# Part 1: Australian Government Budget Outcome 2024–25

## Overview

In 2024–25, the Australian Government general government sector recorded an underlying cash deficit of just under $10.0 billion (0.4 per cent of GDP). The outcome is around one‑third of the estimated deficit at the 2025 Pre‑election Economic and Fiscal Outlook (PEFO) and around one‑fifth of the estimated deficit at the 2022 PEFO. As a share of the economy, it is around one‑fifth of the average deficit between the Global Financial Crisis and the COVID‑19 pandemic.

The 2024–25 outcome was an improvement of $17.9 billion (0.6 percentage points of GDP) against the 2025 PEFO, $17.6 billion (0.6 percentage points of GDP) against the   
2025–26 Budget, and $37.1 billion (1.5 percentage points of GDP) against the 2022 PEFO. This follows the first consecutive budget surpluses in nearly two decades in 2022–23 and   
2023–24. Cumulatively, the underlying cash balance improved by $209.4 billion over the last three years, compared to the estimates in the 2022 PEFO. This is the largest nominal budget improvement in a parliamentary term.

The Government’s responsible economic and fiscal management has seen fiscal policy work alongside monetary policy to return inflation to the target band in 2024–25, while delivering improvements to the budget. This includes returning a total of around 70 per cent of tax receipt upgrades to the budget since the 2022 PEFO and limiting real growth in payments to an average of 1.2 per cent per year over the last three years, around one‑third of the 30‑year average.

The improvement in the 2024–25 outcome since the 2025 PEFO estimate was due to a combination of lower payments and higher receipts.

Payments were $726.9 billion, $4.6 billion lower than estimated in the 2025–26 Budget and $4.9 billion lower than estimated in the 2025 PEFO. This outcome reflects lower‑than‑estimated payments across a range of programs, including around $3.1 billion in lower payments across several National Partnership agreements. Payments as a share of the economy were 26.2 per cent in 2024–25, 0.1 percentage points lower than estimated at the 2025 PEFO and 0.4 percentage points lower than estimated at the 2022 PEFO.

Total receipts were $717.0 billion, $13.0 billion higher than forecast in the 2025–26 Budget and the 2025 PEFO. Tax receipts for 2024–25 was $657.8 billion, $12.6 billion higher than estimated at the 2025–26 Budget and the 2025 PEFO, largely driven by higher company tax receipts, personal income tax receipts and superannuation fund tax receipts. Since the 2022 PEFO, the resilient labour market has been among the biggest drivers of the improved outlook for receipts in 2024–25.

The Government’s responsible fiscal management has significantly reduced the level of gross debt. Gross debt was $928.6 billion (33.5 per cent of GDP) at the end of 2024–25, $11.4 billion (0.2 percentage points of GDP) lower than estimated at the 2025–26 Budget and the 2025 PEFO, and $188.4 billion (11.4 percentage points of GDP) lower than estimated at the 2022 PEFO. Lower debt means interest payments are at least $60 billion lower over the 11 years to 2032–33.

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

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2024‑25 | 2024‑25 | 2024‑25 | 2024‑25 | Change on | Change on | Change on |
|  | Estimate at | Estimate at | Estimate at | Outcome | 2022 | 2025‑26 | 2025 |
|  | 2022 | 2025‑26 | 2025 |  | PEFO | Budget | PEFO |
|  | PEFO | Budget | PEFO |  |  |  |  |
|  | $b | $b | $b | $b | $b | $b | $b |
| **Underlying cash balance** | **‑47.1** | **‑27.6** | **‑27.9** | **‑10.0** | **37.1** | **17.6** | **17.9** |
| Per cent of GDP | ‑1.9 | ‑1.0 | ‑1.0 | ‑0.4 |  |  |  |
|  |  |  |  |  |  |  |  |
| **Gross debt(a)** | **1,117.0** | **940.0** | **940.0** | **928.6** | **‑188.4** | **‑11.4** | **‑11.4** |
| Per cent of GDP | 44.9 | 33.7 | 33.7 | 33.5 |  |  |  |
|  |  |  |  |  |  |  |  |
| **Net debt(b)** | **823.2** | **556.0** | **556.3** | **532.3** | **‑290.9** | **‑23.6** | **‑23.9** |
| Per cent of GDP | 33.1 | 19.9 | 20.0 | 19.2 |  |  |  |

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

Real GDP grew by 1.3 per cent in 2024–25, slightly below the 1½ per cent forecast in the 2025–26 Budget and the 2025 PEFO. The lower‑than‑expected growth reflected weaker public final demand and non‑rural commodity exports. However, the economy grew by 1.8 per cent through the year to the June quarter – the strongest growth in almost two years.

While weaker than expected, real GDP growth over 2024–25 was supported by a recovery in private sector activity. This pick‑up was driven by an improvement in consumption and dwelling investment. Households were supported by rising real disposable incomes, which began to grow again in 2024–25 due to a combination of moderating inflation, continued wage and employment growth, tax cuts and the easing in interest rates.

The labour market has remained resilient. The unemployment rate was 4.2 per cent in the June quarter, which was consistent with the forecast in the 2025–26 Budget and the 2025 PEFO and remains historically low. Employment grew by 2.2 per cent through the year to the June quarter, which was slightly lower than the 2025-26 Budget and 2025 PEFO forecast of 2¾ per cent.

The Wage Price Index (WPI) rose by 3.4 per cent through the year to the June quarter, which was stronger than the 3 per cent forecast in the 2025–26 Budget and the 2025 PEFO. Real wages, as measured by growth in the WPI relative to growth in the headline CPI, grew 1.3 per cent through the year to the June quarter. This is the strongest rate of real wage growth in five years and more than double the ½ per cent forecast at the 2025–26 Budget and 2025 PEFO.

During 2024–25, inflation returned to the Reserve Bank of Australia’s target band in both headline and underlying terms. Headline inflation was 2.1 per cent through the year to the June quarter, which was lower than the forecast of 2½ per cent in the 2025–26 Budget and the 2025 PEFO. This outcome reflects weaker‑than‑expected price increases for energy, automotive fuel, housing and insurance.

Nominal GDP grew by 3.7 per cent in 2024–25 and was lower than the 4¼ per cent forecast in the 2025–26 Budget and the 2025 PEFO. This was the result of lower‑than‑expected real GDP growth and lower‑than‑expected growth in prices across the economy.

## Budget aggregates

Table 1.2: Australian Government general government sector budget aggregates

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2024‑25 | 2024‑25 | 2024‑25 | Change on | Change on |
|  | Estimate at | Estimate at | Outcome | 2025‑26 | 2025 |
|  | 2025‑26 | 2025 |  | Budget | PEFO |
|  | Budget | PEFO |  |  |  |
|  | $b | $b | $b | $b | $b |
| **Underlying cash balance** | **‑27.6** | **‑27.9** | **‑10.0** | **17.6** | **17.9** |
| Per cent of GDP | ‑1.0 | ‑1.0 | ‑0.4 |  |  |
| **Receipts** | **703.9** | **703.9** | **717.0** | **13.0** | **13.0** |
| Per cent of GDP | 25.3 | 25.3 | 25.9 |  |  |
|  |  |  |  |  |  |
| **Tax receipts** | **645.2** | **645.2** | **657.8** | **12.6** | **12.6** |
| Per cent of GDP | 23.1 | 23.1 | 23.7 |  |  |
|  |  |  |  |  |  |
| **Non‑tax receipts** | **58.7** | **58.7** | **59.1** | **0.4** | **0.4** |
| Per cent of GDP | 2.1 | 2.1 | 2.1 |  |  |
|  |  |  |  |  |  |
| **Payments(a)** | **731.5** | **731.8** | **726.9** | **‑4.6** | **‑4.9** |
| Per cent of GDP | 26.2 | 26.3 | 26.2 |  |  |
|  |  |  |  |  |  |
| **Net interest payments(b)** | **14.9** | **14.9** | **13.7** | **‑1.2** | **‑1.2** |
| Per cent of GDP | 0.5 | 0.5 | 0.5 |  |  |
| **Revenue** | **717.6** | **717.6** | **733.0** | **15.4** | **15.4** |
| Per cent of GDP | 25.7 | 25.7 | 26.4 |  |  |
|  |  |  |  |  |  |
| **Expenses** | **762.8** | **762.8** | **770.1** | **7.3** | **7.3** |
| Per cent of GDP | 27.4 | 27.4 | 27.8 |  |  |
|  |  |  |  |  |  |
| **Net operating balance** | **‑45.2** | **‑45.2** | **‑37.1** | **8.1** | **8.1** |
| Per cent of GDP | ‑1.6 | ‑1.6 | ‑1.3 |  |  |
|  |  |  |  |  |  |
| **Net capital investment** | **5.5** | **5.5** | **7.7** | **2.3** | **2.3** |
| Per cent of GDP | 0.2 | 0.2 | 0.3 |  |  |
|  |  |  |  |  |  |
| **Fiscal balance** | **‑50.6** | **‑50.7** | **‑44.8** | **5.8** | **5.8** |
| Per cent of GDP | ‑1.8 | ‑1.8 | ‑1.6 |  |  |

1. Equivalent to cash payments for operating activities, purchases of non–financial assets and principal payments of lease liabilities.
2. Net interest payments are equal to the difference between interest payments and interest receipts.

The 2024–25 estimates at the 2025–26 Budget differ slightly from the estimates at the 2025 PEFO. The difference in the estimated 2024–25 underlying cash balance between the 2025–26 Budget and the 2025 PEFO largely reflects a $281.1 million increase in payments for the Australian Government Disaster Recovery Payment and Disaster Recovery Allowance due to major disaster determinations, including in relation to ex‑Tropical Cyclone Alfred in March 2025.

## Underlying cash balance

### Receipts

Total receipts for 2024–25 were $717.0 billion, $13.0 billion higher than forecast in the   
2025–26 Budget and the 2025 PEFO.

Tax receipts were $12.6 billion higher than estimated in the 2025–26 Budget and the 2025 PEFO. This was mostly due to higher‑than‑expected company tax, personal income tax and superannuation tax receipts.

* Company tax receipts were $5.3 billion above the 2025–26 Budget estimate, primarily due to higher‑than‑expected collections relating to 2023–24 tax returns.
* Receipts from total individuals and other withholding taxes were $3.4 billion above the 2025–26 Budget estimate. This was primarily due to higher‑than‑expected income tax withholding, consistent with stronger‑than‑expected growth in wages. Higher‑than‑expected gross other individuals also contributed to the outcome.
* Superannuation fund tax receipts were $2.9 billion above the 2025–26 Budget estimate due to higher‑than‑expected contributions and tax from earnings on investments.
* GST receipts were $0.9 billion above the 2025–26 Budget estimate, consistent with stronger‑than‑expected growth in consumption and dwelling investment.
* Excise and customs duty receipts were $0.1 billion above the 2025–26 Budget estimate with higher tobacco excise equivalent duty offset by weaker fuel excise.

Non‑tax receipts were $59.1 billion in 2024–25, $0.4 billion higher than estimated in the 2025–26 Budget and the 2025 PEFO. This increase largely reflected higher‑than‑estimated receipts for Commonwealth Debt Management, Aged Care Services and Department of Defence programs. This was partially offset by lower‑than‑estimated receipts, including from the Pharmaceutical Benefits program.

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

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2024‑25 | 2024‑25 | Change on |
|  | Estimate at | Outcome | 2025‑26 |
|  | 2025‑26 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| Individuals and other withholding taxes |  |  |  |
| Gross income tax withholding | 293,600 | 295,827 | 2,227 |
| Gross other individuals | 80,500 | 81,707 | 1,207 |
| *less:* Refunds | 39,200 | 39,223 | 23 |
| Total individuals and other withholding tax | 334,900 | 338,312 | 3,412 |
| Fringe benefits tax | 4,950 | 4,927 | ‑23 |
| Company tax | 133,500 | 138,762 | 5,262 |
| Superannuation fund taxes | 22,810 | 25,700 | 2,890 |
| Petroleum resource rent tax | 1,450 | 1,420 | ‑30 |
| **Income taxation receipts** | **497,610** | **509,121** | **11,511** |
|  |  |  |  |
| Goods and services tax | 89,400 | 90,322 | 922 |
| Wine equalisation tax | 1,110 | 1,134 | 24 |
| Luxury car tax | 1,170 | 1,088 | ‑82 |
| Excise and customs duty |  |  |  |
| Petrol | 7,250 | 7,306 | 56 |
| Diesel | 17,390 | 17,262 | ‑128 |
| Other fuel products | 2,040 | 1,731 | ‑309 |
| Tobacco | 7,400 | 7,767 | 367 |
| Beer | 2,750 | 2,729 | ‑21 |
| Spirits | 3,280 | 3,320 | 40 |
| Other alcoholic beverages(a) | 1,770 | 1,789 | 19 |
| Other customs duty |  |  |  |
| Textiles, clothing and footwear | 160 | 153 | ‑7 |
| Passenger motor vehicles | 380 | 339 | ‑41 |
| Other imports | 1,560 | 1,504 | ‑56 |
| *less:* Refunds and drawbacks | 870 | 711 | ‑159 |
| Total excise and customs duty | 43,110 | 43,188 | 78 |
| Major bank levy | 1,770 | 1,768 | ‑2 |
| Agricultural levies | 735 | 664 | ‑70 |
| Visa application charges | 4,129 | 4,154 | 26 |
| Other taxes | 6,209 | 6,403 | 195 |
| **Indirect taxation receipts** | **147,632** | **148,723** | **1,091** |
|  |  |  |  |
| **Taxation receipts** | **645,242** | **657,844** | **12,602** |
|  |  |  |  |
| Sales of goods and services | 21,796 | 22,024 | 228 |
| Interest received | 9,520 | 10,545 | 1,026 |
| Dividends and distributions | 7,380 | 7,262 | ‑119 |
| Other non‑taxation receipts | 19,984 | 19,277 | ‑707 |
| **Non‑taxation receipts** | **58,680** | **59,107** | **427** |
|  |  |  |  |
| **Total receipts** | **703,922** | **716,951** | **13,029** |
| *Memorandum:* |  |  |  |
| *Total excise* | *31,680* | *31,294* | *‑386* |
| *Total customs duty* | *11,430* | *11,894* | *464* |

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

### Payments

Payments in 2024–25 were $726.9 billion, $4.6 billion lower than estimated in the   
2025–26 Budget and $4.9 billion lower than estimated in the 2025 PEFO. This reflected lower‑than‑estimated payments across a range of programs, including around $3.1 billion in lower payments across several National Partnership agreements. The programs with the largest downward adjustments compared to the 2025 PEFO include:

* National Partnership Payments – Natural Disaster Relief program, largely reflecting delays in, and adjustments to, claims from the states ($0.8 billion).
* National Partnership Payments – Climate Change program, largely reflecting lower demand and the timing of claims from the states in relation to Energy Bill Relief payments ($0.8 billion).
* Pharmaceutical Benefits program, largely reflecting lower‑than‑estimated uptake of highly specialised medicines by patients, and lower‑than‑estimated utilisation of on‑site pharmacists by residential aged care facilities ($0.7 billion).
* National Partnership Payments – Housing program, largely reflecting delays in states meeting payment requirements for the Housing Support, Remote Indigenous Housing and HomeBuilder programs ($0.6 billion).
* National Disability Insurance Agency costs, largely reflecting lower‑than‑expected agency operating costs due to delayed implementation of previously funded initiatives ($0.5 billion).
* Support for the Child Care System program, largely reflecting the timing of payments for a number of grant programs including the Early Childhood Education and Care Worker Retention Payment ($0.4 billion).
* National Partnership Payments – Water and Natural Resources program, largely reflecting delays in regulatory approvals and the identification of water supply measures by the states ($0.4 billion).
* Housing Australia, largely reflecting revised payment milestones in contracts funded from the Housing Australia Future Fund Facility and the National Housing Infrastructure Facility – Crisis and Transitional Housing ($0.4 billion).
* National Partnership Payments – General Health Services program, largely reflecting delays in states meeting payment milestones for the Comprehensive Cancer Centres and the Community Health and Hospitals programs ($0.4 billion).
* National Partnership Payments – Regional Development program, largely reflecting project planning and construction delays ($0.4 billion).
* Support Reliable, Secure and Affordable Energy program, largely reflecting project delays and delays in the execution of grant agreements ($0.3 billion).
* Regional Development program, largely reflecting delivery delays for projects under a number of local and community infrastructure programs ($0.3 billion).
* Health Protection, Emergency Response and Regulation program, largely reflecting delays in the production of COVID‑19 vaccines at the mRNA manufacturing facility in Victoria ($0.3 billion).
* Protect, Restore and Sustainably Manage Australia’s Water Resources program, largely reflecting delays in the finalisation of contracts for water entitlement purchases ($0.3 billion).
* Aged Care Quality program, largely reflecting lower‑than‑anticipated demand for a range of activities within the program, including grants from the Aged Care Support Program and the Aged Care Surge Workforce Program ($0.3 billion).

The programs with the largest upward adjustments compared to the 2025 PEFO include:

* Local Government program, largely reflecting bringing forward funding from 2025–26 for the Financial Assistance Grants program ($1.6 billion).
* National Partnership Payments – Assistance to People with Disabilities program, largely reflecting Western Australia signing a National Disability Insurance Scheme Full Scheme Bilateral Agreement in June 2025 ($0.8 billion).
* National Partnership Payments – Road Transport ($0.6 billion) and Rail Transport ($0.1 billion) programs reflecting higher‑than‑anticipated milestone payments to states for projects under the Infrastructure Investment Program.
* National Disability Insurance Scheme, largely reflecting higher‑than‑expected increases in average payments per participant ($0.4 billion).

## Primary balance

The primary balance, which excludes interest payments and interest receipts related to the existing stock of debt and financial assets from the underlying cash balance, was a surplus of $3.7 billion (0.1 per cent of GDP) in 2024–25. The primary balance improved from the estimated deficits of $12.7 billion (0.5 per cent of GDP) at the 2025–26 Budget and $13.0 billion (0.5 per cent of GDP) at the 2025 PEFO.

## Net operating balance and fiscal balance

The 2024–25 net operating deficit was $37.1 billion, $8.1 billion better than the $45.2 billion deficit estimated at the 2025–26 Budget and the 2025 PEFO. The 2024–25 fiscal balance was a deficit of $44.8 billion, compared with an estimated deficit of $50.6 billion at the   
2025–26 Budget and $50.7 billion at the 2025 PEFO.

### Revenue

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

Total revenue was $733.0 billion in 2024–25, $15.4 billion higher than estimated at the   
2025–26 Budget and the 2025 PEFO. Total cash receipts were $717.0 billion, $13.0 billion higher than estimated at the 2025–26 Budget and the 2025 PEFO.

Tax revenue was $677.2 billion in 2024–25, $14.0 billion higher than estimated at the   
2025–26 Budget and the 2025 PEFO. Total tax receipts were $657.8 billion in 2024–25, $12.6 billion higher than estimated at the 2025–26 Budget and the 2025 PEFO. Changes in taxation revenue were generally driven by the same factors as receipts.

Total non‑tax revenue was $55.8 billion in 2024–25, $1.5 billion higher than estimated in the 2025–26 Budget and the 2025 PEFO. Non‑tax receipts were $59.1 billion in 2024–25, $0.4 billion higher than estimated in the 2025–26 Budget and the 2025 PEFO.

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

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2024‑25 | 2024‑25 | Change on |
|  | Estimate at | Outcome | 2025‑26 |
|  | 2025‑26 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| Individuals and other withholding taxes |  |  |  |
| Gross income tax withholding | 296,800 | 299,394 | 2,594 |
| Gross other individuals | 86,200 | 86,228 | 28 |
| *less:* Refunds | 39,200 | 39,223 | 23 |
| Total individuals and other withholding tax | 343,800 | 346,399 | 2,599 |
| Fringe benefits tax | 5,070 | 5,194 | 124 |
| Company tax | 136,500 | 142,159 | 5,659 |
| Superannuation fund taxes | 22,830 | 26,055 | 3,225 |
| Petroleum resource rent tax | 1,500 | 1,483 | ‑17 |
| **Income taxation revenue** | **509,700** | **521,290** | **11,590** |
|  |  |  |  |
| Goods and services tax | 94,420 | 96,543 | 2,123 |
| Wine equalisation tax | 1,120 | 1,135 | 15 |
| Luxury car tax | 1,170 | 1,088 | ‑82 |
| Excise and customs duty |  |  |  |
| Petrol | 7,100 | 7,180 | 80 |
| Diesel | 16,990 | 17,106 | 116 |
| Other fuel products | 2,010 | 1,620 | ‑390 |
| Tobacco | 7,400 | 7,841 | 441 |
| Beer | 2,650 | 2,707 | 57 |
| Spirits | 3,280 | 3,311 | 31 |
| Other alcoholic beverages(a) | 1,770 | 1,775 | 5 |
| Other customs duty |  |  |  |
| Textiles, clothing and footwear | 160 | 153 | ‑7 |
| Passenger motor vehicles | 380 | 339 | ‑41 |
| Other imports | 1,560 | 1,505 | ‑55 |
| *less:* Refunds and drawbacks | 870 | 711 | ‑159 |
| Total excise and customs duty | 42,430 | 42,826 | 396 |
|  |  |  |  |
| Major bank levy | 1,790 | 1,809 | 19 |
| Agricultural levies | 739 | 671 | ‑67 |
| Visa application charges | 4,129 | 4,154 | 26 |
| Other taxes | 7,710 | 7,669 | ‑41 |
| **Indirect taxation revenue** | **153,508** | **155,896** | **2,388** |
|  |  |  |  |
| **Taxation revenue** | **663,208** | **677,185** | **13,977** |
|  |  |  |  |
| Sales of goods and services | 21,166 | 20,596 | ‑570 |
| Interest | 10,532 | 11,518 | 986 |
| Dividends and distributions | 7,205 | 7,495 | 290 |
| Other non‑taxation revenue | 15,458 | 16,215 | 758 |
| **Non‑taxation revenue** | **54,360** | **55,825** | **1,464** |
|  |  |  |  |
| **Total revenue** | **717,568** | **733,010** | **15,442** |
| *Memorandum:* |  |  |  |
| *Total excise* | *31,000* | *30,857* | *‑143* |
| *Total customs duty* | *11,430* | *11,969* | *539* |

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

### Expenses and net capital investment

Total expenses were $770.1 billion in 2024–25, $7.3 billion higher than estimated in the 2025–26 Budget and the 2025 PEFO. Total net capital investment for 2024–25 was $7.7 billion, $2.3 billion higher than estimated in the 2025–26 Budget and the 2025 PEFO. This results in a net outcome for expenses and net capital investment of $777.8 billion, which is $9.6 billion higher than the $768.2 billion estimated at the 2025–26 Budget and the 2025 PEFO.

In comparison, cash payments in 2024–25 were $726.9 billion, $4.6 billion lower than estimated in the 2025–26 Budget and $4.9 billion lower than estimated in the 2025 PEFO.

The difference of $50.9 billion between the net outcome for expenses and net capital investment, and the outcome for cash payments, generally reflects timing differences between the recognition of incurred expenses and the finalisation of corresponding payments.

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

Table 1.5: Australian Government general government sector expenses by function

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2024‑25 | 2024‑25 | Change on |
|  | Estimate at | Outcome | 2025‑26 |
|  | 2025‑26 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| **General public services** |  |  |  |
| Legislative and executive affairs | 2,335 | 2,406 | 71 |
| Financial and fiscal affairs | 10,364 | 10,764 | 400 |
| Foreign affairs and economic aid | 8,760 | 7,488 | ‑1,272 |
| General research | 4,775 | 4,346 | ‑429 |
| General services | 1,240 | 1,748 | 508 |
| Government superannuation benefits | 5,578 | 6,136 | 558 |
| **Defence** | 49,344 | 47,785 | ‑1,559 |
| **Public order and safety** | 8,778 | 8,517 | ‑261 |
| **Education** | 63,503 | 50,901 | ‑12,602 |
| **Health** | 117,067 | 132,249 | 15,182 |
| **Social security and welfare** | 274,901 | 285,479 | 10,578 |
| **Housing and community amenities** | 18,122 | 8,330 | ‑9,793 |
| **Recreation and culture** | 5,859 | 5,966 | 108 |
| **Fuel and energy** | 16,437 | 14,954 | ‑1,484 |
| **Agriculture, forestry and fishing** | 4,461 | 3,801 | ‑660 |
| **Mining, manufacturing and construction** | 5,866 | 4,937 | ‑930 |
| **Transport and communication** | 15,980 | 16,244 | 264 |
| **Other economic affairs** |  |  |  |
| Tourism and area promotion | 197 | 196 | 0 |
| Labour and employment affairs | 6,104 | 5,425 | ‑679 |
| Immigration | 3,963 | 3,758 | ‑206 |
| Other economic affairs nec | 3,799 | 3,516 | ‑282 |
| **Other purposes** |  |  |  |
| Public debt interest | 23,940 | 23,868 | ‑72 |
| Nominal superannuation interest | 14,241 | 14,250 | 9 |
| General purpose inter‑government transactions | 97,382 | 99,937 | 2,555 |
| Natural disaster relief | 1,506 | 7,071 | 5,565 |
| Contingency reserve | ‑1,747 | 0 | 1,747 |
| **Total expenses** | **762,756** | **770,071** | **7,315** |

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

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2024‑25 | 2024‑25 | Change on |
|  | Estimate at | Outcome | 2025‑26 |
|  | 2025‑26 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| General public services | 283 | 96 | ‑187 |
| Defence | 5,915 | 8,272 | 2,357 |
| Public order and safety | 202 | ‑36 | ‑238 |
| Education | 46 | 38 | ‑8 |
| Health | ‑268 | 451 | 719 |
| Social security and welfare | 1 | 516 | 515 |
| Housing and community amenities | 206 | 139 | ‑67 |
| Recreation and culture | 442 | 211 | ‑232 |
| Fuel and energy | 22 | ‑4 | ‑26 |
| Agriculture, forestry and fishing | 615 | 462 | ‑153 |
| Mining, manufacturing and construction | ‑36 | ‑31 | 5 |
| Transport and communication | ‑2,063 | ‑2,153 | ‑90 |
| Other economic affairs | 48 | ‑233 | ‑281 |
| Other purposes | 46 | 16 | ‑30 |
| **Total net capital investment** | **5,459** | **7,745** | **2,286** |

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

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2024‑25 | 2024‑25 | Change on |
|  | Estimate at | Outcome | 2025‑26 |
|  | 2025‑26 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| General public services | 2,156 | 1,782 | ‑374 |
| Defence | 14,130 | 14,731 | 601 |
| Public order and safety | 1,056 | 889 | ‑166 |
| Education | 66 | 52 | ‑14 |
| Health | 275 | 209 | ‑66 |
| Social security and welfare | 982 | 1,532 | 550 |
| Housing and community amenities | 666 | 622 | ‑44 |
| Recreation and culture | 952 | 743 | ‑209 |
| Fuel and energy | 34 | 6 | ‑28 |
| Agriculture, forestry and fishing | 741 | 592 | ‑149 |
| Mining, manufacturing and construction | 15 | 12 | ‑3 |
| Transport and communication | 147 | 81 | ‑66 |
| Other economic affairs | 864 | 741 | ‑123 |
| Other purposes | 51 | 25 | ‑26 |
|  |  |  |  |
| **Total Government purchases of non‑financial assets** | **22,133** | **22,016** | **‑117** |

## Headline cash balance

The headline cash balance consists of the underlying cash balance and net cash flows from investments in financial assets for policy purposes (for example, student loans and Clean Energy Finance Corporation loans and equity investments).

In 2024–25, the headline cash deficit was $21.8 billion compared with an estimated deficit of $46.7 billion in the 2025–26 Budget. The improvement in the headline cash balance of $24.9 billion was primarily driven by the improvement in the underlying cash balance ($17.6 billion).

Net cash flows from investments in financial assets for policy purposes also improved by $7.3 billion since estimated in the 2025–26 Budget. This is primarily driven by lower‑than‑estimated drawdowns by the National Reconstruction Fund Corporation, the Clean Energy Finance Corporation and Housing Australia.

Table 1.8 provides further detail between the underlying and headline cash balance estimates of the Australian Government general government sector in 2024–25.

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

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2024‑25 | 2024‑25 | Change on |
|  | Estimate at | Outcome | 2025‑26 |
|  | 2025‑26 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| **2024‑25 Underlying cash balance** | **‑27,605** | **‑9,990** | **17,615** |
| **plus Net cash flows from investments in financial assets** |  |  |  |
| **for policy purposes(a)** |  |  |  |
| Student loans | ‑3,869 | ‑3,336 | 533 |
| NBN investment | ‑1,473 | ‑1,186 | 287 |
| Snowy Hydro Limited Loan | ‑150 | ‑150 | 0 |
| Snowy Hydro Limited investment | ‑1,625 | ‑1,625 | 0 |
| Australian apprenticeship support loans | ‑114 | ‑99 | 15 |
| CEFC loans and investments | ‑3,106 | ‑2,058 | 1,048 |
| Northern Australia Infrastructure Facility | ‑492 | ‑202 | 291 |
| NRFC loans and investments | ‑1,299 | ‑164 | 1,135 |
| Australian Business Securitisation Fund | ‑563 | ‑58 | 505 |
| Structured Finance Support Fund | 153 | 153 | 0 |
| Drought and rural assistance loans | ‑334 | ‑35 | 298 |
| Official Development Assistance – Australian Development Investments | ‑102 | ‑102 | 0 |
| Official Development Assistance – Multilateral Replenishment | ‑142 | ‑142 | 0 |
| Home Equity Access Scheme | ‑179 | ‑167 | 12 |
| Housing Australia | ‑913 | 113 | 1,027 |
| Indigenous Business Australia home and business loans | ‑104 | ‑149 | ‑44 |
| National Interest Account loans and investments | ‑886 | ‑258 | 628 |
| COVID‑19 Support for Indonesia – loan | 100 | 100 | 0 |
| Financial Assistance to Papua New Guinea – loan | ‑415 | ‑415 | 0 |
| Net other(b) | ‑3,561 | ‑1,995 | 1,566 |
| **Total net cash flows from investments in financial assets** |  |  |  |
| **for policy purposes** | **‑19,076** | **‑11,775** | **7,300** |
|  |  |  |  |
| **2024‑25 Headline cash balance** | **‑46,681** | **‑21,765** | **24,916** |

1. A positive number denotes a cash inflow; a negative number denotes a cash outflow.
2. ‘Net other’ includes amounts that cannot be itemised, including commercial‑in‑confidence transactions and decisions taken but not yet announced.

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

At the end of 2024–25, gross debt was $928.6 billion (33.5 per cent of GDP), $11.4 billion lower than estimated at the 2025–26 Budget and the 2025 PEFO. The reduction is smaller than the improvement in the fiscal position, reflecting the Australian Office of Financial Management’s (AOFM) decision not to deviate from the issuance guidance provided to the market following the Budget for the remainder of 2024–25. The combination of the improved underlying cash balance and AOFM’s adherence to announced issuance plans effectively pre‑funds some of the Government’s financing requirement for 2025–26.

At the end of 2024–25, net debt was $532.3 billion (19.2 per cent of GDP), $23.6 billion lower than estimated in the 2025–26 Budget and $23.9 billion lower than estimated in the 2025 PEFO. Net debt is measured by the market value of Australian Government Securities on issue (whereas gross debt is measured by face value) and also includes selected financial assets and other interest‑bearing liabilities.

Since the 2025–26 Budget, net debt has benefited from higher‑than‑estimated cash and deposits, advances paid and investments, loans and placements. This has been partially offset by higher government securities liabilities.

Net financial worth was -$841.9 billion at the end of 2024–25, compared to -$791.1 billion estimated in the 2025–26 Budget and the 2025 PEFO. Net worth was -$614.5 billion at the end of 2024–25, compared to -$570.5 billion estimated in the 2025–26 Budget and the 2025 PEFO. The changes in net financial worth and net worth largely reflect an increase in liabilities for military compensation, provisions for claims for veterans’ benefits, and superannuation liabilities, partially offset by the improvement in advances paid for student loans. The increase in the superannuation liability is the result of the difference between the discount rates used to value the Government’s defined benefit superannuation liability at the Budget and the Final Budget Outcome.

At the 2025-26 Budget and 2025 PEFO, the unfunded superannuation liabilities were estimated using an actuarially determined long-term discount rate of 5.0 per cent per annum. This rate reflected the average annual rate estimated to apply over the remainder of the term to maturity of the liability and the actuaries’ views that short-term deviations are expected to be smoothed out in the longer term. This approach also reduces the volatility in reported liabilities that would occur from year to year if the market long-term government bond rate was used.

For the Final Budget Outcome, the Australian Accounting Standards (AAS) require the use of the long-term government bond rate as at 30 June 2025 that best matches each individual scheme’s liability duration. This results in differences in the superannuation liability between Final Budget Outcomes, and between Budgets and Final Budget Outcomes. For the 2024–25 Final Budget Outcome, the bond rates used were between 3.8 and 5.0 per cent per annum depending on the defined benefit scheme.

The variance in the reported superannuation liability between the 2025–26 Budget and 2025 PEFO and the 2024–25 Final Budget Outcome was an increase of $9.9 billion. By way of comparison, the variance between the 2024–25 Budget and the 2023–24 Final Budget Outcome was an increase of $13.8 billion.

Table 1.9: Australian Government general government sector balance sheet aggregates(a)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2024-25 | 2024-25 | 2024-25 | Change on | Change on |
|  | Estimate at | Estimate at | Outcome | 2025-26 | 2025 |
|  | 2025-26 | 2025 |  | Budget | PEFO |
|  | Budget | PEFO |  |  |  |
|  | $b | $b | $b | $b | $b |
| **Financial assets** | **637.0** | **636.7** | **665.4** | **28.4** | **28.7** |
| Per cent of GDP | 22.9 | 22.8 | 24.0 |  |  |
|  |  |  |  |  |  |
| **Non-financial assets** | **220.6** | **220.6** | **227.4** | **6.8** | **6.8** |
| Per cent of GDP | 7.9 | 7.9 | 8.2 |  |  |
|  |  |  |  |  |  |
| **Total assets** | **857.6** | **857.3** | **892.8** | **35.2** | **35.5** |
| Per cent of GDP | 30.8 | 30.8 | 32.2 |  |  |
|  |  |  |  |  |  |
| **Total liabilities** | **1,428.1** | **1,427.8** | **1,507.4** | **79.2** | **79.5** |
| Per cent of GDP | 51.2 | 51.2 | 54.4 |  |  |
|  |  |  |  |  |  |
| **Net worth** | **-570.5** | **-570.5** | **-614.5** | **-44.0** | **-44.0** |
| Per cent of GDP | -20.5 | -20.5 | -22.2 |  |  |
|  |  |  |  |  |  |
| **Net financial worth(b)** | **-791.1** | **-791.1** | **-841.9** | **-50.8** | **-50.8** |
| Per cent of GDP | -28.4 | -28.4 | -30.4 |  |  |
|  |  |  |  |  |  |
| **Gross debt(c)** | **940.0** | **940.0** | **928.6** | **-11.4** | **-11.4** |
| Per cent of GDP | 33.7 | 33.7 | 33.5 |  |  |
|  |  |  |  |  |  |
| **Net debt(d)** | **556.0** | **556.3** | **532.3** | **-23.6** | **-23.9** |
| Per cent of GDP | 19.9 | 20.0 | 19.2 |  |  |
|  |  |  |  |  |  |
| **Total interest payments** | **24.4** | **24.4** | **24.3** | **-0.1** | **-0.1** |
| Per cent of GDP | 0.9 | 0.9 | 0.9 |  |  |
|  |  |  |  |  |  |
| **Net interest payments(e)** | **14.9** | **14.9** | **13.7** | **-1.2** | **-1.2** |
| Per cent of GDP | 0.5 | 0.5 | 0.5 |  |  |

1. Assets, liabilities, net worth, net financial worth, gross debt and net debt are presented as at the end of the financial year.
2. Net financial worth equals total financial assets minus total liabilities.
3. Gross debt measures the face value of Australian Government Securities (AGS) on issue.
4. 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).
5. Net interest payments are equal to the difference between interest payments and interest receipts.