753	-3.6
Interest	9,426	10,034	608	6.4
Dividends and distributions	6,913	6,866	-47	-0.7
Other non-taxation revenue	13,494	14,408	915	6.8
Non-taxation revenue	**50,643**	**51,365**	**722**	**1.4**
Total revenue	**680,372**	**700,622**	**20,250**	**3.0**
Memorandum:				
Total excise	*30,090*	*30,080*	*-10*	*0.0*
Total customs duty	*17,270*	*17,310*	*40*	*0.2*
Capital gains tax(b)	*23,200*	*25,000*	*1,800*	*7.8*

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: Reconciliation of 2024–25 general government (accrual) revenue

	Estimates		Change on Budget	
	Budget $m	MYEFO $m	$m	%
Individuals and other withholding taxes				
Gross income tax withholding	283,400	287,100	3,700	1.3
Gross other individuals	74,100	78,800	4,700	6.3
less: Refunds	37,700	39,100	1,400	3.7
Total individuals and other withholding tax	319,800	326,800	7,000	2.2
Fringe benefits tax	3,510	4,050	540	15.4
Company tax	122,300	136,000	13,700	11.2
Superannuation fund taxes	23,320	23,190	-130	-0.6
Petroleum resource rent tax	2,680	2,290	-390	-14.6
Income taxation revenue	**471,610**	**492,330**	**20,720**	**4.4**
Goods and services tax	91,910	92,580	670	0.7
Wine equalisation tax	1,210	1,180	-30	-2.5
Luxury car tax	850	1,080	230	27.1
Excise and customs duty				
Petrol	7,600	7,200	-400	-5.3
Diesel	16,370	16,790	420	2.6
Other fuel products	2,110	2,310	200	9.5
Tobacco	13,450	13,250	-200	-1.5
Beer	2,690	2,760	70	2.6
Spirits	3,810	3,580	-230	-6.0
Other alcoholic beverages(a)	1,810	1,770	-40	-2.2
Other customs duty				
Textiles, clothing and footwear	170	190	20	11.8
Passenger motor vehicles	440	420	-20	-4.5
Other imports	1,330	1,530	200	15.0
less: Refunds and drawbacks	700	700	0	0.0
Total excise and customs duty	49,080	49,100	20	0.0
Major bank levy	1,670	1,680	10	0.6
Agricultural levies	593	634	40	6.8
Visa application charges	3,319	3,435	116	3.5
Other taxes	6,121	7,116	994	16.2
Indirect taxation revenue	**154,754**	**156,805**	**2,050**	**1.3**
Taxation revenue	**626,364**	**649,135**	**22,770**	**3.6**
Sales of goods and services	21,830	21,260	-571	-2.6
Interest	8,669	9,044	375	4.3
Dividends and distributions	7,311	7,269	-41	-0.6
Other non-taxation revenue	13,158	13,585	427	3.2
Non-taxation revenue	**50,969**	**51,158**	**190**	**0.4**
Total revenue	**677,333**	**700,293**	**22,960**	**3.4**
Memorandum:				
Total excise	*33,790*	*31,250*	*-2,540*	*-7.5*
Total customs duty	*15,290*	*17,850*	*2,560*	*16.7*
Capital gains tax(b)	*20,300*	*22,900*	*2,600*	*12.8*

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

Expenses are the accrual accounting equivalent of cash-based payments.

Total expenses have been revised up by $5.2 billion in 2023–24 and $26.2 billion over the four years to 2026–27, since the 2023–24 Budget.

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

- the NDIS program, where there is an expected time lag between the receipt of reasonable and necessary support services and the lodgement of claims relating to those services.
- superannuation benefits programs (civilian and military), where there is a timing difference with the expense accruing during employment and cash payments occurring during retirement.
- 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.

Table 3.13: Reconciliation of general government sector expense estimates

	Estimates				
	2023-24	2024-25	2025-26	2026-27	Total
	$m	$m	$m	$m	$m
2023-24 Budget expenses	**684,085**	**715,382**	**743,324**	**771,779**	**2,914,570**
Changes from 2023-24 Budget to 2023-24 MYEFO					
Effect of policy decisions(a)	1,262	2,597	781	1,242	5,881
Effect of economic parameter variations					
Total economic parameter variations	-691	1,285	2,841	3,264	6,700
Unemployment benefits	*170*	*-305*	*244*	*392*	*501*
Prices and wages	*895*	*2,010*	*2,189*	*2,367*	*7,462*
Interest and exchange rates	*140*	*182*	*328*	*232*	*881*
GST payments to the states	*-1,896*	*-601*	*80*	*272*	*-2,145*
Public debt interest	-207	796	2,141	4,004	6,734
Program specific parameter variations	-2,917	-602	20	-1,239	-4,737
Other variations	7,773	-3,469	2,837	4,488	11,629
Total variations	**5,220**	**608**	**8,620**	**11,759**	**26,207**
2023-24 MYEFO expenses	**689,306**	**715,990**	**751,944**	**783,537**	**2,940,777**

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

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 then use to acquire assets.

Table 3.14: Reconciliation of general government sector net capital investment estimate

	Estimates				
	2023-24	2024-25	2025-26	2026-27	Total
	$m	$m	$m	$m	$m
2023-24 Budget net capital investment	**10,431**	**7,229**	**5,449**	**9,271**	**32,380**
Changes from 2023-24 Budget to 2023-24 MYEFO					
Effect of policy decisions(a)	225	194	137	38	593
Effect of parameter and other variations	-1,761	1,654	1,488	373	1,754
Total variations	**-1,536**	**1,849**	**1,625**	**410**	**2,348**
2023-24 MYEFO net capital investment	**8,895**	**9,078**	**7,074**	**9,681**	**34,728**

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

Structural budget balance estimates

The structural budget balance estimate adjusts the underlying cash balance to remove the estimated effects of temporary factors. Temporary factors include deviations in commodity prices and economic activity from their long-run levels. The structural budget balance can provide insight into the sustainability of fiscal settings.

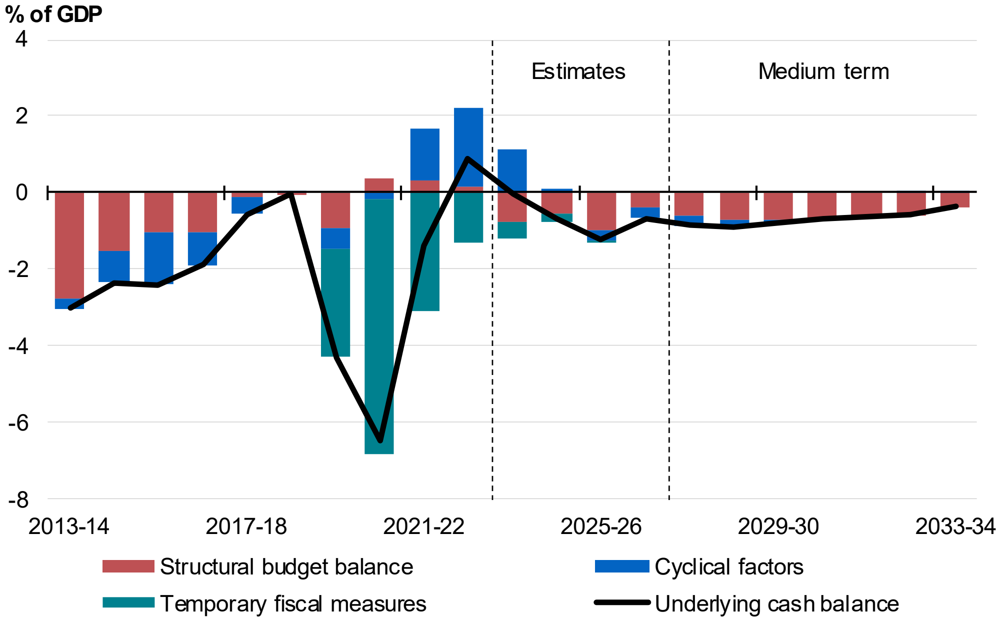
The structural balance is estimated rather than observed, so it is sensitive to the assumptions and parameters that underpin it. Commodity price volatility has increased the uncertainty around the estimate.

The estimated structural budget balance has improved over the forward estimates compared to the 2023–24 Budget (Chart 3.8). This improvement is consistent with forecast revisions to the underlying cash balance.

Cyclical factors are estimated to positively contribute to the underlying cash balance in the near term, in large part due to elevated commodity prices. This will recede as commodity prices return to their assumed long-run levels.

Over the medium term, the estimated structural deficit is projected to persist.

Chart 3.8: Structural budget balance



Note: The approach separating the budgetary impact of temporary measures from structural measures follows the methodology detailed in Treasury Working Paper 2013-01. Cyclical factors measure the estimated impact on the underlying cash balance from automatic stabilisers and cyclical movements in asset and commodity prices. Temporary fiscal measures comprise direct economic and health support measures initiated between the onset of the COVID-19 pandemic and the 2022–23 October Budget. Underspends in these direct economic and health support measures are not captured in the derivation of the structural budget balance, which may result in an improved structural budget balance estimate.

Source: Treasury.

Part 4: Debt Statement

The Debt Statement provides information on Government gross debt, net debt, Australian Government Securities (AGS) issuance and interest costs over the forward estimates.

Gross and net debt as a share of GDP are expected to be lower each year over the forward estimates compared to the 2023–24 Budget.

- Gross debt is estimated to be 34.0 per cent of GDP at 30 June 2024, 1.8 percentage points lower than estimated at the 2023–24 Budget.
- Net debt is estimated to be 18.4 per cent of GDP at 30 June 2024, 4.0 percentage points lower than estimated at the 2023–24 Budget.

Interest payments on AGS as a share of GDP are expected to be higher than at the 2023–24 Budget by the end of the forward estimates, driven by significantly higher bond yields partly offset by an improved underlying cash balance position and lower debt.

- Interest payments on AGS are estimated to be $20.0 billion in 2023–24, increasing to $28.2 billion by 2026–27. Over the four years to 2026–27, total interest payments on AGS are expected to be $3.6 billion higher than estimated at the 2023–24 Budget.

Australian Government Securities issuance

The Australian 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 details on the AOFM's operations can be found in Appendix A of Budget Paper No.1 Statement 7: *Debt Statement* in the 2023–24 Budget and on the AOFM website at www.aofm.gov.au.

Green Bonds

The Australian Government will commence issuing green bonds from mid-2024. Australian Government green bonds will be fixed income bonds that provide financing or refinancing for specific government programs with positive climate change and environmental outcomes. Green bonds will enable investors to back public projects that drive Australia's net zero transformation and progress the Government's environment agenda. Sovereign green bonds will boost the scale and credibility of Australia's green finance market and attract more green capital to Australia by increasing transparency around climate outcomes and the availability of green investments. Issuance of green bonds will not impact gross debt estimates as it will replace issuance of existing types of AGS.

Estimates of AGS on issue

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 (also referred to as gross debt) is the amount the Government pays back to investors at maturity, independent of fluctuations in market prices.[1] 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 on issue represents the value of securities as traded on the secondary market, which changes continuously with movements in market prices (often quoted as a yield to maturity). Consistent with external reporting standards, the market value of AGS on issue is reported in the Australian Government general government sector balance sheet.

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 then Treasurer directed that the maximum face value of AGS that can be on issue is $1,200 billion. The estimated face value of AGS on issue subject to the Treasurer's direction (end-of-year and within-year peak)[2] in each year of the forward estimates remains below $1,200 billion.

Gross debt is estimated to be $909 billion (34.0 per cent of GDP) at 30 June 2024, increasing to $1,058 billion (35.3 per cent of GDP) at 30 June 2027.

Gross debt is expected to be lower across each year of the forward estimates than at the 2023–24 Budget. The improvement is primarily driven by the improved outlook for the underlying cash balance.

Table 4.1 presents estimates of AGS on issue.

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1 For Treasury Indexed Bonds (TIBs), 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.

2 End-of-year values are estimates of AGS on issue at 30 June for the particular year. The precise timing and level of within-year peaks of AGS on issue cannot be determined with accuracy. The timing of the within-year peak is therefore reported to the given month in the particular year.

Table 4.1: Estimates of AGS on issue subject to the Treasurer's Direction(a)(b)

	Estimates			
	2023-24	2024-25	2025-26	2026-27
	$b	$b	$b	$b
Face value – end-of-year	909	934	1,007	1,058
Per cent of GDP	34.0	34.2	35.2	35.3
Face value – within-year peak(c)	931	976	1,031	1,095
Per cent of GDP(c)	34.8	35.7	36.1	36.5
Month of peak(c)	*Apr-24*	*Apr-25*	*Apr-26*	*Apr-27*
Market value – end-of-year	832	866	939	998
Per cent of GDP	31.1	31.7	32.9	33.3

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

Changes in AGS on issue since the 2023–24 Budget

The decrease in total face value of AGS on issue primarily reflects the cumulative improvement of $39.5 billion in the underlying cash balance since the 2023–24 Budget. Additionally, the improved underlying cash balance outcome for 2022–23 effectively pre-funds some of the Government's future financing requirements. See the 2022–23 Final Budget Outcome for further detail.

The lower estimates for AGS on issue is partially offset by the impact of higher yields. An increase in yields increases the deficit through higher interest payments but also impacts the face value of AGS required to meet the Government's financing requirements. The majority of AGS on issue comprises fixed coupon bonds. When yields rise, the price investors are willing to pay for fixed coupon bonds falls so that the rate of return on the bonds adjusts to the prevailing market price or yield. As a result, more bonds need to be issued to raise the same volume of funds[3]. It is estimated that this dynamic has increased the face value of debt by around $23 billion over the forward estimates compared with the 2023–24 Budget.

3 For example, on 4 October 2023 the AOFM issued into an existing bond line with a maturity date of 21 June 2035 and a coupon rate of 2.75 per cent. The face value of issuance was $800 million but the proceeds received was around $669 million. The same Treasury Bond line was previously issued on 5 April 2023 when yields were substantially lower, and $759 million was received for the same $800 million of face value issued.

Table 4.2: Estimates of AGS on issue subject to the Treasurer's Direction – reconciliation from the 2023–24 Budget to the 2023–24 MYEFO

	2023-24	2024-25	2025-26	2026-27
	$b	$b	$b	$b
Total face value of AGS on issue subject to the Treasurer's Direction as at 2023-24 Budget	**923**	**958**	**1,015**	**1,067**
Factors affecting the change in face value of AGS on issue from 2023-24 Budget to 2023-24 MYEFO(a)				
Cumulative receipts decisions	-0.5	-0.7	-0.8	-1.2
Cumulative receipts variations	-16.7	-35.9	-46.2	-66.1
Cumulative payment decisions	1.1	3.8	4.9	6.5
Cumulative payment variations	3.2	3.8	11.6	21.3
Cumulative change in net investments in financial assets(b)	-0.2	-0.3	1.1	3.3
Other contributors	-0.9	5.3	21.5	27.3
Total face value of AGS on issue subject to the Treasurer's Direction as at 2023-24 MYEFO	**909**	**934**	**1,007**	**1,058**

a) Cumulative impact of decisions and variations from 2023–24 to 2026–27. Increases to payments are shown as positive and increases to receipts are shown as negative.

b) Change in net cash flows from investments in financial assets for policy purposes only.

Note: End-of-year data.

Breakdown of AGS currently on issue

Table 4.3 provides a breakdown of the AGS on issue by type of security as at 1 December 2023.

Table 4.3: Breakdown of current AGS on issue

	On issue as at 1 December 2023	
	Face value	Market value
	$m	$m
Treasury Bonds	846,749	766,909
Treasury Indexed Bonds	40,585	50,888
Treasury Notes	28,000	27,770
Total AGS subject to Treasurer's Direction(a)	**915,334**	**845,567**
Other stock and securities	5	5
Total AGS on issue	**915,339**	**845,572**

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

As at 1 December 2023, there were 29 Treasury Bond lines on issue, with a weighted average term to maturity of around 6.9 years and the longest maturity extending to June 2054.

Table 4.4: Treasury Bonds on issue

Coupon Per cent	Maturity	On issue as at 1 December 2023 $m	Timing of interest payments[(a)]		
2.75	21-Apr-24	35,900	Twice yearly	21-Apr	21-Oct
0.25	21-Nov-24	41,300	Twice yearly	21-Nov	21-May
3.25	21-Apr-25	41,500	Twice yearly	21-Apr	21-Oct
0.25	21-Nov-25	39,200	Twice yearly	21-Nov	21-May
4.25	21-Apr-26	39,600	Twice yearly	21-Apr	21-Oct
0.50	21-Sep-26	38,600	Twice yearly	21-Sep	21-Mar
4.75	21-Apr-27	36,700	Twice yearly	21-Apr	21-Oct
2.75	21-Nov-27	32,200	Twice yearly	21-Nov	21-May
2.25	21-May-28	32,500	Twice yearly	21-May	21-Nov
2.75	21-Nov-28	34,800	Twice yearly	21-Nov	21-May
3.25	21-Apr-29	36,600	Twice yearly	21-Apr	21-Oct
2.75	21-Nov-29	34,700	Twice yearly	21-Nov	21-May
2.50	21-May-30	37,100	Twice yearly	21-May	21-Nov
1.00	21-Dec-30	38,700	Twice yearly	21-Dec	21-Jun
1.50	21-Jun-31	38,100	Twice yearly	21-Jun	21-Dec
1.00	21-Nov-31	41,800	Twice yearly	21-Nov	21-May
1.25	21-May-32	39,300	Twice yearly	21-May	21-Nov
1.75	21-Nov-32	29,000	Twice yearly	21-Nov	21-May
4.50	21-Apr-33	25,900	Twice yearly	21-Apr	21-Oct
3.00	21-Nov-33	22,500	Twice yearly	21-Nov	21-May
3.75	21-May-34	18,800	Twice yearly	21-May	21-Nov
3.50	21-Dec-34	17,800	Twice yearly	21-Dec	21-Jun
2.75	21-Jun-35	15,450	Twice yearly	21-Jun	21-Dec
3.75	21-Apr-37	12,300	Twice yearly	21-Apr	21-Oct
3.25	21-Jun-39	10,300	Twice yearly	21-Jun	21-Dec
2.75	21-May-41	14,300	Twice yearly	21-May	21-Nov
3.00	21-Mar-47	14,200	Twice yearly	21-Mar	21-Sep
1.75	21-Jun-51	19,600	Twice yearly	21-Jun	21-Dec
4.75	21-Jun-54	8,000	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

As at 1 December 2023, there were seven Treasury Indexed Bond (TIB) lines on issue, with a weighted average term to maturity of around 9.0 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 1 December 2023 $m	Timing of interest payments[(a)]				
3.00	20-Sep-25	8,042	Quarterly	20-Sep	20-Dec	20-Mar	20-Jun
0.75	21-Nov-27	7,150	Quarterly	21-Nov	21-Feb	21-May	21-Aug
2.50	20-Sep-30	7,043	Quarterly	20-Sep	20-Dec	20-Mar	20-Jun
0.25	21-Nov-32	4,800	Quarterly	21-Nov	21-Feb	21-May	21-Aug
2.00	21-Aug-35	4,600	Quarterly	21-Aug	21-Nov	21-Feb	21-May
1.25	21-Aug-40	4,750	Quarterly	21-Aug	21-Nov	21-Feb	21-May
1.00	21-Feb-50	4,200	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

As at 1 December 2023, there were seven Treasury Note lines on issue. Treasury Notes do not pay a coupon.

Table 4.6: Treasury Notes on issue

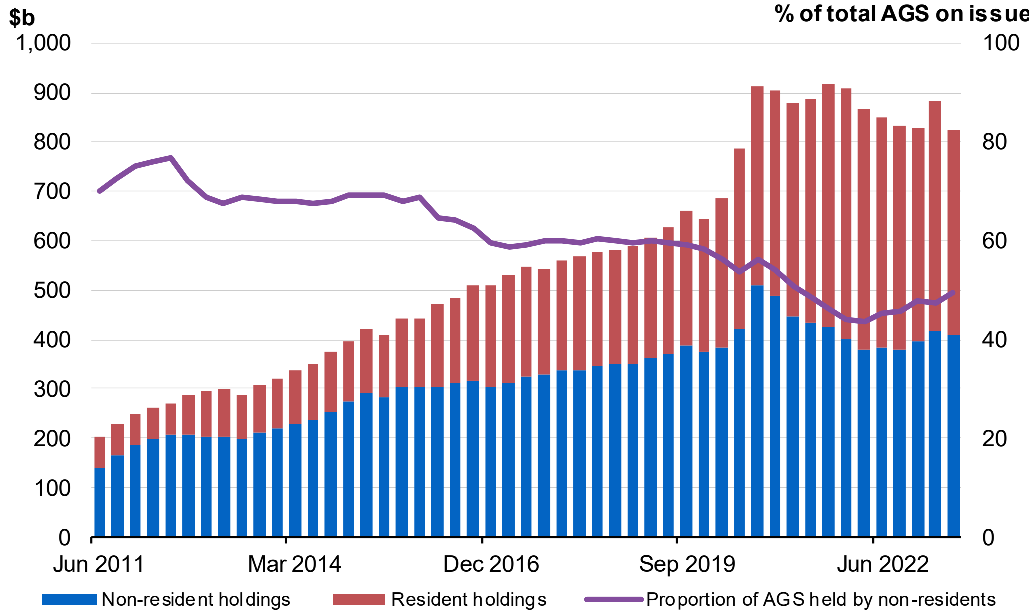
Maturity	On issue as at 1 December 2023 $m	Timing of interest payment	
15-Dec-23	5,500	At maturity	15-Dec
19-Jan-24	5,500	At maturity	19-Jan
9-Feb-24	4,000	At maturity	9-Feb
23-Feb-24	4,000	At maturity	23-Feb
8-Mar-24	4,000	At maturity	8-Mar
22-Mar-24	2,000	At maturity	22-Mar
12-Apr-24	3,000	At maturity	12-Apr

Source: AOFM.

Non-resident holdings of AGS on issue

As at the June 2023 quarter, the proportion of non-resident holdings of AGS was around 49 per cent (Chart 4.1). This proportion is down from historical highs of around 76 per cent in 2012. While the value of non-resident holdings of AGS has increased significantly over this time, the proportion has fallen since the rate of buying by non-resident investors has not matched the rate of issuance. In addition, the Reserve Bank of Australia's bond purchase operations in 2020 and 2021 reduced the amount of AGS available to other investors, including non-residents.

Chart 4.1: Non-resident holdings of AGS



Note: Data refer to the repo-adjusted market value of holdings.
Source: ABS Balance of Payments and International Investment Position, Australia June 2023, AOFM, RBA.

Net debt

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

Table 4.7: Liabilities and assets included in net debt

	Estimates			
	2023-24	2024-25	2025-26	2026-27
	$m	$m	$m	$m
Liabilities included in net debt				
Deposits held	415	415	415	415
Government securities(a)	832,437	865,993	939,208	997,737
Loans	32,231	32,906	33,389	33,501
Lease liabilities	19,144	18,634	17,333	16,104
Total liabilities included in net debt	**884,226**	**917,947**	**990,344**	**1,047,756**
Assets included in net debt				
Cash and deposits	80,472	58,888	62,046	63,459
Advances paid	72,270	79,246	88,757	97,628
Investments, loans and placements	240,437	246,483	253,118	262,737
Total assets included in net debt	**393,179**	**384,616**	**403,922**	**423,825**
Net debt	**491,047**	**533,331**	**586,423**	**623,931**

a) Government securities are presented at market value.

Changes in net debt since the 2023–24 Budget

Net debt is expected to be lower across each year of the forward estimates than estimated at the 2023–24 Budget. The decrease primarily reflects a lower financing requirement as a result of the improved forecast for the underlying cash balance and a decrease in the market value of AGS on issue.

Table 4.8: Net debt – reconciliation from the 2023–24 Budget to the 2023–24 MYEFO

	2023-24	2024-25	2025-26	2026-27
	$b	$b	$b	$b
Net debt as at 2023-24 Budget ($b)	**574.9**	**620.6**	**665.2**	**702.9**
Changes in financing requirement	-17.1	-33.0	-27.9	-36.7
Impact of yields on AGS	-53.4	-44.8	-34.7	-24.2
Asset and other liability movements	-13.3	-9.4	-16.1	-18.1
Cash and deposits	*-19.6*	*-20.3*	*-28.4*	*-28.9*
Advances paid	*3.8*	*3.8*	*2.6*	*0.9*
Investments, loans and placements	*1.3*	*5.7*	*8.1*	*8.2*
Other movements	*1.3*	*1.5*	*1.6*	*1.7*
Total movements in net debt from 2023-24 Budget to 2023-24 MYEFO	**-83.8**	**-87.2**	**-78.7**	**-79.0**
Net debt as at 2023-24 MYEFO ($b)	**491.0**	**533.3**	**586.4**	**623.9**

Interest on AGS

The interest costs related to AGS are presented 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.

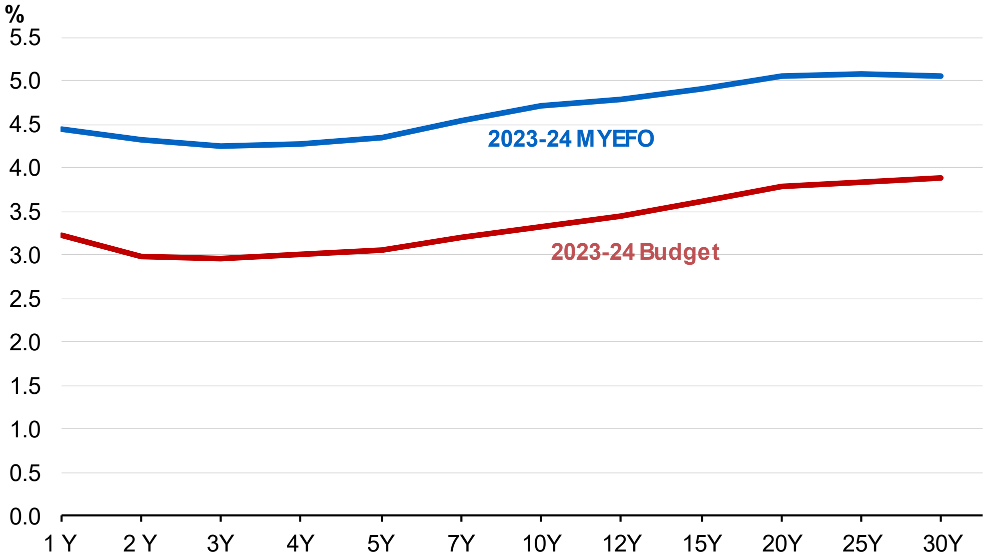
Estimates of the interest payments and expense of AGS on issue include the cost of AGS already on issue and future AGS issuance.

- The cost of AGS already on issue reflects the actual yield at the time of issuance.
- The expected cost of future AGS issuance is based on a recent average of daily spot rates across the yield curve at the time of a budget estimates update.

Interest payments on AGS are estimated to be higher across each year of the forward estimates compared to the 2023–24 Budget. The increase is driven by substantially higher bond yields.

Chart 4.2 shows the yield curve assumptions underpinning the 2023–24 Budget and the 2023–24 MYEFO. Yields are generally higher compared to the 2023–24 Budget. This has resulted in an assumed weighted average cost of borrowing of around 4.7 per cent for future issuance of Treasury Bonds over the forward estimates, compared with around 3.4 per cent at the 2023–24 Budget.

Chart 4.2: Yield curve assumptions from 2023–24 to 2026–27



Source: AOFM.

By the end of the forward estimates total interest payments are $29.6 billion, of which $28.2 billion relates to AGS on issue (Table 4.9). Compared with the 2023–24 Budget, interest payments as a share of GDP are estimated to remain the same in each of the first three years of the forward estimates and higher in 2026–27. This is driven by the increase in yields, which more than offsets lower than previously expected issuance due to the improved outlook for the underlying cash balance.

Interest receipts are estimated to be higher across each year of the forward estimates than at the 2023–24 Budget. This is primarily driven by higher earnings from interest on deposits due to higher balances held and the rise in short-term interest rates.

Net interest payments as a share of GDP are estimated to remain broadly similar as the 2023–24 Budget in each year of the forward estimates. Net interest payments as a share of GDP are expected to be 0.5 per cent in 2023–24, reaching 0.8 per cent by 2025–26 before dropping to 0.7 per cent in 2026–27.

Table 4.9: Interest payments, interest receipts and net interest payments[(a)]

	Estimates			
	2023-24	2024-25	2025-26	2026-27
	$m	$m	$m	$m
Interest payments on AGS(b)	20,024	21,435	28,048	28,196
Per cent of GDP	0.7	0.8	1.0	0.9
Interest payments(c)	21,544	22,856	29,477	29,643
Per cent of GDP	0.8	0.8	1.0	1.0
Interest receipts	8,862	7,899	7,537	7,731
Per cent of GDP	0.3	0.3	0.3	0.3
Net interest payments(d)	12,682	14,957	21,941	21,912
Per cent of GDP	0.5	0.5	0.8	0.7

a) Interest payments and 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) The increase in 2025–26 primarily reflects a Treasury Indexed Bond line maturing in that year.
c) Interest payments include interest payments on AGS, loans and other borrowing, as well as interest payments on lease liabilities.
d) Net interest payments are equal to the difference between interest payments and interest receipts.

Table 4.10 shows changes in interest expense, interest income and net interest expense over the forward estimates.

Table 4.10: Interest expense, interest income and net interest expense[(a)]

	Estimates			
	2023-24	2024-25	2025-26	2026-27
	$m	$m	$m	$m
Interest expense on AGS	22,384	24,674	28,355	33,071
Per cent of GDP	0.8	0.9	1.0	1.1
Total interest expense(b)	27,495	34,276	33,548	38,670
Per cent of GDP	1.0	1.3	1.2	1.3
Interest income	10,034	9,044	8,879	9,395
Per cent of GDP	0.4	0.3	0.3	0.3
Net interest expense(c)	17,461	25,232	24,669	29,274
Per cent of GDP	0.7	0.9	0.9	1.0

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) Interest expense includes interest expense on AGS, loans and other borrowing, as well as interest expense on lease liabilities and other financing costs (including debt not expected to be repaid (DNER)).
c) Net interest expense is equal to the difference between interest expenses and interest income.

Part 5: Sensitivity Analysis

Economic and fiscal forecasts and projections are underpinned by a range of assumptions and judgements based on the best available information at the time of preparation. In practice, economic and fiscal circumstances can evolve in ways that differ from expectations.[4]

Sensitivity analysis assesses the degree of uncertainty surrounding current forecasts by illustrating the impact of small changes in assumptions for key variables on forecasts of economic and fiscal aggregates.

The following sensitivity analyses were done based on their variability and importance for economic and fiscal aggregates presented in budget updates:

- Higher and lower iron ore prices in 2023–24 and 2024–25.
- Higher and lower yields over the medium term.

Movements in the iron ore price

The forecasts for nominal GDP and tax receipts are sensitive to commodity price assumptions, particularly iron ore prices. See *Part 2: Economic Outlook* for information on recent developments in commodity prices.

This analysis considers the impact of a permanent US$10 per tonne increase and decrease in the iron ore price on nominal GDP and tax receipts, relative to the baseline forecast. Results are presented in Table 5.1.

Table 5.1 Sensitivity analysis of a US$10 per tonne movement in iron ore prices

	US$10/tonne FOB[(a)] increase		US$10/tonne FOB decrease	
	2023-24	2024-25	2023-24	2024-25
Nominal GDP ($billion)	5.3	2.7	-5.3	-2.7
Tax receipts ($billion)	0.5	0.5	-0.5	-0.5

a) Prices are presented in free-on-board (FOB) terms which exclude the cost of freight.
Source: Treasury

The effects of a US$10 per tonne increase and decrease in the iron ore price are broadly symmetrical. A US$10 per tonne increase in the iron ore price increases nominal GDP by around $5.3 billion in 2023–24 and around $2.7 billion in 2024–25.

4 Assessments of past forecasting performance and confidence interval analysis of forecasts are included in the 2023–24 Budget, *Budget Paper No 1: Statement 8: Forecasting Performance and Sensitivity Analysis*.

The economic response to a permanent change in the price of iron ore is derived from a generic terms of trade shock in Treasury's Macroeconometric Model of Australia (EMMA). The model incorporates forward-looking financial markets, which anticipate the permanent increase (or decrease) in commodity prices. Higher iron ore export prices lead to a higher terms of trade, which leads directly to higher output prices and nominal GDP. The volume of output and exports in the mining sector increase in response to higher iron ore prices. However, an appreciation in the exchange rate leads to a substitution to imports which partially offsets the increase in exports and GDP, and acts to reduce domestic inflation through lower import prices.

A US$10 per tonne increase in the iron ore price increases tax receipts by $0.5 billion in 2023–24 and $0.5 billion in 2024–25. Company tax receipts increase as higher iron ore prices result in larger mining company profits. However, the increase in company tax receipts is partially offset by lower individuals and other withholding taxes and indirect tax receipts due to lower domestic prices.

Alternative pathways for yields

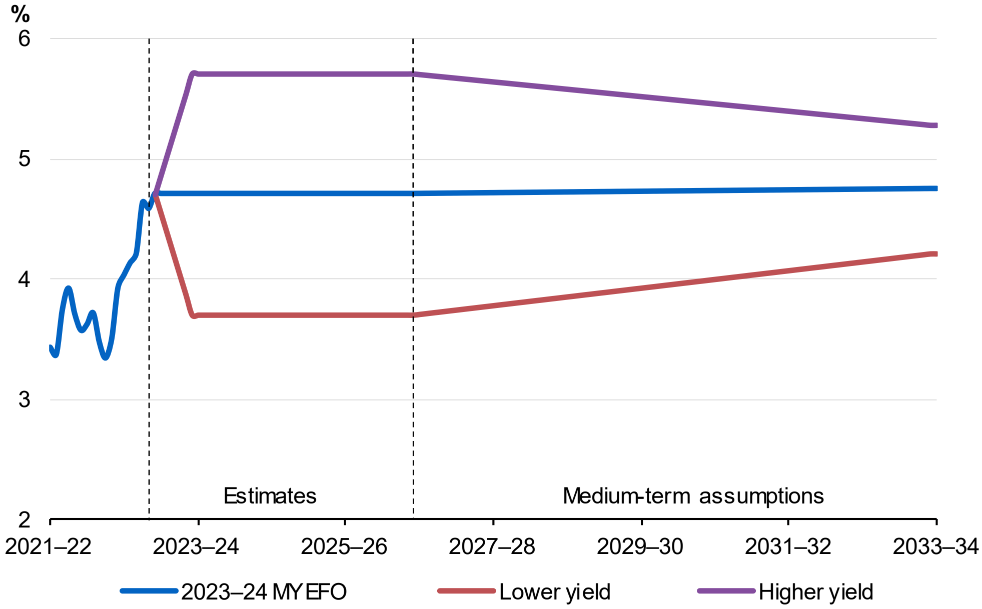
The cost of Government borrowing reflects yields on Australian Government Securities and the level of debt.

Given the uncertainty surrounding the global and domestic outlook for yields, Treasury makes the following technical assumptions:

- Over the forward estimates, government bond yields are fixed at rates observed prior to the Budget update. In the 2023–24 MYEFO, the ten-year yield, which approximates the average yield on new issuance, is assumed to be 4.7 per cent over the forward estimates.
- After the forward estimates, the ten-year bond yield converges linearly towards the long-run nominal GDP growth rate over 15 years. This is broadly consistent with the long-run approaches of comparable advanced economies. Other tenor yields are assumed to maintain their historical relativity to the ten-year bond yield.

The higher yield sensitivity assumes bond yields transition to 100 basis points higher than baseline by 30 June 2024. Yields are then held constant over the remainder of the forward estimates to 2026–27, before linearly converging to the long-run yield assumption of the nominal GDP growth rate over 15 years (Chart 5.1). The lower yield sensitivity is symmetric.

Chart 5.1 Baseline and alternative pathways for the ten-year bond yield

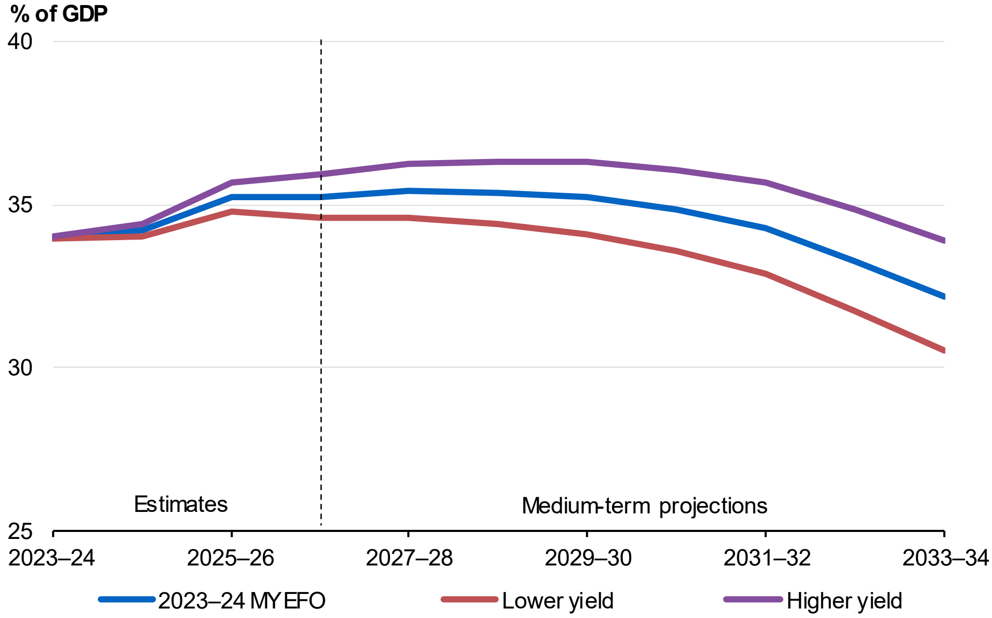


Source: Reserve Bank of Australia and Treasury
Note: Actual yields as at the end of each calendar month up to 30 November 2023.

Yields affect government receipts and payments. Higher yields increase government receipts through higher expected returns on government assets and investments. Higher yields also increase government payments through higher interest costs on borrowings. As government interest bearing liabilities exceed interest bearing assets, higher yields lead to a deterioration in the underlying cash balance. Conversely, lower yields improve the underlying cash balance.

The higher yield assumption reduces the underlying cash balance by 0.2 percentage points of GDP by 2033–34 and increases gross debt by 1.7 percentage points of GDP at 30 June 2034 compared to the baseline. The lower yield assumption increases the underlying cash balance by 0.2 percentage points of GDP by 2033–34 compared to the baseline. Under the lower yield assumption, cumulative improvements to the underlying cash balance reduce gross debt by 1.7 percentage points of GDP at 30 June 2034 compared to the baseline (Chart 5.2).

Chart 5.2 Gross debt, impact of alternative yield assumptions



Source: Australian Office of Financial Management and Treasury

Part 6: Statement of Risks

Risks to the Budget – Overview

The forward estimates of revenue and expenses in the 2023–24 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, which may be driven by the evolution of and responses to domestic and global inflationary pressures, volatility in global commodity prices, further global instability stemming from conflicts in Europe and the Middle East, and the challenges associated with the transition towards net zero emissions.
- matters not included in the fiscal forecasts because of uncertainty about their timing, magnitude or likelihood.
- the realisation of contingent liabilities or assets.

The revenue and expense estimates and projections published in the 2023–24 MYEFO are based on a range of economic and other parameters that are consistent with the domestic and international outlook detailed in *Part 2: Economic Outlook*. Economic outcomes that differ from the parameters used in the MYEFO represent a material risk to the MYEFO estimates. *Part 5: Sensitivity Analysis* examines the impact on receipts and payments of altering some of the key economic assumptions underlying the MYEFO 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 outcomes, particularly for inflation and wages growth. For a number of demand-driven support programs, including the National Disability Insurance Scheme, aged care programs and health programs, outcomes depend on the wide range of factors that affect the take-up of and cost of these programs.

Revenue forecasting relies heavily on the observed relationships between the economy, tax bases and tax revenues. Such relationships may shift over time as the economy changes, presenting further risk to the estimates. For example, the ability of entities to use tax losses to offset profits may continue to pose heightened challenges in estimating the profile for company and resource tax receipts. Revenue forecasts also incorporate costings for new policies that typically involve a degree of uncertainty.

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

Many agencies rely on external revenue to fund the delivery of some of their services. Estimates included in the MYEFO for these agencies reflect the latest information about the likely amount of external revenue they will raise. The external revenue actually collected is not certain and depends on some common factors, including economic conditions, which can affect estimates for individual agencies and for the Budget as a whole.

The forward estimates in the MYEFO include the impact of all policy decisions, including those that remain unlegislated. There is a risk of a variation to the fiscal position outlined in the MYEFO where legislation is not passed in time for the commencement of the measure on the anticipated commencement date, the legislation is passed with amendments to the original decision, or the legislation fails to pass the Parliament.

The risks associated with climate change

Over time, climate change is expected to have a significant impact on the Budget, both in terms of risk and opportunities. The Australian Government is managing these impacts by reducing emissions and supporting the economic opportunities presented by the net zero transition. However, there is still significant uncertainty about the trajectory of global greenhouse gas emissions and the impacts climate change will have on Australia.

Climate change can affect macroeconomic and fiscal outcomes in various ways. These include the physical impacts of climate change, the indirect impacts climate change will have on Australia's industry mix, and the impacts of policy responses to reduce emissions or adapt to the impacts of a changing climate. Each of these has the potential to affect receipts, payments, and the Australian Government's balance sheet. They also have the potential to influence general economic outcomes, which may, in turn, affect Budget outcomes.

Policy responses taken by the Australian Government to address climate change include the establishment of the Capacity Investment Scheme in the 2023–24 Budget and its expansion in the 2023–24 MYEFO to drive investment in renewable dispatchable capacity and ensure reliability in Australia's energy market. Details on the *Capacity Investment Scheme – expansion* measure is included in Appendix A: Policy decisions taken since the 2023–24 Budget. When the Capacity Investment Scheme is implemented, its budget impact will depend on future developments in energy prices, which may present risks that are not fully reflected in the Budget estimates. These risks will be reflected in the Statement of Risks when this measure is fully designed and implemented, provided the risks meet the materiality thresholds for inclusion in the Statement.

Part 6: *Statement of Risks* sets out specific risks where they may have an impact on the Budget in the Budget year or over the forward estimates period. Some of these risks, such as those associated with the cyclone and related flooding reinsurance pool and disaster recovery arrangements, are likely to be exacerbated by climate change over time. Other specific risks may emerge that will impact the Budget beyond the forward estimates period.

These would be included in this Statement when it is apparent that the potential impact on the Budget would exceed the materiality threshold.

Special Investment Vehicles

Successive Australian Governments have established investment funds to achieve policy outcomes. These include the National Reconstruction Fund, the Rewiring the Nation Fund, Export Finance Australia, the Clean Energy Finance Corporation, and the Northern Australia Infrastructure Facility. These funds have been established with robust governance arrangements, including independent boards, which are charged with making investment decisions that manage risk and deliver outcomes in line with fund-specific investment mandates. Details of each of these funds are set out in Budget Paper No.2 or Appendix A to the MYEFO when they are established and, where relevant, presented in the 'Government loans' section of this Statement, including the total value of loans issued by each facility. This Statement includes reference to specific risks associated with these funds at the time it is apparent that those risks associated with the investments exceed or are expected to exceed the materiality threshold.

Specific risks to the Budget

The Budget is subject to contingent liabilities. Many of these 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 guarantees, including 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. 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.

Fiscal risks arise from 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 of the impact is not known.

Table 6.1 outlines how fiscal risks, assets and liabilities, and contingent assets and liabilities, are disclosed in the MYEFO.

Table 6.2 summarises contingent liabilities, contingent assets and other fiscal risks with a possible impact on the forward estimates greater than $20 million in any one year, or $50 million over the forward estimates period. Risks that are new or that have materially changed are detailed by portfolio after Table 6.2.

The Australian Government's annual consolidated financial statements and the annual financial statements of departments and other Government entities also set out information on contingent liabilities and contingent assets.

The Government also makes direct loans for policy purposes. All loans contain some element of credit risk (that is, they will not be repaid in full) although, in many cases, this risk is small. Details of Government loans that exceeded $200 million at 30 June 2023 are included at the conclusion of Part 6.

Table 6.1: Disclosure of fiscal risks, contingent assets and contingent liabilities, and assets and liabilities in the Budget papers

Category	Type[(a)]	Disclosure
Fiscal Risks	Fiscal Risks	Statement of Risks
Contingent assets and contingent liabilities	Significant contingent assets and liabilities considered remote	Statement of Risks
	Unquantifiable contingent assets and liabilities that are improbable but not remote	Statement of Risks
	Quantifiable contingent assets and liabilities that are improbable but not remote	Statement of Risks
	Contingent assets and liabilities excluded on the basis of immateriality[(b)]	None
Assets and liabilities	Assets and liabilities that are probable and can be reliably measured	Balance sheet[(c) (d)]
	Assets and liabilities that are probable but have an uncertain timing or amount (provisions)	Balance sheet

a) Items that are described as probable have a 50 per cent or higher chance of occurrence.
b) Only risks with a possible impact on the forward estimates greater than $20 million in any one year, or $50 million over the forward estimates period, are considered material and disclosed in this Statement.
c) Unearned income from charging guarantee fees is shown as a liability in the balance sheet.
d) Additional disclosure to increase transparency on loans over $200 million is included in this Statement.

Table 6.2: Summary of fiscal risks, contingent liabilities and contingent assets in the Statement of Risks[(a)]

Agriculture, Fisheries and Forestry	Status
Contingent liabilities – unquantifiable	
Commonwealth liabilities in respect of matching payments to industries for research and development contributions	Unchanged
Emergency pest and disease response arrangements	Modified
White spot syndrome virus and disease 2016 outbreak	Modified
Attorney-General's	**Status**
Significant but remote contingency	
Indemnities relating to the Air Security Officer Capability	Unchanged
Contingent liabilities – unquantifiable	
Native Title costs	Unchanged
Current and prospective investor-state claims against Australia	Modified
Contingent asset – unquantifiable	
Civil penalty relating to the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*	Modified
Climate Change, Energy, the Environment and Water	**Status**
Fiscal Risk	
Snowy Hydro Limited	Unchanged
Significant but remote contingencies	
Snowy Hydro Limited – Board Members' indemnity	Unchanged
Snowy Hydro Limited – Termination of the Equity Subscription Agreements	Unchanged
Underwriting of Transmission Projects	Modified
Contingent liabilities – unquantifiable	
Gorgon liquefied natural gas and carbon dioxide storage project – long-term liability	Unchanged
Liability for costs incurred in a national liquid fuel emergency	Unchanged
Murray-Darling Basin Reform – risk assignment	Modified
Remediation of Jabiru Township	Modified
United States Strategic Petroleum Reserve Lease Agreement – indemnity under certain conditions	Unchanged
Contingent liability – quantifiable	
Underwriting of the Marinus Link Project	New
Defence	**Status**
Fiscal Risks	
Implementation of the nuclear-powered submarine program	Unchanged
Major operations of the Australian Defence Force in 2023–24	Unchanged
Significant but remote contingencies	
ADI Limited – Officers' and Directors' indemnities	Unchanged
Litigation cases	Unchanged
Remote contingencies	Modified
Contingent liabilities – unquantifiable	
Cockatoo Island Dockyard	Unchanged
Land decontamination, site restoration and decommissioning of Defence assets	Unchanged
Contingent liability – quantifiable	
Claims against the Department of Defence	Modified

Table 6.2: Summary of fiscal risks, contingent liabilities and contingent assets in the Statement of Risks[(a)] (continued)

Employment and Workplace Relations	Status
Fiscal Risk	
Recovery of inappropriately claimed VET FEE-HELP payments from VET providers	Unchanged
Contingent liabilities – quantifiable	
ParentsNext program	Modified
Workforce Australia – Employment Fund	Modified
Finance	**Status**
Significant but remote contingency	
Australian Naval Infrastructure Pty Ltd – Termination of the Equity Funding Agreement	Unchanged
Contingent liabilities – unquantifiable	
ASC Pty Ltd – Directors' and Executives' indemnities	Unchanged
ASC Pty Ltd – Guarantee of Indemnity from ASC in favour of ASC Shipbuilding Pty Limited	Unchanged
Australian Government general insurance fund – Comcover	Unchanged
Commonwealth Superannuation Corporation – immunity and indemnity	Unchanged
Finance owned estate	Unchanged
Future Fund Management Agency and Future Fund Board of Guardians – indemnity	Unchanged
Googong Dam	Unchanged
Indemnities for the Reserve Bank of Australia and private sector banks	Unchanged
Indemnities relating to other former asset sales, privatisations and information technology outsourcing projects	Unchanged
Foreign Affairs and Trade	**Status**
Fiscal Risk	
Export Finance Australia – National Interest Account	Modified
Contingent liability – quantifiable	
Export Finance Australia	Modified
Health and Aged Care	**Status**
Fiscal Risk	
Fair Work Commission decision – Aged Care Work Value Case	Unchanged
Contingent liabilities – unquantifiable	
Accommodation Payment Guarantee Scheme	Unchanged
Advance Purchasing Agreements for COVID-19 vaccines	Unchanged
Australian Red Cross Society – indemnities	Unchanged
Blood and blood products liability cover	Unchanged
CSL Ltd	Unchanged
Indemnities relating to vaccines	Unchanged
Major sporting events	Modified
Medical Indemnity Exceptional Claims Scheme	Unchanged
mRNA manufacturing facility – indemnities	Unchanged
Contingent asset – unquantifiable	
Legal action seeking compensation	Unchanged

Table 6.2: Summary of fiscal risks, contingent liabilities and contingent assets in the Statement of Risks[(a)] (continued)

Home Affairs	Status
Fiscal Risk	
Regional processing arrangements	Unchanged
Contingent liabilities – unquantifiable	
Australian victims of terrorism overseas payment	Unchanged
Disaster recovery	Modified
Facilities, garrison, transferee arrivals and receptions, and health services in the Republic of Nauru – liability limit	Unchanged
Immigration detention services by state and territory governments – liability limit	Modified
Immigration detention services contract – liability limit	Unchanged
Industry, Science and Resources	**Status**
Fiscal Risk	
Rehabilitation of the Ranger Uranium Mine	Unchanged
Significant but remote contingencies	
Liability for damages caused by space and certain high-power rocket activities	Unchanged
Operations and maintenance of the Northern Endeavour and associated infrastructure	Unchanged
Contingent liabilities – unquantifiable	
Australian Nuclear Science and Technology Organisation – asbestos contamination	Unchanged
Australian Nuclear Science and Technology Organisation – indemnity	Unchanged
Australian Nuclear Science and Technology Organisation – legacy waste management to final disposal	Unchanged
Former British atomic test site at Maralinga	Unchanged
Land decontamination and site restoration for CSIRO property	Unchanged
Infrastructure, Transport, Regional Development, Communications and the Arts	**Status**
Fiscal Risks	
Australia Post's financial stability	Modified
Inland Rail – delivery	Unchanged
Significant but remote contingencies	
Inland Rail – Termination of the Equity Financing Agreement	Unchanged
Maritime Industry Finance Company Limited – Board Members' indemnity	Unchanged
Moorebank Intermodal Project – Glenfield Waste Site Easement	Unchanged
National Intermodal Corporation Limited – Termination of the Funding Agreement	Unchanged
Optus Financial Guarantee	Modified
Telstra Financial Guarantee	Unchanged
Tripartite deeds relating to the sale of federal leased airports	Unchanged
WSA Co Limited – Board Members' indemnities	Unchanged
WSA Co Limited – Sydney Metro – Western Sydney Airport indemnity	Unchanged
WSA Co Limited – Termination of the Equity Subscription Agreement	Unchanged

Table 6.2: Summary of fiscal risks, contingent liabilities and contingent assets in the Statement of Risks[(a)] (continued)

Infrastructure, Transport, Regional Development, Communications and the Arts (continued)	Status
Contingent liabilities – unquantifiable	
Australian Maritime Safety Authority incident costs	Unchanged
Aviation rescue and firefighting services potential per- and poly-fluoroalkyl substances contamination	Modified
Indemnity provided to the New South Wales Rural Fire Fighting Service in relation to the Jervis Bay Territory	Unchanged
Moorebank Intermodal Project – Georges River rail crossing	Unchanged
Service Delivery Arrangement Indemnities – Indian Ocean Territories and Jervis Bay Territory	Modified
Prime Minister and Cabinet	**Status**
Contingent liability – unquantifiable	
McDonald v Commonwealth (Stolen Wages Class Action)	Unchanged
Contingent liability – quantifiable	
Indigenous Land and Sea Corporation – Voyages Indigenous Tourism Australia	Modified
Social Services	**Status**
Fiscal Risks	
COVID-19 and disaster social security debt pause for specified areas	Unchanged
National Disability Insurance Scheme	Unchanged
Contingent liability – unquantifiable	
Income apportionment and debt pause	New
Contingent asset – quantifiable	
National Redress Scheme	Modified
Treasury	**Status**
Significant but remote contingencies	
Asbestos Injuries Compensation Fund	Unchanged
Financial Claims Scheme	Modified
Guarantee for Housing Australia	Modified
Guarantee of state and territory borrowing	Removed
Guarantees under the *Commonwealth Bank Sale Act 1995*	Modified
Reserve Bank of Australia – Guarantee	Modified
Contingent liabilities – unquantifiable	
Compensation scheme of last resort	Modified
Establishment of a cyclone and related flooding reinsurance pool	Unchanged
Government guarantees for housing	Unchanged
Indemnities for specialised external advisers during the COVID-19 pandemic	Unchanged
Small and Medium Enterprise (SME) Guarantee Scheme and SME Recovery Loan Scheme	Unchanged
Terrorism insurance – commercial cover	Unchanged

Table 6.2: Summary of fiscal risks, contingent liabilities and contingent assets in the Statement of Risks[(a)] (continued)

Treasury (continued)	**Status**
Contingent liabilities – quantifiable	
Australian Taxation Office – tax disputes	Modified
International financial institutions – uncalled capital subscriptions	Modified
International Monetary Fund – New Arrangements to Borrow & Bilateral Borrowing Agreement	Modified
International Monetary Fund – Poverty Reduction and Growth Trust	Modified
International Monetary Fund – Resilience and Sustainability Trust	Modified
Veterans' Affairs	**Status**
Fiscal Risk	
Defence Service Homes Insurance Scheme	Unchanged

a) Detailed descriptions of the modified and new items are in the following text.

Agriculture, Fisheries and Forestry

Contingent liabilities – unquantifiable

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 affected agricultural industry bodies. Under the terms of the emergency response cost-sharing agreements, the Australian Government is typically liable for 50 per cent of the total government funding for a nationally agreed response to a pest or disease incursion. Funding is provided in the forward estimates for the Australian Government's contributions under the emergency response agreements, which are then paid to the state or territory governments undertaking relevant activities.

There are currently 11 national cost-shared emergency responses. Since the 2023–24 Budget, the Australian Government increased the funding for large-scale responses for the National Red Imported Fire Ant Eradication Program in Queensland and the outbreak of *Varroa destructor*.

The Australian Government has provided an additional $268.2 million over four years for its share of the cost of the revised plan for the National Red Imported Fire Ant Eradication Program in Queensland.

In June 2023, the upper limit of the cost-shared budget for the response to the outbreak of *Varroa destructor* was increased to $132.0 million, with the Australian Government committing to contribute 40 per cent of this amount and allocating an additional $26.6 million over four years from 2023–24 as a provision for underwriting the 16 cost-sharing industries' contributions for this response.

The Australian, state and territory governments developed a draft Aquatic Emergency Animal Disease Deed (the Deed) covering aquatic emergency animal diseases and have consulted prospective industry signatories. If the Deed is finalised, potential liabilities for the Australian Government will be increased. The extent of these liabilities will depend on which parties sign the Deed and what emergency aquatic incursions occur that would be subject to the Deed arrangements.

The Australian Government provided $134.1 million over four years from 2022–23 to bolster biosecurity capability in Australia and support neighbouring countries to address the risk of exotic animal diseases, including foot and mouth disease and lumpy skin disease, although risks associated with future incursions or expansions in current pest and disease incursions remain. In addition to the funding provided for national emergency response arrangements, in the 2023–24 Budget, the Government provided $845.0 million over four years from 2023–24 to maintain biosecurity policy, operational and technical functions on a sustainable basis.

White spot syndrome virus and disease 2016 outbreak

The Commonwealth is responding to two claims related to the 2016 outbreak of white spot syndrome virus in Queensland. White spot syndrome virus was first detected in South East Queensland in December 2016 and seven prawn farms on the Logan River were affected from late-2016 to early-2017. Prawns on the infected farms were destroyed to eradicate the disease as part of a joint industry, Australian and state government response.

Gold Coast Marine Aquaculture Pty Ltd has filed a claim in the Federal Court of Australia, claiming a breach of a duty to warn by the Commonwealth. Gold Coast Marine Aquaculture Pty Ltd alleges that the Commonwealth's alleged breach caused, or, contributed to the outbreak of white spot syndrome virus in Queensland's Logan River in December 2016 and resulting in loss and damage to Gold Coast Marine Aquaculture Pty Ltd.

A class action has been filed in the Supreme Court of Queensland led by Tweed Bait Pty Ltd and TPF Management Company Pty Ltd on behalf of commercial fishers, handlers and wholesalers. The class action seeks compensation for loss and damage suffered as a result of the 2016 outbreak of white spot syndrome virus and white spot disease in Queensland's Logan River area, the Commonwealth's implementation of biosecurity measures in response to the outbreak, and the adverse impacts on consumer demand resulting from publicity regarding the outbreak.

A third claim, an open class action, has been filed in the Supreme Court of Queensland against the Commonwealth and is led by M&G Oyster Supplies Pty Ltd. The claim arises out of similar circumstances to the Tweed Bait Pty Ltd and TPF Management Company Pty Ltd matter. The Commonwealth does not have the particulars of this claim, as the proceedings have not yet been served.

Costs associated with these litigation claims or any future litigation relating to the 2016 outbreak of white spot syndrome virus are not quantifiable until the matter is determined by the Court or otherwise resolved.

Attorney-General's

Contingent liability – unquantifiable

Current and prospective investor-state claims against Australia

The Commonwealth received a notice of arbitration from Singapore registered company Zeph Investments Pte Ltd (Zeph) concerning a dispute about the *Iron Ore Processing (Mineralogy Pty Ltd) Agreement Amendment Act 2020 (WA)*. Zeph raised this claim under Chapter 11 (Investment) of the *Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA)*.

Subsequently, the Commonwealth received a second notice of arbitration from Zeph concerning a dispute about exploration permits held by Waratah Coal Pty Ltd in the Galilee

Basin of Queensland. Zeph raised this second claim under Chapter 11 (Investment) of the AANZFTA.

Should Australia be unsuccessful in these proceedings, it would be liable for any compensation found to be payable to Zeph. Any such potential liability cannot be quantified at this stage.

The Commonwealth has also received a request for consultation from Zeph concerning another potential claim. An investor-state claim has not been brought against Australia in relation to this matter at this time.

Contingent asset – unquantifiable

Civil penalty relating to the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*

The Australian Transaction Reports and Analysis Centre (AUSTRAC) applied to the Federal Court of Australia for civil penalty orders against the following entities for alleged serious contraventions of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act):

- the Star Pty Limited and the Star Entertainment QLD Limited on 30 November 2022.
- SkyCity Adelaide on 7 December 2022.

AUSTRAC alleges that these entities failed to comply with obligations under the AML/CTF Act, including failures to properly assess money laundering and terrorism financing risks, and failures to undertake appropriate customer due diligence.

The outcomes of these matters are unknown, including whether any penalties will be imposed by the Court and, if so, the quantum of any penalties.

Climate Change, Energy, the Environment and Water

Significant but remote contingency

Underwriting of Transmission Projects

The Australian Government has underwritten up to:

- $75.8 million for early works for the Victoria to New South Wales Interconnector West (VNI West) NSW Section project (with a preferred route known as KerangLink) (signed 7 April 2022).
- $181.5 million for the Coleambally to Wagga Wagga section of Project Energy Connect (signed 24 September 2021).

- $146.3 million for the early procurement of long lead equipment (transformers, reactors, towers and conductors) for the VNI West project NSW section (signed 1 March 2023).

The conditions in which these underwriting agreements would be called on relate to the projects not achieving regulatory and approval requirements.

Contingent liabilities – unquantifiable

Murray-Darling Basin Reform – risk assignment

The Australian Government has committed to bridge the gap between the Baseline Diversion Limit and the Sustainable Diversion Limits in the *Basin Plan 2012* (Cth) through water recovery. On 1 July 2019, the Sustainable Diversion Limits took effect. The *Water Act 2007* (Cth) provides a risk assignment framework in which entitlement holders with reductions in water allocations, or changes in the reliability of water allocations (where the gap has not been bridged and an accredited water resource plan is in place), may be eligible for a payment from the Commonwealth.

The total cost of the operation of the risk assignment framework cannot be quantified at this time and remains a fiscal risk until the gap between the Baseline Diversion Limit and Sustainable Diversion Limits is fully bridged.

Remediation of Jabiru Township

The Australian Government, the Northern Territory Government, Gundjeihmi Aboriginal Corporation and Energy Resources Australia signed a Memorandum of Understanding in 2019. The Memorandum of Understanding underpins the transfer of ownership of Jabiru to the Traditional Owners and related make good and rehabilitation arrangements. On 26 June 2021, the Australian Government officially returned ownership of Jabiru to the Traditional Owners. Prior to the handover, the Australian Government signed a Remediation and Indemnity Deed between representatives of the Traditional Owners in Jabiru and the Northern Land Council.

Under these agreements, the Australian Government's responsibilities include renewal or upgrading of some essential services infrastructure (stormwater, landfill and roads), managing contamination in Jabiru Lake, management or removal of hazardous materials and chemicals, replacing asbestos tiled roofs and improving housing stock, and other ecological remediation. Expenditure for the rehabilitation work will be shared between the Australian Government, Northern Territory Government and Energy Resources Australia.

Contingent liability – quantifiable

Underwriting of the Marinus Link Project

The Australian Government is underwriting up to $76.5 million for reservation of manufacturing capacity for cable one for the Marinus Link project (signed 5 September 2023).

The conditions for this underwriting agreement to be called on relate to agreement not being reached with the manufacturer of cable one by 31 July 2024 on the terms of the manufacture, or the Marinus Link proponent taking a decision not to proceed with manufacture.

Defence

Significant but remote contingency

Remote contingencies

As at 30 June 2023, the Department of Defence carried 273 instances of quantifiable remote contingent liabilities valued at $3.9 billion and 1,413 instances of unquantifiable remote contingent liabilities.

Details of these significant but remote contingent liabilities are not given due to commercial and/or national security sensitivities.

Contingent liability – quantifiable

Claims against the Department of Defence

The Department of Defence (Defence) has seven instances of non-remote, quantifiable contingent liabilities in respect of claims against Defence valued at $7.9 million.

The estimated figure is determined by conducting an objective analysis of the probable amount payable for all matters managed by firms engaged by Defence using the Attorney-General's Whole of Australian Government Legal Services Panel and those being handled in-house by Defence Legal Division. However, the exact amount payable under those claims is uncertain. Defence is defending the claims or trying to resolve them through alternative dispute resolution measures.

Employment and Workplace Relations

Contingent liabilities – quantifiable

ParentsNext program

ParentsNext supports parents to identify their education and employment related goals to build their work readiness, and plan and prepare for employment by the time their youngest child starts school. The Government has announced its intention to abolish ParentsNext. In the interim, arrangements have been put in place for ParentsNext to operate as a voluntary program until the implementation of a replacement service.

Under the current program, providers accumulate one-off credits which accrue to their provider's Participation Fund on commencement of a participant.

Currently, providers are forecast to spend less than the value of the available credits, creating an accumulating surplus of credits that present a contingent liability. As at

31 August 2023, there was $96.2 million in unspent Participation Fund credits in the Participation Fund notional bank.

Workforce Australia – Employment Fund

Since July 2022, with the introduction of Workforce Australia, program participants have had access to the Employment Fund, which can be used to purchase goods and services to help participants to get and keep a job.

- Providers accumulate a $1,600 Employment Fund credit upon commencement of each participant in Workforce Australia Provider Services.
- Participants in Workforce Australia Online attract a $300 Employment Fund credit, credited after a participant has been in Digital Services for two months.

Currently, Employment Fund expenditure is expected to be less than the value of the available credits, creating an accumulating surplus of credits that present a contingent liability. As at 31 August 2023, there was $493.4 million in unspent Employment Fund Credits in the Workforce Australia Employment Fund Notional Bank.

Foreign Affairs and Trade

Fiscal Risk

Export Finance Australia – National Interest Account

There are four financing facilities under Export Finance Australia's National Interest Account, which are set out below.

The Australian Infrastructure Financing Facility for the Pacific (AIFFP) started operations on 1 July 2019. The AIFFP will provide up to $4 billion in facilities, including up to $1 billion in grants and the balance in loans and guarantees, to support high priority infrastructure development in Pacific countries and Timor-Leste. To date, the Australian Government has agreed to provide loan, guarantee and grant contracts to support the development of 19 infrastructure projects in ten countries. As at 30 June 2023, the maximum exposure is $1,075.8 million, of which $221.1 million has been drawn down.

The Critical Minerals Facility (CMF) was established on 28 September 2021 to provide finance to critical minerals projects in Australia where private sector finance is unavailable or insufficient. In the 2023–24 MYEFO, the Government expanded the CMF by $2 billion for a maximum aggregate exposure of $4.0 billion. As at 30 June 2023, the Government has agreed to provide a total of $1.5 billion to support three projects under the facility, including a loan of $1.25 billion to Iluka Resources to support the establishment of Australia's first integrated rare earths refinery in Western Australia. As at 30 June 2023, $92.4 million has been drawn down from the CMF.

The Defence Export Facility (DEF) was established to grow Australia's defence exports by helping to overcome difficulties in accessing private sector finance. The DEF has a maximum aggregate exposure of US$3.0 billion. As at 30 June 2023, three loans under the DEF had been agreed for a total signing value of A$228 million. Currently, $188.4 million is outstanding.

The COVID-19 Export Capital Facility was announced on 15 April 2020, with a maximum aggregate exposure of $500 million. The COVID-19 Export Capital Facility expired in April 2021. As at 30 June 2023, $2.8 million was outstanding.

Contingent liability – quantifiable

Export Finance Australia

The Australian Government guarantees the due payment of money that is, or may at any time becomes, payable by Export Finance Australia to anyone other than the Government. As at 30 June 2023, the Government's total contingent liability was $6.5 billion. The $6.5 billion contingent liability comprises Export Finance Australia's liabilities to third parties ($5.4 billion) and Export Finance Australia's overseas investment insurance, contracts of insurance and guarantees ($1.1 billion). Of the total contingent liability, $2.8 billion relates to Export Finance Australia's Commercial Account and $3.7 billion relates to the National Interest Account.

Health and Aged Care

Contingent liability – unquantifiable

Major sporting events

2032 Brisbane Olympic and Paralympic Games – On 21 July 2021, the International Olympic Committee selected Brisbane to host the 2032 Olympic and Paralympic Games. On 17 February 2023, the Australian Government and the Queensland Government signed a bilateral agreement on matters of shared interest, including a capped capital contribution towards venue infrastructure by the Australian Government. The Australian Government has also provided a range of guarantees to the International Olympic Committee for provision of government services in support of Brisbane hosting the Games, at no cost to the Organising Committee of the Olympic Games. The financial implications of this support are not quantifiable at this time.

2027 (Men's) Rugby World Cup and 2029 Women's Rugby World Cup – On 12 May 2022, World Rugby selected Australia as the host of the 2027 (Men's) Rugby World Cup and the 2029 Women's Rugby World Cup. In addition to the financial assistance provided in the 2022–23 March Budget to support event delivery and legacy programs, the Government has committed to provide services and support (such as security commitments and visa processing for participants and support staff). The financial implication of this additional support is not quantifiable at this time.

2023 FIFA Women's World Cup – Between 20 July 2023 and 20 August 2023, Australia and New Zealand co-hosted the 2023 FIFA Women's World Cup. In addition to the financial assistance provided by the Australian Government to support direct event delivery costs and legacy programs, the Government committed to provide Commonwealth guarantees for the event including taxation exemptions. The financial implication of this additional support is not quantifiable.

Home Affairs

Contingent liabilities – unquantifiable

Disaster Recovery

The Australian Government provides funding to states and territories through the jointly-funded Commonwealth-State Disaster Recovery Funding Arrangements (DRFA) to assist with natural disaster relief and recovery costs. A state or territory may claim DRFA funding if a natural disaster occurs and their relief and recovery expenditure for that event meets the thresholds set out in the DRFA.

The forward estimates for the DRFA include preliminary estimates for past events, based on the best information available at the time of preparation. Preliminary estimates of the cost of a disaster and the timing of expenditure are subject to change. The total cost of relief and recovery from these past events may not be completely realised for some years.

For major disasters, the Australian Government may approve payments to individuals, such as the Australian Government Disaster Recovery Payment and Disaster Recovery Allowance. As natural disasters and their impacts are unpredictable, the cost of these payments for future disasters is unquantifiable and, therefore, is not included in the forward estimates.

Immigration detention services by state and territory governments – liability limit

The Department of Home Affairs has negotiated arrangements with some state and territory governments for the provision of various services (including health, corrective and policing services) to immigration detention facilities and people in immigration detention.

Some jurisdictions sought indemnification by the Australian Government for the provision of these services. These agreements, listed below, provide unquantifiable indemnities relating to any damage or loss incurred by state and territory governments arising out of, or incidental to, the provision of services under these agreements.

Jurisdiction	Service Stream	Details
Christmas Island	Health	$5 million per claim or event
NSW	Corrections	Uncapped – with a risk rating ration, no more than $30 million per event
	Police	$5 million per claim or event
SA	Police	$5 million per claim or event
VIC	Police	$5 million per claim or event
WA	Police	$5 million per claim or event
NT	Corrections	$5 million per claim or event

The Department of Home Affairs negotiates arrangements as necessary for the provision of corrective services. The indemnity provided to state and territory governments under these arrangements is no more than $30 million per event.

The agreements with state and territory governments have varying statuses, such as 'in progress', 'under review' and 'legacy'. The table above sets out all known current agreements with confirmed indemnity liability in accordance with the *Public Governance, Performance and Accountability Act 2013.*

Infrastructure, Transport, Regional Development, Communications and the Arts

Fiscal Risk

Australia Post's financial stability

Australia Post is a Government Business Enterprise wholly owned by the Commonwealth Government. In the 2022–23 financial year, Australia Post reported a full financial year pre-tax loss of $200 million. This is Australia Post's first annual loss since 2014–15. It reflects the way in which digitisation of the global and national economy is changing how many people and businesses use postal and related services. Australia Post does not receive financial support from the Australian Government but is required to meet a range of Community Service Obligations.

The Australian Government has undertaken public consultation to inform development of balanced changes to ensure postal services meet the needs of the Australian community both now and into the future. The findings of this consultation will inform the Australian Government's next steps towards the modernisation of postal services, which will impact Australia Post's future financial outlook.

Given Australia Post's deteriorating financial position, there is a risk that the Australian Government will need to consider providing financial assistance to Australia Post in the future.

Significant but remote contingency

Optus Financial Guarantee

The Australian Government has provided a Commonwealth guarantee for 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 Hybrid Fibre Coaxial (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 HFC areas.

The Commonwealth is only liable in the event NBN Co does not pay an amount when due under the Agreement. As at 30 June 2023, NBN Co had generated liabilities covered by the

Optus Agreement which are estimated at an amount less than $50.0 million. The Optus Agreement is expected to cease in 2023–24 and there is a low risk that a claim would be made under the Guarantee.

Contingent liabilities – unquantifiable

Aviation rescue and firefighting services potential per- and poly-fluoroalkyl substances contamination

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

PFAS contaminants do not naturally break down in the environment and several 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), which relates to the Australian Government’s provision of firefighting services. Infrastructure is undertaking PFAS investigations at these airports to understand the risks and develop management plans for any identified PFAS contamination. These investigations are funded under Infrastructure’s $130.5 million PFAS Airports Investigation Program (the Program). Airservices Australia (Airservices) is continuing to implement the National PFAS Management Program, which includes ongoing PFAS investigations at 18 airport sites. The costs of potential long-term management options cannot be quantified at this time.

For Commonwealth-owned airports that are leased on a long-term basis, Airport Lessee Companies are responsible for environmental management of their airport sites. Airport leases indemnify the Commonwealth in relation to damages or injury to the environment, including in respect of costs and claims arising due to such damages or injury. However, these leases do not indemnify Airservices, as it is a corporate Commonwealth entity. The Commonwealth is not indemnified for 16 airports (which are privately or local government owned) in the Program’s scope because the Commonwealth is not a party to any lease deed at these airports. The costs of potential long-term management options cannot be quantified at this time.

A number of Airport Lessee Companies have requested that the Airport Environment Officer (AEO) issue remedial orders to Airservices for PFAS contamination under the *Airports (Environment Protection) Regulations 1997*. On 30 March 2023, the AEO issued Airservices with an environmental remedial order in relation to PFAS contamination caused by Airservices at the former fire training ground at Launceston Airport. AEOs are also actively considering regulatory action at Brisbane, Canberra, Moorabbin and Sydney Airports.

Brisbane Airport Corporation has commenced legal proceedings in the Queensland Supreme Court against Airservices concerning legacy PFAS contamination from Airservices' use of firefighting foams containing PFAS at the airport. Australia Pacific Airports Launceston and Perth Airport Pty Ltd have also commenced legal proceedings against Airservices in relation to PFAS contamination in the Federal Court. Potential costs relating to these matters are unquantifiable at this time.

Service Delivery Arrangement Indemnities – Indian Ocean Territories and Jervis Bay Territory

Since 1992, the Australian Government has entered into Service Delivery Arrangements with the Western Australian (WA) Government for the provision of services to the Indian Ocean Territories of Christmas Island and the Cocos (Keeling) Islands. The Australian Government has provided certain indemnities for the WA Government and its respective officers, agents, contractors and employees against civil claims relating to their employment and conduct as officers.

The Australian Capital Territory (ACT) provides services to the Jervis Bay Territory under a Memorandum of Understanding. The Australian Government has provided certain indemnities for the ACT Government authorities and officials in relation to the delivery of services to the Jervis Bay Territory.

The likelihood of an event occurring that may result in a liability for the Australian Government has been assessed as remote and the risks are currently mitigated through the training and professional qualifications of the staff of these agencies and the existence of systems, processes and standards for the delivery of services.

Prime Minister and Cabinet

Contingent liability – quantifiable

Indigenous Land and Sea Corporation – Voyages Indigenous Tourism Australia

Voyages Indigenous Tourism Australia Pty Ltd (Voyages), the owners of the Ayers Rock Resort, has debt facilities with ANZ Banking Group Limited ($110.5 million) and the Northern Australia Infrastructure Facility ($27.5 million). The Indigenous Land and Sea Corporation is the guarantor for each of these facilities.

A sharp decline in occupancy rates associated with the COVID-19 pandemic eroded the financial position of Voyages and raised additional risks for its viability. These concerns have recently subsided, with Ayers Rock Resort's performance significantly improving with the relaxation of COVID-19 related restrictions and increased tourism activity. However, Ayers Rock Resort's performance has not yet recovered to pre-pandemic levels.

Social Services

Contingent liability – unquantifiable

Income apportionment and debt pause

Following legislative changes made in November 2020, from 7 December 2020 the Australian Government ceased calculating a customer's income support entitlements for debts arising through income apportionment. This method was used in certain instances to evenly divide or apportion a customer's employment income across two or more Centrelink fortnightly reporting periods. The legislative changes in November 2020 simplified income reporting: income is now reported when it is received, removing the need for customers to calculate and report what they have earned each fortnight.

Where income apportionment was or may have been applied to recover certain Commonwealth social security debts prior to 7 December 2020, recovery activities have been paused while the Australian Government investigates a resolution.

Contingent asset – quantifiable

National Redress Scheme

The *National Redress Scheme for Institutional Child Sexual Abuse Act 2018* aims to support people who experienced institutional child sexual abuse from institutions participating in the National Redress Scheme to gain access to counselling and psychological services, a direct personal response from the responsible institution, and a monetary payment. The Department of Social Services (DSS) administers the National Redress Scheme. In this capacity, DSS makes the monetary payment to the survivor and then recovers the costs from the institution determined to be responsible for the abuse.

As at 11 September 2023, DSS has an administered quantifiable contingent asset of $252.4 million in relation to the probable recovery from responsible institutions of monetary payments that may be made to survivors under the National Redress Scheme. The value is based on applications that have been referred to an Independent Decision Maker for assessment and the payment values.

As at 11 September 2023, DSS has an administered quantifiable contingent liability of $179.0 million in relation to applications made under the National Redress Scheme that have been referred to an Independent Decision Maker for assessment. The amount is based on the number of applications and the payment values.

The difference between the contingent asset and the contingent liability represents the net risk to the Budget from the National Redress Scheme.

Treasury

Significant but remote contingencies

Financial Claims Scheme

The Financial Claims Scheme provides depositors of authorised deposit-taking institutions (ADIs) and claimants against general insurers with timely access to their funds in the event of a financial institution failure.

Under the *Banking Act 1959*, the Financial Claims Scheme provides a mechanism for making payments to depositors under the Australian Government's guarantee of deposits in ADIs. Payments are capped at $250,000 per account holder per ADI. The total value of deposits eligible for coverage under the Financial Claims Scheme was estimated at $1.3 trillion as at 30 June 2023.

Under the *Insurance Act 1973*, the Financial Claims Scheme provides a mechanism for making payments to eligible beneficiaries with a valid claim against a failed general insurer. It is not possible to estimate the amounts of any eventual payments that may be required in relation to general insurance claims.

In the very unlikely event of an ADI or general insurer failure, any payments made under the Financial Claims Scheme would be recovered through the liquidation of the failed institution. If there was a shortfall in the amount recovered through the liquidation of the failed institution, a levy could be applied to the relevant industry to recover the difference between the amount expended and the amount recovered in the liquidation.

The Australian Prudential Regulation Authority (APRA) is responsible for the administration of the Financial Claims Scheme. Under the Financial Claims Scheme, any payments to account holders with eligible protected accounts or eligible claimants would be made from APRA's Financial Claims Scheme Special Account. Under the legislation, upon declaration by the Minister in relation to a specified ADI, up to $20 billion per institution would be available to meet Financial Claims Scheme payments and up to $100 million per institution for administration costs.

Guarantee for Housing Australia

The Australian Government guarantees the due payment of money payable by Housing Australia (formerly known as the National Housing Finance and Investment Corporation) to anyone other than the Government.

The Housing Australia Board must not allow Housing Australia to enter into a transaction that would result in its total guaranteed liabilities, and any outstanding amount borrowed from the Government, to exceed $7.5 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 guarantees various superannuation and other liabilities of the Commonwealth Bank. $150.9 million is attributable to liabilities of the Commonwealth Bank of Australia as at 30 June 2023, and $4.39 billion is attributable to liabilities of the Commonwealth Bank Officers' Superannuation Corporation as at 30 June 2023.

Reserve Bank of Australia – Guarantee

The Australian Government guarantees the liabilities of the Reserve Bank of Australia, measured as the Bank's total liabilities excluding capital, reserves, and Australian Government deposits. The principal component of the Bank's liabilities are exchange settlement balances. As at 31 August 2023, exchange settlement balances amount to $382.1 billion, and the total guarantee is $493.6 billion.

Contingent liability – unquantifiable

Compensation scheme of last resort

The compensation scheme of last resort (CSLR) will facilitate the payment of compensation to consumers who have an eligible determination from the Australian Financial Complaints Authority which remains unpaid, primarily due to the insolvency of the relevant financial service provider.

Legislation to establish the CSLR was passed on 22 June 2023. The CSLR will be funded by the Government in the first levy period, which ends 30 June 2024. Thereafter, liabilities under the CSLR will transfer to the financial services sector and will be funded by levies on the sector.

The value of the Australian Government's liabilities under the CSLR is unquantifiable. The collapse of Dixon Advisory and Superannuation Services Pty Ltd substantially increased the backlog of potential eligible claims.

Contingent liabilities – quantifiable

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 remain uncertain until a court ruling is made and/or an agreement is reached with the taxpayer. Accordingly, in most cases it is not possible to estimate reliably the likely financial impact of current disputes. The estimated aggregate value of tax in dispute as at 30 June 2023, for which a provision has not been made, is $10.1 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. Australia's current uncalled capital subscription to the IBRD totals around US$4.2 billion (estimated value A$6.4 billion as at 22 September 2023).

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$396.3 million as at 22 September 2023).

The Australian Government has 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$10.8 billion as at 22 September 2023).

The Australian Government has an uncalled capital subscription in the Multilateral Investment Guarantee Agency of around US$26.5 million (estimated value A$40.4 million as at 22 September 2023).

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$4.5 billion as at 22 September 2023).

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

International Monetary Fund – New Arrangements to Borrow & Bilateral Borrowing Agreement

Australia has made a line of credit available to the International Monetary Fund (IMF) under its New Arrangements to Borrow since 1998. This is a contingent loan to help ensure that the IMF has the resources available to maintain stability in the global economy. On 8 October 2020, the Treasurer advised the IMF that Australia consented to the New Arrangements to Borrow decision, and on 26 January 2020, the IMF Executive Board approved amendments to the New Arrangements to Borrow decision, including increasing the credit arrangements of all participants and extending the arrangement from 1 January 2021 to 31 December 2025. The value of Australia's New Arrangements to Borrow credit arrangement stands at around 4.4 billion Special Drawing Rights (SDR) (estimated value A$9.0 billion at 22 September 2023).

Australia has also made available approximately SDR 2.0 billion (estimated as approximately A$4.0 billion at 22 September 2023) through a contingent bilateral loan to the IMF, known as a Bilateral Borrowing Agreement. 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 New Arrangements to Borrow resources, and any drawings on loans would be repaid in full with interest. On 26 July 2023, Australia agreed to extend the Bilateral Borrowing Agreement by one year through to 31 December 2024.

International Monetary Fund – Poverty Reduction and Growth Trust

The Australian Government has entered into agreements to make a line of credit available to the International Monetary Fund (IMF) under the Poverty Reduction and Growth Trust through to 31 December 2029. The Poverty Reduction and Growth Trust provides concessional financial support to low-income countries to help them achieve, maintain, or restore a stable and sustainable macroeconomic position. Poverty Reduction and Growth Trust funds are drawn upon by the IMF as needed and will be repaid in full, with interest.

Through these agreements, the Government has made available SDR 1 billion (approximately A$2.0 billion estimated as at 22 September 2023) to loan to the IMF under the Poverty Reduction and Growth Trust. As at 30 June 2023, SDR 210.6 million (approximately A$423.6 million) has been drawn down, leaving SDR 789.4 million (approximately A$1.6 billion) available to the IMF under the Poverty Reduction and Growth Trust.

International Monetary Fund – Resilience and Sustainability Trust

On 11 October 2022, the Australian Government entered into an agreement to make a line of credit of SDR 760 million (approximately A$1.5 billion as at 22 September 2023) available to the International Monetary Fund (IMF) under the Resilience and Sustainability Trust through to 30 November 2030. The Resilience and Sustainability Trust will provide affordable long-term financing to help vulnerable countries build resilience and sustainability to address the risks stemming from climate change and pandemic preparedness. Resilience and Sustainability Trust line of credit funds are drawn upon by the IMF as needed and will be repaid in full with interest. As at 30 June 2023, SDR 14.2 million (approximately A$28.5 million) has been drawn down, leaving SDR 745.8 million (approximately A$1.5 billion) available to the IMF under the Resilience and Sustainability Trust.

Government loans

Loans are recorded as financial assets. 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 the 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 6.3 summarises Government loans estimated to exceed $200 million at 30 June 2023.

Table 6.3: Summary of Australian Government loans meeting the materiality threshold

Portfolio	Loan amount[(a)] ($m)	Borrower	Interest rate	Term	Status[(b)]
Agriculture, Fisheries and Forestry					
Drought-related and farm finance concessional loans – Agriculture	223	State Governments (that through their delivery agencies, on-lend to eligible farm businesses)	Various	Various	Modified
Farm Investment Loans, Drought Loans, AgriStarter Loans, AgBiz Drought Loans, AgRebuild Loans and Plantation Loans	2,506	Eligible Australian farm businesses and related small businesses, through the Regional Investment Corporation	4.07 per cent for Plantation Loans 4.52 per cent for all other loans	Up to 20 years for plantation loans Up to 10 years for all other loans	Modified
Climate Change, Energy, the Environment and Water					
Clean Energy Finance Corporation	2,537	Approved entities undertaking clean energy technology projects	4.5 per cent weighted average	5–15 years	Modified
Education					
Higher Education Loan Program	46,739	Eligible higher education students	Consumer Price Index (CPI) growth	9.6 years*	Modified
Employment and Workplace Relations					
Trade Support Loans Program	907	Eligible Australian Apprentices	CPI growth		Modified
VET Student Loans Program	3,639	Eligible diploma and above students	CPI growth		Modified
Foreign Affairs and Trade					
Papua New Guinea Liquefied Natural Gas	151	Entities associated with the Papua New Guinea Liquefied Natural Gas project	Commercial-in-confidence	Until 2026	Removed
Telstra acquisition of Digicel Pacific	2,100	Telstra	Commercial-in-confidence	Various	Modified

Table 6.3: Summary of Australian Government loans meeting the materiality threshold (continued)

Portfolio	Loan amount[(a)] ($m)	Borrower	Interest rate	Term	Status[(b)]
Industry, Science and Resources					
National Reconstruction Fund Corporation[(c)]	Various	To be determined subsequent to 18 September 2023	To be determined	To be determined	Modified
Infrastructure, Transport, Regional Development, Communications and the Arts					
NBN Co Loan	5,500	NBN Co Limited	3.96 per cent	30 June 2024	Unchanged
Northern Australia Infrastructure Facility Loans	889	Northern Australia jurisdictions (Western Australia, Queensland or the Northern Territory) for on lending to project proponents. The NAIF Investment Mandate Direction 2021 additionally allows for provision of financial assistance directly to other entities	Various (circa. 5 per cent)	Various	Unchanged
WestConnex Stage 2 Concessional Loan	1,758	WCX M5 Finco Pty Ltd	3.36 per cent	November 2015 to July 2034	Unchanged
Prime Minister and Cabinet					
Indigenous home ownership, business development and assistance	974	Eligible Indigenous persons	1.64 per cent – 6.14 per cent	Up to 32 years	Unchanged
Voyages Indigenous Tourism Australia Pty Ltd	309	Voyages Indigenous Tourism Australia Pty Ltd	90 Day bank bill swap reference rate plus 5 per cent (on $176 million of principal)	9 years, 11 months	Unchanged
Social Services					
Home Equity Access Scheme	238	Eligible older Australians who meet residency requirements	3.95 per cent	Various	Modified
Student Financial Supplement Scheme	220	Eligible recipients of Youth Allowance (student), Austudy and ABSTUDY recipients	CPI growth	Various	Modified
Student Start-up Loan	734	Eligible Youth Allowance (student), Austudy and ABSTUDY Living Allowance recipients	CPI growth	Various	Modified

Table 6.3: Summary of Australian Government loans meeting the materiality threshold (continued)

Portfolio	Loan amount[(a)] ($m)	Borrower	Interest rate	Term	Status[(b)]
Treasury					
Affordable Housing Bond Aggregator	76	Housing Australia	Commonwealth cost of borrowing	Various	Modified
Commonwealth-State financing arrangements – housing and specific purpose capital	1,252	State and Northern Territory governments	4.0 per cent – 6.0 per cent	Up to 30 June 2042	Unchanged
International Monetary Fund – New Arrangements to Borrow	26	International Monetary Fund	IMF SDR interest rate	10 years	Modified
International Monetary Fund – Poverty Reduction and Growth Trust	424	International Monetary Fund	IMF SDR interest rate	10 years	Modified
International Monetary Fund – Resilience and Sustainability Trust	29	International Monetary Fund	IMF SDR interest rate	20 years	Modified
Loan Agreement between the Australian Government and the Government of Indonesia	954	Government of Indonesia	Commonwealth cost of borrowing plus 0.5 per cent	15 years	Unchanged
2020 Loan Agreement between the Australian Government and the Government of Papua New Guinea	302	Government of Papua New Guinea	Commonwealth cost of borrowing plus 0.5 per cent	15 years	Unchanged
2021 Loan Agreement between the Australian Government and the Government of Papua New Guinea	318	Government of Papua New Guinea	Commonwealth cost of borrowing plus 0.5 per cent	20 years	Unchanged
2022 Loan Agreement between the Australian Government and the Government of Papua New Guinea	364	Government of Papua New Guinea	Commonwealth cost of borrowing plus 0.5 per cent	20 years	Unchanged

* Average.
(a) Loan amount is the estimated loan program amounts outstanding as at 30 June 2023 in $ million.
(b) Status of loan items are considered ‘unchanged’ unless there are modifications to respective interest rates and/or loan term.
(c) The Government has established the National Reconstruction Fund, which will offer loans and guarantees and make equity investments in a range of emerging technologies and technically complex projects. These investments carry the inherent risks associated with investing in a large and diverse portfolio of financial assets. Details will be provided in this disclosure once loans, guarantees and investments are made.

Note: Detailed descriptions of the modified and new loans are in the following text.

Agriculture, Fisheries and Forestry

Drought-related and farm finance concessional loans – Agriculture

As at 30 June 2023, the fair value of farm business, drought and dairy farm related loans is estimated to total $223.3 million.

Drought Concessional Loans Scheme: This scheme provided loans to drought-affected farm businesses for debt restructuring, operating expenses and drought recovery and preparedness activities. The scheme commenced in June 2014 as a loans scheme available for two years and operated in Queensland, Victoria, New South Wales, South Australia, Western Australia, Tasmania and the Northern Territory. The Government extended the application period until 31 October 2016 to cover the period until the new ten-year Farm Business Concessional Loans Scheme could commence on 1 November 2016. The Government extended the Western Australian application period for the Drought Concessional Loans Scheme until 30 June 2017.

As at 1 August 2023, the scheme's interest rate was 4.16 per cent, reviewed on a six-monthly basis and revised in accordance with material changes in the five-year Commonwealth bond rate. Loans have a maximum term of five years, with an extenuating circumstances clause in some jurisdictions that allows a maximum two-year extension to the loan at commercial rates.

Drought Recovery and Dairy Recovery Concessional Loans Scheme: The drought recovery component of this scheme provided loans to farm businesses affected by unprecedented drought or, where applicable, Queensland farm businesses directly impacted by the combined effects of drought and the mid-2011 disruption to live cattle exports to Indonesia. The loans funded planting and restocking activities and associated expenses, when seasonal conditions allowed. The loans were available from January 2015, and in 2014–15 operated in Queensland and New South Wales. In 2015–16, drought recovery concessional loans were available in Queensland, New South Wales, South Australia and Tasmania.

The dairy recovery component of this scheme provided concessional loans to dairy farm businesses affected by the 2016 reduction in farm gate milk prices by Murray Goulburn, Fonterra and National Dairy Products. Loans were available for debt restructuring, providing new debt for operating expenses or productivity enhancement activities, or a combination of these purposes. Dairy recovery concessional loans became available in Victoria, New South Wales, South Australia and Tasmania from June 2016. Applications closed on 31 October 2016. A dairy recovery concessional loan product was available under the Farm Business Concessional Loans Scheme until 30 June 2018.

As at 1 August 2023, the scheme's interest rate was 3.59 per cent, reviewed on a six-monthly basis and revised in accordance with changes in the ten-year Australian Government bond rate. Loans have a maximum term of ten years with interest only payments required for the first five years. Principal and interest repayments will be made in the remaining five years of the loan term.

Farm Business Concessional Loans Scheme: This scheme provided three types of concessional loans: drought assistance, dairy recovery and business improvement. This scheme was designed to cover a farmer's short-term needs when income was tight and to supplement, rather than replace, commercial finance. Loans under the scheme were first available in November 2016. Applications for loans under the scheme closed on 30 June 2018.

Drought assistance concessional loans were available in Queensland, New South Wales, Victoria, South Australia, Tasmania and the Northern Territory. Loans were available for debt restructuring, operating expenses, drought preparedness activities or drought recovery activities or a combination of these purposes.

Business improvement concessional loans were available in Queensland, New South Wales, Victoria, South Australia, Tasmania and the Northern Territory. Loans were available for eligible Farm Household Allowance (FHA) recipients who were recovering from financial hardship and had exhausted or would exhaust their FHA 1,095-day income support entitlement by 30 June 2018. These loans were for debt restructuring only.

Dairy recovery concessional loans were available in New South Wales, Victoria, South Australia and Tasmania to eligible suppliers of Murray Goulburn, Fonterra and National Dairy Products. Loans were available for debt restructuring, providing new debt for operating expenses, productivity enhancement activities or a combination of these purposes.

As at 1 August 2023, the interest rate was 3.99 per cent, reviewed on a six-monthly basis and revised in accordance with changes in the ten-year Australian Government bond rate. Loans have a maximum term of ten years.

Farm Finance Concessional Loans Scheme: This scheme provided concessional loans to eligible farm businesses experiencing financial difficulties that were considered commercially viable in the long-term, and were for productivity enhancements and debt restructuring. Applications for Farm Finance Concessional Loans closed on 30 June 2015.

Farm Investment Loans, Drought Loans, AgriStarter Loans, AgBiz Drought Loans, AgRebuild Loans and Plantation Loans

The Regional Investment Corporation commenced operations on 1 July 2018.

There are four loan products currently available to farm businesses: Farm Investment Loans, Drought Loans, AgriStarter Loans and Plantation Loans. In addition, AgBiz Drought Loans are available for small businesses. AgRebuild Loans (North Queensland flood) closed on 30 June 2020.

The Farm Investment, Drought, AgriStarter and AgBiz Drought loan products provide concessional loans to eligible businesses experiencing financial difficulties and are considered financially viable in the long-term (additional criteria apply for each product and terms and conditions may vary). All products are for farm businesses, except for AgBiz

Drought Loans which are for small businesses that provide primary production related goods and services for drought affected farm businesses.

Plantation Loans products provide concessional loans to eligible farmers and commercial growers to develop or establish plantations or replant existing bushfire-damaged plantations resulting from the 2019–20 Black Summer Bushfires. Additional criteria apply, including the requirement to have insurance for managing natural disaster risks.

As at 1 August 2023, the variable interest rate was 4.52 per cent for the Farm Investment, Drought, AgriStarter and AgBiz Drought loan products. The variable interest rate for Plantation Loans was 4.07 per cent. Interest rates are revised on a six-monthly basis in line with any material changes to the Australian Government ten-year bond rate, where a material change is taken to be a movement of more than 10 basis points (0.1 per cent). The next update will be on 1 February 2024.

Interest is not payable during the first two years of the AgRebuild Loan, or on the Drought Loans and AgBiz Drought Loans for loan applications that were received before 30 September 2020.

Loans have a maximum term of ten years, except Plantation Loans which have a maximum term of 20 years.

Climate Change, Energy, the Environment and Water

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* and the Clean Energy Finance Corporation Investment Mandate Direction 2023 (the Investment Mandate), comprising the General Portfolio, Rewiring the Nation Fund and Specialised Investment Funds.

The CEFC's loan portfolio consists of predominantly senior-ranking secured loans, bonds and secured project finance facilities, typically secured against energy-generating assets such as wind or solar farms or energy efficiency assets.

The CEFC's Rewiring the Nation Fund is expected to deliver concessional finance, including loans, for projects that support grid transformation. This portfolio of loans is expected to be predominately comprised of unsecured corporate facilities, as well as senior-ranking secured loans and secured project finance facilities.

The CEFC's Specialised Investment Funds portfolio of loans (consisting of the Clean Energy Innovation Fund, the Advancing Hydrogen Fund, the Powering Australia Technology Fund and the Household Energy Upgrades Fund) are expected to be predominantly unsecured corporate facilities, senior-ranking secured loans, bonds and secured project finance facilities.

The targeted level of risk for each of these portfolios is set out in the Investment Mandate. For all but the Rewiring the Nation Fund, the CEFC Board seeks to develop a portfolio of loans and investments that in aggregate has an acceptable but not excessive level of risk relative to the sector and the specific focus of each of the Funds. For the Rewiring the Nation Fund, the Board must seek to develop a portfolio that in aggregate has an acceptable level of risk relative to the sector and the focus of the Rewiring the Nation Fund.

The Rewiring the Nation Fund investments may increase the CEFC's overall exposure to risk as the scale, concentration, loan tenor and nature of these investments will have a higher risk profile. The Specialised Investment Funds may also have a higher risk profile than the General Portfolio, however they are a relatively smaller component of the CEFC's overall exposure.

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 4.5 per cent. Loans have various maturity dates, typically in the range of 5 to 15 years, although it is anticipated that loan tenors will extend with the introduction of the Rewiring the Nation Fund. As at 30 June 2023, loans contracted and outstanding total $2.54 billion and are almost exclusively in the General Portfolio.

Education

Higher Education Loan Program

The Higher Education Loan Program (HELP) is an income-contingent loan program that assists eligible higher education students with the cost of their student contribution amounts and tuition fees. As at 30 June 2023, the fair value of HELP debt outstanding is estimated to be $46.7 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 2,952,715 HELP debtors as at 30 June 2023. 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 2023, the average time taken to repay HELP debts was 9.6 years.

Employment and Workplace Relations

Trade Support Loans Program

The Trade Support Loans Program (TSLP) is an income-contingent, concessional loan program that assists eligible Australian Apprentices by providing financial support of up to $24,492 (for 2023–24) to assist with the costs of living, learning and undertaking an apprenticeship, and helping apprentices to focus on completing a trade qualification.

Eligible Australian Apprentices can access up to $816.41 per month in the first year of their apprenticeship, $612.31 per month in the second year, $408.20 per month in the third year, and $204.10 per month in the fourth year.

The loan amounts provided are higher in the early years of training to compensate for lower wages. The lifetime limit of $24,492 was indexed on 1 July 2023 using the Consumer Price Index and will continue to be indexed annually on 1 July to maintain its real value.

As an incentive to encourage completion of training, apprentices who successfully complete their apprenticeships are eligible for a 20 per cent discount on their loan. The loans become repayable at the same thresholds as the Higher Education Loan Program, which is $51,550 for the 2023–24 income year. This is a demand-driven program. As at 30 June 2023, the fair value of the TSLP debt outstanding is estimated to be $906.8 million. The fair value takes into account the concessionality of TSLP loans and makes an allowance for debt not expected to be repaid.

VET Student Loans Program

The VET Student Loans (VSL) Program is an income-contingent loan program that assists eligible tertiary education students with the cost of their fees when undertaking approved higher-level Vocational Education and Training (VET) courses (diploma and above).

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. Debtors must pay Higher Education Loan Program (HELP) debts before they repay VSL debts.

There were 129,357 VSL debtors as at 30 June 2023. The repayment term of a VSL debt can only be determined for people who have fully repaid their debt. There is insufficient data for post 1 July 2019 VSL to determine the average time to repay.

Prior to the commencement of the VSL Program, loans for VET students were available through the VET-FEE HELP Program, which closed for new students on 31 December 2016. As at 30 June 2023, the fair value of both VET-FEE HELP debt and VSL debt outstanding is estimated to be $3.6 billion. The fair value takes into account the concessionality of VSL loans and makes an allowance for debt not expected to be repaid.

Foreign Affairs and Trade

Telstra acquisition of Digicel Pacific

The Australian Government provided Telstra a financing package through Export Finance Australia for Telstra’s acquisition of Digicel Pacific. Telstra now owns and operates Digicel Pacific, contributing to secure and reliable infrastructure in the Pacific region, which is critical to economic growth and development. This package includes debt and equity, such as securities designed to secure the Government a long-term return. As at 30 June 2023, US$1.383 billion (around A$2.1 billion) in funds is estimated to have been drawn down.

Industry, Science and Resources

National Reconstruction Fund Corporation

The National Reconstruction Fund Corporation Act 2023 establishes the National Reconstruction Fund Corporation (NRFC) to support, diversify and transform Australia's industry and economy. By focusing on transformative projects that enhance Australia's manufacturing capability and capture higher-value opportunities, the NRFC will reduce dependence on supply chains susceptible to breakage and create well-paying jobs for Australians.

The NRFC will offer loans and guarantees and make equity investments across the priority areas as required by the *National Reconstruction Fund Corporation Act 2023*. It will target investments in priority areas to crowd in private finance and reinvigorate growth.
The NRFC will make a range of investments, including in emerging technologies and technically complex projects that carry higher risk. There are also risks inherent in investing in a large and diverse portfolio of financial assets. In practice, this will involve some short-term volatility in the NRFC's returns, including the possibility of credit losses across the portfolio.

The *National Reconstruction Fund Corporation Act 2023* commenced on 18 September 2023. Noting the NRFC is being established in 2023–24, the risk around revenue and loss projections is unquantifiable at this time.

The NRFC Board will develop the NRFC's portfolio with an appropriate risk tolerance relative to the National Reconstruction Fund priority sectors as required by the NRFC Investment Mandate Direction and the NRFC Priority Areas Declaration.

Social Services

Home Equity Access Scheme

The Home Equity Access Scheme (HEAS) is a voluntary arrangement which allows eligible older Australians to receive a non-taxable loan from the Australian Government. The loan can be paid as regular fortnightly instalments or capped lump sum advance payments, or both, for people of Age Pension age who meet certain residency criteria and own suitable real estate in Australia.

Any amount received under HEAS, and any interest accrued, is attributed as a debt against real estate assets provided as collateral by the participant. The loan can be paid back at any time or is recovered on the sale of the secured real estate or from the person's estate. Additionally, since 1 July 2022, a No Negative Equity Guarantee applies to HEAS loans, limiting the recoverable debt to the equity in the property used to secure the loan.

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 $51,550 for 2023–24 and only after they have repaid any Higher Education Loan Program and Vocational Education and Training student loan debt.

The estimated fair value of SFSS loans outstanding was $220.4 million at 30 June 2023.

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 $1,132 (in 2022). 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 $51,550 for 2023–24, and only after they have repaid any HELP and Vocational Education Training student loan 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.

The estimated fair value of the SSL was $733.8 million at 30 June 2023.

Treasury

Affordable Housing Bond Aggregator

The Australian Government, through the Treasury, has made available a line of credit for the Housing Australia Affordable Housing Bond Aggregator (formerly known as the National Housing Finance and Investment Corporation Affordable Housing Bond Aggregator). The provision of funds will be in accordance with appropriations under the *Housing Australia Act 2018*. The line of credit is ongoing, and funds borrowed will be repaid with interest. The Treasury manages the receipt of interest and principal repayments from Housing Australia. As at 30 June 2023, the value of outstanding advances issued to Housing Australia from the line of credit was $76.1 million.

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 since 1998. On 26 January 2020, the IMF Executive Board agreed to a new period of New Arrangements to Borrow from 1 January 2021 to 31 December 2025. The New Arrangements to Borrow helps ensure that the IMF has the resources available to maintain stability and support recovery in the global economy. New Arrangements to Borrow 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 estimated that the value of loans outstanding to Australia is SDR 12.8 million (approximately A$25.7 million) as at 30 June 2023.

International Monetary Fund – Poverty Reduction and Growth Trust

The Australian Government has entered into two agreements to make a line of credit of SDR 1 billion (approximately A$2.0 billion as at 22 September 2023) 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.

It is estimated that the value of loans outstanding to Australia was SDR 210.6 million (approximately A$423.6 million) as at 30 June 2023.

On 11 October 2022, the Government entered into an agreement to lend SDR 1 billion (approximately A$2.0 billion as at 30 June 2023) to the PRGT Pooled Investments, in order to provide subsidy resources to the PRGT of SDR 36 million (approximately A$72.4 million as at 30 June 2023). This loan was drawn down by the IMF on 21 October 2022. PRGT Pooled Investments funds will be repaid in full, with interest.

International Monetary Fund – Resilience and Sustainability Trust

On 11 October 2022, the Australian Government entered into an agreement to make a SDR 760 million (approximately A$1.5 billion as at 22 September 2023) line of credit available to the International Monetary Fund (IMF) under the Resilience and Sustainability Trust's Loan Account through to 30 November 2030. The Resilience and Sustainability Trust Loan Account provides affordable long-term financing to help vulnerable countries build economic resilience and sustainability to address the risks stemming from climate change and pandemics. Resilience and Sustainability Trust Loan Account funds are drawn upon by the IMF as needed and will be repaid in full with interest. As at 30 June 2023, SDR 14.2 million (approximately A$28.5 million) has been drawn down, leaving SDR 745.8 million (approximately A$1.5 billion) available to the IMF under the Resilience and Sustainability Trust.

Additionally, on 11 October 2022, the Australian Government entered into an agreement to lend SDR 152 million (approximately A$305.8 million as at 30 June 2023) to the Resilience and Sustainability Trust Deposit Account through to 30 November 2050, and SDR 5.2 million (approximately A$30.6 million as at 30 June 2023) to the Resilience and Sustainability Trust Reserve Account through to liquidation of the Trust. Resilience and Sustainability Trust Deposit Account funds will be repaid in full with interest. Resilience and Sustainability Trust Reserve Account funds will be repaid upon liquidation of the

Trust and will not accrue interest. These additional contributions will enable the IMF to build sufficient reserves over time to manage risks associated with Resilience and Sustainability Trust lending such as potential late payments.

Part 7: 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 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 Budget Financial Statements

Table 7.1: Australian Government general government sector operating statement

		Estimates			
		2023-24	2024-25	2025-26	2026-27
	Note	$m	$m	$m	$m
Revenue					
Taxation revenue	3	649,256	649,135	674,119	716,341
Sales of goods and services	4	20,058	21,260	22,115	23,073
Interest income	5	10,034	9,044	8,879	9,395
Dividend and distribution income	5	6,866	7,269	7,640	8,042
Other	6	14,408	13,585	13,291	13,502
Total revenue		**700,622**	**700,293**	**726,044**	**770,352**
Expenses					
Gross operating expenses					
Wages and salaries(a)	7	26,570	26,651	26,683	26,921
Superannuation	7	8,955	8,081	8,336	8,564
Depreciation and amortisation	8	13,076	12,927	13,585	14,418
Supply of goods and services	9	193,988	203,379	217,889	226,283
Other operating expenses(a)	7	9,434	8,551	10,395	10,662
Total gross operating expenses		*252,023*	*259,590*	*276,888*	*286,848*
Superannuation interest expense	7	13,374	14,126	14,840	15,251
Interest expenses	10	27,495	34,276	33,548	38,670
Current transfers					
Current grants	11	204,614	205,858	215,025	221,986
Subsidy expenses		17,843	17,682	18,315	18,911
Personal benefits	12	152,262	162,279	172,596	182,894
Total current transfers		*374,719*	*385,820*	*405,936*	*423,791*
Capital transfers	11				
Mutually agreed write-downs		2,787	2,887	3,026	3,165
Other capital grants		18,908	19,291	17,706	15,813
Total capital transfers		*21,695*	*22,178*	*20,732*	*18,978*
Total expenses		**689,306**	**715,990**	**751,944**	**783,537**
Net operating balance		**11,316**	**-15,697**	**-25,900**	**-13,185**
Other economic flows – included in operating result					
Net write-downs of assets		-8,211	-10,208	-10,364	-10,154
Assets recognised for the first time		298	316	335	356
Actuarial revaluations		4,081	1	-1	1
Net foreign exchange gains		18	23	0	0
Net swap interest received		-15	-17	1	5
Market valuation of debt		8,597	-15,678	-14,113	-12,371
Other gains/(losses)		8,290	8,750	9,125	10,025
Total other economic flows – included in operating result		**13,059**	**-16,812**	**-15,016**	**-12,137**
Operating result(b)		**24,375**	**-32,509**	**-40,916**	**-25,322**

Table 7.1: Australian Government general government sector operating statement (continued)

		Estimates			
		2023-24	2024-25	2025-26	2026-27
	Note	$m	$m	$m	$m
Non-owner movements in equity					
Revaluation of equity investments		-761	0	0	0
Actuarial revaluations		-11,462	-212	-214	-217
Other economic revaluations		734	2,223	139	146
Total other economic flows - included in equity		**-11,489**	**2,011**	**-75**	**-71**
Comprehensive result – Total change in net worth		**12,886**	**-30,498**	**-40,991**	**-25,393**
Net operating balance		**11,316**	**-15,697**	**-25,900**	**-13,185**
Net acquisition of non-financial assets					
Purchases of non-financial assets		22,533	24,052	20,080	23,321
less Sales of non-financial assets		804	2,193	237	0
less Depreciation		13,076	12,927	13,585	14,418
plus Change in inventories		242	147	816	779
plus Other movements in non-financial assets		-1	0	0	0
Total net acquisition of non-financial assets		**8,895**	**9,078**	**7,074**	**9,681**
Fiscal balance (Net lending/borrowing)(c)		**2,421**	**-24,775**	**-32,974**	**-22,866**

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) Operating result under AAS.
c) The term fiscal balance is not used by the ABS.

Table 7.2: Australian Government general government sector balance sheet

		Estimates			
		2023-24	2024-25	2025-26	2026-27
	Note	$m	$m	$m	$m
Assets					
Financial assets					
Cash and deposits		80,472	58,888	62,046	63,459
Advances paid	13	72,270	79,246	88,757	97,628
Investments, loans and placements	14	240,437	246,483	253,118	262,737
Other receivables	13	82,315	87,471	93,300	99,300
Equity investments					
Investments in other public sector entities		45,563	49,758	51,971	53,210
Equity accounted investments		5,679	5,528	5,545	5,550
Investments – shares		83,127	89,929	97,495	104,072
Total financial assets		*609,862*	*617,304*	*652,233*	*685,957*
Non-financial assets	15				
Land		13,509	13,573	13,413	13,506
Buildings		50,520	53,535	54,990	56,979
Plant, equipment and infrastructure		110,669	117,827	122,206	128,345
Inventories		12,102	11,898	12,383	12,901
Intangibles		13,206	13,487	13,586	13,635
Investment properties		220	220	220	220
Biological assets		5	5	5	5
Heritage and cultural assets		12,647	12,659	12,650	12,640
Assets held for sale		102	102	96	96
Other non-financial assets		14	14	14	14
Total non-financial assets		*212,993*	*223,320*	*229,564*	*238,342*
Total assets		**822,855**	**840,624**	**881,797**	**924,299**
Liabilities					
Interest bearing liabilities					
Deposits held		415	415	415	415
Government securities		832,437	865,993	939,208	997,737
Loans	16	32,231	32,906	33,389	33,501
Lease liabilities		19,144	18,634	17,333	16,104
Total interest bearing liabilities		*884,226*	*917,947*	*990,344*	*1,047,756*

Table 7.2: Australian Government general government sector balance sheet (continued)

		Estimates			
		2023-24	2024-25	2025-26	2026-27
	Note	$m	$m	$m	$m
Provisions and payables					
Superannuation liability	17	286,123	298,907	307,335	315,713
Other employee liabilities	17	42,176	41,766	42,937	44,086
Suppliers payables	18	12,187	12,339	12,267	12,748
Personal benefits payables	18	3,964	4,069	4,073	3,872
Subsidies payables	18	550	535	528	519
Grants payables	18	3,565	4,212	3,789	3,488
Other payables	18	7,217	4,822	4,906	4,917
Provisions	18	62,625	66,301	66,885	67,859
Total provisions and payables		*418,407*	*432,952*	*442,719*	*453,203*
Total liabilities		**1,302,633**	**1,350,899**	**1,433,063**	**1,500,959**
Net worth(a)		**-479,777**	**-510,275**	**-551,266**	**-576,659**
Net financial worth(b)		*-692,771*	*-733,595*	*-780,830*	*-815,002*
Net financial liabilities(c)		*738,333*	*783,353*	*832,801*	*868,212*
Net debt(d)		*491,047*	*533,331*	*586,423*	*623,931*

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 7.3: Australian Government general government sector cash flow statement[a]

	Estimates			
	2023-24	2024-25	2025-26	2026-27
	$m	$m	$m	$m
Cash receipts from operating activities				
Taxes received	632,666	633,543	657,323	700,049
Receipts from sales of goods and services	19,764	21,044	22,118	23,065
Interest receipts	8,862	7,899	7,537	7,731
Dividends, distributions and income tax equivalents	6,936	7,240	7,609	8,008
Other receipts	14,011	20,764	16,382	16,523
Total operating receipts	**682,239**	**690,490**	**710,968**	**755,376**
Cash payments for operating activities				
Payments to employees(b)	-42,272	-42,937	-43,777	-44,826
Payments for goods and services	-192,674	-202,317	-218,530	-226,555
Grants and subsidies paid	-244,217	-245,207	-250,846	-256,113
Interest paid	-21,544	-22,856	-29,477	-29,643
Personal benefit payments	-152,518	-163,070	-173,462	-183,729
Other payments(b)	-10,172	-9,009	-9,277	-9,546
Total operating payments	**-663,397**	**-685,396**	**-725,369**	**-750,412**
Net cash flows from operating activities	**18,842**	**5,094**	**-14,401**	**4,964**
Cash flows from investments in non-financial assets				
Sales of non-financial assets	3,027	232	370	1
Purchases of non-financial assets	-20,498	-21,548	-18,433	-21,751
Net cash flows from investments in non-financial assets	**-17,471**	**-21,316**	**-18,063**	**-21,750**
Net cash flows from investments in financial assets for policy purposes	**-5,552**	**-14,101**	**-16,577**	**-15,041**
Net cash flows from investments in financial assets for liquidity purposes	**-16,488**	**-3,778**	**-4,418**	**-5,446**
Cash receipts from financing activities				
Borrowing	276,785	454,174	675,576	777,605
Other financing	1,111	120	121	121
Total cash receipts from financing activities	**277,896**	**454,294**	**675,697**	**777,726**
Cash payments for financing activities				
Borrowing	-260,785	-436,829	-614,203	-734,514
Other financing	-5,684	-4,949	-4,877	-4,527
Total cash payments for financing activities	**-266,469**	**-441,777**	**-619,080**	**-739,041**
Net cash flows from financing activities	**11,427**	**12,517**	**56,617**	**38,686**
Net increase/(decrease) in cash held	**-9,241**	**-21,584**	**3,159**	**1,413**

Table 7.3: Australian Government general government sector cash flow statement (continued)[(a)]

	Estimates			
	2023-24	2024-25	2025-26	2026-27
	$m	$m	$m	$m
GFS cash surplus(+)/deficit(-)(c)	**1,371**	**-16,222**	**-32,464**	**-16,786**
plus Principal payments of lease liabilities(d)	-2,481	-2,606	-2,654	-2,713
Equals underlying cash balance(e)	**-1,110**	**-18,828**	**-35,119**	**-19,498**
plus Net cash flows from investments in financial assets for policy purposes	-5,552	-14,101	-16,577	-15,041
Equals headline cash balance	**-6,661**	**-32,929**	**-51,695**	**-34,540**

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 of 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 7.4: Australian Government public non-financial corporations sector operating statement

	Estimates
	2023-24
	$m
Revenue	
Grants and subsidies	216
Sales of goods and services	22,324
Interest income	29
Other	86
Total revenue	**22,656**
Expenses	
Gross operating expenses	
Wages and salaries(a)	4,908
Superannuation	527
Depreciation and amortisation	4,539
Supply of goods and services	11,431
Other operating expenses(a)	730
Total gross operating expenses	*22,134*
Interest expenses	2,024
Other property expenses	249
Current transfers	
Tax expenses	136
Total current transfers	*136*
Total expenses	**24,542**
Net operating balance	**-1,886**
Other economic flows	**-1,906**
Comprehensive result – Total change in net worth excluding contribution from owners	**-3,793**
Net acquisition of non-financial assets	
Purchases of non-financial assets	11,759
less Sales of non-financial assets	50
less Depreciation	4,539
plus Change in inventories	-3
plus Other movements in non-financial assets	0
Total net acquisition of non-financial assets	**7,168**
Fiscal balance (Net lending/borrowing)(b)	**-9,054**

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 7.5: Australian Government public non-financial corporations sector balance sheet

	Estimates
	2023-24
	$m
Assets	
Financial assets	
Cash and deposits	1,544
Investments, loans and placements	876
Other receivables	6,068
Equity investments	324
Total financial assets	*8,812*
Non-financial assets	
Land and other fixed assets	72,034
Other non-financial assets(a)	4,023
Total non-financial assets	*76,057*
Total assets	**84,869**
Liabilities	
Interest bearing liabilities	
Deposits held	15
Advances received and loans	34,867
Lease liabilities	13,648
Total interest bearing liabilities	*48,530*
Provisions and payables	
Superannuation liability	9
Other employee liabilities	1,834
Other payables	6,334
Other provisions(a)	1,265
Total provisions and payables	*9,442*
Total liabilities	**57,972**
Shares and other contributed capital	**26,897**
Net worth(b)	**26,897**
Net financial worth(c)	*-49,160*
Net debt(d)	*46,111*

a) Excludes the impact of commercial taxation adjustments.

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 and investments, loans and placements).

Table 7.6: Australian Government public non-financial corporations sector cash flow statement[(a)]

	Estimates
	2023-24
	$m
Cash receipts from operating activities	
Receipts from sales of goods and services	23,632
Grants and subsidies received	153
GST input credit receipts	1,180
Other receipts	97
Total operating receipts	**25,061**
Cash payments for operating activities	
Payments to employees(b)	-5,479
Payments for goods and services	-13,185
Interest paid	-2,167
GST payments to taxation authority	-991
Distributions paid	-249
Other payments(b)	-857
Total operating payments	**-22,929**
Net cash flows from operating activities	**2,132**
Cash flows from investments in non-financial assets	
Sales of non-financial assets	46
Purchases of non-financial assets	-9,914
Net cash flows from investments in non-financial assets	**-9,868**
Net cash flows from investments in financial assets for policy purposes	**-8**
Net cash flows from investments in financial assets for liquidity purposes	**70**
Net cash flows from financing activities	
Borrowing (net)	3,494
Other financing (net)	3,622
Net cash flows from financing activities	**7,116**
Net increase/(decrease) in cash held	**-559**
Cash at the beginning of the year	**2,103**
Cash at the end of the year	**1,544**
GFS cash surplus(+)/deficit(-)(c)	**-7,736**
plus Principal payments of lease liabilities(d)	-560
Adjusted GFS cash surplus(+)/deficit(-)(d)	**-8,296**

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 of lease liabilities, which are financing cash payments, are deducted in the calculation of the GFS cash surplus/deficit to maintain consistency of measure following the implementation of AASB 16.

Table 7.7: Australian Government total non-financial public sector operating statement

	Estimates
	2023-24
	$m
Revenue	
Taxation revenue	648,428
Sales of goods and services	41,241
Interest income	9,830
Dividend and distribution income	6,617
Other	14,499
Total revenue	**720,616**
Expenses	
Gross operating expenses	
Wages and salaries(a)	31,477
Superannuation	9,482
Depreciation and amortisation	17,615
Supply of goods and services	204,260
Other operating expenses(a)	10,164
Total gross operating expenses	*272,998*
Superannuation interest expense	13,374
Interest expenses	29,286
Current transfers	
Current grants	204,614
Subsidy expenses	17,052
Personal benefits	152,262
Total current transfers	*373,928*
Capital transfers	21,529
Total expenses	**711,115**
Net operating balance	**9,500**
Other economic flows	**849**
Comprehensive result – Total change in net worth	**10,350**
Net acquisition of non-financial assets	
Purchases of non-financial assets	34,291
less Sales of non-financial assets	853
less Depreciation	17,615
plus Change in inventories	239
plus Other movements in non-financial assets	-1
Total net acquisition of non-financial assets	**16,061**
Fiscal balance (Net lending/borrowing)(b)	**-6,560**

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 7.8: Australian Government total non-financial public sector balance sheet

	Estimates
	2023-24
	$m
Assets	
Financial assets	
Cash and deposits	82,015
Advances paid	72,001
Investments, loans and placements	241,276
Other receivables	87,208
Equity investments	91,399
Total financial assets	*573,900*
Non-financial assets	
Land and fixed assets	271,470
Other non-financial assets	17,620
Total non-financial assets	*289,090*
Total assets	**862,990**
Liabilities	
Interest bearing liabilities	
Deposits held	430
Government securities	832,437
Advances received and loans	66,792
Lease liabilities	32,783
Total interest bearing liabilities	*932,441*
Provisions and payables	
Superannuation liability	286,132
Other employee liabilities	44,010
Other payables	33,676
Other provisions	62,820
Total provisions and payables	*426,638*
Total liabilities	**1,359,079**
Net worth(a)	**-496,089**
Net financial worth(b)	*-785,179*
Net debt(c)	*537,149*

a) 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.

b) 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.

c) 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 7.9: Australian Government total non-financial public sector cash flow statement[(a)]

	Estimates
	2023-24
	$m
Cash receipts from operating activities	
Taxes received	632,739
Receipts from sales of goods and services	40,283
Interest receipts	8,673
Dividends, distributions and income tax equivalents	6,688
Other receipts	14,011
Total operating receipts	**702,394**
Cash payments for operating activities	
Payments to employees(b)	-47,751
Payments for goods and services	-202,552
Grants and subsidies paid	-244,025
Interest paid	-23,493
Personal benefit payments	-152,518
Other payments(b)	-11,080
Total operating payments	**-681,420**
Net cash flows from operating activities	**20,974**
Cash flows from investments in non-financial assets	
Sales of non-financial assets	3,073
Purchases of non-financial assets	-30,412
Net cash flows from investments in non-financial assets	**-27,339**
Net cash flows from investments in financial assets for policy purposes	**-6,952**
Net cash flows from investments in financial assets for liquidity purposes	**-16,418**
Net cash flows from financing activities	
Borrowing (net)	25,044
Other financing (net)	-5,108
Net cash flows from financing activities	**19,935**
Net increase/(decrease) in cash held	**-9,800**
Cash at the beginning of the year	**91,816**
Cash at the end of the year	**82,015**
GFS cash surplus(+)/deficit(-)(c)	**-6,365**
plus Principal payments of lease liabilities(d)	-3,041
Adjusted GFS cash surplus(+)/deficit(-)(d)	**-9,406**

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 of lease liabilities, which are financing cash payments, are deducted in the calculation of the GFS cash surplus/deficit to maintain consistency of measure following the implementation of AASB 16.

Table 7.10: Australian Government public financial corporations sector operating statement

	Estimates
	2023-24
	$m
Revenue	
Grants and subsidies	224
Sales of goods and services	1,607
Interest income	10,938
Other	5
Total revenue	**12,773**
Expenses	
Gross operating expenses	
Wages and salaries(a)	309
Superannuation	57
Depreciation and amortisation	71
Supply of goods and services	935
Other operating expenses(a)	75
Total gross operating expenses	*1,448*
Interest expenses	17,769
Other property expenses	9
Current transfers	
Tax expenses	9
Total current transfers	*9*
Total expenses	**19,235**
Net operating balance	**-6,462**
Other economic flows	**4,234**
Comprehensive result – Total change in net worth excluding contribution from owners	**-2,228**
Net acquisition of non-financial assets	
Purchases of non-financial assets	6
less Sales of non-financial assets	0
less Depreciation	71
plus Change in inventories	-56
plus Other movements in non-financial assets	0
Total net acquisition of non-financial assets	**-122**
Fiscal balance (Net lending/borrowing)(b)	**-6,340**

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 7.11: Australian Government public financial corporations sector balance sheet[(a)]

	Estimates
	2023-24
	$m
Assets	
Financial assets	
Cash and deposits	1,604
Investments, loans and placements	542,173
Other receivables	334
Equity investments	1,408
Total financial assets	*545,520*
Non-financial assets	
Land and other fixed assets	890
Other non-financial assets(b)	72
Total non-financial assets	*963*
Total assets	**546,482**
Liabilities	
Interest bearing liabilities	
Deposits held	538,240
Borrowing	20,960
Total interest bearing liabilities	*559,200*
Provisions and payables	
Superannuation liability	0
Other employee liabilities	195
Other payables	2,043
Other provisions(b)	2,577
Total provisions and payables	*4,816*
Total liabilities	**564,016**
Shares and other contributed capital	**-17,534**
Net worth(c)	**-17,534**
Net financial worth(d)	*-18,496*
Net debt(e)	*15,423*

a) Assumes no valuation or currency movement.
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 7.12: Australian Government public financial corporations sector cash flow statement[(a)]

	Estimates
	2023-24
	$m
Cash receipts from operating activities	
Receipts from sales of goods and services	1,624
Grants and subsidies received	224
GST input credit receipts	2
Interest receipts	9,848
Other receipts	265
Total operating receipts	**11,962**
Cash payments for operating activities	
Payments to employees(b)	-362
Payments for goods and services	-1,106
Interest paid	-19,152
GST payments to taxation authority	-3
Distributions paid	-19
Other payments(b)	-86
Total operating payments	**-20,727**
Net cash flows from operating activities	**-8,765**
Cash flows from investments in non-financial assets	
Sales of non-financial assets	0
Purchases of non-financial assets	-6
Net cash flows from investments in non-financial assets	**-6**
Net cash flows from investments in financial assets for policy purposes	**-1,276**
Net cash flows from investments in financial assets for liquidity purposes(c)	**66,660**
Net cash flows from financing activities	
Borrowing and deposits received(net)(c)	-59,174
Other financing (net)	2,804
Net cash flows from financing activities	**-56,370**
Net increase/(decrease) in cash held	**242**
Cash at the beginning of the year	**1,362**
Cash at the end of the year	**1,604**
GFS cash surplus(+)/deficit(-)(d)	**-8,771**
plus Principal payments of lease liabilities(e)	-3
Adjusted GFS cash surplus(+)/deficit(-)(e)	**-8,773**

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) Assumes no cash flows associated with valuation or currency movements.
d) GFS cash surplus/deficit equals net cash flows from operating activities and investments in non-financial assets.
e) Principal payments of lease liabilities, which are financing cash payments, are deducted in the calculation of the GFS cash surplus/deficit to maintain consistency of measure following the implementation of AASB 16.

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 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 for use by the not-for-profit sector and specific standards such as 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 the public non-financial corporations (PNFC) and public financial corporations (PFC) sectors and the total non-financial public sector (NFPS).

Explanations of major variations in fiscal balance, revenue, expenses, net capital investment, cash flows, net debt, net financial worth and net worth since the 2023–24 Budget are disclosed in Part 3*: Fiscal strategy and outlook*, with decisions taken since the 2023–24 Budget disclosed in Appendix A*: Policy decisions taken since the 2023–24 Budget*.

Updates to fiscal risks and contingent liabilities since the 2023–24 Budget are disclosed in Part 6*: 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 7.13.

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 7.13: 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 an 'other economic flow'.	ABS GFS
Timing recognition of Boosting Cash Flow for Employers	Expense recognition is 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 is 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 are 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 7.13: 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
Timing recognition of vaccine expense	Recognised when vaccines are delivered to the states and territories.	Recognised when the vaccine doses are administered. Vaccine wastage after distributions are recognised as an 'other economic flow'.	AAS
Regional Broadband Scheme	The revenue from the levy on internet service providers (ISPs) and the associated subsidy expense to NBN Co for the provision of regional broadband services are recorded separately on a gross basis.	The revenue from the levy on ISPs and the associated subsidy expense to NBN Co are recorded on a net basis.	AAS
Fiscal aggregates differences			
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
Classification differences			
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
Classification of Australian Government funding of non-government schools	Direct grants to states and territories made in accordance with bilateral agreements with the Commonwealth and consistent with section 96 of the Constitution.	Personal benefit payments – indirect included in goods and services expenses.	AAS

Note 3: Taxation revenue by type

	Estimates			
	2023-24	2024-25	2025-26	2026-27
	$m	$m	$m	$m
Individuals and other withholding taxes				
Gross income tax withholding	295,000	287,100	301,600	322,100
Gross other individuals	78,600	78,800	82,300	85,400
less: Refunds	37,000	39,100	37,300	37,500
Total individuals and other withholding tax	336,600	326,800	346,600	370,000
Fringe benefits tax	4,190	4,050	3,930	3,970
Company tax	140,300	136,000	132,900	141,800
Superannuation fund taxes	15,740	23,190	23,390	25,590
Petroleum resource rent tax	2,380	2,290	2,290	1,800
Income taxation revenue	**499,210**	**492,330**	**509,110**	**543,160**
Goods and services tax	88,180	92,580	98,830	104,970
Wine equalisation tax	1,130	1,180	1,240	1,300
Luxury car tax	1,180	1,080	1,190	1,290
Excise and Custom duty				
Petrol	6,900	7,200	7,600	7,900
Diesel	16,180	16,790	17,750	18,620
Other fuel products	2,290	2,310	2,370	2,400
Tobacco	12,850	13,250	13,650	13,950
Beer	2,660	2,760	2,860	3,000
Spirits	3,400	3,580	3,730	3,920
Other alcoholic beverages(a)	1,680	1,770	1,830	1,920
Other customs duty				
Textiles, clothing and footwear	180	190	150	160
Passenger motor vehicles	450	420	190	140
Other imports	1,500	1,530	820	860
less: Refunds and drawbacks	700	700	700	700
Total excise and customs duty	47,390	49,100	50,250	52,170
Major bank levy	1,620	1,680	1,740	1,820
Agricultural levies	598	634	655	664
Visa application charges	3,232	3,435	3,598	3,768
Other taxes	6,716	7,116	7,506	7,198
Mirror taxes	819	855	894	941
less: Transfers to states in relation to mirror tax revenue	819	855	894	941
Mirror tax revenue	0	0	0	0
Indirect taxation revenue	**150,046**	**156,805**	**165,009**	**173,181**
Taxation revenue	**649,256**	**649,135**	**674,119**	**716,341**
Memorandum:				
Total excise	*30,080*	*31,250*	*32,790*	*34,230*
Total customs duty	*17,310*	*17,850*	*17,460*	*17,940*
Capital gains tax(b)	*25,000*	*22,900*	*23,300*	*24,300*

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			
	2023-24	2024-25	2025-26	2026-27
	$m	$m	$m	$m
Taxes on income, profits and capital gains				
Income and capital gains levied on individuals	340,790	330,850	350,530	373,970
Income and capital gains levied on enterprises	158,420	161,480	158,580	169,190
Total taxes on income, profits and capital gains	**499,210**	**492,330**	**509,110**	**543,160**
Taxes on employers' payroll and labour force	1,514	1,624	1,742	1,469
Taxes on the provision of goods and services				
Sales/goods and services tax	90,490	94,840	101,260	107,560
Excises and levies	30,678	31,884	33,445	34,894
Taxes on international trade	17,310	17,850	17,460	17,940
Total taxes on the provision of goods and services	**138,478**	**144,574**	**152,165**	**160,394**
Taxes on the use of goods and performance of activities	10,054	10,607	11,102	11,318
Total taxation revenue	**649,256**	**649,135**	**674,119**	**716,341**

Note 4: Sales of goods and services revenue

	Estimates			
	2023-24	2024-25	2025-26	2026-27
	$m	$m	$m	$m
Sales of goods	1,449	1,500	1,519	1,525
Rendering of services	15,659	16,630	17,540	18,209
Lease rental	351	320	401	416
Fees from regulatory services	2,599	2,809	2,655	2,923
Total sales of goods and services revenue	**20,058**	**21,260**	**22,115**	**23,073**

Note 5: Interest and dividend and distribution revenue

	Estimates			
	2023-24	2024-25	2025-26	2026-27
	$m	$m	$m	$m
Interest from other governments				
State and territory debt	13	9	8	7
Housing agreements	67	62	57	53
Total interest from other governments	**80**	**71**	**65**	**60**
Interest from other sources				
Advances	841	881	1,075	1,308
Deposits	3,371	2,210	1,657	1,574
Indexation of HELP receivable and other student loans	2,302	1,555	1,356	1,352
Other	3,440	4,327	4,726	5,101
Total interest from other sources	**9,954**	**8,973**	**8,814**	**9,336**
Total interest	**10,034**	**9,044**	**8,879**	**9,395**
Dividends and distributions				
Dividends from other public sector entities	255	247	247	235
Other dividends and distributions	6,611	7,023	7,392	7,807
Total dividends and distributions	**6,866**	**7,269**	**7,640**	**8,042**
Total interest and dividend and distribution revenue	**16,899**	**16,314**	**16,519**	**17,437**

Note 6: Other sources of non-taxation revenue

	Estimates			
	2023-24	2024-25	2025-26	2026-27
	$m	$m	$m	$m
Industry contributions	100	100	97	98
Royalties	1,087	985	784	655
Seigniorage	68	60	57	56
Other	13,154	12,440	12,352	12,693
Total other sources of non-taxation revenue	**14,408**	**13,585**	**13,291**	**13,502**

Note 7: Employee and superannuation expense

	Estimates			
	2023-24	2024-25	2025-26	2026-27
	$m	$m	$m	$m
Wages and salaries expenses	**26,570**	**26,651**	**26,683**	**26,921**
Other operating expenses				
Leave and other entitlements	3,182	3,318	3,348	3,320
Separations and redundancies	53	100	80	82
Workers compensation premiums and claims	2,484	2,341	4,061	4,161
Other	3,715	2,792	2,906	3,099
Total other operating expenses	**9,434**	**8,551**	**10,395**	**10,662**
Superannuation expenses				
Superannuation	8,955	8,081	8,336	8,564
Superannuation interest cost	13,374	14,126	14,840	15,251
Total superannuation expenses	**22,329**	**22,207**	**23,176**	**23,815**
Total employee and superannuation expense	**58,333**	**57,410**	**60,254**	**61,398**

Note 8: Depreciation and amortisation expense

	Estimates			
	2023-24	2024-25	2025-26	2026-27
	$m	$m	$m	$m
Depreciation				
Specialist military equipment	5,460	5,216	5,733	6,427
Buildings	3,929	3,989	4,146	4,279
Other infrastructure, plant and equipment	2,503	2,537	2,564	2,594
Heritage and cultural assets	73	73	73	73
Other	7	7	6	6
Total depreciation(a)	**11,972**	**11,822**	**12,523**	**13,379**
Total amortisation	**1,104**	**1,106**	**1,062**	**1,039**
Total depreciation and amortisation expense	**13,076**	**12,927**	**13,585**	**14,418**
Memorandum:				
Depreciation relating to right of use assets				
Specialist military equipment	*31*	*31*	*31*	*31*
Buildings	*2,297*	*2,306*	*2,251*	*2,264*
Other infrastructure, plant and equipment	*263*	*264*	*263*	*260*
Other	*7*	*7*	*6*	*6*
Total depreciation of right of use assets	***2,597***	***2,608***	***2,551***	***2,561***

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

Note 9: Supply of goods and services expense

	Estimates			
	2023-24	2024-25	2025-26	2026-27
	$m	$m	$m	$m
Supply of goods and services	52,267	51,324	56,613	56,298
Lease expenses	261	204	167	187
Personal benefits – indirect	133,778	144,149	153,465	161,953
Health care payments	5,448	5,388	5,468	5,572
Other	2,232	2,315	2,177	2,274
Total supply of goods and services expense	**193,988**	**203,379**	**217,889**	**226,283**

Note 10: Interest expense

	Estimates			
	2023-24	2024-25	2025-26	2026-27
	$m	$m	$m	$m
Interest on debt				
Government securities(a)	22,384	24,674	28,355	33,071
Loans	154	175	198	213
Other	974	874	863	877
Total interest on debt	**23,512**	**25,723**	**29,416**	**34,161**
Interest on lease liabilities	**369**	**373**	**372**	**360**
Other financing costs	**3,614**	**8,180**	**3,760**	**4,149**
Total interest expense	**27,495**	**34,276**	**33,548**	**38,670**

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.

Note 11: Current and capital grants expense

	Estimates			
	2023-24	2024-25	2025-26	2026-27
	$m	$m	$m	$m
Current grants expense				
State and territory governments	156,985	164,847	172,257	179,093
Private sector	8,072	7,473	7,095	6,553
Overseas	4,351	5,071	4,474	4,741
Non-profit organisations	14,850	13,698	13,436	13,275
Multi-jurisdictional sector	12,883	13,758	14,341	14,585
Other	7,474	1,011	3,422	3,739
Total current grants expense	**204,614**	**205,858**	**215,025**	**221,986**
Capital grants expense				
Mutually agreed write-downs	2,787	2,887	3,026	3,165
Other capital grants				
State and territory governments	16,186	17,014	15,404	14,619
Local governments	1,372	907	1,007	900
Non-profit organisations	1,150	1,248	1,221	239
Private sector	36	18	0	0
Overseas	3	5	0	0
Other	162	98	73	56
Total capital grants expense	**21,695**	**22,178**	**20,732**	**18,978**
Total grants expense	**226,309**	**228,036**	**235,757**	**240,964**

Note 12: Personal benefits expense

	Estimates			
	2023-24	2024-25	2025-26	2026-27
	$m	$m	$m	$m
Social welfare – assistance to the aged	59,177	61,704	64,542	67,131
Assistance to veterans and dependants	4,454	4,356	4,243	4,134
Assistance to people with disabilities	32,380	33,760	35,275	36,517
Assistance to families with children	29,493	31,187	32,370	33,621
Assistance to the unemployed	13,864	15,542	16,064	15,990
Student assistance	2,878	3,091	3,227	3,360
Other welfare programs	833	939	967	960
Financial and fiscal affairs	757	814	875	660
Vocational and industry training	210	352	287	238
Other	8,215	10,535	14,748	20,285
Total personal benefits expense	**152,262**	**162,279**	**172,596**	**182,894**

Note 13: Advances paid and other receivables

	Estimates			
	2023-24	2024-25	2025-26	2026-27
	$m	$m	$m	$m
Advances paid				
Loans to state and territory governments	1,561	1,446	1,325	1,141
Student loans	53,015	54,825	56,701	58,658
Other	18,512	24,405	32,269	39,438
less Impairment allowance	818	1,430	1,538	1,610
Total advances paid	**72,270**	**79,246**	**88,757**	**97,628**
Other receivables				
Goods and services receivable	1,477	1,470	1,467	1,478
Recoveries of benefit payments	6,532	6,708	6,885	6,850
Taxes receivable	45,685	50,492	55,137	59,436
Prepayments	6,324	6,815	7,277	7,658
Other	26,508	26,296	26,939	28,309
less Impairment allowance	4,212	4,309	4,405	4,431
Total other receivables	**82,315**	**87,471**	**93,300**	**99,300**

Note 14: Investments, loans and placements

	Estimates			
	2023-24	2024-25	2025-26	2026-27
	$m	$m	$m	$m
Investments – deposits	6,011	5,461	5,127	5,007
IMF quota and SDR holdings	23,819	23,868	23,868	23,868
Structured Finance Securities	712	865	915	979
Collective investment vehicles	122,843	128,929	135,340	143,560
Other interest bearing securities	57,567	58,148	58,738	59,800
Other	29,485	29,212	29,130	29,524
Total investments, loans and placements	**240,437**	**246,483**	**253,118**	**262,737**

Note 15: Non-financial assets

	Estimates			
	2023-24	2024-25	2025-26	2026-27
	$m	$m	$m	$m
Land and buildings				
Land	13,509	13,573	13,413	13,506
Buildings	50,520	53,535	54,990	56,979
Total land and buildings	**64,030**	**67,109**	**68,403**	**70,486**
Plant, equipment and infrastructure				
Specialist military equipment	89,702	96,376	100,881	107,428
Other plant, equipment and infrastructure	20,967	21,451	21,325	20,917
Total plant, equipment and infrastructure	**110,669**	**117,827**	**122,206**	**128,345**
Inventories				
Inventories held for sale	413	384	389	371
Inventories not held for sale	11,689	11,514	11,995	12,530
Total inventories	**12,102**	**11,898**	**12,383**	**12,901**
Intangibles				
Computer software	7,026	7,282	7,375	7,410
Other	6,180	6,205	6,212	6,226
Total intangibles	**13,206**	**13,487**	**13,586**	**13,635**
Total investment properties	**220**	**220**	**220**	**220**
Total biological assets	**5**	**5**	**5**	**5**
Total heritage and cultural assets	**12,647**	**12,659**	**12,650**	**12,640**
Total assets held for sale	**102**	**102**	**96**	**96**
Total other non-financial assets	**14**	**14**	**14**	**14**
Total non-financial assets(a)	**212,993**	**223,320**	**229,564**	**238,342**
Memorandum:				
Total relating to right of use assets				
Land	*182*	*177*	*171*	*166*
Buildings	*15,735*	*15,406*	*14,361*	*13,475*
Specialist military equipment	*216*	*185*	*154*	*123*
Other plant, equipment and infrastructure	*1,330*	*1,176*	*1,055*	*882*
Total right of use assets	***17,463***	***16,943***	***15,741***	***14,646***

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

Note 16: Loans

	Estimates			
	2023-24	2024-25	2025-26	2026-27
	$m	$m	$m	$m
Promissory notes	9,533	9,618	9,649	9,688
Special drawing rights	19,117	19,156	19,156	19,156
Other	3,581	4,132	4,584	4,657
Total loans	**32,231**	**32,906**	**33,389**	**33,501**

Note 17: Employee and superannuation liabilities

	Estimates			
	2023-24	2024-25	2025-26	2026-27
	$m	$m	$m	$m
Total superannuation liability(a)	**286,123**	**298,907**	**307,335**	**315,713**
Other employee liabilities				
Leave and other entitlements	9,844	10,150	10,396	10,627
Accrued salaries and wages	859	912	970	1,003
Workers compensation claims	1,970	1,965	1,960	1,959
Military compensation	28,873	28,094	28,950	29,823
Other	629	646	660	674
Total other employee liabilities	**42,176**	**41,766**	**42,937**	**44,086**
Total employee and superannuation liabilities	**328,299**	**340,673**	**350,272**	**359,799**

a) For budget reporting purposes, a discount rate of 5.0 per cent determined by actuaries in preparing the 2020 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 2022–23 Final Budget Outcome (FBO) was calculated using the spot rates on long-term government bonds as at 30 June 2023 that best matched each individual scheme's liability duration. These rates were between 4.0 and 4.4 per cent per annum.

Note 18: Provisions and payables

	Estimates			
	2023-24	2024-25	2025-26	2026-27
	$m	$m	$m	$m
Suppliers payables				
Trade creditors	8,397	8,738	9,122	9,532
Lease rental payable	1	1	1	1
Personal benefits payables – indirect	1,888	1,964	1,838	1,851
Other creditors	1,901	1,636	1,307	1,365
Total suppliers payables	**12,187**	**12,339**	**12,267**	**12,748**
Total personal benefits payables – direct	**3,964**	**4,069**	**4,073**	**3,872**
Total subsidies payable	**550**	**535**	**528**	**519**
Grants payables				
State and territory governments	202	198	186	177
Non-profit organisations	554	552	550	549
Private sector	253	247	247	247
Overseas	1,521	2,177	1,767	1,477
Local governments	0	0	0	0
Other	1,035	1,038	1,039	1,038
Total grants payables	**3,565**	**4,212**	**3,789**	**3,488**
Total other payables	**7,217**	**4,822**	**4,906**	**4,917**
Provisions				
Provisions for tax refunds	2,214	2,204	2,194	2,184
Grants provisions	8,303	4,931	4,407	4,133
Personal benefits provisions – direct	6,591	6,555	6,521	6,459
Personal benefits provisions – indirect	4,474	5,273	5,862	6,504
Provisions for subsidies	7,038	7,171	7,505	7,825
Other	34,006	40,166	40,396	40,754
Total provisions	**62,625**	**66,301**	**66,885**	**67,859**

Note 19: Reconciliation of cash

	Estimates			
	2023-24	2024-25	2025-26	2026-27
	$m	$m	$m	$m
Net operating balance (revenues *less* expenses)	**11,316**	**-15,697**	**-25,900**	**-13,185**
less **Revenues not providing cash**				
Other	2,855	2,926	3,133	3,430
Total revenues not providing cash	**2,855**	**2,926**	**3,133**	**3,430**
plus **Expenses not requiring cash**				
Increase/(decrease) in employee entitlements	9,207	12,163	9,384	9,312
Depreciation/amortisation expense	13,076	12,927	13,585	14,418
Mutually agreed write-downs	2,787	2,887	3,026	3,165
Other	4,587	10,103	2,800	7,686
Total expenses not requiring cash	**29,657**	**38,080**	**28,795**	**34,581**
plus **Cash provided/(used) by working capital items**				
Decrease/(increase) in inventories	-558	-269	-985	-1,045
Decrease/(increase) in receivables	-14,092	-13,332	-13,806	-13,301
Decrease/(increase) in other financial assets	-669	18	-821	-765
Decrease/(increase) in other non-financial assets	19	-281	-202	-26
Increase/(decrease) in benefits, subsidies and grants payable	-1,642	-1,888	5	299
Increase/(decrease) in suppliers' liabilities	208	-6	139	334
Increase/(decrease) in other provisions and payables	-2,542	1,395	1,508	1,502
Net cash provided/(used) by working capital	**-19,276**	**-14,363**	**-14,162**	**-13,002**
equals (Net cash from/(to) operating activities)	18,842	5,094	-14,401	4,964
plus (Net cash from/(to) investing activities)	-39,511	-39,195	-39,058	-42,237
Net cash from operating activities and investment	**-20,669**	**-34,101**	**-53,459**	**-37,273**
plus (Net cash from/(to) financing activities)	11,427	12,517	56,617	38,686
***equals* Net increase/(decrease) in cash**	**-9,241**	**-21,584**	**3,159**	**1,413**
Cash at the beginning of the year	**89,713**	**80,472**	**58,888**	**62,046**
Net increase/(decrease) in cash	-9,241	-21,584	3,159	1,413
Cash at the end of the year	**80,472**	**58,888**	**62,046**	**63,459**

Attachment A

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*.[5]

5 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.[6]

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.

6 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.

Fiscal balance

The fiscal balance (or net lending/borrowing) is the net operating balance less net capital investment. 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.[7]

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.

7 The net operating balance includes consumption of non-financial assets because depreciation is an expense. Depreciation is deducted in the calculation of net capital investment 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 equity holdings. 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 of 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 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

Principal payments of lease liabilities

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 have been included in the calculation of the underlying cash balance because the Future Fund became available to meet the Government's superannuation liabilities from this 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 E: *Historical Australian Government Data*.

Headline cash balance

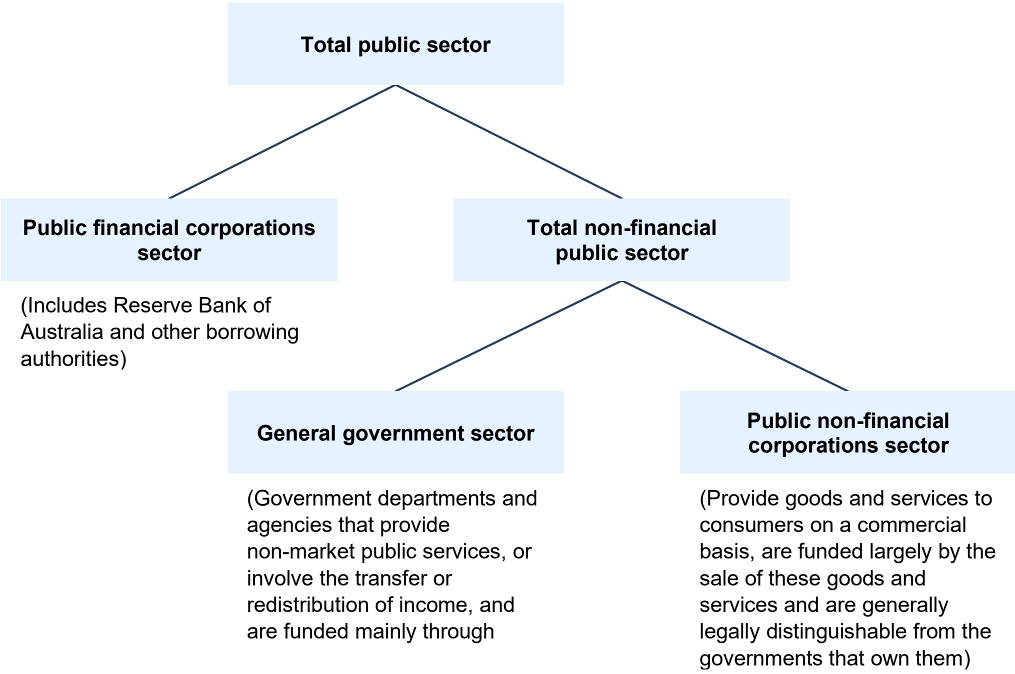
The headline cash balance is calculated by adding net cash flows from investments in financial assets for policy purposes to the underlying cash balance.

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 7.1. The ABS GFS defines the GGS, PNFC and PFC sectors. AASB 1049 has also adopted this sectoral reporting.

Figure 7.1: 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 7.14).

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-and-list.

Table 7.14: Entities outside of the general government sector – 2023–24

Public financial corporations
Employment and Workplace Relations Portfolio
• Coal Mining Industry (Long Service Leave Funding) Corporation
Foreign Affairs and Trade Portfolio
• Export Finance and Insurance Corporation (Export Finance Australia)
Industry, Science and Resources Portfolio
• CSIRO Coinvestment Fund Pty Ltd
• CSIRO FollowOn Services Pty Ltd
• CSIRO FollowOn Services 2 Pty Ltd
• CSIRO General Partner Pty Ltd
• CSIRO General Partner 2 Pty Ltd
• CSIROGP Fund 2 Pty Ltd
• MS GP Fund 3 Pty Ltd
• MS NGS Pty Ltd
• MS Opportunity Fund Pty Ltd
• MS Parallel Fund Pty Ltd
Treasury Portfolio
• Australian Reinsurance Pool Corporation
• Housing Australia*
• Reserve Bank of Australia

Table 7.14: Entities outside of the general government sector – 2023–24 (continued)

Public non-financial corporations
Climate Change, Energy, the Environment and Water Portfolio
• Snowy Hydro Limited
Finance Portfolio
• ASC Pty Ltd
• Australian Naval Infrastructure Pty Ltd
Industry, Science and Resources Portfolio
• ANSTO Nuclear Medicine Pty Ltd
Infrastructure, Transport, Regional Development, Communications and the Arts Portfolio
• Airservices Australia
• Australian Postal Corporation (Australia Post)
• Australian Rail Track Corporation Limited
• National Intermodal Corporation Limited
• NBN Co Limited
• WSA Co Ltd
Prime Minister and Cabinet Portfolio
• Voyages Indigenous Tourism Australia Pty Ltd
Social Services Portfolio
• Australian Hearing Services (Hearing Australia)

* In October 2023, the National Housing Finance and Investment Corporation was renamed Housing Australia. Housing Australia, 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 Housing Australia Bond Aggregator is a PFC. Housing Australia also administers the National Housing Infrastructure Facility (the Facility). The Facility is included in the GGS.

Appendix A: Policy decisions taken since the 2023–24 Budget

Receipt Measures

Table 1: Receipt measures since the 2023–24 Budget[(a)]

	2022-23	2023-24	2024-25	2025-26	2026-27
	$m	$m	$m	$m	$m
AGRICULTURE, FISHERIES AND FORESTRY					
Department of Agriculture, Fisheries and Forestry					
Enabling Border Services at Western Sydney International Airport(b)	-	-	-	-	7.6
Portfolio total	**-**	**-**	**-**	**-**	**7.6**
CROSS PORTFOLIO					
Various Agencies					
Commonwealth Penalty Unit – increase in value	-	-	1.2	1.5	1.8
Portfolio total	**-**	**-**	**1.2**	**1.5**	**1.8**
DEFENCE					
Department of Defence					
Sale of Bushmasters to Fiji(b)	-	-	2.8	-	-
Portfolio total	**-**	**-**	**2.8**	**-**	**-**
EDUCATION					
Department of Education					
Australian Universities Accord Interim Report – initial response(b)	-	-	..	..	0.1
Portfolio total	**-**	**-**	**..**	**..**	**0.1**
EMPLOYMENT AND WORKPLACE RELATIONS					
Department of Employment and Workplace Relations					
Closing Loopholes(b)	-	-	-	-	-
Office of the Fair Work Ombudsman					
Closing Loopholes(b)	-	-	-	-	-
Portfolio total	**-**	**-**	**-**	**-**	**-**

Table 1: Receipt measures since the 2023–24 Budget(a) (continued)

	2022-23 $m	2023-24 $m	2024-25 $m	2025-26 $m	2026-27 $m
FINANCE					
Department of Finance					
More Efficient and Effective Vehicle Leasing and Fleet Management Arrangement(b)	-	0.8	4.4	8.3	11.3
Portfolio total	**-**	**0.8**	**4.4**	**8.3**	**11.3**
FOREIGN AFFAIRS AND TRADE					
Department of Foreign Affairs and Trade					
Increase to Passport Fees	-	-	121.2	97.9	130.0
Export Finance and Insurance Corporation (National Interest component)					
Australian Infrastructure Financing Facility for the Pacific – PNG loan(b)	-	nfp	nfp	nfp	nfp
Portfolio total	**-**	**-**	**121.2**	**97.9**	**130.0**
HEALTH AND AGED CARE					
Department of Health and Aged Care					
Pharmaceutical Benefits Scheme (PBS) New and Amended Listings(b)	nfp	nfp	nfp	nfp	nfp
Portfolio total	**-**	**-**	**-**	**-**	**-**
HOME AFFAIRS					
Department of Home Affairs					
A Stronger Deterrent at the Border Against Counterfeit Goods	-	0.2	0.2	0.2	0.2
Australia's Humanitarian Program(b)	-	..	..	..	..
Customs Duty – exemption on imported goods for the 2023 FIFA Women's World Cup	*	*	*	*	*
Enhancing Pacific Engagement(b)	-	-	..	..	..
Migration – closure of the Pandemic Event visa(b)	-	100.0	50.0	..	..
Migration System Reforms(b)	-	..	-20.0	-5.0	-25.0
Minor amendments to existing measures(b)	-	-	2,545.0	2,675.0	2,815.0
Support for Ukraine – extending additional tariffs on goods from Russia and Belarus	-	3.0	6.0	3.0	-
Support for Ukraine – extending duty free access for goods imported from Ukraine	-	-1.0	-	-	-
Visa Application Charge – exemption for 2024 ASEAN-Australia Special Commemorative Summit	-	..	-	-	-
Portfolio total	*****	**102.2**	**2,581.2**	**2,673.2**	**2,790.2**
INDUSTRY, SCIENCE AND RESOURCES					
Department of Industry, Science and Resources					
Offshore Decommissioning Program – delivery and policy reforms(b)	-	-	-	-	*
Portfolio total	**-**	**-**	**-**	**-**	*****

Table 1: Receipt measures since the 2023–24 Budget[(a)] (continued)

	2022-23 $m	2023-24 $m	2024-25 $m	2025-26 $m	2026-27 $m
INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT, COMMUNICATIONS AND THE ARTS					
Australian Communications and Media Authority					
Supporting Connectivity, Media and Communications(b)	-	..	nfp	nfp	-5.4
Department of Infrastructure, Transport, Regional Development, Communications and the Arts					
Supporting Transport Priorities(b)	-	-	17.3	17.8	15.6
Portfolio total	**-**	**..**	**17.3**	**17.8**	**10.2**
TREASURY					
Australian Prudential Regulation Authority					
Mandating Climate-Related Financial Disclosure(b)	-	-	1.7	0.8	0.7
Australian Securities and Investments Commission					
Mandating Climate-Related Financial Disclosure(b)	-	-	2.3	10.5	10.0
Treasury – additional resourcing(b)	-	0.7	1.5	1.7	1.8
Australian Taxation Office					
Access to Offenders' Superannuation(b)	-	-	-	..	..
Australia's Humanitarian Program(b)	-	..	5.0	10.0	15.0
Delivering Better Financial Outcomes Package – adviser fees from superannuation(b)	-	*	*	*	*
Denying deductions for ATO interest charges	-	-	-	-	500.0
Employment White Paper(b)	-	-	2.0	4.0	4.0
Foreign Investment – lower fees for Build to Rent projects	-	*	*	*	*
Foreign Investment – raising fees for established dwellings(b)	-	50.0	115.0	170.0	190.0
Global Infrastructure Hub – extension of income tax exemption	-	-	-	-	-
Increasing the integrity of the foreign resident capital gains withholding regime(b)	-	-	60.0	70.0	20.0
Indirect Tax Concession Scheme – diplomatic and consular concessions(b)	-	..	..	..	..
International Organisations (Privileges and Immunities) – amendments to the Southern Bluefin Tuna Regulations	-	..	..	..	..
International Tax – signing of the Australia-Portugal Tax Treaty	-	-	..	..	..
Luxury Car Tax – modernising the luxury car tax for fuel-efficient vehicles	-	-	-	60.0	95.0

Table 1: Receipt measures since the 2023–24 Budget[(a)] (continued)

	2022-23	2023-24	2024-25	2025-26	2026-27
	$m	$m	$m	$m	$m
TREASURY (continued)					
Migration – closure of the Pandemic Event visa(b)	-	-150.0	-500.0	-700.0	-750.0
Migration System Reforms(b)	-	..	-150.0	-355.0	-560.0
Minor amendments to existing measures(b)	-	-10.0	-2,585.0	-2,715.0	-2,855.0
Paid Parental Leave Scheme – expansion(b)	-	-	-	5.0	10.0
Philanthropy – updates to the list of specifically listed deductible gift recipients	-	1.3	-4.5	-0.3	-0.5
Reforming the treatment of the transfer balance cap for successor fund transfers	-	..	..	..	..
Responding to the PricewaterhouseCoopers Matter(b)	-	-	*	*	*
Treasury – additional resourcing(b)	-	*	*	*	*
Housing Australia					
Increasing Housing Supply(b)	-	4.6	23.1	37.2	37.2
Portfolio total	**-**	**-103.4**	**-3,028.9**	**-3,401.1**	**-3,281.7**
Decisions taken but not yet announced and not for publication (nfp)	**4.0**	**450.7**	**556.1**	**689.3**	**737.9**
Total impact of receipt measures(c)	**4.0**	**450.2**	**255.4**	**86.9**	**407.3**

* 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) Measures may not add due to rounding.

Cross Portfolio

Commonwealth Penalty Unit – increase in value

Receipts ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Various Agencies	-	-	1.2	1.5	1.8

The Government will increase the amount of the Commonwealth penalty unit by 5.4 per cent from $313 to $330, commencing four weeks after passage of legislation. The increase will apply to offences committed after the relevant legislative amendment comes into force. The amount will continue to be indexed every three years in line with the CPI as per the pre-existing schedule.

Penalty units are used to describe the amount payable for fines under Commonwealth laws, including in relation to communication, financial, tax and fraud offences. Fines are calculated by multiplying the value of one penalty unit by the number of penalty units prescribed by the offence. This measure ensures that financial penalties for Commonwealth offences continue to remain effective in deterring unlawful behaviour.

The measure is estimated to increase receipts by $4.5 million over five years from 2022–23.

Foreign Affairs and Trade

Increase to Passport Fees

Receipts ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Foreign Affairs and Trade	-	-	121.2	97.9	130.0

The Government will increase passport fees from 1 July 2024 by 15 per cent.

Revenue of $349.0 million over three years from 2024–25 raised from this measure will be redirected to support priorities in the Foreign Affairs and Trade portfolio.

Indirect Tax Concession Scheme – diplomatic and consular concessions

Receipts ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Australian Taxation Office	-	..	..	..	..
Related payments ($m)					
Department of the Treasury	-	..	..	..	..

The Government has extended and upgraded refunds of indirect tax (including GST, fuel and alcohol taxes) under the Indirect Tax Concession Scheme (ITCS) to the diplomatic and consular representations for Zimbabwe and Lebanon.

These concessions are provided in accordance with Australia's international obligations in relation to diplomatic missions and consular posts and will establish reciprocal entitlements for Australian diplomatic missions in these countries.

This measure is estimated to result in a negligible decrease in receipts, and a negligible decrease in GST payments to the states and territories over the five years from 2022–23.

International Organisations (Privileges and Immunities) – amendments to the Southern Bluefin Tuna Regulations

Receipts ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Australian Taxation Office	-	..	..	..	..

The Government is ensuring that Australia continues to meet its obligations with respect to international organisations (privileges and immunities).

To ensure consistency with existing agreements, the Government has amended the *Commission for the Conservation of Southern Bluefin Tuna (Privileges and Immunities) Regulations 1996*, to confer income tax exemptions to permanent resident officers of the Commission who are in Australia solely for the purpose of performing duties of the office of the Commission. The amendments were registered on the Federal Register of Legislation on 22 September 2023.

This measure is estimated to result in a negligible decrease in receipts over the five years from 2022–23.

Home Affairs

A Stronger Deterrent at the Border Against Counterfeit Goods

Receipts ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Home Affairs	-	0.2	0.2	0.2	0.2

The Government will amend the *Commerce (Trade Descriptions) Act 1905* to bring counterfeit goods within the Australian Border Force's infringement notice scheme, providing an additional deterrent to the importation of counterfeit goods into Australia.

This measure is estimated to increase receipts by $0.9 million over four years from 2023–24.

Customs Duty – exemption on imported goods for the 2023 FIFA Women's World Cup

Receipts ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Home Affairs	*	*	*	*	*

The Government will exempt FIFA, related entities and commercial affiliates from customs duties on goods imported into Australia for the 2023 FIFA Women's World Cup (WWC) retrospectively from 1 January 2022 until 31 December 2028.

The exemption provides a 'free' rate of customs duty for prescribed goods imported for the 2023 FIFA WWC. The Government will introduce a new power into the *Customs Act 1901* to make regulations to streamline the implementation of similar customs concessions for future international sporting events held in Australia.

This measure is estimated to result in an unquantifiable decrease in receipts over the five years from 2022–23.

Migration – closure of the Pandemic Event visa

Receipts ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Home Affairs	-	100.0	50.0	..	..
Australian Taxation Office	-	-150.0	-500.0	-700.0	-750.0
Total – Receipts	-	-50.0	-450.0	-700.0	-750.0
Related payments ($m)					
Department of Home Affairs	-	*1.0*	*1.0*	*0.3*	-
Department of the Treasury	-	*-50.0*	*-100.0*	*-150.0*	*-150.0*
Total – Payments	-	*-49.0*	*-99.0*	*-149.7*	*-150.0*

The Government has commenced a staged closure of the Temporary Activity visa (subclass 408) Australian Government endorsed events (COVID-19 Pandemic event) – 'Pandemic Event visa'.

From 2 September 2023, only existing Pandemic Event visa holders with validity of 28 days or fewer are eligible to apply for a further Pandemic Event visa. Any Pandemic Event visa applied for on or after 2 September 2023 will be valid for six months only, and a visa application charge of $405 per applicant will apply. From 1 February 2024, the Pandemic Event visa will be closed to all applicants.

The staged closure of the Pandemic Event visa will allow time for existing Pandemic Event visa holders to make alternative visa arrangements or plan their departure from Australia. The Pandemic Event visa was introduced initially to assist temporary visa holders unable to depart Australia due to pandemic-related restrictions.

This measure is estimated to decrease receipts by $2.0 billion and decrease GST payments to the states and territories by $450.0 million over the five years from 2022–23.

Support for Ukraine – extending additional tariffs on goods from Russia and Belarus

Receipts ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Home Affairs	-	3.0	6.0	3.0	-

The Government has extended by a further two years, to 24 October 2025, a measure imposing additional tariffs on goods that are the produce or manufacture of Russia or Belarus.

The measure continues to deny Russia and Belarus access to the most favoured nation status through the application of an additional 35 per cent tariff on goods that are the produce or manufacture of Russia or Belarus and had not left for direct shipment to Australia from a place of manufacture or warehouse before 25 April 2022.

This temporary measure is a response to Russia's illegal invasion of Ukraine, supported by Belarus, and is necessary for the protection of Australia's essential security interests.

This measure is estimated to increase receipts by $12.0 million over the five years from 2022–23.

See also *Support for Ukraine – extending import duties on goods from Russia and Belarus* announced in the 2022–23 October Budget.

Support for Ukraine – extending duty free access for goods imported from Ukraine

Receipts ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Home Affairs	-	-1.0	-	-	-

The Government has extended by a further 12 months, to 3 July 2024, the duty exemption for Ukrainian goods in response to Russia's illegal invasion of Ukraine.

This measure applies a 'free' rate of duty to all goods that are the produce or manufacture of Ukraine except for excise-equivalent goods, such as certain alcohol, fuel, tobacco and petroleum products, which will remain subject to excise-equivalent customs duty.

This measure continues part of Australia's defence, economic and humanitarian assistance to Ukraine, and commitment to supporting Ukraine's continued participation in international trade and the efforts of Ukraine to uphold its territorial integrity.

This measure is estimated to decrease receipts by $1.0 million over the five years from 2022–23.

See also *Support for Ukraine – waiving import duty on goods from Ukraine* announced in the 2022–23 October Budget.

Visa Application Charge – exemption for 2024 ASEAN-Australia Special Commemorative Summit

Receipts ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Home Affairs	-	..	-	-	-

The Government will waive the visa application charge for accredited international delegates from the Association of Southeast Asian Nations (ASEAN) member countries attending the 2024 ASEAN-Australia Special Commemorative Summit (the 2024 Summit).

The 2024 Summit will be hosted by Australia from 4 to 6 March 2024 to celebrate 50 years of partnership between Australia and ASEAN.

This measure is estimated to result in a negligible decrease in receipts over the five years from 2022–23.

Treasury

Delivering Better Financial Outcomes Package – adviser fees from superannuation

Receipts ($m)	2022-23	2023-24	2024-25	2025-26	2026-27
Australian Taxation Office	-	*	*	*	*
Related payments ($m)					
Department of the Treasury	-	-	-	-	-

The Government will address the high cost of advice, better protect consumers, and bolster ethical standards in order to ensure Australians can access reliable and affordable financial advice through its *Delivering Better Financial Outcomes Package*. The first stream of the package reduces the cost of providing advice by removing onerous red tape that adds no benefit to consumers.

As part of this stream, the Government will provide a clear legal basis for superannuation trustees to pay advice fees agreed between a member and their financial adviser from the member's superannuation account and prescribe that such fees are a tax-deductible expense of the fund retrospectively from 2019–20.

More details on this measure are available in the Assistant Treasurer and Minister for Financial Services' media release of 13 June 2023.

This measure is estimated to result in an unquantifiable decrease in receipts over the five years from 2022–23.

Denying deductions for ATO interest charges

Receipts ($m)	2022-23	2023-24	2024-25	2025-26	2026-27
Australian Taxation Office	-	-	-	-	500.0

The Government will deny deductions for Australian Taxation Office (ATO) interest charges, specifically the general interest charge (GIC) and shortfall interest charge (SIC), incurred in income years starting on or after 1 July 2025.

GIC and SIC are incurred where tax debts have not been paid on time, or a tax liability has been incorrectly self-assessed and resulted in a shortfall of tax paid, respectively. Both GIC and SIC are currently tax-deductible for all entities.

Removing these deductions will enhance incentives for all entities to correctly self-assess their tax liabilities and pay on time, and level the playing field for individuals and businesses who already do so. The Commissioner of Taxation will continue to have the ability to consider individual circumstances and remit GIC or SIC where appropriate.

This measure is estimated to increase receipts by $500.0 million over the five years from 2022–23.

Foreign Investment – lower fees for Build to Rent projects

Receipts ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Australian Taxation Office	-	*	*	*	*

The Government will apply the lower commercial foreign investment application fee to foreign investments in Build to Rent projects where investors are proposing to acquire residential land or agricultural land.

This will encourage investment in Build to Rent projects, increase Australia's housing stock and expand access to affordable housing.

The difference in fees will depend on the consideration paid by the investor and the kind of land involved. However, once implemented, investors will be able to make investments of up to $50 million for Build to Rent projects on residential land for a fee of $14,100 (subject to indexation) on the commercial fee schedule. Under current settings that application fee could be as much as $1,119,100.

This measure is estimated to result in an unquantifiable impact on receipts over the five years from 2022–23.

Foreign Investment – raising fees for established dwellings

Receipts ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Australian Taxation Office	-	50.0	115.0	170.0	190.0
Related payments ($m)					
Australian Taxation Office	-	*0.5*	*1.0*	*1.0*	*1.0*

The Government will take action to ensure foreign investment in housing is consistent with the Government's agenda to boost Australia's housing supply by:

- Tripling foreign investment fees for foreign investors who apply to purchase established dwellings from the day after the date of Royal Assent of the enabling legislation.

- Doubling vacancy fees for foreign investors who have purchased residential dwellings (new and established) since 9 May 2017. This will result in a six-fold increase for vacancy fees for established dwellings affected by the tripling of foreign investment fees, and a doubling for other vacancy fees. This will commence from the day after the date of Royal Assent of the enabling legislation.

- Providing $3.5 million to enhance the ATO’s compliance regime to ensure foreign investors comply with fee, notification, and other regulatory requirements such as selling their residence when required.

The Government will clarify the uncertainty associated with the interaction between foreign investment fees, and similar state and territory property taxes, and double tax agreements implemented domestically by the *International Tax Agreements Act 1953*, to ensure that the foreign investment fees and similar imposts prevail. This measure will have retrospective effect.

These measures will further encourage foreign owners to increase Australia’s housing stock and support the integrity of the foreign investment rules.

These measures are estimated to increase receipts by $525.0 million, and increase payments by $3.5 million over the five years from 2022–23.

Global Infrastructure Hub – extension of income tax exemption

Receipts ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Australian Taxation Office	-	-	-	-	-

The Government will extend the existing income tax exemption of the G20 organisation, the Global Infrastructure Hub (the Hub), for an additional year, from 30 June 2023 to 30 June 2024.

The Hub is a company limited by guarantee governed by Australian law, and is funded by contributions provided by G20 members. The current policy approach is to not tax contributions provided to the Hub by other G20 economies.

The Hub’s income tax exempt status was originally specified in the 2015–16 Budget, under the *Income Tax Assessment Act 1997* and this status was previously extended, through to 30 June 2023. In October 2021, the G20 decided to extend the Hub’s mandate to 31 December 2024 – this has required a further legislative amendment to maintain the Hub’s income tax exempt status.

This measure is estimated to have no impact on receipts over the five years from 2022–23.

Increasing the integrity of the foreign resident capital gains withholding regime

Receipts ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Australian Taxation Office	-	-	60.0	70.0	20.0
Related payments ($m)					
Australian Taxation Office	-	-	*1.2*	*2.4*	*2.4*

The Government will increase the foreign resident capital gains withholding tax rate from 12.5 per cent to 15 per cent and reduce the withholding threshold from $750,000 to $0. The changes will apply to real property disposals with contracts entered into from 1 January 2025.

The foreign resident capital gains withholding regime is an integrity measure that first came into effect on 1 July 2016. It imposes an obligation on the purchaser of certain Australian real property (and related interests) to withhold a percentage of the purchase price and remit that to the Australian Taxation Office, where the property is acquired from a foreign resident vendor.

The measure will complement the Government's initiatives to improve housing affordability for Australians. It will ensure better compliance by foreign residents with their Australian tax obligations and support the collection of tax liabilities from foreign residents.

This measure is estimated to increase receipts by $150.0 million, and increase payments by $5.9 million over the five years from 2022–23.

International Tax – signing of the Australia-Portugal Tax Treaty

Receipts ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Australian Taxation Office	-	-	..	..	..

The Government signed the *Convention between Australia and the Portuguese Republic for the Elimination of Double Taxation with respect to Taxes on Income and the Prevention of Tax Evasion and Avoidance* on 30 November 2023.

The Convention facilitates trade and investment between Australia and Portugal by relieving double taxation, lowering withholding tax rates and improving certainty for taxpayers in both countries. It is also in line with the G20/OECD Base Erosion and Profit Shifting recommendations, in accordance with the Government's commitment to tax integrity.

This measure is estimated to result in a negligible decrease in receipts over the five years from 2022–23.

Luxury Car Tax – modernising the luxury car tax for fuel-efficient vehicles

Receipts ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Australian Taxation Office	-	-	-	60.0	95.0

The Government will modernise the Luxury Car Tax (LCT) by tightening the definition of a fuel-efficient vehicle and updating the indexation rate for the LCT value threshold for all-other luxury vehicles, from 1 July 2025.

Cars with an LCT value over the relevant threshold attract the LCT at a rate of 33 per cent. There are two thresholds for the LCT: a higher threshold that applies to fuel-efficient vehicles and a lower threshold that applies to all-other luxury vehicles.

This measure will tighten the definition of a fuel-efficient vehicle for the LCT by reducing the maximum fuel consumption from 7 litres per 100km to 3.5 litres per 100 km and will update the indexation rate of the LCT value threshold for all-other luxury vehicles from headline CPI to the motor vehicle purchase sub-group of the CPI, aligning it with the indexation of the LCT value threshold for fuel-efficient vehicles.

These changes will encourage greater take-up of fuel-efficient vehicles, consistent with the Australian Government's National Electric Vehicle Strategy. This measure is part of the Australian Government's commitment to reduce greenhouse gas emissions by 43 per cent by 2030, and to achieve net zero emissions by 2050.

This measure is estimated to increase receipts by $155.0 million over the five years from 2022–23.

Minor amendments to existing measures

Receipts ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Home Affairs	-	-	2,545.0	2,675.0	2,815.0
Australian Taxation Office	-	-10.0	-2,585.0	-2,715.0	-2,855.0
Total – Receipts	-	-10.0	-40.0	-40.0	-40.0
Related payments ($m)					
Department of the Treasury	-	*	*	*	*
Department of Home Affairs	-	*-0.2*	*-0.7*	*-0.3*	-
Australian Taxation Office	-	*-0.4*	-	-	-
Total – Payments	-	*-0.5*	*-0.7*	*-0.3*	-

The Government will make the following amendments:

- No longer proceed with the uniform business experience component of the *Streamlining excise administration for fuel and alcohol package*, which was due to commence on 1 July 2024. The *Streamlining excise administration for fuel and alcohol package* was announced in the 2022–23 March Budget. Due to design complexities identified during implementation of the uniform business experience component, the original policy intent cannot be achieved at this time. The Government will consult on draft legislation for the following remaining components ahead of the 1 July 2024 start date:
  - streamline license application and renewal requirements
  - remove regulatory barriers for excise and excise-equivalent customs goods (including lubricants, bunker fuels for commercial shipping industries, and vapour recovery units)
  - further, the ATO will publish on its website a public register of entities that hold excise licences to store or manufacture excise and excise-equivalent customs goods.
- Amend the 2022–23 October Budget measure *Multinational Tax Integrity Package – denying deductions for payments relating to intangibles held in low-or no-tax jurisdictions* to better target the measure. The amendments apply to payments made from 1 July 2023.
- Amend the implementation details for the 2023–24 Budget measure *Better Targeted Superannuation Concessions*. The following exclusions from the measure are estimated to result in a small, unquantifiable decrease in receipts:
  - earnings from the constitutionally protected funds of State higher level office holders, including State Judges, both while sitting and after ceasing their office
  - earnings from the Judges Pension Scheme interests of sitting Federal judges who are appointed prior to 1 July 2025, whilst they hold that office.
- Make minor amendments to Treasury portfolio legislation that clarify the law to ensure it operates in accordance with the policy intent and make minor policy changes to improve administrative outcomes. Further information can be found on the Treasury website under the consultation page *Miscellaneous Amendments to Treasury Portfolio Laws 2023 (Spring)*.

The Government has also deferred the start date of the following measures:

- The 2022–23 October Budget measure *Multinational Tax Integrity Package – improved tax transparency* related to public country by country reporting from 1 July 2023 to 1 July 2024, with further consultation on specific parameters, including the appropriate level of disaggregated reporting.

- The 2016–17 MYEFO measure *Tax integrity – franked distributions funded by capital raisings* from 15 September 2022 to the date of Royal Assent.

- The 2022–23 October Budget measure *Improving the integrity of off-market share buy-backs* as it relates to the taxation of selective reduction of capital from 25 October 2022 to 18 November 2022.

These changes will decrease receipts by $130.0 million and decrease payments by $1.5 million over the five years from 2022–23.

Philanthropy – updates to the list of specifically listed deductible gift recipients

Receipts ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Australian Taxation Office	-	1.3	-4.5	-0.3	-0.5

The Government will amend the tax law to specifically list the following organisations as deductible gift recipients (DGRs) for five years from 1 July 2024 to 30 June 2029 (inclusive):

- Australian Democracy Network Ltd
- Australian Science Media Centre Incorporated
- Centre for Australian Progress Ltd
- Ethnic Business Awards Foundation Limited
- International Campaign to Abolish Nuclear Weapons, Australia Inc.
- Ourschool Ltd
- Tasmanian Leaders Inc.

The following organisation will be specifically listed as a DGR from the day after it is registered as a charity with the Australian Charities and Not-for-profits Commission until 30 June 2029:

- I4GIVE Foundation Ltd

Since the 2023–24 Budget, Australians for Unity Ltd has been approved as a specifically listed DGR for gifts made after 31 May 2023 and before 1 July 2024. This organisation replaced the specific listing of The Voice No Case Committee, which was announced in the 2023–24 Budget but was not implemented as the proposal was withdrawn.

This measure is estimated to decrease receipts by $4.0 million over the five years from 2022–23.

Reforming the treatment of the transfer balance cap for successor fund transfers

Receipts ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Australian Taxation Office	-	..	..	..	..

The Government will amend legislation to ensure the superannuation transfer balance cap of individuals with a capped defined benefit income stream is not adversely impacted in the event of a merger or successor fund transfer between superannuation funds.

Under current legislation, a member’s transfer balance cap may be impacted due to the original income stream being treated as ceasing and a new one beginning. This means a new valuation of the capped defined benefit income stream is required which can result in a higher valuation for the transfer balance cap and lead to adverse outcomes for some members.

This measure will apply retrospectively from 1 July 2017 and is estimated to result in a negligible decrease in receipts over the five years from 2022–23.

Payment Measures

Table 2: Payment measures since the 2023–24 Budget(a)

	2022-23	2023-24	2024-25	2025-26	2026-27
	$m	$m	$m	$m	$m
AGRICULTURE, FISHERIES AND FORESTRY					
Australian Pesticides and Veterinary Medicines Authority					
Australian Pesticides and Veterinary Medicines Authority – reforms	-	4.1	-	-	-
Department of Agriculture, Fisheries and Forestry					
Agriculture Trade and Exports – additional funding	-	47.8	47.1	0.6	-
Australian Pesticides and Veterinary Medicines Authority – reforms	-	2.6	-	-	-
Enabling Border Services at Western Sydney International Airport(b)	-	5.9	16.4	27.5	26.0
Farm Household Allowance – eligibility changes	-	0.9	-8.2	-22.0	-32.2
Red Imported Fire Ants and Varroa Mite Response Plans – additional funding	-	-	-	-	-
Simplified Trade System – building a regulatory and border security foundation	-	2.5	3.2	2.9	3.0
Supporting Agriculture Priorities	-	10.9	12.5	13.8	13.6
Portfolio total	**-**	**74.7**	**70.9**	**22.9**	**10.3**
ATTORNEY-GENERAL'S					
Administrative Appeals Tribunal					
Attorney-General's Portfolio – additional resourcing	-	20.4	8.8	8.0	2.5
Migration System Integrity	-	2.4	4.7	2.4	-
Attorney-General's Department					
2023–30 Australian Cyber Security Strategy(b)	-	1.5	3.8	4.4	5.2
Attorney-General's Portfolio – additional resourcing	-	1.1	2.4	1.2	-
Community Safety Measures in Response to the High Court's Decision in NZYQ v Minister for Immigration, Citizenship and Multicultural Affairs & Anor	-	1.0	-	-	-
Digital ID	-	9.3	16.7	17.2	16.2
Government Response to the Royal Commission into the Robodebt Scheme	-	3.2	7.2	5.2	4.1
National Strategy for the Care and Support Economy – delivering foundational initiatives	-	0.6	0.9	-	-
Responding to the PricewaterhouseCoopers Matter(b)	-	1.2	1.4	0.4	-

Table 2: Payment measures since the 2023–24 Budget[(a)] (continued)

	2022-23 $m	2023-24 $m	2024-25 $m	2025-26 $m	2026-27 $m
ATTORNEY-GENERAL'S (continued)					
Royal Commission into Defence and Veteran Suicide – extension	-	0.6	4.2	-	-
Securing Faith-Based Places Grant Program	-	4.0	3.0	3.0	-
Services Australia's Improved Safety for Staff and Customers	-	0.3	-	-	-
Simplified Trade System – building a regulatory and border security foundation	-	0.3	1.5	1.1	1.1
Supporting Australian Communities Affected by the Hamas-Israel Conflict	-	15.0	10.0	-	-
Treasury – additional resourcing(b)	-	0.1	0.2	0.2	-
Australian Criminal Intelligence Commission					
National Strategy for the Care and Support Economy – delivering foundational initiatives	-	0.7	1.4	-	-
Australian Federal Police					
2023–30 Australian Cyber Security Strategy(b)	-	5.5	13.8	11.1	10.9
Community Safety Measures in Response to the High Court's Decision in NZYQ v Minister for Immigration, Citizenship and Multicultural Affairs & Anor	-	33.5	52.7	nfp	nfp
Enhancing Pacific Engagement(b)	-	19.9	-	-	-
Federal Court of Australia					
Access to Offenders' Superannuation(b)	-	-	-	-	-
Migration System Integrity	-	8.6	13.1	13.3	13.5
Office of Parliamentary Counsel					
Attorney-General's Portfolio – additional resourcing	-	3.3	4.5	3.9	4.0
Office of the Australian Information Commissioner					
Digital ID	-	1.4	-	-	-
Office of the Commonwealth Ombudsman					
Government Response to the Royal Commission into the Robodebt Scheme	-	0.3	0.7	0.7	0.7
Office of the Director of Public Prosecutions					
Closing Loopholes(b)	-	-	-	-	-
Community Safety Measures in Response to the High Court's Decision in NZYQ v Minister for Immigration, Citizenship and Multicultural Affairs & Anor	-	3.0	13.8	nfp	nfp
Portfolio total	**-**	**137.3**	**164.8**	**72.2**	**58.1**

Table 2: Payment measures since the 2023–24 Budget(a) (continued)

	2022-23	2023-24	2024-25	2025-26	2026-27
	$m	$m	$m	$m	$m
CLIMATE CHANGE, ENERGY, THE ENVIRONMENT AND WATER					
Department of Climate Change, Energy, the Environment and Water					
Australian Antarctic Program – continuing delivery	-	1.3	-	-	-
Capacity Investment Scheme – expansion	-	nfp	nfp	nfp	nfp
Community Energy Upgrades Fund	-	-	-	-	-
Enabling Australia's Energy Transformation	-	2.2	2.5	1.0	-
Mandating Climate-Related Financial Disclosure(b)	-	-	-	-	-
Mandatory Gas Code of Conduct – additional funding	-	2.3	6.6	8.3	8.2
Marinus Link Entity Establishment – governance	-	3.5	5.5	5.6	-
Murray-Darling Basin Plan – delivering commitments	-	8.4	82.0	23.7	15.9
National Water Grid Fund – delivering commitments	-	0.5	2.0	1.5	1.0
Quad – Australian led initiatives	-	-	-	-	-
Portfolio total	**-**	**18.2**	**98.7**	**40.1**	**25.0**
DEFENCE					
Australian Submarine Agency					
Nuclear-Powered Submarine Program – further implementation	-	-	-	-	-
Department of Defence					
Additional Support for Ukraine	-	22.6	11.0	-	-
Replacement of Bushmasters	-	-	-	-	-
Sale of Bushmasters to Fiji(b)	-	-	2.8	-	-
Space Program – reprioritisation	-	nfp	nfp	nfp	nfp
Supporting Collaboration on Defence Research Priorities	-	-	-	-	-
Department of Veterans' Affairs					
An Effective and Clinically Appropriate Medicare	-	..	..	..	..
Nuclear-Powered Submarine Program – further implementation	-	-	-	-	-

Table 2: Payment measures since the 2023–24 Budget[(a)] (continued)

	2022-23 $m	2023-24 $m	2024-25 $m	2025-26 $m	2026-27 $m
DEFENCE (continued)					
Continuation of Aged Care Reform	-	0.2	0.9	0.7	0.7
Continued Support for the COVID-19 Response	-	4.4	3.4	-	-
Department of Veterans' Affairs – additional resourcing	-	18.6	-	-	-
Employment White Paper(b)	-	..	..	..	..
Modernisation and Sustainment of ICT Systems – continuation	-	4.9	10.1	2.8	0.2
National Strategy for the Care and Support Economy – delivering foundational initiatives	-	1.0	1.0	-	-
Pharmaceutical Benefits Scheme (PBS) New and Amended Listings(b)	0.1	5.3	7.1	7.0	6.7
Reform of Veterans' Compensation Legislation – implementation	-	-	4.6	31.0	4.4
Support for Veterans Experiencing Homelessness	-	-	1.2	1.2	1.2
Urgent Care Clinics and Services	-	0.2	0.2	0.2	-
Portfolio total	**0.1**	**57.2**	**42.5**	**43.0**	**13.3**
EDUCATION					
Australian Research Council					
Strengthening the Australian Research Council	-	-	-	-	-
Department of Education					
Australia's Humanitarian Program(b)	-	0.3	2.2	3.4	3.9
Australian Universities Accord Interim Report – initial response(b)	-	12.3	13.3	22.7	20.3
Child Care – additional support	-	73.8	-	-	-
Education – reprioritisation	-	-22.0	-20.0	-14.9	-20.9
Employment White Paper(b)	-	6.2	0.6	0.6	-
Migration System Integrity	-	2.8	-	-	-
Migration System Reforms(b)	-	1.2	1.0	0.3	0.3
South Australian Non-Government Schools – one-off transition assistance	-	24.2	-	-	-
Strong Beginnings Fund	-	4.6	-	1.2	-5.8
Supporting Australian Communities Affected by the Hamas-Israel Conflict	-	0.2	-	-	-
Tertiary Education Quality and Standards Agency					
Migration System Integrity	-	1.0	-	-	-
Portfolio total	**-**	**104.6**	**-3.0**	**13.3**	**-2.2**

Table 2: Payment measures since the 2023–24 Budget(a) (continued)

	2022-23	2023-24	2024-25	2025-26	2026-27
	$m	$m	$m	$m	$m
EMPLOYMENT AND WORKPLACE RELATIONS					
Australian Skills Quality Authority					
Migration System Integrity	-	4.5	9.7	9.5	9.5
Department of Employment and Workplace Relations					
Australia's Humanitarian Program(b)	-	0.3	0.6	0.5	0.3
Better Targeting Employment Services	-	0.9	-116.6	-109.9	-86.8
Closing Loopholes(b)	-	-	-	-	-
Employment and Workplace Relations – reprioritisation	-	-3.5	-3.4	-4.6	-4.7
Employment Services Trials – enhancing support for digital participants	-	7.3	19.8	10.1	..
Employment White Paper(b)	-	4.0	2.3	2.1	1.1
Funding for Territories	-	..	-0.1	-0.1	-0.1
Future of the Seacare Scheme	-	0.2	0.2	-	-
Migration System Integrity	-	0.6	1.4	1.4	1.1
Migration System Reforms(b)	-	3.4	2.7	0.8	0.8
New Voluntary Pre-Employment Service for Parents	-	-12.0	-2.3	-16.6	15.8
Programme for the International Assessment of Adult Competencies Survey	-	0.2	5.6	2.6	2.7
Prohibition on the Use of Engineered Stone – communications strategy	-	3.1	6.2	-	-
Restart Wage Subsidy for Disability Employment Service Participants – extension	-	..	-	-	-
Review of Australian Apprenticeships and Incentives	-	4.3	1.2	-	-
Review of the Safety, Rehabilitation and Compensation Act 1988	-	1.3	2.3	0.8	-
Fair Work Commission					
Closing Loopholes(b)	-	-	-	-	-
Office of the Fair Work Ombudsman					
Closing Loopholes(b)	-	-	-	-	-
Migration System Integrity	-	-	1.4	2.5	-
Seafarers Safety, Rehabilitation and Compensation Authority					
Future of the Seacare Scheme	-	-	-	-	-
Portfolio total	**-**	**14.8**	**-69.0**	**-100.9**	**-60.2**

Table 2: Payment measures since the 2023–24 Budget[(a)] (continued)

	2022-23 $m	2023-24 $m	2024-25 $m	2025-26 $m	2026-27 $m
FINANCE					
Department of Finance					
A Revitalised Regulatory Reform Agenda	-	-	9.6	8.9	9.4
Attorney-General's Portfolio – additional resourcing	-	0.1	0.1	0.1	0.1
Climate Action in Government Operations	-	1.1	2.2	2.4	2.6
Digital ID	-	-2.2	4.9	-	-
Employment White Paper(b)	-	0.1	-	-	-
Future of Shared Services	-	-3.0	11.3	-	-
Marinus Link Entity Establishment – governance	-	-	1.4	1.2	-
More Efficient and Effective Vehicle Leasing and Fleet Management Arrangement(b)	-	0.8	1.2	0.7	0.7
National Quantum Strategy – implementation	-	nfp	-	-	-
Purpose-Built Quarantine Centres – maintenance of WA centre	-	3.9	5.5	5.8	-
Responding to the PricewaterhouseCoopers Matter(b)	-	3.0	1.6	0.6	0.6
Digital Transformation Agency					
2023–30 Australian Cyber Security Strategy(b)	-	0.5	1.0	0.5	0.5
Strengthening Digital Assurance	-	2.8	-	-	-
Portfolio total	**-**	**7.1**	**38.8**	**20.3**	**14.0**
FOREIGN AFFAIRS AND TRADE					
Australian Trade and Investment Commission					
First Nations Foreign Policy – extension	-	-	-	-	-
Simplified Trade System – building a regulatory and border security foundation	-	1.6	1.5	1.6	0.6
Southeast Asia Economic Strategy to 2040	-	5.0	9.2	9.3	9.3
Department of Foreign Affairs and Trade					
2023–30 Australian Cyber Security Strategy(b)	-	0.3	5.1	7.5	8.3
Additional Support for Ukraine	-	-	-	-	-
Australian Infrastructure Financing Facility for the Pacific – PNG loan(b)	-	nfp	nfp	nfp	nfp
Diplomatic Engagement on Counter Terrorism and People Smuggling	-	6.4	6.2	6.3	6.0
Enhancing Pacific Engagement(b)	-	nfp	nfp	nfp	nfp
First Nations Foreign Policy – extension	-	1.3	3.2	3.2	3.3
Quad – Australian led initiatives	-	-	-	-	-
Southeast Asia Economic Strategy to 2040	-	7.1	19.5	18.0	18.0
Working with the Australian Critical Minerals Industry to Unlock Investment in Enabling Infrastructure	-	-	-	-	-

Table 2: Payment measures since the 2023–24 Budget[(a)] (continued)

	2022-23	2023-24	2024-25	2025-26	2026-27
	$m	$m	$m	$m	$m
FOREIGN AFFAIRS AND TRADE (continued)					
Export Finance and Insurance Corporation (National Interest component)					
Australian Infrastructure Financing Facility for the Pacific – PNG loan(b)	-	nfp	nfp	nfp	nfp
Portfolio total	**-**	**21.8**	**44.7**	**45.8**	**45.4**
HEALTH AND AGED CARE					
Aged Care Quality and Safety Commission					
Continuation of Aged Care Reform	-	24.0	36.0	39.4	6.6
Department of Health and Aged Care					
Achieving Better Health Outcomes	-	-	-	-	-
An Effective and Clinically Appropriate Medicare	-	-3.2	-2.2	-8.4	-8.8
Australia's Humanitarian Program(b)	-	1.2	3.6	4.5	4.6
Channel 7 Perth Telethon	-	-	-	-	-
Community Safety Measures in Response to the High Court's Decision in NZYQ v Minister for Immigration, Citizenship and Multicultural Affairs & Anor	-	0.2	0.6	nfp	nfp
Continuation of Aged Care Reform	-	185.5	93.6	47.0	39.1
Continued Support for the COVID-19 Response	-	222.2	128.5	5.4	4.4
Employment White Paper(b)	-	-	2.9	3.0	3.1
Enhanced Regulatory Model for Vaping Products	-	3.8	20.9	-12.1	-12.6
Ensuring Access to Medicines	-	30.2	48.3	48.4	41.3
Farm Household Allowance – eligibility changes	-	-	-0.2	-0.3	-0.3
Genomics Australia	-	-	-	-	-
Improving Cancer Outcomes – cancer care nursing and navigation	-	-	-	-	-
Improving Cancer Outcomes – eliminating cervical cancer in Australia	-	-	-	-	-
Mental Health	-	0.6	32.8	22.6	36.2
National Immunisation Program	-	168.1	80.1	61.9	63.0
National Strategy for the Care and Support Economy – delivering foundational initiatives	-	3.0	3.2	-	-
Pharmaceutical Benefits Scheme (PBS) New and Amended Listings(b)	6.5	533.6	895.4	997.5	1,047.9
Re-opening the Eligibility Assessment for Registration with the Australian Thalidomide Survivors Support Program	-	-	3.3	0.6	0.6
Supporting Australian Athletes and the Paris 2024 Olympic and Paralympic Games	20.1	-	-	-	-

Table 2: Payment measures since the 2023–24 Budget[(a)] (continued)

	2022-23	2023-24	2024-25	2025-26	2026-27
	$m	$m	$m	$m	$m
HEALTH AND AGED CARE (continued)					
Supporting Australian Communities Affected by the Hamas-Israel Conflict	-	1.5	1.5	-	-
Supporting Physical Activity and Equitable Access for Women and Girls to Participate in Sport	-	1.7	92.1	72.1	34.1
Urgent Care Clinics and Services	-	8.9	13.8	14.1	-
Portfolio total	**26.5**	**1,181.3**	**1,454.1**	**1,295.7**	**1,259.1**
HOME AFFAIRS					
Department of Home Affairs					
2023–30 Australian Cyber Security Strategy(b)	-	11.1	31.6	33.1	17.7
Australia’s Humanitarian Program(b)	-	13.9	12.7	5.6	-2.5
Civil Maritime Critical Capabilities – sustainment	-	-	-	-	-
Community Safety Measures in Response to the High Court’s Decision in NZYQ v Minister for Immigration, Citizenship and Multicultural Affairs & Anor	-	58.3	88.6	nfp	nfp
Enabling Border Services at Western Sydney International Airport(b)	-	2.2	17.9	30.0	33.3
Enhanced Regulatory Model for Vaping Products	-	-	-	-	-
Enhancing Pacific Engagement(b)	-	-	4.7	13.2	0.8
Migration – closure of the Pandemic Event visa(b)	-	1.0	1.0	0.3	-
Migration System Integrity	-	26.0	35.9	6.9	-
Migration System Reforms(b)	-	39.5	26.0	7.5	1.1
Minor amendments to existing measures(b)	-	-0.2	-0.7	-0.3	-
Quad – Australian led initiatives	-	-	-	-	-
Simplified Trade System – building a regulatory and border security foundation	-	2.9	9.0	16.6	3.9
Supporting Australian Communities Affected by the Hamas-Israel Conflict	-	15.2	16.3	4.0	1.6
Treasury – additional resourcing(b)	-	-	-	-	-
Portfolio total	**-**	**170.0**	**243.1**	**116.9**	**55.8**
INDUSTRY, SCIENCE AND RESOURCES					
Commonwealth Scientific and Industrial Research Organisation					
Space Program – reprioritisation	-	nfp	nfp	nfp	nfp
Department of Industry, Science and Resources					
Battery Supply Chain and Research Working Group	-	-	-	-	-
Mandatory Gas Code of Conduct – additional funding	-	0.3	0.7	0.7	0.7

Table 2: Payment measures since the 2023–24 Budget[(a)] (continued)

	2022-23 $m	2023-24 $m	2024-25 $m	2025-26 $m	2026-27 $m
INDUSTRY, SCIENCE AND RESOURCES (continued)					
National Quantum Strategy – implementation	-	nfp	-	-	-
Northern Endeavour Decommissioning – future funding	-	nfp	nfp	nfp	nfp
Offshore Decommissioning Program – delivery and policy reforms(b)	-	4.4	7.9	8.1	7.1
Space Program – reprioritisation	-	nfp	nfp	nfp	nfp
Working with the Australian Critical Minerals Industry to Unlock Investment in Enabling Infrastructure	-	2.6	-	-	-
Geoscience Australia					
Space Program – reprioritisation	-	nfp	nfp	nfp	nfp
National Offshore Petroleum Safety and Environmental Management Authority					
Offshore Decommissioning Program – delivery and policy reforms(b)	-	0.5	1.0	1.1	0.8
Portfolio total	**-**	**7.8**	**9.7**	**9.9**	**8.6**
INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT, COMMUNICATIONS AND THE ARTS					
Australian Communications and Media Authority					
Be Connected – digital skills for older Australians	-	-	4.0	4.0	4.1
Supporting Australian Communities Affected by the Hamas-Israel Conflict	-	1.8	1.6	1.6	1.7
Supporting Connectivity, Media and Communications(b)	-	2.2	3.7	2.4	2.1
Department of Infrastructure, Transport, Regional Development, Communications and the Arts					
2023–30 Australian Cyber Security Strategy(b)	-	1.0	1.0	1.3	1.0
Building a Better Future Through Considered Infrastructure Investment	-	41.4	150.6	300.0	450.0
Enabling Border Services at Western Sydney International Airport(b)	-	-	-	-	-
Funding for Territories	-	1.9	nfp	nfp	nfp
Increasing Housing Supply(b)	-	3.7	3.7	-	-
Investing in Our Communities and Priority Community Infrastructure	-	-	-	-	-
Supporting Connectivity, Media and Communications(b)	-	nfp	nfp	-20.0	-
Supporting Transport Priorities(b)	-	4.2	27.5	27.3	20.7
Working with the Australian Critical Minerals Industry to Unlock Investment in Enabling Infrastructure	-	-	-	-	-

Table 2: Payment measures since the 2023–24 Budget[(a)] (continued)

	2022-23	2023-24	2024-25	2025-26	2026-27
	$m	$m	$m	$m	$m
INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT, COMMUNICATIONS AND THE ARTS (continued)					
National Transport Commission					
Supporting Transport Priorities(b)	-	0.7	1.7	2.1	1.2
Portfolio total	**-**	**56.8**	**193.8**	**318.9**	**480.8**
PARLIAMENT					
Department of the House of Representatives					
Enhancing Pacific Engagement(b)	-	0.3	0.5	0.6	0.6
Portfolio total	**-**	**0.3**	**0.5**	**0.6**	**0.6**
PRIME MINISTER AND CABINET					
Australian Public Service Commission					
2023–30 Australian Cyber Security Strategy(b)	-	0.3	1.1	1.1	1.1
Department of the Prime Minister and Cabinet					
Delivering the Commonwealth Government COVID-19 Response Inquiry	-	7.2	2.1	-	-
National Indigenous Australians Agency					
Tailored Assistance Employment Grant Program – extension	-	-	-	-	-
Portfolio total	**-**	**7.5**	**3.1**	**1.1**	**1.1**
SOCIAL SERVICES					
Department of Social Services					
Australia's Humanitarian Program(b)	-	13.4	36.3	45.4	45.1
Be Connected – digital skills for older Australians	-	0.1	6.1	6.4	6.6
Continuation of Aged Care Reform	-	-	-1.1	-1.0	-1.0
Continued Support for the COVID-19 Response	-	0.5	0.3	-	-
Development of a New National Carer Strategy	-	0.7	1.2	-	-
Employment White Paper(b)	-	6.6	19.2	19.5	19.6
Income Management and Enhanced Income Management – transition arrangements	-	1.5	3.7	-	-
Increasing Support for Victim-Survivors of Domestic Violence and Modern Slavery	-	0.3	1.1	1.9	3.0
Mental Health	-	-	8.6	-	-
Paid Parental Leave Scheme – expansion(b)	-	0.3	0.3	13.8	30.7
Progressing the National Disability Data Asset – additional funding	-	-	-	-	-
Restart Wage Subsidy for Disability Employment Service Participants – extension	-	-	27.8	-	-

Table 2: Payment measures since the 2023–24 Budget[(a)] (continued)

	2022-23 $m	2023-24 $m	2024-25 $m	2025-26 $m	2026-27 $m
SOCIAL SERVICES (continued)					
Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability – establishing a Commonwealth Disability Royal Commission Taskforce	-	1.8	2.4	-	-
Support for the National Disability Insurance Scheme	-	8.8	10.3	-	-
National Disability Insurance Agency					
Australia's Humanitarian Program(b)	-	0.1	2.7	7.9	18.7
Support for the National Disability Insurance Scheme	-	-1.4	489.8	-1.8	-1.0
Services Australia					
An Effective and Clinically Appropriate Medicare	-	-	-1.0	-1.0	-1.1
Australia's Humanitarian Program(b)	-	0.3	0.7	0.8	0.6
Better Targeting Employment Services	-	14.2	13.6	9.3	9.1
Child Care – additional support	-	2.0	0.1	-	-
Community Safety Measures in Response to the High Court's Decision in NZYQ v Minister for Immigration, Citizenship and Multicultural Affairs & Anor	-	2.5	0.7	nfp	nfp
Continuation of Aged Care Reform	-	24.4	5.8	3.0	2.7
Continued Support for the COVID-19 Response	-	7.5	8.9	4.3	2.5
Employment White Paper(b)	-	15.1	5.5	0.9	0.9
Farm Household Allowance – eligibility changes	-	6.9	6.5	2.2	1.8
Income Management and Enhanced Income Management – transition arrangements	-	nfp	nfp	nfp	-
Modernising myGov	-	10.8	0.5	-	-
National Immunisation Program	-	2.0	0.2	0.1	0.1
New Voluntary Pre-Employment Service for Parents	-	8.5	26.3	1.9	-0.6
Paid Parental Leave Scheme – expansion(b)	-	13.6	7.7	7.9	5.3
Pharmaceutical Benefits Scheme (PBS) New and Amended Listings(b)	0.1	0.7	-0.3	-0.4	-0.4
Services Australia – additional resourcing	-	228.0	-	-	-
Services Australia's Improved Safety for Staff and Customers	-	46.7	-	-	-
Urgent Care Clinics and Services	-	0.6	0.7	0.7	-
Portfolio total	**0.1**	**416.4**	**684.6**	**121.8**	**142.6**

Table 2: Payment measures since the 2023–24 Budget[(a)] (continued)

	2022-23 $m	2023-24 $m	2024-25 $m	2025-26 $m	2026-27 $m
TREASURY					
Australian Bureau of Statistics					
Employment White Paper(b)	-	1.9	5.8	2.4	2.8
Australian Competition and Consumer Commission					
Australian Energy Regulator – expanded energy market monitoring	-	2.6	10.2	7.2	6.0
Digital ID	-	15.9	30.0	21.1	-
Mandatory Gas Code of Conduct – additional funding	-	2.0	3.6	3.3	3.3
Support for the National Disability Insurance Scheme	-	1.4	2.5	1.8	1.0
Treasury – additional resourcing(b)	-	2.1	8.1	2.6	0.9
Australian Prudential Regulation Authority					
Mandating Climate-Related Financial Disclosure(b)	-	0.8	0.8	0.8	0.7
Australian Securities and Investments Commission					
Ceasing the Modernising Business Registers Program	-	49.6	19.1	3.4	3.4
Mandating Climate-Related Financial Disclosure(b)	-	2.4	11.0	10.3	10.8
Treasury – additional resourcing(b)	-	2.4	3.5	1.6	1.7
Australian Taxation Office					
Access to Offenders' Superannuation(b)	-	-	-	-	-
Ceasing the Modernising Business Registers Program	-	-16.0	-22.9	-18.4	-17.8
Digital ID	-	5.4	6.1	-	-
Employment White Paper(b)	-	-2.2	-0.2	-	-
Foreign Investment – raising fees for established dwellings(b)	-	0.5	1.0	1.0	1.0
Increasing the integrity of the foreign resident capital gains withholding regime(b)	-	-	1.2	2.4	2.4
Minor amendments to existing measures(b)	-	-0.4	-	-	-
National Cultural Policy – additional support	-	-	-	10.0	10.0
Responding to the PricewaterhouseCoopers Matter(b)	-	2.7	0.7	0.6	0.6
Treasury – additional resourcing(b)	-	-	0.9	1.1	1.3
Department of the Treasury					
2023–30 Australian Cyber Security Strategy(b)	-	0.8	3.1	2.8	4.4
Access to Offenders' Superannuation(b)	-	-	-	-	-
Achieving Better Health Outcomes	-	-	2.0	2.0	2.0
Attorney-General's Portfolio – additional resourcing	-	17.1	-	-	-

Table 2: Payment measures since the 2023–24 Budget[(a)] (continued)

	2022-23	2023-24	2024-25	2025-26	2026-27
	$m	$m	$m	$m	$m
TREASURY (continued)					
Australia's Humanitarian Program(b)	-	..	..	5.0	5.0
Building a Better Future Through Considered Infrastructure Investment	-	-1,610.0	-1,940.1	-2,655.3	-2,134.0
Ceasing the Modernising Business Registers Program	-	2.2	-	-	-
Continuation of Aged Care Reform	-	10.0	-	-	-
Delivering Better Financial Outcomes Package – adviser fees from superannuation(b)	-	-	-	-	-
Digital ID	-	0.9	-	-	-
Employment White Paper(b)	-	1.5	8.9	8.8	8.9
Ensuring Small Businesses are Paid on Time	-	2.7	3.9	0.7	0.8
GST No Worse Off Guarantee – extension	-	-	-	-	-
Improving Cancer Outcomes – eliminating cervical cancer in Australia	-	-	-	-	-
Increasing Housing Supply(b)	2,000.0	50.0	450.0	-	-
Indirect Tax Concession Scheme – diplomatic and consular concessions(b)	-	..	..	..	..
Mandating Climate-Related Financial Disclosure(b)	-	1.4	0.8	-	-
Mandatory Gas Code of Conduct – additional funding	-	0.2	0.9	0.4	0.4
Migration – closure of the Pandemic Event visa(b)	-	-50.0	-100.0	-150.0	-150.0
Migration System Integrity	-	7.7	28.8	-	-
Migration System Reforms(b)	-	..	-45.0	-105.0	-175.0
Minor amendments to existing measures(b)	-	-	-	-	-
Murray-Darling Basin Plan – delivering commitments	-	-	5.0	7.3	6.0
National Immunisation Program	-	-	7.5	3.5	2.7
National Water Grid Fund – delivering commitments	-	-6.4	49.3	79.1	29.7
Red Imported Fire Ants and Varroa Mite Response Plans – additional funding	-	7.7	85.1	78.3	82.8
Responding to the PricewaterhouseCoopers Matter(b)	-	3.5	4.4	0.9	-
Supporting Agriculture Priorities	-	0.6	2.2	-	-
Supporting Australian Communities Affected by the Hamas-Israel Conflict	-	5.8	-	-	-
Supporting Connectivity, Media and Communications(b)	-	10.0	20.0	20.0	-
Treasury – additional resourcing(b)	-	3.8	5.1	4.0	1.2
Housing Australia					
Increasing Housing Supply(b)	-	21.9	87.5	65.6	-

Table 2: Payment measures since the 2023–24 Budget[(a)] (continued)

	2022-23	2023-24	2024-25	2025-26	2026-27
	$m	$m	$m	$m	$m
TREASURY (continued)					
Office of the Auditing and Assurance Standards Board					
Mandating Climate-Related Financial Disclosure(b)	-	0.5	1.5	1.4	1.4
Office of the Australian Accounting Standards Board					
Mandating Climate-Related Financial Disclosure(b)	-	1.4	4.6	3.1	3.4
Portfolio total	**2,000.0**	**-1,445.5**	**-1,233.0**	**-2,576.0**	**-2,282.2**
Decisions taken but not yet announced and not for publication (nfp)	**-**	**270.1**	**941.6**	**1,666.7**	**1,797.0**
Total impact of payment measures(c)	**2,026.7**	**1,100.4**	**2,685.8**	**1,112.3**	**1,567.3**

* 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) Measures may not add due to rounding.

Agriculture, Fisheries and Forestry

Agriculture Trade and Exports – additional funding

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Agriculture, Fisheries and Forestry	-	47.8	47.1	0.6	-

The Government will provide an additional $95.5 million over three years from 2023–24 for the Department of Agriculture, Fisheries and Forestry to sustain export regulatory functions, including through capability improvements, assurance and verification to meet trading partner requirements and responding to exporter demand.

The measure also supports the design of a revised funding model for these functions.

Australian Pesticides and Veterinary Medicines Authority – reforms

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Australian Pesticides and Veterinary Medicines Authority	-	4.1	-	-	-
Department of Agriculture, Fisheries and Forestry	-	2.6	-	-	-
Total – Payments	-	6.7	-	-	-

The Government will provide $6.7 million in 2023–24 to commence reforms to ensure the integrity of Australia's agricultural and veterinary chemicals regulation system. Funding includes:

- $4.1 million in 2023–24 for the Australian Pesticides and Veterinary Medicines Authority (APVMA) for costs incurred in responding to allegations of mismanagement, including an independent review into its operations
- $2.6 million in 2023–24 for the Department of Agriculture, Fisheries and Forestry to conduct a rapid evaluation of APVMA's structures and governance and to commence the development of associated reform options.

Farm Household Allowance – eligibility changes

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Services Australia	-	6.9	6.5	2.2	1.8
Department of Agriculture, Fisheries and Forestry	-	0.9	-8.2	-22.0	-32.2
Department of Health and Aged Care	-	-	-0.2	-0.3	-0.3
Total – Payments	-	7.8	-1.8	-20.0	-30.8

The Government will introduce changes to eligibility, compliance and case management for the Farm Household Allowance (FHA) program to ensure that support is appropriately targeted. This includes:

- introducing a minimum gross annual turnover of $60,000
- introducing annual collections of financial information from recipients to ensure ongoing assessment of eligibility
- strengthening case management by introducing annual financial reviews between recipients and case managers.

These changes are expected to reduce FHA related payments by $65.1 million over three years from 2024–25.

The Government will provide $20.2 million over four years from 2023–24 (and $2.3 million per year ongoing) to implement the changes and for ongoing administration.

Red Imported Fire Ants and Varroa Mite Response Plans – additional funding

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of the Treasury	-	7.7	85.1	78.3	82.8
Department of Agriculture, Fisheries and Forestry	-	-	-	-	-
Total – Payments	-	7.7	85.1	78.3	82.8

The Government will provide an additional $253.8 million over four years from 2023–24 (and $41.0 million in 2027–28) for pest and disease preparedness and response activities. Funding includes:

- $227.2 million over three years from 2024–25 (and $41.0 million in 2027–28) towards the *National Fire Ant Eradication Program* to intensify activities to contain and control red imported fire ants in South East Queensland

- $26.6 million over four years from 2023–24 to underwrite the industry share of the national varroa mite response plan in New South Wales, including the transition to managing the impacts and slowing the spread of varroa mite.

Commonwealth payments to the states and territories are managed by the Treasury.

Supporting Agriculture Priorities

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Agriculture, Fisheries and Forestry	-	10.9	12.5	13.8	13.6
Department of the Treasury	-	0.6	2.2	-	-
Total – Payments	-	11.5	14.7	13.8	13.6

The Government will provide $55.8 over four years from 2023–24 (and $10.0 million per year ongoing) to support priorities in the agriculture sector. Funding includes:

- $21.0 million over three years from 2024–25 (and $7.2 million per year ongoing) to maintain biosecurity clearance activities in international mail gateway facilities
- $9.7 million over four years from 2023–24 (and $2.8 million per year ongoing) for the Australian Bureau of Agricultural and Resource Economics and Sciences to deliver forestry data analysis to support industry development
- $8.8 million over two years from 2023–24 to support the ongoing resumption of the live cattle trade with Indonesia and Malaysia and mitigate the risk of future suspensions or restrictions
- $8.4 million over two years from 2025–26 in additional matched funding to research and development corporations, reflecting the removal of the total levies limit applicable to Government contributions
- $4.9 million over two years from 2023–24 to develop the Agriculture and Land Sectoral Plan to address key issues for agriculture as part of the whole-of-economy transition to net zero emissions
- $3.2 million in 2023–24 to continue to deliver Future Drought Fund programs and meet associated legislative requirements.

Commonwealth payments to the states and territories are managed by the Treasury.

The cost of this measure will be partially met from savings identified in the Agriculture, Fisheries and Forestry portfolio.

Attorney-General's

Attorney-General's Portfolio – additional resourcing

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Administrative Appeals Tribunal	-	20.4	8.8	8.0	2.5
Department of the Treasury	-	17.1	-	-	-
Office of Parliamentary Counsel	-	3.3	4.5	3.9	4.0
Attorney-General's Department	-	1.1	2.4	1.2	-
Department of Finance	-	0.1	0.1	0.1	0.1
Total – Payments	-	42.0	15.8	13.3	6.6

The Government will provide $77.7 million over four years from 2023–24 (and $4.0 million per year ongoing) to support the delivery of Government priorities in the Attorney-General's portfolio. Funding includes:

- $21.8 million over two years from 2023–24 for the Administrative Appeals Tribunal to support transition to the new Administrative Review Tribunal
- $18.5 million over four years from 2023–24 (including $5.2 million in capital funding) for the Administrative Appeals Tribunal to continue to develop and expand the new case management system for use by the Administrative Review Tribunal
- $17.1 million in 2023–24 to support legal aid commissions to provide legal representation in family law proceedings, including independent children's lawyers as ordered by the Federal Circuit and Family Court of Australia
- $15.6 million over four years from 2023–24 (and $4.0 million per year ongoing) for the Office of Parliamentary Counsel to increase its legislative drafting capacity
- $4.7 million over three years from 2023–24 for the Attorney-General's Department to implement the Government Response to the Review of the *Privacy Act 1988*.

Partial funding for this measure has already been provided for by the Government.

This measure builds on the 2023–24 Budget measure titled *Institutional Reform to Australia's System of Federal Administrative Review*.

Government Response to the Royal Commission into the Robodebt Scheme

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Attorney-General's Department	-	3.2	7.2	5.2	4.1
Office of the Commonwealth Ombudsman	-	0.3	0.7	0.7	0.7
Total – Payments	-	3.5	7.8	5.9	4.8

The Government will provide $22.0 million over four years from 2023–24 (and $4.8 million per year ongoing) to the Attorney-General's Department and the Office of the Commonwealth Ombudsman to support implementation of the Government Response to the Royal Commission into the Robodebt Scheme. Funding includes:

- $5.6 million over four years from 2023–24 (and $0.4 million per year ongoing) to develop and implement a consistent legislative approach to automated decision making across the Commonwealth
- $5.3 million over four years from 2023–24 (and $1.8 million per year ongoing) to support the re-established Administrative Review Council to monitor and enquire into the Commonwealth administrative review system
- $5.2 million over four years from 2023–24 (and $1.1 million per year ongoing) to reform the *Legal Services Directions 2017*, boost capacity to manage significant legal issues and improve in-house legal practices across the Commonwealth
- $3.6 million over four years from 2023–24 (and $1.0 million per year ongoing) to enhance the provision of legal advice to the Cabinet, including on new policy proposals
- $2.3 million over four years from 2023–24 (and $0.7 million per year ongoing) to the Office of the Commonwealth Ombudsman to provide additional capacity to handle complaints and undertake investigations of systemic issues.

Royal Commission into Defence and Veteran Suicide – extension

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Attorney-General's Department	-	0.6	4.2	-	-

The Government will provide $4.9 million over two years from 2023–24 to extend the Royal Commission into Defence and Veteran Suicide by three months until 9 September 2024.

Securing Faith-Based Places Grant Program

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Attorney-General's Department	-	4.0	3.0	3.0	-

The Government has provided $52.8 million over five years from 2022–23, including $2.8 million in administration costs, for the *Securing Faith-Based Places Grant Program* for religious schools, preschools, places of worship and faith-based community centres to address the risk of crime and violence motivated by religious or racial intolerance, through installing or upgrading security infrastructure, including cameras, lights and fencing, and engaging security guards.

The cost of this measure has been met from the Confiscated Assets Account under the *Proceeds of Crime Act 2002*.

Climate Change, Energy, the Environment and Water

Australian Antarctic Program – continuing delivery

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Climate Change, Energy, the Environment and Water	-	1.3	-	-	-

The Government will provide $10.0 million in 2023–24 to safely deliver operations at the Macquarie Island Research Station and to secure wharf facilities for the *Australian Antarctic Program*. Funding includes:

- $8.7 million in 2023–24 to address immediate critical safety risks and develop options around any future works on the Macquarie Island Research Station
- $1.3 million in 2023–24 to secure wharf facilities in Hobart for the *Australian Antarctic Program*.

The cost of this measure will be partially met from a reprioritisation of the *Macquarie Island Research Station Modernisation Project*.

Capacity Investment Scheme – expansion

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Climate Change, Energy, the Environment and Water	-	nfp	nfp	nfp	nfp

The Government will expand the Capacity Investment Scheme nationally to underwrite additional investment in clean dispatchable capacity and variable renewable energy generation to ensure energy reliability, affordability and to support uptake of renewable energy by 2030.

The Capacity Investment Scheme will be underpinned by bilateral Renewable Energy Transformation Agreements with states and territories to deliver emissions reduction and renewable energy targets by 2030. Funding includes:

- $200.2 million over nine years from 2023–24 (and $7.4 million per year from 2032–33 to 2042–43) to design the auction process and engage a delivery partner to support the auctions and undertake contract management activities for selected projects

- $6.3 million over three years from 2023–24 to negotiate bilateral Renewable Energy Transformation Agreements with states and territories
- underwriting costs for clean energy projects selected through the auction process. The financial implications for this component are not for publication (nfp) due to commercial sensitivities.

This measure builds on the 2023–24 Budget measure titled *Capacity Investment Scheme*.

Community Energy Upgrades Fund

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Climate Change, Energy, the Environment and Water	-	-	-	-	-

The Government will provide $103.5 million over four years from 2023–24 (and $0.4 million in 2027–28) to co-fund energy efficiency and electrification upgrades for local governments, through a targeted competitive grant program, to reduce energy bills and emissions from local government owned and/or operated facilities.

Funding for this measure has already been provided for by the Government.

The cost of this measure will be partially met from savings identified in the 2023–24 Budget measure titled *Climate Change, Energy, the Environment and Water – reprioritisation*.

Enabling Australia’s Energy Transformation

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Climate Change, Energy, the Environment and Water	-	2.2	2.5	1.0	-

The Government will provide $5.7 million over three years from 2023–24 to support actions to accelerate Australia’s energy transformation. Funding includes:

- $3.5 million over three years from 2023–24 to develop a post-2030 market mechanism that supports capacity and system security in the National Electricity Market
- $2.2 million over two years from 2023–24 to improve transparency of renewable energy supply chains and identify expected future demand for critical renewable energy technology inputs.

This measure builds on the 2022–23 October Budget measure titled *Support for Energy Security and Reliability*.

Mandatory Gas Code of Conduct – additional funding

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Climate Change, Energy, the Environment and Water	-	2.3	6.6	8.3	8.2
Australian Competition and Consumer Commission	-	2.0	3.6	3.3	3.3
Department of Industry, Science and Resources	-	0.3	0.7	0.7	0.7
Department of the Treasury	-	0.2	0.9	0.4	0.4
Total – Payments	-	4.9	11.8	12.7	12.5

The Government will provide additional funding of $41.9 million over four years from 2023–24 to support the implementation and administration of the *Competition and Consumer (Gas Market Code) Regulations 2023* to support the domestic wholesale gas market to deliver an adequate supply of reasonably priced gas.

This measure builds on the 2023–24 Budget measure titled *Energy Price Relief Plan*.

Marinus Link Entity Establishment – governance

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Climate Change, Energy, the Environment and Water	-	3.5	5.5	5.6	-
Department of Finance	-	-	1.4	1.2	-
Total – Payments	-	3.5	6.9	6.8	-

The Government will provide $17.2 million over three years from 2023–24 to support the first stage of the Marinus Link project. The Commonwealth will hold a 49 per cent equity investment in a joint project vehicle with the Victorian and Tasmanian governments to finance, construct, maintain and operate the Marinus Link. The first stage of Marinus Link is a 750 megawatt undersea transmission cable connecting Tasmania and Victoria and is being supported through the Government's *Rewiring the Nation* program.

This measure builds on the 2022–23 October Budget measure titled *Powering Australia – Rewiring the Nation*.

Murray-Darling Basin Plan – delivering commitments

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Climate Change, Energy, the Environment and Water	-	8.4	82.0	23.7	15.9
Department of the Treasury	-	-	5.0	7.3	6.0
Total – Payments	-	8.4	87.0	30.9	21.9

The Government will provide $150.7 million over six years from 2023–24 to deliver the Murray-Darling Basin Plan. Funding includes:

- $70.1 million over three years from 2023–24 for the Aboriginal Water Entitlements Program to increase First Nations peoples' ownership and self-determination of water in the Murray-Darling Basin
- $30.0 million over three years from 2024–25 for additional water releases in the Upper Murrumbidgee River by Snowy Hydro Limited during drought-like conditions
- $20.3 million over five years from 2024–25 for improving river health and monitoring in the Upper Murrumbidgee, Snowy and Snowy Montane River regions
- $20.0 million over three years from 2024–25 to support Murray-Darling Basin First Nations to undertake cultural flows planning
- $5.3 million over five years from 2023–24 to support a review of the Snowy Water Inquiry Outcomes Implementation Deed. This includes $0.5 million to support First Nations participation in the Deed review process
- $5.0 million in 2023–24 to further develop and design the water recovery program under the Murray-Darling Basin Plan.

Funding for this measure has already been provided for by the Government.

Partial funding for this measure will be held in the Contingency Reserve.

National Water Grid Fund – delivering commitments

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Climate Change, Energy, the Environment and Water	-	0.5	2.0	1.5	1.0
Department of the Treasury	-	-6.4	49.3	79.1	29.7
Total – Payments	-	-5.9	51.3	80.6	30.7

The Government will provide $180.3 million over four years from 2023–24 to continue investment in new water infrastructure projects to support environmentally sustainable economic and social growth, and provide targeted support to First Nations communities. Funding includes:

- $120.0 million over three years from 2024–25 for small scale water infrastructure projects across Australia
- $26.5 million of additional funding over two years from 2024–25 for the *Mount Morgan Water Supply Pipeline* project, Queensland
- $13.2 million over four years from 2023–24 for the Yulara Water Supply project, Northern Territory
- $10.0 million over three years from 2023–24 for the Central Darling Shire Clean Water, Healthy Community and River project, New South Wales
- $5.4 million over two years from 2023–24 for the Gove Peninsula Water Supply Upgrade Phase 1 project, Northern Territory
- $5.0 million over four years from 2023–24 to help First Nations communities to build local understanding, capability and empower communities to benefit from improved water infrastructure
- $0.2 million over two years from 2023–24 for the Iga Warta Water Security project, South Australia.

The Government will also achieve savings of $273.0 million over 11 years from 2023–24 through responsible investment decisions on National Water Grid Fund projects. Savings include:

- $265.0 million over seven years from 2027–28 for the *Wyangala Dam Wall Raising* project, as the business case did not provide support for construction of the project

- $8.0 million over two years from 2023–24 for the *Northern Adelaide Irrigation Scheme* project, as there was insufficient demand for water from the scheme following delivery of Stage 1 of the project.

The cost of the new water infrastructure projects will be partially met from these savings and the $150.0 million allocated to improve water security for remote First Nations communities under the 2023–24 Budget measure titled *Closing the Gap – further investment*.

This measure builds on the 2023–24 Budget measure titled *National Water Grid Fund – delivering commitments.*

Cross Portfolio

Employment White Paper

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Services Australia	-	15.1	5.5	0.9	0.9
Department of Social Services	-	6.6	19.2	19.5	19.6
Department of Education	-	6.2	0.6	0.6	-
Department of Employment and Workplace Relations	-	4.0	2.3	2.1	1.1
Australian Bureau of Statistics	-	1.9	5.8	2.4	2.8
Department of the Treasury	-	1.5	8.9	8.8	8.9
Department of Finance	-	0.1	-	-	-
Department of Veterans' Affairs	-	..	..	..	..
Department of Health and Aged Care	-	-	2.9	3.0	3.1
Australian Taxation Office	-	-2.2	-0.2	-	-
Total – Payments	-	33.1	45.0	37.4	36.4
Related receipts ($m)					
Australian Taxation Office	-	-	*2.0*	*4.0*	*4.0*

The Government will provide $141.9 million over four years from 2023–24 for a range of measures announced as part of the Employment White Paper, *Working Future*. These initiatives aim to address current labour market gaps, support participation and lay the foundations for further reforms, and include:

- $52.4 million over four years from 2023–24 (and $13.9 million per year ongoing) to permanently enhance the pension Work Bonus, providing new pension entrants over Age Pension age and eligible veterans with a Work Bonus starting balance of $4,000, and allowing all recipients to retain the current elevated Work Bonus balance limit of $11,800. There is expected to be an increase in personal income tax receipts of $10.0 million over three years from 2024–25 (and $4.0 million per year ongoing) as a result of this measure

- $42.8 million over four years from 2023–24 (and $9.4 million per year ongoing) to double the employment income nil rate period to 12 fortnights, and to expand eligibility to income support recipients who obtain full-time employment, to allow recipients to retain concession cards and other supplementary benefits for a longer period when they first get back into employment

- $29.3 million over four years from 2023–24 (and an additional $11.9 million from 2027–28 to 2028–29) to turbocharge TAFE Centres of Excellence to drive uptake of higher apprenticeships and undertake consultation to develop degree-level higher apprenticeships in priority areas of net zero transformation, the care sector and advanced digitalisation

- $22.2 million over four years from 2023–24 (and $5.3 million per year ongoing) for the Australian Bureau of Statistics, the Treasury, the Department of Employment and Workplace Relations, and the Department of Social Services to improve the evidence base for labour market reforms

- $7.5 million in 2023–24 to develop a business case for a National Skills Passport, in consultation with employers, unions, the tertiary education sector and governments

- $2.4 million over two years from 2023–24 for the Treasury, the Department of Social Services and the Department of Employment and Workplace Relations to work with social enterprises to identify ways to provide more employment and training opportunities for Australians who face disadvantage.

Treasury will work with the Coalition of Peaks and First Nations stakeholders to finalise the scoping of the First Nations Economic Partnership.

The Department of Education and the Department of Employment and Workplace Relations will undertake scoping work on approaches to mitigate financial hardship on tertiary students completing mandatory unpaid placements in care and teaching professions.

Changes will be made to the existing *Local Jobs Program* to enhance its flexibility and to reinforce collaboration between community organisations, employment and skills providers, and businesses.

The cost of this measure will be partially met from a reprioritisation of funding from the 2021–22 MYEFO measure titled *Account Matching Service for Superannuation Funds* and from within the existing resourcing of the Department of Education, the Department of Employment and Workplace Relations, the Department of Social Services, and the Treasury.

This measure builds on the 2022–23 October Budget measure titled *Jobs and Skills Summit – incentivise pensioners into the workforce* and the 2023–24 Budget measures titled *Boosting Employment Support* and *Jobs and Skills Summit – incentivise pensioners into the workforce – six-month extension*.

The cost of this measure will be partially met from savings identified in the 2023–24 MYEFO measures titled *Employment and Workplace Relations – reprioritisation* and *Education – reprioritisation*.

Defence

Additional Support for Ukraine

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Defence	-	22.6	11.0	-	-
Department of Foreign Affairs and Trade	-	-	-	-	-
Total – Payments	-	22.6	11.0	-	-

The Government will provide $186.6 million over two years from 2023–24 to deliver additional support to Ukraine following the invasion by Russia and expand the Australian Defence Force deployments under *Operation Kudu*. Funding includes:

- $131.9 million over two years from 2023–24 to provide military vehicles and ammunition in response to requests from the Government of Ukraine, including:
  - $96.7 million in 2023–24 for 70 military vehicles, including 28 M113 armoured vehicles, 14 special operations vehicles, 28 medium trucks and 14 trailers
  - $32.3 million over two years from 2023–24 for the delivery of 30 Bushmaster – Protected Mobility Vehicles
  - $2.8 million in 2023–24 for the supply of 105mm artillery ammunition
- $25.7 million over two years from 2023–24 to extend and expand the scope of Operation Kudu, including:
  - $13.7 million in 2023–24 for a six-month deployment of a Royal Australian Air Force E-7A Wedgetail to Europe as part of multinational efforts to protect international humanitarian and military assistance to Ukraine
  - $12.0 million over two years from 2023–24 to extend Operation Kudu for 12 months and expand the operation to include additional training support for the Armed Forces of Ukraine
- $19.1 million in 2023–24 to provide de-mining equipment, counter drone systems, portable x-ray machines and 3D metal printers to Ukraine with the support of Australian defence industry companies
- $10.0 million in 2023–24 to the Ukraine Humanitarian Fund, managed by the United Nations Office for the Coordination of Humanitarian Affairs, to help meet needs for shelter, health services, clean water and sanitation.

The cost of this measure will be partially met from within the existing resourcing of the Department of Defence and Australia's Official Development Assistance.

This measure builds on the 2023–24 Budget measure titled *Additional Assistance to Ukraine* and 2022–23 October Budget measure titled *Additional Assistance to Ukraine*.

Department of Veterans' Affairs – additional resourcing

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Veterans' Affairs	-	18.6	-	-	-

The Government will provide $18.6 million in 2023–24 to support the Department of Veterans' Affairs' operations.

This measure builds on the 2023–24 Budget measure titled *Department of Veterans' Affairs Claims Processing – additional funding*.

Modernisation and Sustainment of ICT Systems – continuation

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Veterans' Affairs	-	4.9	10.1	2.8	0.2

The Government will provide $18.0 million over four years from 2023–24 (and an additional $0.1 million in 2027–28) to replace and modernise at-risk legacy ICT systems.

This measure builds on the 2023–24 Budget measure titled *Modernisation and Sustainment of ICT Systems*.

This measure supports the *Australian Government Response to the Interim Report of the Royal Commission into Defence and Veteran Suicide*.

Nuclear-Powered Submarine Program – further implementation

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Australian Submarine Agency	-	-	-	-	-
Department of Defence	-	-	-	-	-
Total – Payments	-	-	-	-	-

The Government will provide $575.5 million over 11 years from 2023–24 (and $50.5 million per year ongoing) to further support Australia's acquisition of a conventionally armed, nuclear-powered submarine capability. This funding, within the existing whole-of-program cost estimates for the nuclear-powered submarine program, includes:

- $558.0 million over ten years from 2024–25 (and $50.5 million per year ongoing) to establish and support the ongoing operation of the independent Australian Naval Nuclear Power Safety Regulator within the Defence portfolio to regulate nuclear safety across all aspects of the nuclear-powered submarine program. The Regulator will be funded through the Department of Defence pending formal establishment of the Regulator

- $11.7 million over three years from 2023–24 to pilot a nuclear science graduate program for the Australian Submarine Agency to develop a nuclear skilled workforce

- $5.8 million over three years from 2024–25, matched by additional contributions from the South Australian Government, to expand the *Defence Industry Pathways Program* to South Australia to deliver Certificate II and Certificate III training pathways to support the development of the defence industry workforce.

The cost of this measure will be met from within the existing resourcing of the Department of Defence.

The Government will consider future funding for the Nuclear Science Graduate Program and the Defence Industry Pathways Program as part of the implementation of the nuclear-powered submarine program.

This measure builds on the 2023–24 Budget measure titled *Nuclear-Powered Submarine Program – initial implementation*.

Reform of Veterans' Compensation Legislation – implementation

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Veterans' Affairs	-	-	4.6	31.0	4.4

The Government will provide funding of $40.1 million over three years from 2024–25 (and an additional $1.2 million from 2027–28 to 2028–29) to the Department of Veterans' Affairs to implement reforms to the veterans' compensation legislation framework.

This measure builds on the 2022–23 October Budget measure titled *Legislative Pathway to Support Veterans and Families*.

This measure supports the *Australian Government Response to the Interim Report of the Royal Commission into Defence and Veteran Suicide*.

Replacement of Bushmasters

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Defence	-	-	-	-	-

The Government will provide $285.0 million over three years from 2023–24 to acquire 78 Bushmaster Protected Mobility Vehicles to replace vehicles gifted by Australia to Ukraine.

This funding includes the $160.0 million contract with Thales Australia for the production of the new Bushmasters in Bendigo, Victoria announced by the Minister for Defence Industry on 17 May 2023.

The cost of this measure will be met from within the existing resourcing of the Department of Defence.

Sale of Bushmasters to Fiji

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Defence	-	-	2.8	-	-
Related receipts ($m)					
Department of Defence	-	-	*2.8*	-	-

The Government will provide $26.0 million over four years from 2023–24 (and $0.1 million per year ongoing from 2027–28) to support the sale and ongoing sustainment of 14 Bushmaster Protected Mobility Vehicles to the Republic of Fiji.

The sale of the 14 Bushmasters is consistent with the *Fiji – Australia Vuvale Partnership* and will support Fiji's deployment to international peacekeeping operations.

The cost of this measure will be met from revenue from the sale and from within the existing resourcing of the Department of Defence.

Support for Veterans Experiencing Homelessness

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Veterans' Affairs	-	-	1.2	1.2	1.2

The Government will provide $3.6 million over three years from 2024–25 (and an additional $2.4 million from 2027–28 to 2028–29) to deliver specialist support services through a grant program to support veterans who are experiencing homelessness or are at-risk of homelessness. This is part of the Government's $30 million election commitment in *Labor's Plan to Address the Veterans Crisis*.

This measure relates to the 2022–23 October Budget measure titled *Safer and More Affordable Housing*.

Supporting Collaboration on Defence Research Priorities

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Defence	-	-	-	-	-

The Government will provide $0.9 million over ten years from 2023–24 to extend the *Fulbright Distinguished Chair in Advanced (Defence) Science and Technology Grant* program to continue an annual scholarship program to support researchers from the United States to undertake research in Australia in priority Defence areas.

The cost of this measure will be met from within the existing resourcing of the Department of Defence.

Education

Australian Universities Accord Interim Report – initial response

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Education	-	12.3	13.3	22.7	20.3
Related receipts ($m)					
Department of Education	*-*	*-*	*..*	*..*	*0.1*

The Government will provide $102.6 million over four years from 2023–24 (and $538.2 million over 11 years to 2033–34) to respond to immediate actions identified in the Australian Universities Accord Interim Report. Funding includes:

- $34.4 million over four years from 2023–24 (and $10.5 million per year ongoing) to establish up to 20 additional Regional University Study Centres to improve access to tertiary education for regional and remote students, taking the number of Regional University Study Centres to a total of 54 by 2026

- $34.1 million over four years from 2023–24 (and $323.5 million over 11 years to 2033–34) to extend demand driven Commonwealth supported places to all First Nations university students from 2024

- $32.5 million over four years from 2023–24 (and $9.3 million per year ongoing) to establish up to 14 Tertiary Education Hubs to provide in-person support and an alternative to on-campus study for higher education and vocational education and training students in outer metropolitan and peri-urban areas

- $1.1 million over four years from 2023–24 to remove the 50 per cent pass rule retrospectively from 1 January 2023 and to increase reporting on student outcomes

- $0.5 million in 2023–24 for the Department of Education to work with state and territory governments to strengthen the institutional governance of universities.

The Government will also extend the Higher Education Continuity Guarantee for a further two years to provide funding certainty to universities ahead of any reforms resulting from the Australian Universities Accord process. Universities will be required to invest any remaining funding from their grant each year on additional academic and learning support for students from equity backgrounds.

Partial funding for this measure has already been provided for by the Government.

Child Care – additional support

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Education	-	73.8	-	-	-
Services Australia	-	2.0	0.1	-	-
Total – Payments	-	75.8	0.1	-	-

The Government will provide $75.8 million over two years from 2023–24 to support the child care system. Funding includes:

- $73.8 million in 2023–24 to help child care services increase their capacity to support inclusion of children with disabilities and additional needs by providing funding support for an additional educator at services where children with disabilities or additional needs are enrolled
- $2.0 million over two years from 2023–24 to support Services Australia to deliver Child Care Subsidy payments.

The cost of this measure will be partially met from a reprioritisation of funding from the 2023–24 MYEFO measure titled *Education – reprioritisation*.

Education – reprioritisation

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Education	-	-22.0	-20.0	-14.9	-20.9

The Government will achieve savings of $111.9 million over four years from 2023–24 (and $20.7 million per year ongoing) across the Education portfolio. Savings include:

- $56.3 million over four years from 2023–24 (and $20.7 million per year ongoing) by ceasing the *Regional Research Collaboration Program*
- $46.2 million over four years from 2023–24 by redirecting funding from *Australia's Economic Accelerator* program
- $6.2 million in 2023–24 by redirecting funding from the *Higher Education and Offshore Microcredentials* program
- $2.0 million over four years from 2023–24 by rescoping initiatives from the 2022–23 October Budget measure titled *Child Care Subsidy Reforms Integrity Package*
- $1.2 million over three years from 2023–24 by redirecting funding from the *Destination Australia* program.

The savings from this measure will be redirected to fund other Government policy priorities in the Education portfolio.

Partial savings in this measure have already been provided for by the Government.

South Australian Non-Government Schools – one-off transition assistance

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Education	-	24.2	-	-	-

The Government will provide $24.2 million in 2023–24 to provide one-off transition assistance to nongovernment schools in South Australia that offer 18 month foundation year programs.

Strengthening the Australian Research Council

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Australian Research Council	-	-	-	-	-

The Government will establish a new Australian Research Council Board to strengthen the governance of the Australian Research Council and respond to the recommendations of the independent review of the *Australian Research Council Act 2001*.

The cost of this measure will be met from within the existing resourcing of the Australian Research Council.

Strong Beginnings Fund

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Education	-	4.6	-	1.2	-5.8

The Government will provide $7.1 million over four years from 2023–24 (and $1.0 million per year ongoing) to improve the quality and performance of initial teacher education programs in the higher education sector, in line with the recommendations of the *Strong Beginnings: Report of the Teacher Education Expert Panel*. Funding includes:

- $4.6 million in 2023–24 to support the implementation of new tertiary course requirements for initial teacher education programs by the end of 2025

- $2.5 million over two years from 2025–26 (and $1.0 million per year ongoing) to support higher education providers improve the delivery of initial teacher education programs across the sector.

The cost of this measure will be met from a reprioritisation of funding from the 2022–23 October Budget measure titled *Teacher Shortages* and the 2021–22 Budget measure titled *Schools and Youth – supporting students, teachers and young Australians*.

Employment and Workplace Relations

Better Targeting Employment Services

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Services Australia	-	14.2	13.6	9.3	9.1
Department of Employment and Workplace Relations	-	0.9	-116.6	-109.9	-86.8
Total – Payments	-	15.2	-103.0	-100.6	-77.6

The Government will achieve savings of $266.1 million over four years from 2023–24 (and $77.8 million per year ongoing) by exiting employment services participants who are fully meeting their mutual obligation requirements from employment services. Participants who are fully meeting their obligations through paid work, approved study, volunteering, or a combination of these activities, will instead be supported by Services Australia and will continue to meet their mutual obligations through a Services Australia Job Plan. Participants will still be able to choose to engage with employment services if they wish.

The savings from this measure will be redirected to offset other Government priorities in the Employment and Workplace Relations portfolio.

Closing Loopholes

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Office of the Fair Work Ombudsman	-	-	-	-	-
Fair Work Commission	-	-	-	-	-
Department of Employment and Workplace Relations	-	-	-	-	-
Office of the Director of Public Prosecutions	-	-	-	-	-
Total – Payments	-	-	-	-	-
Related receipts ($m)					
Office of the Fair Work Ombudsman	-	-	-	-	-
Department of Employment and Workplace Relations	-	-	-	-	-
Total – Receipts	-	-	-	-	-

The Government will provide $94.6 million over four years from 2023–24 (and $22.7 million per year ongoing) to close loopholes that prevent workers in Australia from achieving secure, safe, and well-paid jobs free from discrimination and exploitation. This will further safeguard the wages and conditions of workers and provide clarity and a more level playing field for businesses and workers. These changes are also expected to increase non-tax revenue by $85.8 million over four years from 2023–24 (and $28.7 million per year ongoing). Funding includes:

- $63.1 million in non-tax revenue over four years from 2023–24 (and $20.7 million per year ongoing) by increasing the maximum penalties for breaches of underpayment related civil remedy provisions in the *Fair Work Act 2009* and increasing penalties for non-compliance with a compliance notice

- $55.0 million over four years from 2023–24 (and $12.5 million per year ongoing) to introduce a criminal offence for employers who intentionally underpay their workers and for matters of non-compliance to be investigated by the Fair Work Ombudsman and referred to the Commonwealth Director of Public Prosecutions where appropriate. These costs will be partially offset from expected non-tax revenue of $22.6 million over three years from 2024–25 (and $8.0 million per year ongoing) recovered from anticipated penalties against those convicted of wage theft offences

- $18.1 million over four years from 2023–24 (and $5.2 million per year ongoing) to establish a new jurisdiction in the Fair Work Commission to make orders setting minimum standards and provide deactivation protections for employee-like workers engaged in digital platform work

- $6.8 million over four years from 2023–24 (and $1.9 million per year ongoing) to implement the 'Closing the labour hire loophole' measure, which will enable applications to the Fair Work Commission for an order to provide that labour hire employees are paid the full rate of pay they would receive under the host's enterprise agreement

- $5.4 million over four years from 2023–24 (and $1.0 million per year ongoing) to establish a new jurisdiction in the Fair Work Commission to handle disputes between independent contractors and principals about unfair contractual terms

- $4.9 million over four years from 2023–24 (and $1.1 million per year ongoing) to establish a new jurisdiction in the Fair Work Commission to make orders setting minimum standards to ensure the road transport industry is safe, sustainable, and viable, and provide unfair termination of contract protections for road transport workers

- $3.4 million over four years from 2023–24 (and $0.7 million per year ongoing) to legislate a fair, objective test to determine when an employee is classified as a casual employee and to support dispute resolution processes

- $1.0 million over four years from 2023–24 (and $0.3 million per year ongoing) to address unintended consequences in how the small business redundancy exemption operates in insolvency. This will preserve redundancy pay entitlements where an employer has progressively downsized in the context of insolvency from a larger business into a small business employer exempt from redundancy pay obligations. These costs will be partially offset from expected non-tax revenue of $0.1 million over two years from 2025–26 (and $41,000 per year ongoing).

Funding for this measure has already been provided for by the Government.

This measure builds on the 2022–23 October Budget measure titled *Secure Australian Jobs.*

Employment and Workplace Relations – reprioritisation

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Employment and Workplace Relations	-	-3.5	-3.4	-4.6	-4.7

The Government will achieve savings of $16.2 million over four years from 2023–24 (and $4.8 million per year ongoing) from the Employment and Workplace Relations portfolio. Savings include:

- $12.7 million over three years from 2024–25 (and $4.8 million per year ongoing) by ceasing the *Skills Checkpoint for Older Workers Program* from 1 July 2024
- $3.5 million in 2023–24 by closing the *Foundation Skills for Your Future Program* from 22 December 2023.

The savings from this measure will be redirected to partially offset other Government policy priorities in the Employment and Workplace Relations portfolio.

Employment Services Trials – enhancing support for digital participants

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Employment and Workplace Relations	-	7.3	19.8	10.1	..

The Government will provide $37.2 million over four years from 2023–24 to undertake various targeted trials for Workforce Australia Online to create an evidence base to inform future reforms of the employment services system. The trials will test various program settings to provide evidence on arrangements that best support digital participants, including testing the design of safeguards for online services and enhanced support for participants.

The cost of this measure will be met from savings identified in the 2023–24 MYEFO measure titled *Better Targeting Employment Services*.

Future of the Seacare Scheme

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Employment and Workplace Relations	-	0.2	0.2	-	-
Seafarers Safety, Rehabilitation and Compensation Authority	-	-	-	-	-
Total – Payments	-	0.2	0.2	-	-

The Government will provide $1.4 million over two years from 2023–24 to provide support for the Seacare Safety Net Fund and for consultation on reforms to address issues that currently discourage insurers from participating in the scheme. Funding includes:

- $0.9 million in 2023–24 for the Seafarers Safety, Rehabilitation and Compensation Authority to provide support for the Seacare Safety Net Fund to ensure its ongoing viability

- $0.5 million over two years from 2023–24 for the Department of Employment and Workplace Relations to undertake stakeholder consultations to develop reforms for the Seacare Scheme.

The cost of this measure will be met from savings identified in the 2023–24 MYEFO measure titled *Better Targeting Employment Services*.

New Voluntary Pre-Employment Service for Parents

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Services Australia	-	8.5	26.3	1.9	-0.6
Department of Employment and Workplace Relations	-	-12.0	-2.3	-16.6	15.8
Total – Payments	-	-3.4	24.0	-14.7	15.1

The Government will provide $20.9 million over four years from 2023–24 (and $29.4 million per year ongoing) to implement a new voluntary pre-employment service for disadvantaged parents of children under six years of age from 1 November 2024, following the abolition of *ParentsNext*. The new program will support the economic security of parents by providing pre-employment and pre-vocational activities to assist them to enter or re-enter the labour market, and:

- introduce and support a greater diversity of service providers, including smaller community and First Nations organisations, who have strong local connections and capability to deliver place-based supports and strategies in delivering preemployment support to parents from diverse backgrounds

- establish a new Advisory Group comprising parents with lived experience to provide regular feedback and insights on the new program
- pilot Australian Public Service delivery of the new program by the Department of Employment and Workplace Relations in a single specified location for three years
- recognise the new service as an approved Program of Support for parents claiming the Disability Support Pension
- maintain the Child Care Subsidy benefits currently available through participation in *ParentsNext*.

Interim arrangements for *ParentsNext*, including voluntary participation which commenced on 5 May 2023, will continue until the new program is implemented. To enable this, *ParentsNext* contracts will be extended until 31 October 2024.

The cost of this measure will be partially met from within the existing resourcing of the *ParentsNext* program.

This measure builds on the 2023–24 Budget measure titled *Boosting Employment Support*.

The residual cost of this measure will be met from savings identified in the 2023–24 MYEFO measure titled measure titled *Better Targeting Employment Services*.

Programme for the International Assessment of Adult Competencies Survey

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Employment and Workplace Relations	-	0.2	5.6	2.6	2.7

The Government will provide $11.2 million over four years from 2023–24 (with total funding of $14.4 million to 2029–30) to support Australia's participation in the Organisation for Economic Cooperation and Development's *Programme for the International Assessment of Adult Competencies* (PIAAC) Survey. Australia's participation in the PIAAC Survey, due to take place from 2024, will inform future policy development to improve the foundation skills of Australians by providing access to an up-to-date and internationally comparable evidence base on Australia's adult literacy, numeracy and digital skill levels.

The cost of this measure will be partially met from savings identified in the Employment and Workplace Relations portfolio.

Prohibition on the Use of Engineered Stone – communications strategy

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Employment and Workplace Relations	-	3.1	6.2	-	-

The Government will provide $9.3 million over two years from 2023–24 to deliver a six-month advertising and public relations campaign to support the release of Safe Work Australia's *Decision Regulation Impact Statement: Prohibition on the use of engineered stone* and decisions taken by Work Health and Safety Ministers to prohibit or limit the use of engineered stone.

The cost of this measure will be met from savings identified in the 2023–24 MYEFO measure titled *Better Targeting Employment Services*.

Review of Australian Apprenticeships and Incentives

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Employment and Workplace Relations	-	4.3	1.2	-	-

The Government will provide $5.4 million over two years from 2023–24 to undertake a strategic review of Australian Apprenticeships, including the Australian Apprenticeships Incentives System. The review will be led by an experienced, eminent expert and will:

- include an early focus on financial supports for apprentices
- consider opportunities to update program settings to better support apprentices
- be informed by targeted research and broad consultation designed to deepen the Government's understanding of the apprenticeships system.

The cost of this measure will be partially met from within the existing resourcing of the Employment and Workplace Relations portfolio.

Review of the Safety, Rehabilitation and Compensation Act 1988

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Employment and Workplace Relations	-	1.3	2.3	0.8	-

The Government will provide $4.3 million over three years from 2023–24 to establish an independent panel to undertake a comprehensive review of the *Safety, Rehabilitation and*

Compensation Act 1988, which underpins the Comcare workers' compensation scheme. The review will address all aspects of the scheme, including governance, usability and entitlements, and provide recommendations to modernise and futureproof the scheme.

The cost of this measure will be met from savings identified in the 2023–24 MYEFO measure titled *Better Targeting Employment Services*.

Finance

A Revitalised Regulatory Reform Agenda

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Finance	-	-	9.6	8.9	9.4

The Government will provide $27.9 million over three years from 2024–25 (and $9.4 million per year ongoing) to deliver priority regulatory reform activities for Government that drive integrity and innovation, ensure regulation is fit-for-purpose in a digital era, protect against regulatory failures and improve productivity.

Climate Action in Government Operations

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Finance	-	1.1	2.2	2.4	2.6

The Government will provide $15.1 million over four years from 2023–24 to progress the Government's commitment to demonstrate leadership on climate action in Government operations. Funding includes:

- $8.3 million over four years from 2023–24 to the Department of Finance to lead the Commonwealth Climate Disclosure initiative, under which all Commonwealth entities and companies will publicly report on their climate risks, opportunities and management activities

- $6.8 million over two years from 2023–24 to continue to lead the Australian Public Service (APS) on the policy, implementation, reporting and assurance required to achieve the APS Net Zero 2030 target through the *Net Zero in Government Operations Strategy*, and to deliver centrally coordinated procurement of electricity for Commonwealth entities.

The cost of this measure will be partially met from within the existing resourcing of the Department of Finance.

The Government will consider future funding to support the *Net Zero in Government Operations Strategy*, including in the context of the 2026–27 mid-term review of the Strategy.

Digital ID

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Australian Competition and Consumer Commission	-	15.9	30.0	21.1	-
Attorney-General's Department	-	9.3	16.7	17.2	16.2
Australian Taxation Office	-	5.4	6.1	-	-
Office of the Australian Information Commissioner	-	1.4	-	-	-
Department of the Treasury	-	0.9	-	-	-
Department of Finance	-	-2.2	4.9	-	-
Total – Payments	-	30.8	57.7	38.3	16.2

The Government will provide $145.5 million over four years from 2023–24 (and $17.0 million per year ongoing) to support the next stages of the Digital ID program and related identity security initiatives. Funding includes:

- $67.0 million over three years from 2023–24 to the Australian Competition and Consumer Commission (ACCC) to perform regulatory functions under the Digital ID legislation from 1 July 2024
- $56.0 million over four years from 2023–24 (and $17.0 million per year ongoing) to the Attorney-General's Department for the continued operation of the Identity Matching Services
- $11.5 million over two years from 2023–24 to the Australian Taxation Office to rebrand myGovID and deliver ICT updates to enable choice of identity service provider when accessing business services
- $4.9 million in 2024–25 to the Department of Finance for communications activities to increase individual and business awareness and understanding of Digital ID
- $3.3 million in 2023–24 to the Attorney-General's Department to enhance the Credential Protection Register to better respond to future data breaches
- $1.4 million in 2023–24 to the Treasury to support the ACCC to deliver its Digital ID functions and scope options for an enduring data and digital regulator
- $1.4 million in 2023–24 to the Office of the Australian Information Commissioner to prepare for its expanded oversight role under the Digital ID and Identity Verification Services legislation.

The cost of this measure will be partially met from within the existing resourcing of the Department of Finance and the Treasury.

This measure builds on the 2023–24 Budget measure titled *Next Steps for Digital ID*. The Government will consider future funding for the Digital ID framework ahead of the commencement of enabling legislation.

Future of Shared Services

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Finance	-	-3.0	11.3	-	-

The Government will provide $18.3 million over two years from 2023–24 to support a new approach to Australian Public Service Enterprise Resource Planning (ERP). The new approach will replace the *Shared Services Transformation Program* and offer non-corporate Commonwealth entities choice in selecting back office corporate technology solutions to suit their operations. Funding includes:

- $12.0 million over two years from 2023–24 to the Department of Finance (Finance) to maintain the Service Delivery Office ERP environment to continue to provide back office corporate technology services to 15 Commonwealth entities
- $5.2 million over two years from 2023–24 to Finance to support smaller entities to assess their ERP uplift requirements and choose the most suitable technology solution
- $1.1 million in 2023–24 to Finance for an independent assessment of reuse opportunities from the investment in GovERP.

The cost of this measure will be met from a reprioritisation of funding from the 2021–22 Budget measure titled *GovERP – Common Corporate Australian Public Service System*.

More Efficient and Effective Vehicle Leasing and Fleet Management Arrangement

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Finance	-	0.8	1.2	0.7	0.7
Related receipts ($m)					
Department of Finance	-	*0.8*	*4.4*	*8.3*	*11.3*

The Government will provide $440.0 million in loans to finance the purchase of Commonwealth fleet vehicles. This will replace the current commercial bank lending arrangements, and deliver efficiencies of $21.4 million over four years from 2023–24.

The efficiencies from this measure will partially support Government priorities in the Finance portfolio.

Purpose-Built Quarantine Centres – maintenance of WA centre

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Finance	-	3.9	5.5	5.8	-

The Government will provide $15.3 million over three years from 2023–24 to the Department of Finance for the maintenance of the purpose-built quarantine centre in Western Australia.

This measure builds on the 2022–23 October Budget measure titled *Purpose-Built Quarantine Facilities – maintenance* which provided funding for the maintenance of similar facilities in Victoria and Queensland. The Western Australian centre, along with the centres in Victoria and Queensland, will be maintained so they continue to be ready to operate in the event of national emergencies or other crises.

Strengthening Digital Assurance

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Digital Transformation Agency	-	2.8	-	-	-

The Government will provide $2.8 million in 2023–24 to the Digital Transformation Agency to strengthen assurance, monitoring and remediation advice for the Government's major digital and ICT investments.

Foreign Affairs and Trade

Australian Infrastructure Financing Facility for the Pacific – PNG loan

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Export Finance and Insurance Corporation (National Interest component)	-	nfp	nfp	nfp	nfp
Department of Foreign Affairs and Trade	-	nfp	nfp	nfp	nfp
Total – Payments	-	-	-	-	-
Related receipts ($m)					
Export Finance and Insurance Corporation (National Interest component)	-	*nfp*	*nfp*	*nfp*	*nfp*

The Government will provide a financing package to the Government of Papua New Guinea (PNG) to support three energy sector projects in PNG's energy sector. The financing package includes a loan complemented by grant funding, the costs of which will be met within existing Official Development Assistance funding.

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

This measure builds on the 2022–23 October Budget measure titled *Australian Infrastructure Financing Facility for the Pacific – expansion*.

Diplomatic Engagement on Counter Terrorism and People Smuggling

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Foreign Affairs and Trade	-	6.4	6.2	6.3	6.0

The Government will provide $24.8 million over four years from 2023–24 (and $6.1 million per year ongoing) to continue diplomatic engagement with key partner countries to identify and mitigate emerging terrorist and people smuggling threats to Australia.

Enhancing Pacific Engagement

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Australian Federal Police	-	19.9	-	-	-
Department of the House of Representatives	-	0.3	0.5	0.6	0.6
Department of Home Affairs	-	-	4.7	13.2	0.8
Department of Foreign Affairs and Trade	-	nfp	nfp	nfp	nfp
Total – Payments	-	20.2	5.3	13.8	1.4
Related receipts ($m)					
Department of Home Affairs	-	-	..	..	..

The Government will provide $124.0 million over four years from 2023–24 to enhance and expand Australia's engagement with Pacific Island countries. Funding includes:

- $60.4 million over four years from 2023–24 and $9.6 million in 2027–28 to expand the new Chancery for the Australian High Commission in Honiara. This builds on the funding provided in the 2022–23 March Budget and reflects the expanded scope of the Chancery, changes to the physical and security requirements, and cost increases
- $43.6 million to support enhanced engagement with regional partners, including improved bilateral visits
- $19.9 million to support security in the Solomon Islands, including by extending the Australian Federal Police deployment to the *Solomons' International Assistance Force.*

The Government will establish a Regional Centre of Excellence in Papua New Guinea for recruit training to support sustainable and resilient police services. Funding for this initiative will be held in the Contingency Reserve with the financial implications not for publication (nfp) while implementation arrangements are finalised with the Government of Papua New Guinea.

The Government has also established the Falepili Union to strengthen bilateral ties with Tuvalu. Funding for this initiative will be held in the Contingency Reserve pending finalisation of negotiations and implementation arrangements with the financial implications of this element not for publication (nfp) while negotiations are finalised.

The cost of this measure will be partially met from within the existing resourcing of the Department of Foreign Affairs and Trade.

This measure builds on the 2022–23 October Budget measure titled *Pacific Security and Engagement Initiatives* and the 2023–24 Budget measure titled *Enhancing Pacific Engagement*.

First Nations Foreign Policy – extension

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Foreign Affairs and Trade	-	1.3	3.2	3.2	3.3
Australian Trade and Investment Commission	-	-	-	-	-
Total – Payments	-	1.3	3.2	3.2	3.3

The Government will provide $13.6 million over four years from 2023–24 to continue and expand the Office of First Nations Engagement headed by the Ambassador for First Nations Peoples.

The Office of First Nations Engagement will lead efforts to boost First Nations' trade and investment, and enhance collaboration between First Nations communities and partners across the Indo-Pacific, consistent with the Government's commitment to embed First Nations' perspectives in Australia's international engagement.

The cost of this measure will be partially met from within the existing resourcing of Austrade.

This measure extends the 2022–23 October Budget measure titled *First Nations Foreign Policy*.

Quad – Australian led initiatives

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Home Affairs	-	-	-	-	-
Department of Foreign Affairs and Trade	-	-	-	-	-
Department of Climate Change, Energy, the Environment and Water	-	-	-	-	-
Total – Payments	-	-	-	-	-

The Government will provide $103.8 million over four years from 2023–24 to support a peaceful, stable and prosperous Indo-Pacific through the establishment of new initiatives under the Quad. Funding includes:

- $50.0 million for the Clean Energy Supply Chains initiative to accelerate the Indo-Pacific's clean energy transition through research and development to lower clean energy manufacturing and deployment costs, enhance regional energy security and expand and diversify the regional production of necessary materials and technologies

- $18.6 million for the Quad Partnership for Cable Connectivity and Resilience to strengthen undersea cable systems in the Indo-Pacific
- $15.0 million to support Southeast Asia's health emergency response capability through training for regional health professionals
- $14.5 million for the *Quad Infrastructure Fellowships Program* to deliver additional training to approximately 420 of the region's infrastructure practitioners to design, build and manage quality infrastructure in their home countries
- $5.7 million to pilot Open Radio Access Networks in Palau to support the modernisation of telecommunications infrastructure.

Partial funding for this measure has already been provided for by the Government.

The cost of this measure will also be partially met from within the existing resourcing of the Department of Foreign Affairs and Trade.

Simplified Trade System – building a regulatory and border security foundation

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Home Affairs	-	2.9	9.0	16.6	3.9
Department of Agriculture, Fisheries and Forestry	-	2.5	3.2	2.9	3.0
Australian Trade and Investment Commission	-	1.6	1.5	1.6	0.6
Attorney-General's Department	-	0.3	1.5	1.1	1.1
Total – Payments	-	7.4	15.2	22.3	8.6

The Government will provide $53.5 million over four years from 2023–24 to continue development and delivery of a simplified trade system that will simplify cross-border trade for Australian businesses, while maintaining integrity of Australia's border and biosecurity. Funding includes:

- $28.3 million over four years from 2023–24 to support delivery of simpler and better aligned rules for cross-border trade and streamlined models for government and trade business interactions
- $25.2 million over four years from 2023–24 to trial new cargo intervention models for cross-border trade.

This measure builds on the 2023–24 Budget measure titled *Simplified Trade System – additional funding*.

Southeast Asia Economic Strategy to 2040

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Foreign Affairs and Trade	-	7.1	19.5	18.0	18.0
Australian Trade and Investment Commission	-	5.0	9.2	9.3	9.3
Total – Payments	-	12.1	28.7	27.3	27.3

The Government will provide $95.4 million over four years from 2023–24 (and $5.3 million per year ongoing) to increase Australia's trade and investment in Southeast Asia consistent with the Government's response to the Southeast Asia Economic Strategy to 2040. Funding includes:

- $70.2 million over four years from 2023–24 to establish teams of specialist officers to identify, develop and facilitate opportunities for Australian investors in Southeast Asia
- $19.2 million over four years from 2023–24 (and $5.3 million per year ongoing) to establish a Southeast Asia Business Exchange program to support Australian businesses to enter and expand in Southeast Asian markets
- $6.0 million over four years from 2023–24 to establish a pilot program of placements and internships for young professionals in Australian and Southeast Asian companies.

Health and Aged Care

Achieving Better Health Outcomes

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Health and Aged Care	-	-	-	-	-
Department of the Treasury	-	-	2.0	2.0	2.0
Total – Payments	-	-	2.0	2.0	2.0

The Government will provide $17.3 million over four years from 2023–24 to continue funding programs that provide specialist health services and deliver better health outcomes for Australians. Funding includes:

- $6.0 million over three years from 2024–25 (and an additional $2.0 million in both 2027–28 and 2028–29) for the *Lymphoedema Garments and Allied Health Therapy program*, to provide continued access to compression garments for people who suffer from lymphoedema

- $2.8 million in 2023–24 to support Charles Darwin University to undertake preparatory work for the establishment of a new medical school in the Northern Territory

- $1.6 million in 2023–24 to support Children's Ground in continuing to implement and evaluate the Family Health and Wellbeing Framework, delivering culturally safe health and wellbeing services for children and their families in First Nations communities

- $1.5 million over three years from 2023–24 under the *Workforce Incentive Program – Practice Stream* to expand the list of health professions included in the program and to broaden eligibility for payments to all participating practices, including those in metropolitan areas

- $1.2 million over three years from 2023–24 for The Australian Cardiovascular Alliance as part of its commitment to improve cardiovascular health outcomes

- $1.1 million over four years from 2023–24 to continue funding for the Australian Contraception and Abortion Primary Care Practitioner Support Network, to support training and critical information to deliver essential women's healthcare

- $1.1 million over two years from 2023–24 to continue funding for the Royal Australian College of General Practitioners' Healthy Habits website, which assists general practitioners to support patients to make positive lifestyle choices for physical activity, nutrition and sleep

- $0.9 million in 2023–24 to support the operation of Hummingbird House, a hospice in Queensland providing palliative care to children and their families
- $0.9 million over four years from 2023–24 to Haemophilia Foundation Australia, to continue to deliver activities to support people with haemophilia and other bleeding disorders
- $0.1 million in 2023–24 to extend the *Visas for General Practitioners* program by three months, from 30 June 2023 to 30 September 2023.

The cost of this measure will be partially met from savings identified in the Health and Aged Care portfolio or from funding that has already been provided by the Government.

Commonwealth payments to the states and territories are managed by the Treasury.

This measure partially builds on the 2022–23 October Budget measure titled *Support for Bleeding Disorder Education and Engagement.*

An Effective and Clinically Appropriate Medicare

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Services Australia	-	-	-1.0	-1.0	-1.1
Department of Veterans' Affairs	-	..	..	..	..
Department of Health and Aged Care	-	-3.2	-2.2	-8.4	-8.8
Total – Payments	-	-3.2	-3.2	-9.4	-9.8

The Government will provide $7.9 million over five years from 2023–24 to maintain high quality health care by ensuring the Medicare Benefits Schedule (MBS) remains clinically appropriate. Funding includes:

- $5.2 million over four years from 2024–25 to enable the removal of the co-claiming restriction between MBS items for vestibular assessment (inner ear), which will allow clinically appropriate services to be undertaken on the same day
- $1.5 million over four years from 2024–25 for the detection of measurable residual disease in patients with acute lymphoblastic leukaemia
- $1.0 million over four years from 2024–25 to provide abdominal magnetic resonance imaging scans for patients with rare genetic conditions
- $0.1 million in 2023–24 to update existing policies for endorsed midwives who provide intrapartum (during labour) care prior to an intended hospital birth.

The Government will also achieve efficiencies of $31.6 million over four years from 2023–24, including:

- $20.6 million over four years from 2023–24 through a staged approach to reform the Extended Medicare Safety Net, by applying caps to a small number of MBS items co-claimed with varicose vein surgery. The Government will also establish a working group to consult with stakeholders to consider future reform of the Extended Medicare Safety Net
- $7.2 million over four years from 2023–24 by responding to the Medical Services Advisory Committee and MBS Review Taskforce's recommendations to align the MBS with contemporary practice, including:
  - $3.3 million over three years from 2024–25 to restructure the radiation oncology schedule to align with best practice, with fees weighted to reflect service complexity
  - $1.5 million over four years from 2023–24 to introduce a co-claiming block for services relating to Valvuloplasty claiming with the Transcatheter Aortic Valve Implantation
  - $1.3 million over three years from 2024–25 to enable a less invasive treatment for nasal airway obstructions
- $3.8 million in 2023–24 to transition the *Opioid Dependence Treatment Program* from clinics and non-Pharmaceutical Benefits Scheme pharmacy dosing sites to community pharmacies.

This measure builds on the 2023–24 Budget measure titled *A Modern and Clinically Appropriate Medicare Benefits Schedule* and the 2023–24 Budget measure titled *COVID-19 Response*.

The cost of this measure will be partially met from within the existing resourcing of the Department of Health and Aged Care.

Channel 7 Perth Telethon

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Health and Aged Care	-	-	-	-	-

The Government has provided $4.7 million in 2023–24 to support the Channel 7 Telethon Trust (the Trust) to provide financial assistance to charitable organisations and children's hospitals and fund research into children's diseases, supporting children's health in Western Australia.

The cost of this measure will be met from within the existing resourcing of the Department of Health and Aged Care.

The Government has also provided $1.3 million in 2023–24 to the Trust for the ORIGINS project, funded through the Medical Research Future Fund, as part of annual funding of $1.3 million per year provided since the 2017–18 MYEFO. The ORIGINS project is a long-term study of pregnant women and their families to understand how early environment and parental health impact longer-term diseases and conditions.

This measure builds on the 2022–23 October Budget measure titled *2022 Channel 7 Perth Telethon*.

Continuation of Aged Care Reform

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Health and Aged Care	-	185.5	93.6	47.0	39.1
Services Australia	-	24.4	5.8	3.0	2.7
Aged Care Quality and Safety Commission	-	24.0	36.0	39.4	6.6
Department of the Treasury	-	10.0	-	-	-
Department of Veterans' Affairs	-	0.2	0.9	0.7	0.7
Department of Social Services	-	-	-1.1	-1.0	-1.0
Total – Payments	-	244.1	135.3	89.0	48.1

The Government will provide additional funding of $596.1 million over four years from 2023–24 (and $27.3 million per year ongoing) to continue to respond to the recommendations of the Royal Commission into Aged Care Quality and Safety and improve care outcomes for older Australians. Funding includes:

- $202.4 million over four years from 2023–24 (and $3.4 million per year ongoing) to support and deliver the ICT changes required for the implementation of the new Aged Care Act from 1 July 2024
- $85.6 million over four years from 2023–24 (and $10.8 million per year ongoing) to develop and test a framework for the delivery of virtual nursing support in aged care, and for refinements and ongoing operation of the 24/7 registered nurses and care minutes requirements for residential aged care, including an additional two years of exemptions for small providers unable to meet the 24/7 Registered Nurse on-site requirement
- $69.4 million over three years from 2023–24 to improve the Aged Care Quality and Safety Commission's ICT governance, delivery processes and internal cyber security capability

- $44.0 million in 2023–24 to support Round 2 of the *Aged Care Registered Nurses' Payment Program*

- $42.7 million over four years from 2023–24 to improve the Aged Care Quality and Safety Commission's Risk Based Targeting and Information Sharing system to better identify at-risk aged care service providers

- $34.7 million in 2023–24 in additional funding for a grant program to fund historical leave provisions for Commonwealth-funded aged care providers following the Fair Work Commission's Aged Care Work Value Case

- $31.4 million over four years from 2023–24 (and $8.8 million per year ongoing) to fund the *Multi-Purpose Service Program* and the *National Aboriginal and Torres Strait Islander Flexible Aged Care Program* following the Fair Work Commission's 2023 annual wage review decision to increase minimum award wage rates from 1 July 2023

- $30.8 million over two years from 2023–24 to extend the additional 9,500 Home Care Packages provided in the 2023–24 Budget into 2024–25 before gradually returning the number of packages to the baseline level as at 30 June 2023

- $15.7 million over four years from 2023–24 (and $4.3 million per year ongoing) to extend the Australian National Aged Care Classification assurance and compliance framework to the single assessment system from 1 July 2024

- $12.2 million over two years from 2023–24 to support the design and delivery of the new *Support at Home Program* to commence on 1 July 2025

- $11.8 million over two years from 2023–24 to continue monitoring the compliance of aged care service providers with meeting the legislated 215 care minutes per day requirement and the 24/7 registered nurse requirement

- $10.0 million in 2023–24 to the states and territories for ICT and legislative reform to support development of national worker screening checks for aged care

- $5.2 million in 2023–24 for the Aged Care Quality and Safety Commission to support the transition to a new regulatory model for aged care services under the new Aged Care Act from 1 July 2024

- $0.2 million in 2023–24 to deliver on the Government's Election Commitments to the Umbrella Multicultural Community Care in Perth and Sri Guru Singh Sabha Gurudwara Sikh temple in Revesby, NSW.

The Government will commence the staged rollout of the *Support at Home Program* on 1 July 2025 with the *Commonwealth Home Support Programme* to be transitioned in no earlier than 1 July 2027.

The Government will amend the start date and funding model for access to pharmacists on-site in residential aged care.

The Government will transfer ongoing policy and program management of the *Continuity of Support for the National Auslan Interpreter Booking and Payment Service* from the Department of Social Services to the Department of Health and Aged Care from 1 July 2024.

This measure extends the 2023–24 Budget measures titled *Implementing Aged Care Reform – home care*, *Improving Aged Care Support*, and *Reducing Patient Costs and Improving Services through Community Pharmacies*.

The cost of this measure will be partially met from within the existing resourcing of the Department of Health and Aged Care.

Continued Support for the COVID-19 Response

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Health and Aged Care	-	222.2	128.5	5.4	4.4
Services Australia	-	7.5	8.9	4.3	2.5
Department of Veterans' Affairs	-	4.4	3.4	-	-
Department of Social Services	-	0.5	0.3	-	-
Total – Payments	-	234.7	141.1	9.7	7.0

The Government will provide funding of $392.5 million over four years from 2023–24 to continue the Government's response to COVID-19 and provide Australians with COVID-19 vaccines and treatments. Funding includes:

- $317.4 million over two years from 2023–24 to provide continued COVID-19 support for aged care, including a new Aged Care Outbreak Management Supplement to commence from 1 January 2024
- $37.1 million in 2023–24 to extend Medicare Benefits Schedule (MBS) rebates for PCR testing for COVID-19 and other respiratory viruses to 30 June 2024
- $27.3 million over four years from 2023–24 to extend the end date for the receipt of claims under the *COVID-19 vaccine claims scheme* to 30 September 2024 and to allow for processing of claims received
- $6.5 million over two years from 2023–24 to extend the *National COVID-19 Vaccine Program*
- $3.8 million in 2023–24 to extend temporary MBS items supporting general practitioners and other medical practitioners to undertake telehealth consultations and evaluate

eligible COVID-19 positive patients' suitability for oral antivirals, regardless of whether they have an existing clinical relationship, to 30 June 2024

- $0.5 million over two years from 2023–24 to extend the temporary MBS item supporting cardiac magnetic resonance imaging for diagnosing vaccine-associated myocarditis to 31 December 2024.

Partial funding for this measure will be held in the Contingency Reserve given uncertainty around the volume of additional supports required for aged care.

The cost of this measure will be partially met from within the existing resourcing of the Department of Health and Aged Care.

Enhanced Regulatory Model for Vaping Products

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Health and Aged Care	-	3.8	20.9	-12.1	-12.6
Department of Home Affairs	-	-	-	-	-
Total – Payments	-	3.8	20.9	-12.1	-12.6

The Government will provide $82.0 million over four years from 2023–24 to support vaping product regulation, awareness raising and enforcement activities. Funding includes:

- $56.9 million over two years from 2023–24 to the Therapeutic Goods Administration to support regulatory development activities

- $25.0 million over two years from 2023–24 to support the Australian Border Force's regulatory and enforcement activities.

Funding for this measure has already been provided for by the Government, including funding provisioned in the Contingency Reserve for a targeted youth campaign.

This measure builds on the 2023–24 Budget measure titled *Vaping Regulation Reform and Smoking Cessation Package* which committed to ban all vapes, other than therapeutic vapes imported, manufactured or supplied in accordance with the *Therapeutic Goods Act 1989*.

These changes are part of the Government's response to the National Tobacco Strategy and related initiatives on vaping and smoking prevention and cessation.

Ensuring Access to Medicines

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Health and Aged Care	-	30.2	48.3	48.4	41.3

The Government will provide additional funding of $168.2 million over four years from 2023–24 to ensure access to medicines. Funding includes:

- $148.2 million over four years from 2023–24 to provide additional assistance to community pharmacies in regional, rural and remote communities as they transition business arrangements for 60-day prescriptions

- $20.0 million over two years from 2023–24 to increase the Community Service Obligation Funding Pool to ensure timely access to medicines through community pharmacies.

The Government will also delay the implementation of the Pharmaceutical Benefits Scheme (PBS) maximum dispensing quantity changes for medicines that are currently, or are expected to be, in shortage.

The cost of this measure will be partially met from savings identified through the PBS maximum dispensing quantity changes.

This measure builds on the 2023–24 Budget measure titled *Reducing Patient Costs and Improving Services through Community Pharmacies*.

Genomics Australia

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Health and Aged Care	-	-	-	-	-

The Government will defer the commencement of the new entity Genomics Australia until 1 July 2025. This deferral will enable further consultation with the sector and further work for the design and implementation of the measure.

The Government has provided $6.0 million over two years from 2023–24 for a grant to Australian Genomics to continue supporting researchers and the rollout of genomic technologies into Australia's health system.

Funding for this measure has already been provided for by the Government.

Improving Cancer Outcomes – cancer care nursing and navigation

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Health and Aged Care	-	-	-	-	-

The Government will provide $184.9 million over four years from 2023–24 (and $72.4 million per year ongoing) to establish a new Cancer Nursing and Navigation Program and to extend funding for existing cancer initiatives. Funding includes:

- $137.8 million over four years from 2023–24 (and $64.1 million per year ongoing) to establish the new Cancer Nursing and Navigation Program
- $21.2 million over four years from 2023–24 (and $5.5 million per year ongoing) to continue support the *Prostate Cancer Specialist Nurses* program
- $16.5 million over four years from 2023–24 to establish the new Cancer Patient Support Grant Program
- $9.4 million over four years from 2023–24 (and $2.8 million per year ongoing) to extend funding for the Cancer Hub.

Funding for this measure has already been provided for by the Government.

Improving Cancer Outcomes – eliminating cervical cancer in Australia

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Health and Aged Care	-	-	-	-	-
Department of the Treasury	-	-	-	-	-
Total – Payments	-	-	-	-	-

The Government will provide $48.2 million over four years from 2023–24 to implement the *National Strategy for the Elimination of Cervical Cancer in Australia*, improve the current human papillomavirus (HPV) vaccination rates and increase cervical screening participation and self-collection.

Funding for this measure has already been provided for by the Government.

Commonwealth payments to the states and territories are managed by the Treasury.

Mental Health

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Health and Aged Care	-	0.6	32.8	22.6	36.2
Department of Social Services	-	-	8.6	-	-
Total – Payments	-	0.6	41.4	22.6	36.2

The Government will provide $483.7 million over six years from 2022–23 (and $117.6 million per year ongoing) to strengthen Australia's mental health and suicide prevention system. Funding includes:

- $456.7 million over five years from 2023–24 (and $117.6 million per year ongoing) to extend funding for digital mental health services, and to establish a new ongoing digital mental health program from 2025–26
- $8.9 million over three years from 2023–24 to modernise digital mental health service system navigation and referrals
- $8.6 million in 2024–25 to extend additional funding for the headspace *Individual Placement and Support Program* and the *Digital Work and Study Service* for one year. These programs support young people with mental illness to find employment or access study support. The Government will consider future funding for these programs following an evaluation
- $4.8 million over three years from 2022–23 to increase access to culturally appropriate mental health supports for First Nations communities affected by adverse weather events in Western Australia, the Northern Territory and Queensland
- $3.5 million over two years from 2023–24 to refine headspace funding and governance arrangements in response to recommendations of the *Evaluation of the National headspace Program*
- $1.2 million over two years from 2023–24 to extend funding for First Nations mental health services in the Cape York region.

The cost of this measure will be partially met from within the existing resourcing of the Department of Health and Aged Care, and funding that has already been provided for by the Government.

This measure builds on the 2023–24 Budget measure titled *Mental Health*. Funding remains provisioned for future mental health priorities in response to the Better Access Evaluation.

National Immunisation Program

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Health and Aged Care	-	168.1	80.1	61.9	63.0
Services Australia	-	2.0	0.2	0.1	0.1
Department of the Treasury	-	-	7.5	3.5	2.7
Total – Payments	-	170.1	87.7	65.6	65.8

The Government will provide $389.2 million over four years from 2023–24 (and $65.8 million per year ongoing) for new and amended listings on the *National Immunisation Program* and additional support to the Essential Vaccine Schedule. Funding includes:

- $380.3 million over four years from 2023–24 (and $64.0 million per year ongoing) to expand the eligibility of Shingrix® from 1 November 2023, for the prevention of shingles and postherpetic neuralgia, to people aged 65 years and over, First Nations people aged 50 years and over, and immunocompromised people aged 18 years and over

- $5.8 million over four years from 2023–24 (and $1.0 million per year ongoing) to permanently extend catch up vaccinations of Bexsero® from 1 July 2024, for the prevention of meningococcal B for First Nations children aged under two years

- $3.1 million over four years from 2023–24 (and $0.8 million per year ongoing) to list Flucelvax® Quad from 1 March 2024, for the prevention of influenza.

The Government will extend the Essential Vaccines Schedule to support the *National Immunisation Program*, to increase vaccination rates to protect the Australian public from the spread of vaccine-preventable diseases.

National Strategy for the Care and Support Economy – delivering foundational initiatives

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Health and Aged Care	-	3.0	3.2	-	-
Department of Veterans’ Affairs	-	1.0	1.0	-	-
Australian Criminal Intelligence Commission	-	0.7	1.4	-	-
Attorney-General’s Department	-	0.6	0.9	-	-
Total – Payments	-	5.3	6.5	-	-

The Government will provide $13.6 million over two years from 2023–24 to support initiatives under the National Strategy for the Care and Support Economy to promote a sustainable and productive sector that delivers quality care and decent jobs. Funding includes:

- $7.6 million over two years from 2023–24 to the Department of Health and Aged Care and the Department of Veterans' Affairs to progress discovery and proof of value activities to provide a more streamlined and efficient whole of government ICT experience for businesses providing care and support services across aged care, disability support and veterans' care
- $3.6 million over two years from 2023–24 to the Attorney-General's Department and the Australian Criminal Intelligence Commission to progress foundations for national worker screening arrangements for the care and support sector, including working with jurisdictions to standardise arrangements nationally
- $2.4 million over two years from 2023–24 to the Department of Health and Aged Care to fund activities to simplify and harmonise regulatory requirements on workers and care providers.

The cost of this measure will be partially met from within the existing resourcing of the Department of Health and Aged Care.

This measure builds on the 2023–24 Budget measure titled *Prime Minister and Cabinet – additional resourcing*.

Pharmaceutical Benefits Scheme (PBS) New and Amended Listings

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Health and Aged Care	6.5	533.6	895.4	997.5	1,047.9
Department of Veterans' Affairs	0.1	5.3	7.1	7.0	6.7
Services Australia	0.1	0.7	-0.3	-0.4	-0.4
Total – Payments	6.6	539.7	902.2	1,004.2	1,054.2
Related receipts ($m)					
Department of Health and Aged Care	*nfp*	*nfp*	*nfp*	*nfp*	*nfp*

The Government will provide $3.5 billion over five years from 2022–23 for new and amended listings on the Pharmaceutical Benefits Scheme (PBS).

Examples of new and amended PBS listings since the 2023–24 Budget include:

- cannabidiol (Epidyolex®) from 1 June 2023, for treatment of seizures associated with Lennox–Gastaut syndrome

- avatrombopag (Doptelet®) from 1 July 2023, for treatment of severe thrombocytopenia in patients with chronic idiopathic thrombocytopenic purpura
- finerenone (Kerendia®) from 1 July 2023, for treatment of chronic kidney disease in patients with type 2 diabetes (diabetic kidney disease)
- eptinezumab (Vyepti®) from 1 August 2023, for treatment of chronic migraine in people who haven't responded to, or can't take other preventive medications
- trabectedin (Yondelis®) from 1 August 2023, for treatment of leiomyosarcoma or liposarcoma
- enfortumab vedotin (Padcev®) from 1 October 2023, for the treatment of locally advanced or metastatic urothelial cancer in patients whose disease has progressed, even after therapy
- risdiplam (Evrysdi®) from 1 October 2023, for the treatment of patients with spinal muscular atrophy
- pembrolizumab (Keytruda®) from 1 October 2023, for the treatment of patients with persistent, recurrent, or metastatic cervical cancer
- empagliflozin (Jardiance®) from 1 November 2023, for the treatment of chronic heart failure in patients with a left ventricular ejection fraction
- trastuzumab deruxtecan (Enhertu®) from 1 November 2023, for the treatment of metastatic human epidermal growth factor receptor 2 positive breast cancer.

The cost of some medicines listed will be reduced by revenue from rebates negotiated as part of purchase agreements. Details of these receipts for these measures are not for publication (nfp) due to commercial sensitivities.

Re-opening the Eligibility Assessment for Registration with the Australian Thalidomide Survivors Support Program

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Health and Aged Care	-	-	3.3	0.6	0.6

The Government will provide $5.5 million over four years from 2023–24 (and $0.9 million per year ongoing) to extend the *Australian Thalidomide Survivors Support Program* (Program). The Program provides a lifetime support package for registered Australian thalidomide survivors.

The cost of this measure will be partially met from within the existing resourcing of the Department of Health and Aged Care.

Supporting Australian Athletes and the Paris 2024 Olympic and Paralympic Games

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Health and Aged Care	20.1	-	-	-	-

The Government has provided $20.1 million in 2022–23 to support Australian athletes to prepare for qualification events for the Paris 2024 Olympic and Paralympic Games. Funding also supports national sporting organisations experiencing financial pressures due to increasing costs of international travel to attend qualifying events.

Supporting Physical Activity and Equitable Access for Women and Girls to Participate in Sport

Payments ($m)

	2022-23	202324	2024-25	2025-26	2026-27
Department of Health and Aged Care	-	1.7	92.1	72.1	34.1

The Government will provide $200.0 million over four years from 2023–24 for the Play Our Way program and to provide sporting equipment and facilities to sporting clubs. Funding includes:

- $200.0 million over four years from 2023–24 for the Play Our Way program, which will provide targeted grants for sporting infrastructure and facilities to support women and girls to engage and participate in sports and physical activity
- $20,000 in 2023–24 to provide new floodlights at Tompkins Park, Melville, Western Australia, for the Melville Cricket Club and Perth Saints Football Club
- $15,000 in 2023–24 to the Jindalee Districts Australian Football and Netball Club in Jindalee, Queensland, for canteen facilities and sporting equipment
- $7,000 in 2023–24 to the Springfield Panthers Rugby League Club in Ipswich, Queensland, for rugby league jerseys.

Partial funding for this measure has already been provided for by the Government.

The cost of this measure will be partially met from within the existing resourcing of the Department of Health and Aged Care.

Urgent Care Clinics and Services

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Health and Aged Care	-	8.9	13.8	14.1	-
Services Australia	-	0.6	0.7	0.7	-
Department of Veterans' Affairs	-	0.2	0.2	0.2	-
Total – Payments	-	9.7	14.7	15.1	-

The Government will provide additional funding of $39.5 million over three years from 2023–24 to support the delivery of Urgent Care Clinics and Services by the end of 2023 by enabling 19 Urgent Care Services in New South Wales and 2 Priority Care Centres in Victoria to bulk bill patients through the Medicare Benefits Schedule.

This measure builds on the 2022–23 October Budget measure titled *Urgent Care Clinics* and the 2023–24 Budget measure titled *Medicare Urgent Care Clinics – additional funding*.

Home Affairs

2023–30 Australian Cyber Security Strategy

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Home Affairs	-	11.1	31.6	33.1	17.7
Australian Federal Police	-	5.5	13.8	11.1	10.9
Attorney-General's Department	-	1.5	3.8	4.4	5.2
Department of Infrastructure, Transport, Regional Development, Communications and the Arts	-	1.0	1.0	1.3	1.0
Department of the Treasury	-	0.8	3.1	2.8	4.4
Digital Transformation Agency	-	0.5	1.0	0.5	0.5
Department of Foreign Affairs and Trade	-	0.3	5.1	7.5	8.3
Australian Public Service Commission	-	0.3	1.1	1.1	1.1
Total – Payments	-	20.9	60.5	62.0	49.0

The Government will provide $300.1 million over five years from 2023–24 (and $21.2 million per year ongoing) to implement the 2023–30 Australian Cyber Security Strategy. Funding includes:

- $67.4 million over four years from 2023–24 to further improve the security and resilience of critical infrastructure assets through effective regulation and assistance for owners and operators to respond to significant cyber-attacks
- $52.4 million over five years from 2023–24 (and $11.1 million per year ongoing) to enhance the Australian Federal Police's capacity to investigate and disrupt cyber crime
- $41.9 million over five years from 2023–24 to increase the Australian community's cyber security literacy and awareness through communication and outreach initiatives, including additional support for vulnerable groups
- $39.1 million over five years from 2023–24 (and $8.8 million per year ongoing) for the Department of Home Affairs, the Digital Transformation Agency and the Australian Public Service Commission to support coordination of Commonwealth agency cyber security uplift
- $34.5 million over five years from 2023–24 (and $1.3 million per year ongoing) to improve regional cyber resilience by supporting Pacific and Southeast Asian countries to improve their cyber security and incident response, and increasing Australia's participation in international cyber governance fora

- $21.2 million over five years from 2023–24 to provide services for victims of identity crime and misuse
- $20.8 million over four years from 2023–24 for the Department of Home Affairs and the Treasury to support small business cyber uplift, including the establishment of a small business cyber security support service and cyber health-check program
- $9.4 million over five years from 2023–24 to support industry-to-industry threat sharing
- $8.5 million over three years from 2023–24 to further grow and professionalise the cyber security industry and support start-ups and small and medium enterprises to innovate and commercialise solutions to cyber security challenges
- $4.8 million over four years from 2023–24 to support industry to adopt security-by-design and align the domestic market with international standards to protect users.

The cost of this measure will be partially met from a reprioritisation of funding within the Department of Home Affairs.

This measure builds on the 2023–24 Budget measure titled *Cyber Security – additional funding*.

Australia's Humanitarian Program

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Home Affairs	-	13.9	12.7	5.6	-2.5
Department of Social Services	-	13.4	36.3	45.4	45.1
Department of Health and Aged Care	-	1.2	3.6	4.5	4.6
National Disability Insurance Agency	-	0.1	2.7	7.9	18.7
Department of Employment and Workplace Relations	-	0.3	0.6	0.5	0.3
Department of Education	-	0.3	2.2	3.4	3.9
Services Australia	-	0.3	0.7	0.8	0.6
Department of the Treasury	-	..	..	5.0	5.0
Total – Payments	-	29.4	58.6	73.1	75.7
Related receipts ($m)					
Australian Taxation Office	-	*..*	*5.0*	*10.0*	*15.0*
Department of Home Affairs	-	*..*	*..*	*..*	*..*
Total – Receipts	-	*..*	*5.0*	*10.0*	*15.0*

The Government has increased Australia's annual humanitarian intake from 17,875 places to 20,000 places per year to help Australia respond to global humanitarian crises.

This measure is estimated to increase payments for government services and benefits by $641.5 million over four years from 2023–24 and increase receipts by $55.0 million over the same period.

Partial funding for this measure has already been provided for by the Government.

Civil Maritime Critical Capabilities – sustainment

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Home Affairs	-	-	-	-	-

The Government has provided $49.4 million in 2023–24, including $28.8 million in capital funding, to maintain and uplift Australia's civil maritime security capabilities. The funding will support the mid-life upgrade of the Australian Border Force's Cape Class vessels and life of type extension of the Bay Class vessels.

Funding for this measure has already been provided for by the Government.

Community Safety Measures in Response to the High Court's Decision in NZYQ v Minister for Immigration, Citizenship and Multicultural Affairs & Anor

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Home Affairs	-	58.3	88.6	nfp	nfp
Australian Federal Police	-	33.5	52.7	nfp	nfp
Office of the Director of Public Prosecutions	-	3.0	13.8	nfp	nfp
Services Australia	-	2.5	0.7	nfp	nfp
Attorney-General's Department	-	1.0	-	-	-
Department of Health and Aged Care	-	0.2	0.6	nfp	nfp
Total – Payments	-	98.5	156.3	-	-

The Government will provide $254.8 million over two years from 2023–24 to support community safety measures in response to the High Court's decision in *NZYQ v Minister for Immigration, Citizenship and Multicultural Affairs & Anor*.

Funding will support enhanced monitoring of non-citizens released from immigration detention centres in response to the High Court decision and associated compliance, investigation, removal and prosecution activities.

Funding for this measure from 2025–26 will be held in the Contingency Reserve and is not for publication (nfp), pending finalisation of implementation arrangements with relevant jurisdictions.

Migration System Integrity

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Home Affairs	-	26.0	35.9	6.9	-
Federal Court of Australia	-	8.6	13.1	13.3	13.5
Department of the Treasury	-	7.7	28.8	-	-
Australian Skills Quality Authority	-	4.5	9.7	9.5	9.5
Department of Education	-	2.8	-	-	-
Administrative Appeals Tribunal	-	2.4	4.7	2.4	-
Tertiary Education Quality and Standards Agency	-	1.0	-	-	-
Department of Employment and Workplace Relations	-	0.6	1.4	1.4	1.1
Office of the Fair Work Ombudsman	-	-	1.4	2.5	-
Total – Payments	-	53.7	95.1	36.1	24.1

The Government will provide $219.2 million over four years from 2023–24 (and $19.8 million per year ongoing) to restore integrity to Australia's migration system by addressing backlogs in the refugee protection system, responding to migrant worker exploitation and strengthening compliance in the immigration system. Funding includes:

- $112.2 million over four years from 2023–24 to increase protection visa processing capacity within the Department of Home Affairs and provide additional capacity in the Administrative Appeals Tribunal and the Federal Circuit and Family Court of Australia to resolve outstanding protection visa and other migration-related cases
- $51.3 million over two years from 2023–24 for legal assistance to improve the experience of protection visa applicants and a communications campaign to deter unfounded protection visa applications
- $37.8 million over four years from 2023–24, including $12.0 million in capital funding, to improve the integrity of the vocational education and training sector
- $10.2 million over four years from 2023–24 to enhance the investigative capacity of the Office of the Migration Agents Registration Authority
- $3.9 million over two years from 2024–25 for the Fair Work Ombudsman to support new approaches to tackle the exploitation of migrant workers

- $3.8 million in 2023–24 to strengthen the integrity of the international education sector and combat exploitation of international students.

The Government will also establish a dedicated immigration compliance unit within the Department of Home Affairs to prioritise immigration compliance and protect the integrity of the visa and migration system, incorporating and continuing multi-agency operational activities led by the Australian Border Force.

The cost of this measure will be partially met from within the existing resourcing of the Department of Home Affairs and from savings identified in the *Better Targeting Employment Services* measure in the Employment and Workplace Relations portfolio.

This measure builds on the 2023–24 Budget measure titled *Visa and Migration System* and contributes to bringing net overseas migration back to pre-pandemic levels from 2024–25.

Migration System Reforms

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Home Affairs	-	39.5	26.0	7.5	1.1
Department of Employment and Workplace Relations	-	3.4	2.7	0.8	0.8
Department of Education	-	1.2	1.0	0.3	0.3
Department of the Treasury	-	..	-45.0	-105.0	-175.0
Total – Payments	-	44.1	-15.4	-96.3	-172.8
Related receipts ($m)					
Department of Home Affairs	-	..	*-20.0*	*-5.0*	*-25.0*
Australian Taxation Office	-	..	*-150.0*	*-355.0*	*-560.0*
Total – Receipts	-	..	*-170.0*	*-360.0*	*-585.0*

The Government will provide $84.7 million over four years from 2023–24 to reform Australia’s migration system to drive greater economic prosperity and security. Funding includes:

- $30.1 million over four years from 2023–24 to improve the skilled visa system, including replacing the Temporary Skilled Shortage visa with a new Skills in Demand visa, develop a new skills shortage list and streamline pathways from the Temporary Graduate visa (TGV) to a skilled work visa for high performing graduates

- $29.7 million over two years from 2023–24 to uplift the Migration Reform Taskforce within the Department of Home Affairs and develop options to digitise visa processing systems and continue simplifying the visa system through abolishing outdated visa subclasses

- $24.9 million over four years from 2023–24 to reshape international student pathways and improve integrity in the international education sector, including redesigning language and application requirements for international students to raise language proficiency and to enhance monitoring and enforcement of student visa conditions.

This funding supports the implementation of measures in the Migration Strategy, including:

- introducing a Specialist Skills Pathway and Core Skills Pathway with indexed income thresholds
- changing Student visa settings, including limiting onshore applications for Student visas and strengthening subsequent Student visa applicant requirements
- reforming the TGV, abolishing the Skills-Recognised Graduate visa and reducing the Temporary Skills Shortage visa work experience requirement for TGV holders to one year.

This measure builds on the 2023–24 Budget measure titled *Visa and Migration System*, and contributes to bringing net overseas migration back to pre-pandemic levels from 2024–25. It is estimated to decrease receipts by $1.1 billion over four years from 2023–24, primarily due to the reduction in net overseas migration.

Supporting Australian Communities Affected by the Hamas-Israel Conflict

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Home Affairs	-	15.2	16.3	4.0	1.6
Attorney-General's Department	-	15.0	10.0	-	-
Department of the Treasury	-	5.8	-	-	-
Australian Communications and Media Authority	-	1.8	1.6	1.6	1.7
Department of Health and Aged Care	-	1.5	1.5	-	-
Department of Education	-	0.2	-	-	-
Total – Payments	-	39.4	29.4	5.6	3.3

The Government will provide $77.7 million over four years from 2023–24 for a range of initiatives to support Australian communities impacted by the ongoing Hamas-Israel conflict. Funding includes:

- $50.0 million over three years from 2023–24 to provide direct support, through $25.0 million for the Australian Jewish community, and $25.0 million for Australian Palestinian and Muslim communities and other Australian communities impacted by the conflict, to support a range of safety and wellbeing measures

- $12.8 million over four years from 2023–24 to protect Australians online, including support for a 24/7 online crisis response capability in our region, and $6.7 million over four years from 2023–24 for the Office of the eSafety Commissioner to respond to abhorrent and violent material online

- $6.0 million over four years from 2023–24 for projects to support social cohesion objectives in response to local community needs

- $6.0 million in 2023–24 for mental health and wellbeing support to students in Jewish and Islamic schools, and students of Jewish and Islamic faith, recognising the impact of the ongoing conflict on young people in these communities

- $3.0 million over two years from 2023–24 for targeted mental health support and services to address psychological harm and community distress.

The cost of this measure will be partially met from the Confiscated Assets Account under the *Proceeds of Crime Act 2002*.

Industry, Science and Resources

Battery Supply Chain and Research Working Group

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Industry, Science and Resources	-	-	-	-	-

The Government will provide $5.4 million over two years from 2023–24 to drive the development of emerging battery technologies through collaboration with the United States Government on expanding battery supply chains, battery manufacturing capabilities and battery technology research and development.

The cost of this measure will be met from savings identified in the Industry, Science and Resources portfolio.

National Quantum Strategy – implementation

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Finance	-	nfp	-	-	-
Department of Industry, Science and Resources	-	nfp	-	-	-
Total – Payments	-	-	-	-	-

The Government will provide funding in 2023–24 to support the implementation of the *National Quantum Strategy*.

The costs of this measure will be met from savings identified in the Industry, Science and Resources portfolio.

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

Northern Endeavour Decommissioning – future funding

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Industry, Science and Resources	-	nfp	nfp	nfp	nfp

The Government will provide funding to continue activities related to the decommissioning and remediation of the Northern Endeavour floating oil production storage and offtake facility that is moored between the Laminaria and Corallina oil fields in the Timor Sea.

The financial implications are not for publication (nfp) due to commercial sensitivities. The activities will be fully cost recovered through the Laminaria and Corallina Decommissioning Cost Recovery Levy.

This measure builds on the 2023–24 Budget measure titled *Working with the Australian Resources Industry on the Pathway to Net Zero*.

Offshore Decommissioning Program – delivery and policy reforms

Payments ($m)	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Industry, Science and Resources	-	4.4	7.9	8.1	7.1
National Offshore Petroleum Safety and Environmental Management Authority	-	0.5	1.0	1.1	0.8
Total – Payments	-	4.9	8.9	9.2	7.9
Related receipts ($m)					
Department of Industry, Science and Resources	-	-	-	-	*
Total – Receipts	-	-	-	-	*

The Government will provide $30.9 million over four years from 2023–24 to develop and implement reforms to the decommissioning and financial assurance arrangements for Australian offshore oil and gas activities to ensure the risks and liabilities of offshore activities remain the responsibility of industry.

Expenses related to the regulatory activities under the new reforms will be cost recovered from 1 April 2027, with an unquantifiable impact on receipts until the reforms have been finalised.

This measure builds on the 2023–24 Budget measure titled *Working with the Australian Resources Industry on the Pathway to Net Zero*.

Space Program – reprioritisation

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Industry, Science and Resources	-	nfp	nfp	nfp	nfp
Department of Defence	-	nfp	nfp	nfp	nfp
Commonwealth Scientific and Industrial Research Organisation	-	nfp	nfp	nfp	nfp
Geoscience Australia	-	nfp	nfp	nfp	nfp
Total – Payments	-	-	-	-	-

The Government will achieve savings from the $1.2 billion 2022–23 March Budget measure titled *Support for the Australian Space Industry* by not proceeding with the *National Space Mission for Earth Observation* program.

The savings from this measure will be reprioritised to fund Government policy priorities within the Industry, Science and Resources and the Defence portfolios.

Savings in this measure have already been provided for by the Government.

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

Working with the Australian Critical Minerals Industry to Unlock Investment in Enabling Infrastructure

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Industry, Science and Resources	-	2.6	-	-	-
Department of Foreign Affairs and Trade	-	-	-	-	-
Department of Infrastructure, Transport, Regional Development, Communications and the Arts	-	-	-	-	-
Total – Payments	-	2.6	-	-	-

The Government will provide $2.5 billion to support implementation of the *Critical Minerals Strategy 2023–2030* to grow Australia's critical minerals sector, diversify supply chains and support Australia and the global transition to net zero emissions. Funding includes:

- $2.0 billion increase to the Critical Minerals Facility (the Facility) on the National Interest Account from $2.0 billion to $4.0 billion to provide further support for the development of critical minerals projects in Australia. The Facility is administered by

Export Finance Australia and the expansion will have no impact on the underlying cash balance until drawn down

- $500.0 million for targeting new investment in critical minerals projects in Northern Australia through the Northern Australia Infrastructure Facility
- $2.6 million in 2023–24 to review and develop investment opportunities in enabling infrastructure.

The costs of this measure will be partially met by prioritising existing funding for the Northern Australia Infrastructure Facility.

This measure builds on the 2023–24 Budget measure titled *Supporting Australian Critical Minerals.*

Infrastructure, Transport, Regional Development, Communications and the Arts

Building a Better Future Through Considered Infrastructure Investment

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Infrastructure, Transport, Regional Development, Communications and the Arts	-	41.4	150.6	300.0	450.0
Department of the Treasury	-	-1,610.0	-1,940.1	-2,655.3	-2,134.0
Total – Payments	-	-1,568.6	-1,789.4	-2,355.3	-1,684.0

The Government will provide $11.0 billion over ten years from 2023–24 for priority infrastructure investments and to reform the Infrastructure Investment Program to support a more integrated, strategic and sustainable approach to infrastructure investment, informed by the findings of the Independent Strategic Review. Funding includes:

- $6.8 billion over ten years from 2023–24 to address cost pressures for 47 priority infrastructure projects, with:
  - $2.7 billion for the North South Corridor – Torrens to Darlington in South Australia
  - $2.4 billion for projects in Queensland, including $1.6 billion for Brisbane to the Gold Coast (Kuraby – Beenleigh Faster Rail Upgrade) and $347.5 million for the Bruce Highway – Rockhampton Ring Road
  - $1.1 billion for projects in Western Australia, including $1.0 billion for Metronet
  - $200.0 million for the Alice Springs to Halls Creek Corridor Upgrade – Tanami Road in the Northern Territory
  - $152.6 million for projects in the Australian Capital Territory, including $125.5 million for the Canberra Light Rail – Stage 2A
  - $115.8 million for projects in New South Wales, including $50.0 million for Richmond Road Stage 1 – Elara Boulevard to Heritage Road, Marsden Park
  - $101.8 million for projects in Victoria, including $99.1 million for Western Highway – Ballarat to Stawell Duplication
  - $2.0 million for the Tasmanian Roads Package – West Tamar Highway targeted upgrades between Exeter and Launceston

- $4.2 billion over nine years from 2024–25 to boost road safety programs, including:
  - an additional $3.9 billion over nine years from 2024–25 for the *Roads to Recovery Program*, bringing total funding to $9.0 billion over ten years from 2023–24
  - an additional $228.8 million over nine years from 2024–25 for the *Black Spot Program*, bringing total funding to $1.5 billion over ten years from 2023–24.

Following the Independent Strategic Review of the Infrastructure Investment Program:

- 50 infrastructure projects will not receive Australian Government funding at this time
- the Government will reserve construction funding for a further 11 infrastructure projects while the projects progress through planning
- the Government will reprofile $8.8 billion to beyond the forward estimates to better align with construction market conditions and project delivery timeframes.

The Government will group existing projects along strategic national freight routes into road and rail corridor packages, to provide state and territory governments more flexibility to manage project delivery schedules according to their priorities.

This measure builds on the 2023–24 Budget measure titled *Building a Better Future Through Considered Infrastructure Investment*.

Enabling Border Services at Western Sydney International Airport

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Agriculture, Fisheries and Forestry	-	5.9	16.4	27.5	26.0
Department of Home Affairs	-	2.2	17.9	30.0	33.3
Department of Infrastructure, Transport, Regional Development, Communications and the Arts	-	-	-	-	-
Total – Payments	-	8.0	34.3	57.5	59.2
Related receipts ($m)					
Department of Agriculture, Fisheries and Forestry	-	-	-	-	*7.6*

The Government will provide $174.7 million over four years from 2023–24 (and $59.6 million per year ongoing) to enable operations at Western Sydney International (Nancy-Bird Walton) Airport. Funding includes:

- $83.4 million over four years from 2023–24 (and $33.2 million per year ongoing) for the Department of Home Affairs to deliver essential border protection services
- $75.7 million over four years from 2023–24 (and $26.4 million per year ongoing) for the Department of Agriculture, Fisheries and Forestry to deliver biosecurity operations, of which $7.6 million in 2026–27 (and $7.7 million per year ongoing) will be cost recovered through existing regulatory arrangements
- $15.6 million over two years from 2023–24 for specialist equipment at the passenger terminal.

The Government will also provide equity to WSA Co Limited for the construction of facilities to support border services and law enforcement operations at the airport, with the financial implications not for publication (nfp) due to commercial sensitivities.

Partial funding for this measure has already been provided for by the Government.

This measure builds on the 2023–24 Budget measure titled *Building a Better Future Through Considered Infrastructure Investment* and the 2022–23 October Budget measure titled *Support for the Aviation Sector*.

Funding for Territories

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Infrastructure, Transport, Regional Development, Communications and the Arts	-	1.9	nfp	nfp	nfp
Department of Employment and Workplace Relations	-	..	-0.1	-0.1	-0.1
Total – Payments	-	1.9	-0.1	-0.1	-0.1

The Government will provide funding to support the delivery of essential services and infrastructure to the Indian Ocean Territories, Norfolk Island and the Jervis Bay Territory.

This includes funding for a new 16-bed Residential Aged Care facility, mortuary and ancillary support services building on Norfolk Island, including $0.8 million in 2023–24 for project scoping and preparatory work and funding for construction, with the financial implications for construction works not for publication (nfp) due to commercial sensitivities.

Partial funding for this measure will be held in the Contingency Reserve until final project details for construction works are settled.

The Government will also replace the *New Enterprise Incentive Scheme* program with the *Self-Employment Assistance* program on Norfolk Island, achieving savings of $0.3 million over four years from 2023–24 (and $0.1 million per year ongoing from 2027–28).

Investing in Our Communities and Priority Community Infrastructure

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Infrastructure, Transport, Regional Development, Communications and the Arts	-	-	-	-	-

The Government will provide $19.5 million over four years from 2023–24 for projects under the *Investing in Our Communities* and *Priority Community Infrastructure* programs. The cost of this measure will be met from a reprioritisation of funding from the 2022–23 October Budget measure titled *Responsible Investment to Grow Our Regions*.

National Cultural Policy – additional support

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Australian Taxation Office	-	-	-	10.0	10.0
Department of Infrastructure, Transport, Regional Development, Communications and the Arts	-	-	-	-	-
Total – Payments	-	-	-	10.0	10.0

The Government will provide $21.2 million over four years from 2023–24 (and $10.3 million per year ongoing) to provide additional support to Australia's arts, entertainment and cultural sector under the *National Cultural Policy – Revive*. Funding includes:

- $20.0 million over two years from 2025–26 (and $10.0 million per year ongoing) to support the production of long-form Australian drama series, by introducing an alternative minimum spending threshold for the Producer Tax Offset of $35.0 million per season in qualifying Australian production expenditure for productions that commence filming or production from 1 July 2024
- $1.2 million over four years from 2023–24 (and $0.3 million per year ongoing) to remunerate the directors of the Bundanon Trust Board.

The cost of this measure will be partially met from a reprioritisation of $1.2 million from the 2023–24 Budget measure titled *Revive – National Cultural Policy and Location Incentive*.

Supporting Connectivity, Media and Communications

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of the Treasury	-	10.0	20.0	20.0	-
Australian Communications and Media Authority	-	2.2	3.7	2.4	2.1
Department of Infrastructure, Transport, Regional Development, Communications and the Arts	-	nfp	nfp	-20.0	-
Total – Payments	-	12.2	23.7	2.4	2.1
Related receipts ($m)					
Australian Communications and Media Authority	-	..	*nfp*	*nfp*	*-5.4*

The Government will provide $63.1 million over four years from 2023–24 (and $2.1 million per year ongoing) to continue to support media sustainability and improve mobile and broadband connectivity, including:

- $50.0 million over three years from 2023–24 to pilot innovative approaches to improve mobile coverage on regional highways and major roads, including multiple-carrier mobile deployments, in collaboration with state and territory governments
- $10.5 million over four years from 2023–24 ($2.1 million per year on-going) for the Australian Communications and Media Authority to implement and maintain a framework for measuring media diversity in Australia
- $2.7 million over two years from 2023–24 to examine the adequacy of telecommunications in regional, rural and remote Australia
- funding to undertake trials to test alternative technology options for legacy voice services to support the design of modern Universal Service Obligation services, with funding not for publication (nfp) due to commercial sensitivities.

The Government will expand the scope of the *Better Connectivity Plan for Regional and Rural Australia* to support a broader range of regional media and broadcasting and digital inclusion initiatives within existing funding, including:

- $6.0 million in 2023–24 to support the financial sustainability of the Australian Associated Press
- $4.8 million over three years from 2023–24 to extend support for the delivery of free broadband for up to 30,000 unconnected families with school aged students over the 2024 and 2025 calendar years.

The Government will also extend transitional support for regional commercial broadcasters by providing a rebate of the Commercial Broadcasting Tax for an additional four years with an increase to the rebate of 12.5 per cent. This change is estimated to decrease receipts by $16.2 million over four years from 2023–24 (and $5.4 million in 2027–28).

The cost of this measure will be partially offset by redirecting funding from the 2022–23 October Budget measure titled *Better Connectivity Plan for Regional and Rural Australia*, revenue from an increase to the Telecommunications Industry Levy and from within the existing resources of the Department of Infrastructure, Transport, Regional Development, Communications and the Arts.

Supporting Transport Priorities

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Infrastructure, Transport, Regional Development, Communications and the Arts	-	4.2	27.5	27.3	20.7
National Transport Commission	-	0.7	1.7	2.1	1.2
Total – Payments	-	4.9	29.2	29.5	21.9
Related receipts ($m)					
Department of Infrastructure, Transport, Regional Development, Communications and the Arts	-	-	*17.3*	*17.8*	*15.6*

The Government will provide $88.1 million over four years from 2023–24 (and $21.6 million per year ongoing) to support aviation, rail and maritime transport priorities. Funding includes:

- $67.0 million over four years from 2023–24 (and $21.6 million per year ongoing) to continue to ensure compliance with airport building control regulation at Commonwealth leased airports
- $10.8 million over three years from 2023–24 to continue to support airport compliance with environmental standards
- $8.3 million over four years from 2023–24 to support the National Transport Commission to deliver the rail interoperability workplan, with partial funding for this measure already provided for by the Government
- $2.0 million in 2023–24 for the Department of Infrastructure, Transport, Regional Development, Communications and the Arts to progress work to support the establishment of a strategic fleet in Australia.

The cost of this measure will be partially met from:

- cost recovery arrangements associated with regulating airport building control and environmental standards at Commonwealth leased airports, which is expected to raise $50.6 million over three years from 2024–25 (and $15.9 million per year ongoing)
- savings identified in the Infrastructure, Transport, Regional Development, Communications and the Arts portfolio.

This measure builds on the 2023–24 Budget measure titled *Supporting Transport Priorities* and the 2022–23 October Budget measure titled *Strategic Fleet Taskforce – establishment*.

Prime Minister and Cabinet

Delivering the Commonwealth Government COVID-19 Response Inquiry

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of the Prime Minister and Cabinet	-	7.2	2.1	-	-

The Government will provide $9.3 million over two years from 2023–24 to the Department of the Prime Minister and Cabinet to support the Commonwealth Government COVID-19 Response Inquiry, which will consider the Commonwealth Government's responses to the COVID-19 pandemic.

Tailored Assistance Employment Grant Program – extension

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
National Indigenous Australians Agency	-	-	-	-	-

The Government will provide funding of $25.0 million over two years from 2023–24 to extend the *Tailored Assistance Employment Grant Program* (TAEG) to ensure existing TAEG providers can continue to deliver employment services to First Nations peoples across Australia.

The cost of this measure will be met from within the existing resourcing of the *Indigenous Advancement Strategy*.

Social Services

Be Connected – digital skills for older Australians

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Social Services	-	0.1	6.1	6.4	6.6
Australian Communications and Media Authority	-	-	4.0	4.0	4.1
Total – Payments	-	0.1	10.0	10.4	10.7

The Government will provide funding of $31.2 million over four years from 2023–24 (and $10.4 million in 2027–28) to extend the *Be Connected* program until 30 June 2028 to support Australians over 50 to engage confidently and safely with digital technology. Funding includes:

- $19.1 million over four years from 2023–24 (and an additional $6.3 million in 2027–28) to the Department of Social Services to support the Be Connected Network, including funding the national network provider

- $12.1 million over three years from 2024–25 (and an additional $4.1 million in 2027–28) to the Office of the eSafety Commissioner to develop and maintain learning content on the Be Connected website and support the Young Mentors initiative, which will enable secondary school students to take on the role of digital mentors.

Development of a New National Carer Strategy

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Social Services	-	0.7	1.2	-	-

The Government will provide $3.8 million over two years from 2023–24 to deliver on its election commitment to develop a new National Carer Strategy that will set out a coherent national agenda for Australia's 2.65 million unpaid carers.

The cost of this measure will be partially met from within the existing resourcing of the Department of Social Services.

Income Management and Enhanced Income Management – transition arrangements

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Social Services	-	1.5	3.7	-	-
Services Australia	-	nfp	nfp	nfp	-
Total – Payments	-	1.5	3.7	-	-

The Government will provide additional funding of $5.2 million over three years from 2023–24 to continue compulsory and voluntary income management arrangements until 30 June 2026, while the Government consults with local communities on long-term program arrangements, including services and processes required to support the transition away from broad based compulsory income management.

The Government will continue to invest in former Cashless Debit Card sites and existing income management locations with community-led support services which are reflective of place-based priorities, focusing on individual, family and community financial well-being and self-determination.

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

This measure builds on the 2022–23 October Budget measure titled *Abolish the Cashless Debit Card*.

Increasing Support for Victim-Survivors of Domestic Violence and Modern Slavery

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Social Services	-	0.3	1.1	1.9	3.0

The Government will provide $18.6 million over five years from 2023–24 (and $3.8 million per year ongoing) to support temporary visa holders leaving violent relationships and people who are at-risk of, or who have experienced, forced marriage. Funding includes:

- $12.1 million over five years from 2023–24 (and $3.8 million per year ongoing) to establish the Forced Marriage Specialist Support Program. The program will provide caseworker support, counseling, temporary accommodation and financial support

- $4.4 million over two years from 2023–24 to increase financial support available under the T*emporary Visa Holders Experiencing Violence Pilot* to $5,000 (previously $3,000) to align with the *Escaping Violence Payment*

- $2.2 million over four years from 2024–25 to extend Speak Now, Australia's national forced marriage community education service, to prevent forced marriage and other forms of modern slavery through education, awareness-raising and collaboration with frontline workers and communities.

The cost of this measure will be partially met by reprioritising funding from the Department of Social Services Program 2.1 (Families and Communities). This measure builds on the 2023–24 Budget measure titled *Women's Safety*.

Modernising myGov

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Services Australia	-	10.8	0.5	-	-

The Government will provide $11.3 million over two years from 2023–24 to respond to the findings in the *Critical National Infrastructure myGov User Audit* and expand myGov functionality. Funding includes:

- $5.6 million in 2023–24 to implement enhanced protections for myGov users against cybercrime
- $2.4 million over two years from 2023–24 to undertake research and evaluation of the legislative landscape for myGov to inform future development of the platform
- $2.0 million in 2023–24 to enable the digital statutory declarations platform in myGov which will generate cost savings for individuals and businesses
- $1.3 million in 2023–24 to establish an interim independent advisory board to provide guidance and advice to Government on potential myGov enhancements.

The Government will continue to develop the myGov platform and will consider the recommendations from the myGov Audit and advice from the independent advisory board to help inform these decisions.

Paid Parental Leave Scheme – expansion

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Services Australia	-	13.6	7.7	7.9	5.3
Department of Social Services	-	0.3	0.3	13.8	30.7
Total – Payments	-	13.9	8.0	21.7	36.0
Related receipts ($m)					
Australian Taxation Office	-	-	-	*5.0*	*10.0*

The Government will provide $79.5 million over four years from 2023–24 (and $35.0 million per year ongoing) to support the expansion of the Paid Parental Leave (PPL) scheme and reinstate the work test exception for fathers and partners of children born prematurely. Funding includes:

- $77.5 million over four years from 2023–24 (and $35.0 million per year ongoing) to support the expansion of the PPL scheme to 26 weeks by July 2026, including four weeks reserved for each parent (by July 2026), with flexibility for parents to take up to four weeks concurrently (from 1 July 2025)

- $2.0 million over three years from 2023–24 to reinstate the work test exception for fathers and partners of children born prematurely, preventing disadvantage in cases where they would otherwise have qualified for the work test by the baby's due date.

This measure is also expected to increase tax receipts by $15.0 million over two years from 2025–26 (and $10.0 million per year ongoing).

This measure builds on the 2022–23 October Budget measure titled *Boosting Parental Leave to Enhance Economic Security, Support and Flexibility for Australia's Families*.

Progressing the National Disability Data Asset – additional funding

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Social Services	-	-	-	-	-

The Government has provided $36.9 million over three years from 2023–24 to meet the remaining up-front costs of establishing the National Disability Data Asset (NDDA) and its underlying infrastructure, the Australian National Data Integration Infrastructure.

When established, the NDDA will be an enduring national asset delivering a single source of information by connecting de-identified Commonwealth, state and territory data on Australians with disability to improve outcomes for people with disability and inform research, policy development and service delivery.

Funding for this measure has already been provided for by the Government.

The cost of this measure will be met from a reprioritisation of funding from the *Information, Linkages and Capacity Building* program.

This measure builds on the 2023–24 Budget measure titled *Progressing the National Disability Data Asset*.

Restart Wage Subsidy for Disability Employment Service Participants – extension

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Employment and Workplace Relations	-	..	-	-	-
Department of Social Services	-	-	27.8	-	-
Total – Payments	-	..	27.8	-	-

The Government will provide $27.9 million over two years from 2023–24 to extend the Restart Wage Subsidy for *Disability Employment Services* participants over the age of 50 to support them to find employment.

The Government will consider future settings as part of the design of a new disability employment services model.

Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability – establishing a Commonwealth Disability Royal Commission Taskforce

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Social Services	-	1.8	2.4	-	-

The Government will provide $4.3 million over two years from 2023–24 to establish a Commonwealth Disability Royal Commission Taskforce to coordinate the Government's response to the recommendations of the Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability. The Taskforce will particularly focus on the recommendations that are dedicated to the Commonwealth and work across Commonwealth, state and territory agencies and engage closely with the disability community.

Services Australia – additional resourcing

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Services Australia	-	228.0	-	-	-

The Government will provide $228.0 million in 2023–24 to fund additional frontline and service delivery staff to help reduce claim backlogs at Services Australia and to support more timely access to government services.

Services Australia's Improved Safety for Staff and Customers

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Services Australia	-	46.7	-	-	-
Attorney-General's Department	-	0.3	-	-	-
Total – Payments	-	46.9	-	-	-

The Government will provide $46.9 million in 2023–24 to enhance safety and security at Service Australia's service centres for staff and customers, including an increased security presence, enhancements to appointment and incident management systems, staff training and progression of legislative change to support Commonwealth frontline staff.

This measure responds to the recommendations of the *Security Risk Management Review for Services Australia* undertaken by former Chief Commissioner of Victoria Police, Graham Ashton AM APM.

Support for the National Disability Insurance Scheme

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Social Services	-	8.8	10.3	-	-
Australian Competition and Consumer Commission	-	1.4	2.5	1.8	1.0
National Disability Insurance Agency	-	-1.4	489.8	-1.8	-1.0
Total – Payments	-	8.8	502.6	-	-

The Government will provide additional funding of $511.3 million over two years from 2023–24 to support the effective and sustainable operation of the National Disability Insurance Scheme (NDIS) and improve participant outcomes. Funding includes:

- $492.2 million in 2024–25 to ensure the National Disability Insurance Agency (NDIA) can continue to support NDIS participants
- $19.1 million over two years from 2023–24 for the Department of Social Services to support the development and implementation of responses to the recommendations of the Independent NDIS Review.

The Government will also transfer $6.7 million over four years from 2023–24 from the NDIA to the Australian Competition and Consumer Commission to support reforms to prohibit unreasonable price differentiation impacting NDIS participants.

Treasury

Access to Offenders' Superannuation

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Australian Taxation Office	-	-	-	-	-
Department of the Treasury	-	-	-	-	-
Federal Court of Australia	-	-	-	-	-
Total – Payments	-	-	-	-	-
Related receipts ($m)					
Australian Taxation Office	-	-	-	..	..

The Government will enable victims and survivors of child sexual abuse to seek access, via a court order, to additional personal or salary sacrifice superannuation contributions made by the offender after the first offence occurred where a related court order for compensation remains unpaid after 12 months. Applications to identify any potential eligible superannuation would be facilitated by the Australian Taxation Office.

Payments would not be subject to taxation or applied to any existing Commonwealth debt. The measure would only apply to identifiable additional superannuation contributions starting from 2002–03, and would not apply to mandatory employer contributions or contributions to a defined benefit interest.

Precedence would be given to the resolution of family law and bankruptcy proceedings. These reforms will be complemented by amendments to the *Bankruptcy Act 1966* to allow compensation debts to survive offenders' bankruptcies, to prevent bankruptcy being used by offenders as a means to extinguish compensation orders.

The cost of this measure will be met from within the existing resourcing of the Treasury, the Australian Taxation Office, the Federal Court of Australia and the Federal Circuit and Family Court of Australia.

Australian Energy Regulator – expanded energy market monitoring

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Australian Competition and Consumer Commission	-	2.6	10.2	7.2	6.0

The Government will provide $26.0 million over four years from 2023–24 (and $6.0 million per year ongoing) to the Australian Energy Regulator to implement and enforce expanded energy market monitoring, compliance and reporting to support efficient and stable energy market operation.

Ceasing the Modernising Business Registers Program

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Australian Securities and Investments Commission	-	49.6	19.1	3.4	3.4
Department of the Treasury	-	2.2	-	-	-
Australian Taxation Office	-	-16.0	-22.9	-18.4	-17.8
Total – Payments	-	35.8	-3.9	-14.9	-14.3

The Government will transfer responsibility for business registers from the Australian Taxation Office (ATO) to the Australian Securities and Investments Commission (ASIC), and redirect funding from the ATO to ASIC and the Treasury following the decision to cease the Modernising Business Registers (MBR) program. Funding includes:

- $75.6 million over four years from 2023–24 (and $3.4 million per year ongoing) to ASIC to stabilise existing business registers and examine stabilisation and uplift options for these registers
- $2.2 million in 2023–24 to the Treasury for work associated with stopping the MBR program.

The cost of this measure will be partially met from redirecting $75.1 million over four years from the ATO relating to the MBR program.

Ensuring Small Businesses are Paid on Time

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of the Treasury	-	2.7	3.9	0.7	0.8

The Government will provide $8.1 million over four years from 2023–24 to implement the Government's response to the *Statutory Review of the Payment Times Reporting Act 2020*, including streamlined reporting, upgrades to the Payment Times Reports Register and dashboard, raising awareness of the importance of prompt payments by large businesses including publishing a list of best and worst payers, and increasing the adoption of eInvoicing by small businesses.

GST No Worse Off Guarantee – extension

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of the Treasury	-	-	-	-	-

The Government will extend the GST No Worse Off Guarantee in its current form for three years from 2027–28. The extension will provide the states and territories with certainty in their coming budgets. The extension of the GST No Worse Off Guarantee was a decision of the National Cabinet on 6 December 2023.

This measure is estimated to increase payments by $11.1 billion over three years from 2027–28.

Increasing Housing Supply

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of the Treasury	2,000.0	50.0	450.0	-	-
Housing Australia	-	21.9	87.5	65.6	-
Department of Infrastructure, Transport, Regional Development, Communications and the Arts	-	3.7	3.7	-	-
Total – Payments	2,000.0	75.6	541.2	65.6	-
Related receipts ($m)					
Housing Australia	*-*	*4.6*	*23.1*	*37.2*	*37.2*

The Government has committed $6.5 billion to support measures to increase housing supply, including for social housing. Funding includes:

- up to $3.0 billion in 2029–30 for the New Home Bonus to provide performance-based payments to the states and territories for the delivery of an additional 200,000 well-located homes beyond the 1 million homes target previously agreed under the Housing Accord
- $2.0 billion in 2022–23 for the *Social Housing Accelerator* payment to states and territories to permanently increase the stock of social housing across Australia
- a $1.0 billion increase in 2023–24 for the National Housing Infrastructure Facility to provide support for social housing through a mixture of grants and concessional loans
- $507.4 million over two years from 2023–24 to establish the Housing Support Program as a competitive grants program open to local, state and territory governments to support ancillary infrastructure to increase housing supply, including for essential services, community amenities and planning capability, including $7.4 million for the Department of Infrastructure, Transport, Regional Development, Communications and the Arts to support program delivery.

Mandating Climate-Related Financial Disclosure

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Australian Securities and Investments Commission	-	2.4	11.0	10.3	10.8
Department of the Treasury	-	1.4	0.8	-	-
Office of the Australian Accounting Standards Board	-	1.4	4.6	3.1	3.4
Australian Prudential Regulation Authority	-	0.8	0.8	0.8	0.7
Office of the Auditing and Assurance Standards Board	-	0.5	1.5	1.4	1.4
Department of Climate Change, Energy, the Environment and Water	-	-	-	-	-
Total – Payments	-	6.5	18.7	15.7	16.4
Related receipts ($m)					
Australian Securities and Investments Commission	-	-	*2.3*	*10.5*	*10.0*
Australian Prudential Regulation Authority	-	-	*1.7*	*0.8*	*0.7*
Total – Receipts	-	-	*4.0*	*11.3*	*10.8*

The Government will provide $83.7 million over six years from 2023–24 to support the implementation of climate-related financial disclosure requirements for large business and financial institutions. Funding includes:

- $81.6 million over six years from 2023–24 to the Australian Securities and Investments Commission, the Australian Prudential Regulation Authority, the Australian Accounting Standards Board, the Auditing and Assurance Standards Board and the Treasury to support the development, ongoing maintenance and enforcement of climate disclosure standards, aligned with the International Sustainability Standards Board's climate disclosure standards adjusted where required for the Australian context

- $1.2 million over two years from 2023–24 to replace the existing financial reporting bodies (the Australian Accounting Standards Board, the Auditing and Assurance Standards Board and the Financial Reporting Council) with a new body with responsibility for establishing and maintaining corporate reporting standards related to accounting, auditing and assurance and climate sustainability

- $1.0 million in 2023–24 for one-off payments to the International Sustainability Standards Board and the International Auditing and Assurance Standards Board to support the Government's commitment to international standards on financial reporting and sustainability.

In addition, the Government will pilot the use of climate impact statements to assess climate risks and greenhouse gas emissions impacts of Cabinet Submissions and New Policy Proposals, to improve Cabinet decision making.

Funding for the Australian Prudential Regulation Authority is fully offset, and for the Australian Securities and Investments Commission is partially offset, by cost recovery arrangements through industry funding models. Partial funding for this measure will be held in the Contingency Reserve pending finalisation of arrangements for the new standards body.

This measure builds on the 2022–23 October Budget measure titled *Commonwealth Climate Risk and Opportunity Management Program*.

Responding to the PricewaterhouseCoopers Matter

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of the Treasury	-	3.5	4.4	0.9	-
Department of Finance	-	3.0	1.6	0.6	0.6
Australian Taxation Office	-	2.7	0.7	0.6	0.6
Attorney-General’s Department	-	1.2	1.4	0.4	-
Total – Payments	-	10.4	8.1	2.4	1.2
Related receipts ($m)					
Australian Taxation Office	-	-	*	*	*

The Government will provide $22.2 million over four years from 2023–24 (and $1.1 million per year ongoing) to the Treasury, the Department of Finance, the Australian Taxation Office and the Attorney-General’s Department to strengthen the integrity of the tax system, increase the powers of regulators and strengthen regulatory arrangements to ensure they are fit-for-purpose in response to the misuse and unauthorised disclosure of confidential information in the PricewaterhouseCoopers matter.

Treasury – additional resourcing

Payments ($m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of the Treasury	-	3.8	5.1	4.0	1.2
Australian Securities and Investments Commission	-	2.4	3.5	1.6	1.7
Australian Competition and Consumer Commission	-	2.1	8.1	2.6	0.9
Attorney-General's Department	-	0.1	0.2	0.2	-
Australian Taxation Office	-	-	0.9	1.1	1.3
Department of Home Affairs	-	-	-	-	-
Total – Payments	-	8.4	17.8	9.5	5.2
Related receipts ($m)					
Australian Securities and Investments Commission	-	*0.7*	*1.5*	*1.7*	*1.8*
Australian Taxation Office	-	*	*	*	*
Total – Receipts	-	*0.7*	*1.5*	*1.7*	*1.7*

The Government will provide $40.9 million over four years from 2023–24 to support the delivery of Government priorities in the Treasury portfolio. Funding includes:

- $13.7 million over four years from 2023–24 to enable the Australian Competition and Consumer Commission to recommence price monitoring in the domestic aviation industry and complete the Digital Platform Services Inquiry 2020–25
- $9.2 million over four years from 2023–24 ($10.6 million over six years) for the Treasury and the Australian Taxation Office to engage in tax treaty negotiations to improve international trade and investment
- $5.8 million over four years from 2023–24 for the Australian Securities and Investments Commission (ASIC) to deliver the financial adviser exam, to be fully cost recovered through candidate exam fees and levies through ASIC's industry funding model
- $5.2 million over three years from 2023–24 for the Treasury and the Attorney-General's Department to develop and implement policies to support a secure and stable banking sector in the Pacific
- $3.6 million over two years from 2023–24 to ASIC and the Treasury to develop and commence implementation of legislative requirements for relevant companies to collect, verify and make available information about individuals who benefit from or control the company, as the first stage of increased transparency of beneficial ownership of Australian private and public unlisted companies

- $3.3 million over two years from 2023–24 for the Treasury to undertake reviews of the shadow economy and the Report on Government Services and Performance Reporting Dashboard.

In addition, the Government will support a reciprocal superannuation portability arrangement with Cook Islands, enabling transfer of superannuation from Australian superannuation funds to the Cook Islands National Superannuation Fund, commencing 1 July 2025, with a negligible impact on receipts.

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 2023–24 and the forward years.

Table B.1: Estimates of Australian Government general government expenses by function and sub-function

	Estimates											
	2023-24			2024-25			2025-26			2026-27		
	Budget $m	MYEFO $m	Change on Budget %	Budget $m	MYEFO $m	Change on Budget %	Budget $m	MYEFO $m	Change on Budget %	Budget $m	MYEFO $m	Change on Budget %
General public services												
Legislative and executive affairs	2,003	1,998	0	1,901	1,971	4	1,538	1,600	4	1,560	1,650	6
Financial and fiscal affairs	9,137	9,462	4	9,038	9,411	4	9,257	9,601	4	8,687	8,998	4
Foreign affairs and economic aid	7,166	7,220	1	8,179	8,267	1	7,294	7,381	1	7,725	7,817	1
General research	4,140	4,145	0	4,255	4,234	0	4,361	4,353	0	4,280	4,219	-1
General services	992	1,049	6	946	1,014	7	963	1,012	5	986	1,026	4
Government superannuation benefits	5,687	6,545	15	5,835	5,693	-2	6,001	5,793	-3	6,260	5,966	-5
Defence	42,850	45,006	5	44,568	44,172	-1	49,465	49,194	-1	48,840	49,978	2
Public order and safety	7,434	7,905	6	7,063	7,424	5	6,398	6,657	4	6,425	6,660	4
Education	48,258	48,699	1	50,385	50,303	0	52,114	52,237	0	53,732	53,905	0
Health	106,538	107,357	1	108,860	110,224	1	112,174	113,720	1	116,293	117,542	1
Social security and welfare	250,280	249,465	0	263,074	261,169	-1	277,054	275,562	-1	288,442	287,097	0
Housing and community amenities	7,940	8,632	9	8,074	8,698	8	7,767	7,799	0	5,864	5,650	-4
Recreation and culture	4,776	4,878	2	4,809	4,928	2	5,133	5,237	2	5,363	5,431	1
Fuel and energy	13,006	13,455	3	16,521	17,577	6	12,107	12,792	6	13,962	13,663	-2
Agriculture, forestry and fishing	5,156	5,104	-1	3,227	3,871	20	3,045	3,699	21	2,999	3,554	19
Mining, manufacturing and construction	5,022	5,173	3	4,696	5,011	7	4,418	4,978	13	4,444	5,243	18

Table B.1: Estimates of Australian Government general government expenses by function and sub-function (continued)

	Estimates											
	2023-24			2024-25			2025-26			2026-27		
	Budget $m	MYEFO $m	Change on Budget %	Budget $m	MYEFO $m	Change on Budget %	Budget $m	MYEFO $m	Change on Budget %	Budget $m	MYEFO $m	Change on Budget %
Transport and communication	17,508	16,120	-8	17,733	16,499	-7	16,744	15,413	-8	15,225	15,037	-1
Other economic affairs												
Tourism and area promotion	184	199	8	189	195	3	181	187	3	182	188	3
Labour and employment affairs	5,550	5,775	4	5,414	5,480	1	5,175	5,190	0	4,957	4,984	1
Immigration	3,531	3,906	11	3,001	3,267	9	2,979	3,113	4	3,027	3,146	4
Other economic affairs nec	3,183	3,580	12	3,043	3,179	4	2,939	3,049	4	2,934	3,019	3
Other purposes												
Public debt interest	22,611	22,404	-1	23,890	24,686	3	26,224	28,365	8	29,077	33,081	14
Nominal superannuation interest	13,631	13,374	-2	13,941	14,126	1	14,637	14,840	1	15,033	15,251	1
General purpose inter-government transactions	95,947	91,135	-5	99,872	99,138	-1	105,443	105,315	0	108,790	108,818	0
Natural disaster relief	1,610	1,630	1	898	918	2	275	273	-1	264	264	0
Contingency reserve	-56	5,089	-9,188	5,967	4,534	-24	9,638	14,585	51	16,427	21,349	30
Total expenses	**684,085**	**689,306**	**1**	**715,382**	**715,990**	**0**	**743,324**	**751,944**	**1**	**771,779**	**783,537**	**2**

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). Since the 2023–24 Budget, the allowance has been drawn down to:

- ¼ of a percentage point of total general government sector expenses (excluding GST payments to the states) in the first forward year 2024–25 ($1.6 billion)
- ¾ of a percentage point of expenses in the second forward year 2025–26 ($4.9 billion)
- 1½ of a percentage point of expenses in the third forward year 2026–27 ($10.0 billion).

The drawdown of the CBA reduced expenses by $1.5 billion in 2024–25, $1.6 billion in 2025–26, and $3.1 billion in 2026–27. 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 Financial Relations

This appendix provides information on payments to state and territory governments (the states) for specific purposes and general revenue assistance, including the GST entitlement.

Australian Government payments to the states are framed by the Intergovernmental Agreement on Federal Financial Relations (the Intergovernmental Agreement), which has been in place since 1 January 2009. The Intergovernmental Agreement recognises that the states have primary responsibility for many areas of service delivery, but that coordinated action is necessary to address Australia's economic and social challenges.

The Council on Federal Financial Relations (CFFR), comprising the Commonwealth Treasurer as Chair and all state and territory treasurers, is responsible for overseeing the financial relationship between the Commonwealth and the states. On 28 August 2020, CFFR implemented the Federation Funding Agreements (FFA) Framework to govern Commonwealth-state funding agreements. The FFA Framework complements the Intergovernmental Agreement.

More detailed information on Australia's federal financial relations can be found in Budget Paper No. 3, *Federal Financial Relations 2023–24* and on the Federal Financial Relations website at: www.federalfinancialrelations.gov.au.

Overview of payments to the states

Australian Government payments to the states in 2023–24 are estimated to be $174.5 billion, or 25.3 per cent of total Australian Government expenditure for the year. This amount comprises payments for specific purposes of $84.2 billion and general revenue assistance of $90.3 billion.

Table C.1 shows payments for specific purposes and general revenue assistance to the states.

Table C.1: Australian Government payments to the states, 2023–24 to 2026–27

$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2023-24									
Payments for specific purposes(a)	23,821	18,416	18,268	10,563	6,041	2,217	1,315	2,056	84,217
GST-related payments(b)	26,245	19,958	19,036	6,419	8,582	3,367	1,873	4,039	89,519
Other general revenue assistance(c)	-	-	-	763	-	-	44	-	807
Total payments to the states	50,067	38,374	37,304	17,745	14,622	5,584	3,231	6,095	174,543

Table C.1: Australian Government payments to the states, 2023–24 to 2026–27 (continued)

$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2024-25									
Payments for specific purposes(a)	25,321	19,077	19,318	10,294	5,986	2,173	1,403	1,683	87,229
GST-related payments(b)	27,604	21,126	20,083	7,257	9,009	3,521	1,976	4,231	94,807
Other general revenue assistance(c)	-	-	-	687	-	-	45	-	733
Total payments to the states	52,925	40,203	39,402	18,238	14,994	5,694	3,425	5,915	182,769
2025-26									
Payments for specific purposes(a)	24,771	20,268	19,937	9,532	6,314	2,081	1,348	1,604	87,053
GST-related payments(b)	29,364	22,599	21,420	7,737	9,559	3,735	2,115	4,496	101,024
Other general revenue assistance(c)	-	-	-	545	-	-	47	-	591
Total payments to the states	54,136	42,867	41,357	17,814	15,873	5,816	3,509	6,100	188,669
2026-27									
Payments for specific purposes(a)	24,739	21,198	21,275	8,842	6,668	2,039	1,488	1,539	89,362
GST-related payments(b)	29,894	23,049	21,950	9,187	9,852	3,878	2,188	4,751	104,750
Other general revenue assistance(c)	-	-	-	451	-	-	48	-	498
Total payments to the states	54,634	44,247	43,226	18,480	16,520	5,917	3,723	6,290	194,611

a) State allocations for a number of programs have not yet been determined. These payments are not reflected in state totals. As a result, total payments for specific purposes may not equal the sum of the state figures.

b) Includes GST entitlement and HFE transition payments. State allocations are dependent upon the GST revenue sharing relativities for each financial year. They are calculated using the Commonwealth Grants Commission's 2023–24 GST relativities as the starting point. The estimates do not reflect any attempt to project future GST relativities or GST entitlements.

c) Includes ACT municipal services and royalty payments. See Table C.6 for further information.

Payments for specific purposes

The Australian Government provides payments to the states for specific purposes in policy areas for which the states have primary responsibility. Payments to the states for specific purposes are estimated to total $84.2 billion in 2023–24, which is 12.2 per cent of total Australian Government expenditure for the year and an increase of $1.5 billion (or 1.9 per cent) on the $82.7 billion the states received in 2022–23.

The Australian Government provides the following types of specific purpose payments to the states:

- 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.
- Payments for skills and workforce development activities, including through the new National Skills Agreement.
- National Partnership payments in a wide range of service delivery areas, including land transport infrastructure.

Table C.2 shows total payments for specific purposes by category.

Table C.2: Total payments for specific purposes by category, 2023–24 to 2026–27

$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total(a)
2023-24									
National Skills Agreement(b)	626	510	411	218	141	46	38	23	2,012
National Health Reform funding	8,341	6,086	6,841	3,053	1,966	624	494	380	27,785
Quality Schools funding	8,693	7,224	6,271	3,009	2,124	647	436	452	28,856
National Housing and Homelessness funding	516	436	355	190	120	38	30	22	1,706
Energy Bill Relief	361	282	246	83	95	22	11	9	1,110
National Partnership payments(c)	5,284	3,877	4,144	4,011	1,595	840	305	1,171	22,748
Total payments for specific purposes	23,821	18,416	18,268	10,563	6,041	2,217	1,315	2,056	84,217
2024-25									
National Skills Agreement(b)	752	614	497	264	171	57	48	32	2,435
National Health Reform funding	8,897	7,381	7,169	3,209	1,965	642	552	414	30,227
Quality Schools funding	8,983	7,489	6,473	3,113	2,185	664	446	459	29,812
National Housing and Homelessness funding	522	428	353	186	118	36	29	21	1,692
Energy Bill Relief	120	94	82	28	32	22	4	3	385
National Partnership payments(c)	6,048	3,072	4,745	3,495	1,515	752	326	755	22,679
Total payments for specific purposes	25,321	19,077	19,318	10,294	5,986	2,173	1,403	1,683	87,229
2025-26									
National Skills Agreement(b)	762	627	505	267	170	56	47	30	2,464
National Health Reform funding	9,475	7,793	7,612	3,426	2,077	680	583	445	32,089
Quality Schools funding	9,286	7,767	6,691	3,206	2,269	682	454	462	30,816
National Housing and Homelessness funding	534	441	362	191	120	37	30	21	1,736
Energy Bill Relief	-	-	-	-	-	-	-	-	-
National Partnership payments(c)	4,714	3,641	4,767	2,441	1,678	627	235	646	19,947
Total payments for specific purposes	24,771	20,268	19,937	9,532	6,314	2,081	1,348	1,604	87,053

Table C.2: Total payments for specific purposes by category, 2023–24 to 2026–27 (continued)

$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total(a)
2026-27									
National Skills Agreement(b)	773	640	513	271	171	56	47	30	2,500
National Health Reform funding	10,094	8,295	8,116	3,650	2,189	718	621	474	34,157
Quality Schools funding	9,595	8,061	6,908	3,304	2,348	700	462	464	31,842
National Housing and Homelessness funding	545	452	369	195	122	38	31	22	1,773
Energy Bill Relief	-	-	-	-	-	-	-	-	-
National Partnership payments(c)	3,733	3,751	5,369	1,422	1,838	528	327	549	19,091
Total payments for specific purposes	24,739	21,198	21,275	8,842	6,668	2,039	1,488	1,539	89,362

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) As at 1 January 2024, the new National Skills Agreement (NSA) comes into effect and replaces the National Agreement for Skills and Workforce Development (NASWD) for all jurisdictions that have signed the agreement.
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, energy and water. Table C.3 shows total payments for specific purposes by sector.

Table C.3: Payments for specific purposes by sector, 2023–24 to 2026–27

$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total(a)
2023-24									
Health	8,512	6,263	6,963	3,158	2,056	666	538	428	28,605
Education	8,936	7,429	6,440	3,108	2,183	667	450	534	29,804
Skills and workforce development	729	593	482	258	162	58	45	27	2,370
Community services	401	313	254	1,023	94	33	21	87	2,226
Affordable housing	516	436	355	190	120	38	30	333	2,234
Infrastructure	3,679	2,772	3,170	2,547	1,139	642	117	570	14,675
Environment, energy and water	766	446	474	136	217	94	92	40	3,407
Contingent payments	~	~	~	~	~	~	~	~	..
Other(b)	282	163	131	144	68	21	20	37	897
Total payments for specific purposes	23,821	18,416	18,268	10,563	6,041	2,217	1,315	2,056	84,217

Table C.3: Payments for specific purposes by sector, 2023–24 to 2026–27 (continued)

$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total(a)
2024-25									
Health	9,094	7,484	7,299	3,452	2,030	662	561	428	31,038
Education	9,152	7,640	6,600	3,176	2,226	677	457	477	30,441
Skills and workforce development	753	615	498	266	171	58	48	32	2,452
Community services	38	29	27	14	10	5	3	9	137
Affordable housing	523	428	353	186	118	36	29	21	2,188
Infrastructure	4,421	1,870	3,536	2,691	1,107	541	201	628	15,078
Environment, energy and water	177	109	223	38	44	67	14	7	1,949
Contingent payments	~	~	~	~	~	~	~	~	..
Other(b)	1,163	903	782	470	280	127	92	82	3,946
Total payments for specific purposes	25,321	19,077	19,318	10,294	5,986	2,173	1,403	1,683	87,229
2025-26									
Health	9,491	7,857	7,712	3,621	2,147	692	589	464	32,641
Education	9,408	7,876	6,786	3,253	2,299	692	462	467	31,470
Skills and workforce development	801	659	530	281	179	58	49	32	2,595
Community services	17	12	13	6	5	3	1	3	60
Affordable housing	536	441	362	191	120	37	30	21	1,750
Infrastructure	3,447	2,589	3,725	1,754	1,319	487	129	565	14,156
Environment, energy and water	15	..	119	4	1	5	5	1	896
Contingent payments	~	~	~	~	~	~	~	~	..
Other(b)	1,056	834	690	421	244	107	83	50	3,485
Total payments for specific purposes	24,771	20,268	19,937	9,532	6,314	2,081	1,348	1,604	87,053
2026-27									
Health	10,101	8,299	8,218	3,668	2,281	719	621	490	34,474
Education	9,612	8,076	6,931	3,313	2,356	702	463	465	32,537
Skills and workforce development	811	672	538	284	180	58	49	31	2,631
Community services	1	1	1	1	2	1	1	1	66
Affordable housing	547	452	369	195	122	38	31	22	1,776
Infrastructure	2,560	2,829	4,417	942	1,494	406	237	479	13,408
Environment, energy and water	12	-	84	..	..	5	-	..	869
Contingent payments	~	~	~	~	~	~	~	~	..
Other(b)	1,096	870	717	438	232	111	85	52	3,601
Total payments for specific purposes	24,739	21,198	21,275	8,842	6,668	2,039	1,488	1,539	89,362

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 governments.

Table C.4 shows total payments for specific purposes by sector and category (National Health Reform funding, Quality Schools funding, National Housing and Homelessness funding, skills and workforce development funding and National Partnership payments).

Table C.4: Payments for specific purposes by sector and category, 2023–24 to 2026–27

$million	2023-24	2024-25	2025-26	2026-27
Health				
National Health Reform funding	27,785	30,227	32,089	34,157
National Partnership payments	819	811	552	317
Total health payments	28,605	31,038	32,641	34,474
Education				
Quality Schools funding	28,856	29,812	30,816	31,842
National Partnership payments	948	629	653	696
Total education payments	29,804	30,441	31,470	32,537
Skills and workforce development				
National Skills Agreement(a)	2,012	2,435	2,464	2,500
National Partnership payments	357	18	131	131
Total skills and workforce development payments	2,370	2,452	2,595	2,631
Community services				
National Partnership payments	2,226	137	60	66
Affordable housing				
National Housing and Homelessness funding	1,706	1,692	1,736	1,773
National Partnership payments	528	495	13	3
Total affordable housing payments	2,234	2,188	1,750	1,776
Infrastructure				
National Partnership payments	14,675	15,078	14,156	13,408
Environment, energy and water				
Energy Bill Relief	1,110	385	-	-
National Partnership payments	2,297	1,564	896	869
Total environment, energy and water payments	3,407	1,949	896	869
Contingent payments				
National Partnership payments	..	..	..	..
Other				
National Partnership payments(b)	897	3,946	3,485	3,601
Total payments for specific purposes	84,217	87,229	87,053	89,362

a) As at 1 January 2024, the new National Skills Agreement (NSA) comes into effect and replaces the National Agreement for Skills and Workforce Development (NASWD) for all jurisdictions that have signed the agreement.

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 in relief and recovery efforts following natural disasters. The Government recognises a liability equal to the present value of future payments expected to be made to the states under the DRFA. The liability is based on estimated data provided by the states. It includes both known and future estimated expenditure for relief and recovery measures prior to states submitting a claim to the Government. Estimated DRFA cash payments shown in Table C.5 illustrate when the Government expects to reimburse the states for costs incurred in relation to past disasters. Expense estimates are presented in Table C.A.8 in Annex A (available online).

Table C.5: Estimated DRFA cash payments, 2023–24 to 2026–27

$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2023-24	2,068.3	570.8	1,122.4	73.3	38.4	16.8	-	10.7	3,900.6
2024-25	1,112.4	530.1	1,159.3	419.1	33.0	6.0	-	2.6	3,262.5
2025-26	230.5	-	3.9	41.1	-	2.2	-	-	277.7
2026-27	-	-	-	6.0	-	-	-	-	6.0
Total	**3,411.1**	**1,100.9**	**2,285.5**	**539.5**	**71.4**	**25.0**	**-**	**13.3**	**7,446.7**

General revenue assistance

General revenue assistance is provided to states, without conditions, to spend according to their own budget priorities. In 2023–24, the states are expected to receive $90.3 billion from the Australian Government in total general revenue assistance, which is estimated to represent 13.1 per cent of total Australian Government expenditure in that year. The main form of general revenue assistance is the GST entitlement, which in 2023–24 is estimated to be $84.7 billion.

Estimated general revenue assistance provided to the states by the Australian Government is shown in Table C.6. Detailed tables of GST and other general revenue assistance are provided in Annex A (available online).

Table C.6: General revenue assistance, 2023–24 to 2026–27

$million	2023-24	2024-25	2025-26	2026-27
GST entitlement	84,675	89,462	95,325	101,239
HFE transition payments(a)	4,844	5,345	5,699	3,511
Other general revenue assistance				
ACT municipal services	44	45	47	48
Royalty payments	763	687	545	451
Total other general revenue assistance	807	733	591	498
Total	**90,326**	**95,540**	**101,616**	**105,249**

a) Estimates of the horizontal fiscal equalisation (HFE) transition payments for 2024–25 and later years are based on the 2023–24 GST relativities and adjusted to take into account the transition to the new HFE system. The 2026–27 HFE transition payment is assumed to be half of that implied using the 2023–24 relativities.

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, subject to 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	2023-24	2024-25	2025-26	2026-27
GST revenue	88,180	92,580	98,830	104,970
less Change in GST receivables	4,101	3,988	4,431	4,715
GST receipts	84,079	88,592	94,399	100,255
less Non-GIC penalties collected	90	100	110	120
less GST collected by Commonwealth agencies but not yet remitted to the ATO	-1	2	-1	-5
plus GST pool boost	685	972	1,035	1,099
States' GST entitlement	84,675	89,462	95,325	101,239

Table C.8 reconciles the change in the estimates of the states' GST entitlement since the 2023–24 Budget. Since the 2023–24 Budget the GST entitlement has been revised down by $1.9 billion in 2023–24 and by $2.9 billion over the four years to 2026–27.

Table C.8: Reconciliation of the GST entitlement estimates since the 2023–24 Budget

$million	2023-24	2024-25	2025-26	2026-27
GST entitlement at 2023-24 Budget	86,621	90,208	95,495	101,288
Changes between 2023-24 Budget and 2023-24 MYEFO				
Effect of policy decisions	-50	-145	-250	-320
Effect of parameter and other variations	-1,896	-601	80	272
Total variations	-1,946	-746	-170	-48
GST entitlement at 2023-24 MYEFO	84,675	89,462	95,325	101,239

Parameter and other variations have decreased the GST entitlement by $2.1 billion over the four years to 2026–27.

Specific policy decisions taken since the 2023–24 Budget that affect the GST entitlement are shown in Table C.9. These decisions are estimated to decrease the amount of the GST entitlement by $765 million over the four years to 2026–27.

Table C.9: Policy decisions since the 2023–24 Budget that affect the GST entitlement

$million	2023-24	2024-25	2025-26	2026-27
Australia's Humanitarian Program	..	..	5	5
Migration System Reforms	..	-45	-105	-175
Migration – closure of the Pandemic Event visa	-50	-100	-150	-150
Indirect Tax Concession Scheme – diplomatic and consular concessions	..	..	..	..
Minor amendments to existing measures	*	*	*	*
Total	-50	-145	-250	-320

Detailed information on specific policy decisions taken since the 2023–24 Budget is included in MYEFO 2023–24, *Appendix A: Policy decisions taken since the 2023–24 Budget*.

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.10 shows the calculation for the distribution of the states' estimated GST entitlement in 2023–24. This method of calculation is prescribed in the *Federal Financial Relations Act 2009*.

Table C.10: Calculation of GST entitlements [(a)]

2023-24	Estimated 31 December 2023 population (1)	GST relativities (2)	Adjusted population (1) x (2)	Share of adjusted population	Share of GST pool $million
NSW	8,415,999	0.92350	7,772,175	29.0%	24,535
VIC	6,896,362	0.85169	5,873,563	21.9%	18,541
QLD	5,507,751	1.03118	5,679,483	21.2%	17,929
WA	2,905,058	0.70000	2,033,541	7.6%	6,419
SA	1,865,729	1.39463	2,602,002	9.7%	8,214
TAS	576,174	1.79080	1,031,812	3.8%	3,257
ACT	471,276	1.19540	563,363	2.1%	1,778
NT	254,190	4.98725	1,267,709	4.7%	4,002
Total	26,892,539	na	26,823,647	100.0%	84,675

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 2022–23 balancing adjustment of $351 million which was made to the states' GST advance payments in 2023–24.

The calculation of the final GST entitlement for 2022–23 is shown in Table C.11. The Assistant Treasurer made a determination giving effect to this entitlement on 26 October 2023. 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 2022–23.

Table C.11: Calculation of the GST entitlement and balancing adjustment, 2022–23

2022-23	31 December 2022 population (1)	GST relativities (2)	Adjusted population (1) x (2) (3)	Share of adjusted population (4)	Share of GST pool $million (5)	GST advances $million (6)	Balancing adjustment $million (5) - (6) (7)
NSW	8,238,801	0.95065	7,832,216	29.8%	24,453	24,521	-68
VIC	6,704,281	0.85861	5,756,363	21.9%	17,972	18,034	-62
QLD	5,378,277	1.03377	5,559,901	21.2%	17,359	17,448	-89
WA	2,825,178	0.70000	1,977,625	7.5%	6,174	6,183	-8
SA	1,834,275	1.28411	2,355,411	9.0%	7,354	7,388	-34
TAS	571,596	1.85360	1,059,510	4.0%	3,308	3,339	-31
ACT	460,855	1.09250	503,484	1.9%	1,572	1,581	-9
NT	250,149	4.86988	1,218,196	4.6%	3,803	3,853	-50
Total	26,263,412	na	26,262,706	100.0%	81,995	82,346	-351

GST administration

States compensate the Australian Government for the costs incurred by the Australian Taxation Office (ATO) for administering the GST, including costs incurred by the Department of Home Affairs. In practice, this is achieved by the Australian Government reducing the monthly GST payments to the states by the GST administration costs. The GST administration budget for the ATO is estimated to be $650 million for 2023–24, as shown in Table C.12.

Table C.12: GST administration budget[(a)]

	Actual	Estimates			
$million	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2026-27**
Administration budget at 2023-24 Budget	677	719	724	736	734
Changes from 2023-24 Budget to MYEFO					
Parameter variations	-	-	7	11	13
Other variations	-	-69	-22	-24	-23
Total variations	-	-69	-15	-13	-9
Administration budget at 2023-24 MYEFO	677	650	709	723	725
less Prior year adjustment	-23	-24	-	-	-
equals State government payments	655	626	709	723	725

a) Other variations include forecasting changes primarily due to recruitment limitations and lower than expected overhead costs attributed to GST.

Appendix D: Tax Expenditures

This appendix contains an overview of Australian Government tax expenditures. Section 12 of the *Charter of Budget Honesty Act 1998* (CBHA) requires the publication of an overview of estimated tax expenditures.

The Government published an enhanced Tax Expenditures and Insights Statement (TEIS) on 28 February 2023. The TEIS provides an estimate of the revenue forgone from tax expenditures, along with distributional analysis on large tax expenditures and commonly utilised features of the tax system.

Tax benchmarks represent a standard tax treatment that applies to similar taxpayers or types of activities. Policy approaches can apply a tax treatment different from a standard approach, which can give rise to positive or negative tax expenditures. The choice of benchmark unavoidably involves some judgment.

Consistent with most OECD countries, estimates of tax expenditures reflect the extent to which they are used, similar to Budget estimates of outlays on demand-driven expenditure programs. This is known as the 'revenue forgone' approach which, in practice, involves estimating the difference in revenue between the actual and benchmark tax treatments but, importantly, assuming taxpayer behaviour is the same in each circumstance.
Revenue forgone estimates therefore do not indicate the revenue gain to the Budget if a specific tax expenditure was abolished through policy change, as there may be significant changes in taxpayer behaviour.

Care needs to be taken when comparing tax expenditures with direct expenditures as they may measure different things. In addition, estimates from different editions of previously released Statements are generally not directly comparable, because of changes or modifications to – for example – benchmarks, individual tax expenditures, data used or modelling methodology.

Table D.1 lists the largest measured tax expenditures for 2022–23 and several personal deduction categories. It is derived from the 2022–23 TEIS and is based on economic parameters as at the publication of the 2022–23 October Budget. It does not include the impact of policy decisions, or changes in the economic outlook since then on tax expenditures. The TEIS is not a statement of policy intent.

The 2022–23 TEIS also contains distributional analysis on some features of the tax system, including deductions for individuals. The items in the deductions category are not tax expenditures so they do not result in forgone revenue against the benchmark. However, the difference between tax paid with the deduction and tax that would have been paid if the deduction was not claimed has been included in Table D.1 for comparison purposes.

Further information on tax expenditures for 2023–24 will be available in the next TEIS, scheduled to be published in January 2024.

Table D.1: Estimates of large measured tax expenditures and features of the tax system

Benchmark	Code	Title	Revenue forgone/ value of deduction 2022-23 ($m)	Average growth 2018-19 to 2021-22 (%)	Average growth over FEs (%)
	Positive tax expenditures and deductions				
CGT	E8	Main residence exemption – discount component	26,000	15.1	-8.9
Deductions		Rental deductions	24,400	-2.5	9.4
CGT	E15	Discount for individuals and trusts	23,690	16.3	-11.9
Super	C2	Concessional taxation of employer superannuation contributions	23,300	6.6	3.2
CGT	E7	Main residence exemption	22,000	14.5	-8.4
Super	C4	Concessional taxation of superannuation entity earnings	21,500	-0.9	1.5
Deductions		Work related expenses	9,900	4.4	3.4
GST	H26	Food	8,400	3.5	3.8
Income	A25	Exemption for National Disability Insurance Scheme amounts	8,080	58.7	19.2
Income	B69	Accelerated depreciation for business entities	7,800	N/A	N/A
GST	H14	Education	5,850	6.5	4.6
GST	H17	Health – medical and health services	5,000	2.3	7.0
Income	B85	Simplified depreciation rules	4,800	117.5	N/A
GST	H2	Financial supplies – input taxed treatment	4,650	-1.7	7.5
Income	B59	Lower company tax rate	3,600	52.5	-1.3
Income	A26	Exemption of Child Care Assistance payments	2,900	8.2	8.9
Income	B11	Exemption from interest withholding tax on certain securities	2,520	-5.4	0.5
FBT	D15	Exemption for public benevolent institutions (excluding hospitals)	2,450	6.7	3.2
Super	C6	Deductibility of life and total and permanent disability insurance premiums provided inside of superannuation	2,380	-3.2	4.3
Income	A19	Medicare levy exemption for residents with taxable income below the low-income thresholds	2,050	1.7	1.2
FBT	D11	Exemption for public and not-for-profit hospitals and public ambulance services	2,000	3.9	2.0
Income	A38	Exemption of Family Tax Benefit payments	1,790	-4.9	6.0
Income	B1	Local government bodies income tax exemption	1,770	1.8	1.1
GST	H5	Child care services	1,710	6.6	8.0
GST	H18	Health – residential care, community care and other care services	1,600	5.7	6.9

Table D.1: Estimates of large measured tax expenditures and features of the tax system (continued)

Benchmark	Code	Title	Revenue forgone/ value of deduction 2022-23 ($m)	Average growth 2018-19 to 2021-22 (%)	Average growth over FEs (%)
Deductions		Cost of managing tax affairs and other deductions	1,600	2.3	3.2
Super	C3	Concessional taxation of personal superannuation contributions	1,550	25.0	-8.3
Income	A23	Concessional taxation of non-superannuation termination benefits	1,550	-9.1	N/A
Income	A17	Exemption of the Private Health Insurance Rebate	1,500	-2.8	1.5
Income	B23	Temporary loss carry-back for certain incorporated entities	1,480	N/A	N/A
Income	A56	Philanthropy – deduction for gifts to deductible gift recipients	1,405	2.6	-1.0
Super	C1	Concessional taxation of capital gains for superannuation funds	1,350	18.9	-8.8
Income	B80	Capital works expenditure deduction	1,270	1.3	-1.4
Income	A37	Exemption of certain income support benefits, pensions or allowances	1,260	6.5	0.0
Other	F6	Concessional rate of excise levied on aviation gasoline and aviation turbine fuel	1,190	-10.2	7.9
GST	H3	Financial supplies – reduced input tax credits	1,150	0.0	6.8
GST	H6	Water, sewerage and drainage	1,130	1.5	2.4
Income	B12	Exemption of inbound non-portfolio dividends from income tax	1,010	18.4	0.8
	Negative tax expenditures				
Other	F21	Customs duty	-2,070	-0.5	-14.9
Other	F4	Luxury car tax	-1,120	11.9	-0.9

Appendix E: 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 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 include 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.[8] 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.

8 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.

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 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 E.1: Australian Government general government sector receipts, payments, net Future Fund earnings and underlying cash balance[(a)]

	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	20.5	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	19.5	9,388	7.7	18.8	-	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	22.5	31,642	1.5	23.5	-	-1,322	-1.0
1980-81	35,993	23.6	36,176	4.6	23.7	-	-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	27.5	-	-6,037	-2.6
1985-86	66,206	25.4	71,328	1.5	27.3	-	-5,122	-2.0
1986-87	74,724	26.1	77,158	-1.1	26.9	-	-2,434	-0.8
1987-88	83,491	25.7	82,039	-0.9	25.3	-	1,452	0.4
1988-89	90,748	24.6	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	24.1	100,665	3.1	24.2	-	-438	-0.1
1991-92	95,840	22.6	108,472	5.7	25.6	-	-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	26.1	-	-18,185	-3.9
1994-95	113,458	22.9	127,619	1.4	25.7	-	-14,160	-2.9
1995-96	124,429	23.5	135,538	1.9	25.6	-	-11,109	-2.1
1996-97	133,592	24.0	139,689	1.7	25.1	-	-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	23.8	-	3,889	0.6
1999-00	166,199	25.1	153,192	1.0	23.1	-	13,007	2.0
2000-01	182,996	25.9	177,123	9.1	25.0	-	5,872	0.8
2001-02	187,588	24.8	188,655	3.5	24.9	-	-1,067	-0.1
2002-03	204,613	25.5	197,243	1.4	24.6	-	7,370	0.9
2003-04	217,775	25.2	209,785	3.9	24.3	-	7,990	0.9
2004-05	235,984	25.5	222,407	3.5	24.0	-	13,577	1.5
2005-06	255,943	25.6	240,136	4.6	24.0	51	15,757	1.6
2006-07	272,637	25.0	253,321	2.5	23.3	2,127	17,190	1.6
2007-08	294,917	25.0	271,843	3.8	23.0	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	21.8	336,900	4.2	25.8	2,256	-54,494	-4.2

Table E.1: Australian Government general government sector receipts, payments, net Future Fund earnings and underlying cash balance[(a)] (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	-3.3
2011-12	329,874	22.0	371,032	4.8	24.7	2,203	-43,360	-2.9
2012-13	351,052	22.8	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	25.0	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	23.7	549,634	13.4	27.7	5,036	-85,272	-4.3
2020-21	519,913	24.9	654,084	17.1	31.3	6,619	-134,171	-6.4
2021-22	584,358	25.0	616,320	-9.8	26.4	7,677	-31,962	-1.4
2022-23	649,477	25.3	627,413	-4.9	24.5	4,960	22,064	0.9
2023-24 (e)	**685,266**	**25.6**	**686,376**	**4.7**	**25.7**	**6,391**	**-1,110**	**0.0**
2024-25 (e)	690,721	25.3	709,549	0.2	26.0	6,835	-18,828	-0.7
2025-26 (e)	711,339	24.9	746,457	2.7	26.1	7,272	-35,119	-1.2
2026-27 (e)	755,377	25.2	774,875	1.3	25.8	7,763	-19,498	-0.6

a) Data have been revised in the 2023–24 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 E.2: Australian Government general government sector net cash flows from investments in financial assets for policy purposes and headline cash balance(a)

	Receipts	Payments	Net cash flows from investments in financial assets for policy purposes(b)		Headline cash balance(c)	
	$m	$m	$m	Per cent of GDP	$m	Per cent of GDP
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	-2.4	-3,539	-4.2
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	0.6
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	-2.5
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 E.2: Australian Government general government sector net cash flows from investments in financial assets for policy purposes and headline cash balance[(a)] (continued)

	Receipts	Payments	Net cash flows from investments in financial assets for policy purposes(b)		Headline cash balance(c)	
	$m	$m	$m	Per cent of GDP	$m	Per cent of GDP
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
2020-21	519,913	654,084	-3,364	-0.2	-137,535	-6.6
2021-22	584,358	616,320	-1,340	-0.1	-33,302	-1.4
2022-23	649,477	627,413	-7,962	-0.3	14,103	0.6
2023-24 (e)	**685,266**	**686,376**	**-5,552**	**-0.2**	**-6,661**	**-0.2**
2024-25 (e)	690,721	709,549	-14,101	-0.5	-32,929	-1.2
2025-26 (e)	711,339	746,457	-16,577	-0.6	-51,695	-1.8
2026-27 (e)	755,377	774,875	-15,041	-0.5	-34,540	-1.2

a) Data have been revised in the 2023–24 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 E.1.
e) Estimates.

Table E.3: Australian Government general government sector taxation receipts, non-taxation receipts and total receipts[(a)]

	Taxation receipts		Non-taxation receipts		Total receipts(b)	
	$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	20.5
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	19.5
1973-74	10,832	17.9	1,396	2.3	12,228	20.3
1974-75	14,141	19.8	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	22.5
1980-81	32,641	21.4	3,352	2.2	35,993	23.6
1981-82	37,880	21.5	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	23.2	8,257	2.9	74,724	26.1
1987-88	75,076	23.1	8,415	2.6	83,491	25.7
1988-89	83,452	22.7	7,296	2.0	90,748	24.6
1989-90	90,773	22.4	7,852	1.9	98,625	24.4
1990-91	92,739	22.3	7,488	1.8	100,227	24.1
1991-92	87,364	20.6	8,476	2.0	95,840	22.6
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	23.5
1996-97	124,559	22.4	9,033	1.6	133,592	24.0
1997-98	130,984	22.2	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	22.8	14,887	2.2	166,199	25.1
2000-01	170,354	24.1	12,641	1.8	182,996	25.9
2001-02	175,371	23.2	12,218	1.6	187,588	24.8
2002-03	192,391	24.0	12,222	1.5	204,613	25.5
2003-04	206,734	23.9	11,041	1.3	217,775	25.2
2004-05	223,986	24.2	11,999	1.3	235,984	25.5
2005-06	241,987	24.2	13,956	1.4	255,943	25.6
2006-07	258,252	23.7	14,385	1.3	272,637	25.0
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	21.8

Table E.3: Australian Government general government sector taxation receipts, non-taxation receipts and total receipts[(a)] (continued)

	Taxation receipts		Non-taxation receipts		Total receipts(b)	
	$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	20.7	18,606	1.2	329,874	22.0
2012-13	327,835	21.3	23,218	1.5	351,052	22.8
2013-14	340,283	21.3	20,038	1.3	360,322	22.5
2014-15	353,927	21.8	24,374	1.5	378,301	23.3
2015-16	362,445	21.8	24,480	1.5	386,924	23.3
2016-17	379,336	21.6	30,532	1.7	409,868	23.3
2017-18	418,118	22.7	28,787	1.6	446,905	24.2
2018-19	448,654	23.0	36,631	1.9	485,286	24.9
2019-20	431,854	21.8	37,544	1.9	469,398	23.7
2020-21	473,941	22.7	45,972	2.2	519,913	24.9
2021-22	536,586	23.0	47,772	2.0	584,358	25.0
2022-23	601,300	23.5	48,177	1.9	649,477	25.3
2023-24 (e)	**632,666**	**23.7**	**52,600**	**2.0**	**685,266**	**25.6**
2024-25 (e)	633,543	23.2	57,179	2.1	690,721	25.3
2025-26 (e)	657,323	23.0	54,016	1.9	711,339	24.9
2026-27 (e)	700,049	23.3	55,328	1.8	755,377	25.2

a) Data have been revised in the 2023–24 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 E.1.
e) Estimates.

Table E.4: Australian Government general government sector net debt and net interest payments[(a)]

	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	-0.5
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	12.4	3,986	0.9
1993-94	70,223	15.0	5,628	1.2
1994-95	83,492	16.8	7,292	1.5
1995-96	95,831	18.1	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 E.4: Australian Government general government sector net debt and net interest payments[(a)] (continued)

	Net debt(b)		Net interest payments(c)	
	$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	19.2	15,149	0.8
2019-20	491,217	24.8	13,280	0.7
2020-21	592,221	28.4	14,290	0.7
2021-22	515,650	22.1	14,977	0.6
2022-23	491,013	19.2	11,852	0.5
2023-24 (e)	**491,047**	**18.4**	**12,682**	**0.5**
2024-25 (e)	533,331	19.5	14,957	0.5
2025-26 (e)	586,423	20.5	21,941	0.8
2026-27 (e)	623,931	20.8	21,912	0.7

a) Data have been revised in the 2023–24 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 E.5: Australian Government general government sector face value of Australian Government Securities (AGS) on issue and interest paid[(a)]

	Face value of AGS on issue(b)				Interest paid(f)	
	Total AGS on issue(c)		Subject to Treasurer's Direction(d)			
	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	24.5	-	-	675	1.4
1973-74	12,809	21.2	-	-	712	1.2
1974-75	14,785	20.7	-	-	893	1.3
1975-76	17,940	21.5	-	-	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	23.1	-	-	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	19.3	-	-	8,139	2.5
1988-89	56,854	15.4	-	-	8,222	2.2
1989-90	48,399	12.0	-	-	8,064	2.0
1990-91	48,723	11.7	-	-	6,994	1.7
1991-92	58,826	13.9	-	-	6,819	1.6
1992-93	76,509	17.2	-	-	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	20.8	-	-	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	13.7	-	-	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	8.3	-	-	6,270	0.8
2002-03	57,435	7.2	-	-	4,740	0.6
2003-04	54,750	6.3	-	-	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 E.5: Australian Government general government sector face value of Australian Government Securities (AGS) on issue and interest paid[(a)] (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	16.7	252,791	16.4	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	28.5	498,510	28.3	15,290	0.9
2017-18	531,937	28.8	529,467	28.7	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
2020-21	816,991	39.1	816,985	39.1	17,102	0.8
2021-22	895,253	38.4	895,247	38.4	17,423	0.7
2022-23	889,790	34.7	889,785	34.7	18,862	0.7
2023-24 (e)	**909,000**	**34.0**	**909,000**	**34.0**	**21,544**	**0.8**
2024-25 (e)	934,000	34.2	934,000	34.2	22,856	0.8
2025-26 (e)	1,007,000	35.2	1,007,000	35.2	29,477	1.0
2026-27 (e)	1,058,000	35.3	1,058,000	35.3	29,643	1.0

a) Data have been revised in the 2023–24 MYEFO to improve accuracy and comparability through time.
b) From 2023–24 onwards, data for AGS on issue are estimates 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 E.6: Australian Government general government sector revenue, expenses, net operating balance, net capital investment and fiscal balance[(a)]

	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	26.2	-4,252	-0.8	90	0.0	-4,342	-0.8
1997-98	146,820	24.9	148,788	25.3	-1,968	-0.3	147	0.0	-2,115	-0.4
1998-99	152,106	24.5	146,925	23.6	5,181	0.8	1,433	0.2	3,748	0.6
1999-00	167,304	25.2	155,728	23.5	11,576	1.7	-69	0.0	11,645	1.8
2000-01	186,106	26.3	180,277	25.5	5,829	0.8	8	0.0	5,820	0.8
2001-02	190,432	25.2	193,214	25.5	-2,782	-0.4	382	0.1	-3,164	-0.4
2002-03	206,778	25.7	201,402	25.1	5,376	0.7	287	0.0	5,088	0.6
2003-04	222,042	25.7	215,634	25.0	6,409	0.7	660	0.1	5,749	0.7
2004-05	242,354	26.2	229,427	24.8	12,926	1.4	1,034	0.1	11,892	1.3
2005-06	260,569	26.1	241,977	24.2	18,592	1.9	2,498	0.2	16,094	1.6
2006-07	277,895	25.5	259,197	23.8	18,698	1.7	2,333	0.2	16,365	1.5
2007-08	303,402	25.7	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	22.4	340,354	26.1	-47,967	-3.7	6,433	0.5	-54,400	-4.2
2010-11	309,204	21.8	356,710	25.1	-47,506	-3.3	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	24.9	-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	26.0	-35,684	-2.2	3,829	0.2	-39,513	-2.4

Table E.6: Australian Government general government sector revenue, expenses, net operating balance, net capital investment and fiscal balance[(a)] (continued)

	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
2016-17	415,723	23.6	449,712	25.6	-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	578,117	29.1	-91,839	-4.6	4,005	0.2	-95,844	-4.8
2020-21	523,012	25.0	651,916	31.2	-128,904	-6.2	7,204	0.3	-136,108	-6.5
2021-22	596,401	25.6	623,050	26.7	-26,649	-1.1	8,412	0.4	-35,061	-1.5
2022-23	668,389	26.1	637,025	24.9	31,363	1.2	9,437	0.4	21,926	0.9
2023-24 (e)	**700,622**	**26.2**	**689,306**	**25.8**	**11,316**	**0.4**	**8,895**	**0.3**	**2,421**	**0.1**
2024-25 (e)	700,293	25.6	715,990	26.2	-15,697	-0.6	9,078	0.3	-24,775	-0.9
2025-26 (e)	726,044	25.4	751,944	26.3	-25,900	-0.9	7,074	0.2	-32,974	-1.2
2026-27 (e)	770,352	25.7	783,537	26.1	-13,185	-0.4	9,681	0.3	-22,866	-0.8

a) Data have been revised in the 2023–24 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 E.7: Australian Government general government sector net worth and net financial worth[(a)]

	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	-10.6
2000-01	-10,287	-1.5	-75,544	-10.7
2001-02	-15,330	-2.0	-81,707	-10.8
2002-03	-18,856	-2.3	-86,456	-10.8
2003-04	-4,740	-0.5	-75,976	-8.8
2004-05	11,066	1.2	-62,372	-6.7
2005-06	14,293	1.4	-63,442	-6.3
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	-24.0
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	-30.1
2017-18	-418,135	-22.7	-562,183	-30.5
2018-19	-543,459	-27.9	-694,448	-35.6
2019-20	-664,892	-33.5	-840,557	-42.4
2020-21	-725,230	-34.7	-905,924	-43.4
2021-22	-581,758	-24.9	-775,727	-33.2
2022-23	-538,371	-21.0	-743,294	-29.0
2023-24 (e)	**-479,777**	**-17.9**	**-692,771**	**-25.9**
2024-25 (e)	-510,275	-18.7	-733,595	-26.9
2025-26 (e)	-551,266	-19.3	-780,830	-27.3
2026-27 (e)	-576,659	-19.2	-815,002	-27.2

a) Data have been revised in the 2023–24 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 E.8: Australian Government general government sector accrual taxation revenue, non-taxation revenue and total revenue[(a)]

	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	23.1	13,895	2.1	167,304	25.2
2000-01	175,876	24.9	10,229	1.4	186,106	26.3
2001-02	178,410	23.6	12,022	1.6	190,432	25.2
2002-03	195,319	24.3	11,458	1.4	206,778	25.7
2003-04	210,541	24.4	11,501	1.3	222,042	25.7
2004-05	230,490	24.9	11,863	1.3	242,354	26.2
2005-06	245,846	24.6	14,723	1.5	260,569	26.1
2006-07	262,876	24.1	15,019	1.4	277,895	25.5
2007-08	286,869	24.3	16,534	1.4	303,402	25.7
2008-09	279,303	22.1	19,206	1.5	298,508	23.7
2009-10	268,841	20.6	23,546	1.8	292,387	22.4
2010-11	289,566	20.4	19,639	1.4	309,204	21.8
2011-12	317,413	21.1	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	356,365	21.9	23,090	1.4	379,455	23.4
2015-16	369,468	22.3	25,587	1.5	395,055	23.8
2016-17	388,706	22.1	27,017	1.5	415,723	23.6
2017-18	427,249	23.2	29,031	1.6	456,280	24.7
2018-19	456,147	23.4	37,198	1.9	493,346	25.3
2019-20	447,605	22.6	38,673	1.9	486,278	24.5
2020-21	480,312	23.0	42,700	2.0	523,012	25.0
2021-22	550,412	23.6	45,989	2.0	596,401	25.6
2022-23	618,288	24.1	50,101	2.0	668,389	26.1
2023-24 (e)	**649,256**	**24.3**	**51,365**	**1.9**	**700,622**	**26.2**
2024-25 (e)	649,135	23.8	51,158	1.9	700,293	25.6
2025-26 (e)	674,119	23.6	51,926	1.8	726,044	25.4
2026-27 (e)	716,341	23.9	54,012	1.8	770,352	25.7

a) Data have been revised in the 2023–24 MYEFO to improve accuracy and comparability through time.
e) Estimates.

Table E.9: Australian Government cash receipts, payments and surplus by institutional sector ($m)[a]

	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 E.9: Australian Government cash receipts, payments and surplus by institutional sector ($m)[a] (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
2020-21	519,913	654,084	-134,171	21,264	26,635	-5,371	535,940	675,484	-139,544
2021-22	584,358	616,320	-31,962	21,791	26,896	-5,105	601,398	638,466	-37,068
2022-23	649,477	627,413	22,064	23,602	29,546	-5,944	668,929	652,810	16,119
2023-24 (e)	**685,266**	**686,376**	**-1,110**	**25,107**	**33,403**	**-8,296**	**705,467**	**714,874**	**-9,406**
2024-25 (e)	690,721	709,549	-18,828	na	na	na	na	na	na
2025-26 (e)	711,339	746,457	-35,119	na	na	na	na	na	na
2026-27 (e)	755,377	774,875	-19,498	na	na	na	na	na	na

a) Data have been revised in the 2023–24 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 E.10: Australian Government accrual revenue, expenses and fiscal balance by institutional sector ($m)[(a)]

	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

Table E.10: Australian Government accrual revenue, expenses and fiscal balance by institutional sector ($m)[(a)] (continued)

	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)
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	578,117	-95,844	17,029	23,174	-10,096	500,961	598,651	-105,637
2020-21	523,012	651,916	-136,108	19,166	22,941	-5,264	538,350	670,849	-141,187
2021-22	596,401	623,050	-35,061	20,767	23,375	-5,285	613,707	642,628	-40,015
2022-23	668,389	637,025	21,926	21,395	23,838	-7,673	687,125	657,873	14,586
2023-24 (e)	**700,622**	**689,306**	**2,421**	**22,656**	**24,542**	**-9,054**	**720,616**	**711,115**	**-6,560**
2024-25 (e)	700,293	715,990	-24,775	na	na	na	na	na	na
2025-26 (e)	726,044	751,944	-32,974	na	na	na	na	na	na
2026-27 (e)	770,352	783,537	-22,866	na	na	na	na	na	na

a) Data have been revised in the 2023–24 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 E.11: Australian Government general government sector receipts, payments, underlying cash balance, net debt and net interest payments presented on a real per capita basis[a][b]

	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 E.11: Australian Government general government sector receipts, payments, underlying cash balance, net debt and net interest payments presented on a real per capita basis[(a)(b)] (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	13,908	958	14,866	16,193	-1,488	9,660	427
2015-16	13,831	934	14,765	16,154	-1,511	11,580	459
2016-17	14,000	1,127	15,127	16,216	-1,223	11,896	456
2017-18	14,914	1,027	15,941	16,149	-362	12,198	469
2018-19	15,513	1,267	16,780	16,531	-24	12,917	524
2019-20	14,555	1,265	15,820	18,524	-2,874	16,556	448
2020-21	15,696	1,523	17,219	21,662	-4,444	19,614	473
2021-22	16,805	1,496	18,301	19,302	-1,001	16,149	469
2022-23	17,198	1,378	18,576	17,945	631	14,044	339
2023-24 (e)	**17,026**	**1,416**	**18,442**	**18,472**	**-30**	**13,215**	**341**
2024-25 (e)	16,295	1,471	17,765	18,250	-484	13,717	385
2025-26 (e)	16,273	1,337	17,610	18,479	-869	14,517	543
2026-27 (e)	16,677	1,318	17,995	18,460	-465	14,864	522

a) Data have been revised in the 2023–24 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.

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 2023–24, while the forward years refer to 2024–25, 2025–26 and 2026–27

– 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.