

Labor Government 2023-24 Federal Budget Overview

BUDGET OVERVIEW

Key messages

The Budget's key initiatives had been largely foreshadowed by the Government – in actual announcements rather than customary Budget leaks – ahead of the Budget.

This included cost-of-living measures, of which the most substantial, a Federal Government \$1.5 billion contribution to energy price relief, to be matched by state governments, had been announced in last October's Budget.

The 2023-24 Budget served mainly to flesh out the details of the changes announced ahead of the Budget.

Of these perhaps the most significant was a \$40 a fortnight increase in the base rate for JobSeeker, Austudy and Youth Allowance and dropping the minimum age for which older people qualify for a higher JobSeeker rate, from 60 to 55 years. The Government said the changes would benefit 1.1 million people.

In his Budget Speech Treasurer Jim Chalmers said, "In all our decisions, we seek to strike a considered, methodical balance. Between spending restraint to keep the pressure off inflation, while doing what we can to help people struggling to make ends meet.

"Making sure vital services like Medicare and the National Disability Insurance Scheme are secure, reliable and sustainable.

"And dealing with immediate, near-term challenges – while investing in our long-term national success – seeing our people through the hard times – and setting our country up for a better future."

In the Speech he also said, "Our economic growth is expected to slow from 3¼ per cent in 2022-23 to 1½ per cent the year after, before recovering to 2¼ per cent in the next. Despite this, our economy will continue to create jobs and

unemployment is expected to remain low by historical standards – 4¼ per cent in 2023-24, 4½ percent the year after."

He said that "In this environment, inflation remains our primary economic challenge – It drives rate rises; it erodes real wages – Which is why this Budget is carefully calibrated to alleviate inflationary pressures, not add to them.

"Our policies to ease the pressure on households will take ¾ of a percentage point off inflation in 2023-24 – Which is expected to fall from 6 per cent this year to 3 ¼ per cent next year – Returning to the RBA's target band in 2024-25."

In his Speech the Treasurer also said, "We are now forecasting a small surplus in 2022-23 – which would be the first in 15 years. We expect that to be followed by a deficit of \$13.9 billion in 2023-24. And, lower deficits across the forward years compared to recent Budgets – Leading to a \$125.9 billion improvement over 5 years – And a much lower public debt burden."

In the 'Budget Glossy – Stronger Foundations for a better future' the Government said, "This Budget addresses the immediate challenges Australians are facing, better shares the opportunities in our society and across the country and lays the foundations for a stronger and more secure economy. It provides responsible and targeted cost-of-living relief for those that need it most, invests in key drivers of sustainable growth and sustainably funds the services Australians rely on.

"It does this while strengthening our fiscal position with a budget surplus forecast in 2022-23 and lower deficits and debt across each of the forward years.

"This Budget builds stronger foundations for a better future by:

- delivering cost-of-living relief
- strengthening Medicare
- investing in a stronger and more secure economy
- broadening opportunity
- strengthening the Budget and funding our priorities.

“This Budget strikes the right balance between dealing with immediate challenges and setting Australia up for the future.”

BUDGET OUTCOME

The Budget Papers say the underlying cash balance is estimated to be in surplus by \$4.2 billion (0.2 per cent of GDP) in 2022–23, the first surplus since 2007–08. This is an improvement of \$41.1 billion compared to the October Budget and \$82.1 billion since the Pre-election Economic and Fiscal Outlook.

Since October, tax receipts have been revised up by \$67.2 billion across 2022–23 and 2023–24, underpinned by a strong labour market and elevated commodity prices. Strength in tax receipts is expected to moderate from 2024–25 as commodity prices are assumed to return to long-run levels and the conditions in the labour market ease. Overall, tax upgrades (excluding GST and policy decisions) have improved the underlying cash balance by \$114.2 billion over 5 years from 2022–23 to 2026–27.

In his Speech the Treasurer also said, “We are now forecasting a small surplus in 2022–23 – which would be the first in 15 years. We expect that to be followed by a deficit of \$13.9 billion in 2023–24. And, lower deficits across the forward years compared to recent Budgets – Leading to a \$125.9 billion improvement over 5 years – And a much lower public debt burden.”

The Treasurer said, “We are returning 87 per cent of the tax upgrades over the past two Budgets and 82 per cent in this Budget. This Budget also identifies a further \$17.8 billion in spending reprioritisations and restricts average annual real spending growth to just 0.6 per cent over the 5 years to 2026–27.

“Our decisions mean the underlying cash balance has improved by \$125.9 billion over the 5 years to 2026–27, the biggest fiscal improvement on record. A budget surplus is forecast in 2022–23, a dramatic and unprecedented turnaround from the \$77.9 billion deficit we inherited.

ECONOMIC GROWTH

The Budget Papers says that while the Australian economy “is expected to outperform all major advanced economies, global and domestic headwinds will be a drag on activity in 2023–24. High inflation and rising interest rates are squeezing households, and these cost-of-living pressures along with

weaker global growth will contribute to real GDP growth slowing to 1½ per cent in 2023–24.

“Real GDP growth is expected to pick up to 2¼ per cent in 2024–25 with continued positive real wages growth and a recovery in household disposable income bolstering household spending. Nominal GDP is forecast to grow strongly by 10¼ per cent in 2022–23.

INFLATION

The Budget Papers say “Inflation has peaked and begun to moderate. The factors that caused the current inflationary period are beginning to ease and inflation is expected to return to target in 2024–25. The Government’s measures to deliver cost-of-living relief will directly reduce the CPI in 2023–24, and are not expected to add to broader inflationary pressures in the economy. These measures are expected to reduce inflation by ¾ of a percentage point in 2023–24.”

The Budget Papers also say, “Inflation peaked at the end of 2022 and is now moderating. Supply constraints and the impact of Russia’s invasion of Ukraine have begun to subside and the Government’s Energy Price Relief Plan is expected to further reduce inflation in 2023–24. This should see inflation return to the RBA’s target band in 2024–25, although cost-of-living pressures will remain a near term weight on households.”

EMPLOYMENT AND UNEMPLOYMENT

The unemployment rate is projected to remain low by historical standards but will rise modestly from 3½ per cent at present to 4¼ per cent by the June quarter of 2024 and 4½ per cent by the June quarter of 2025.

The tight labour market is expected to gradually soften in response to slowing demand. Employment growth will be supported by stronger migration, with a projected increase of 1 per cent in 2023–24. This is ¼ of a percentage point stronger than the October Budget.

The labour force participation rate is expected to fall slightly to 66¼ per cent in the June quarter of 2025 but remain at high levels. The Budget Papers say, “The strength of recent labour market outcomes is flowing through to wages, with growth projected to reach 4 per cent in 2023–24, its fastest pace since 2009. The Fair Work Commission’s forthcoming Minimum Wage Determination and the Aged Care Work Value Case are also assumed to contribute strongly to wages growth in the near term.”

WAGES

Wages growth is forecast to pick up to 4 per cent in 2023–24, its fastest pace since 2009, supported by the Government's actions to boost wages for lower paid employees. Wages are forecast to grow by 3¼ per cent in 2024–25.

HOUSEHOLD CONSUMPTION

Household consumption growth is expected to slow from 5¼ per cent in 2022–23 to 1½ per cent in 2023–24.

INVESTMENT

The Budget Papers say that business Investment is expected to grow by 3 per cent in 2022–23. "As overall demand in the domestic and global economy softens, momentum is expected to ease in 2023–24 and 2024–25, growing by 2½ per cent and 2 per cent, respectively. Non-mining investment is expected to be the main driver of growth in business investment over the coming years, increasing by 4 per cent in 2022–23, 2½ per cent in 2023–24 and 2 per cent in 2024–25.

Housing investment is expected to contract by 3½ per cent in 2023–24 as a result of higher interest rates and higher housing prices. The downturn in housing activity is expected to extend into 2024–25, with a further 1½ per cent decline anticipated, before recovering strongly over 2025 and onwards.

The Budget provides some additional information – but not a full state by state breakdown of the previously announced Federal Government's \$1.5 billion package to help households and small businesses with power bills. The Budget says that from July 2023, the plan will deliver up to \$500 in electricity bill relief for eligible households and up to \$650 for eligible small businesses. It will provide energy bill relief to around 5 million households and 1 million small businesses.

Other cost-of-living measures include:

- Helping 170,000 households save on energy bills by financing energy saving home upgrades
- Reducing out-of-pocket health costs by tripling the bulk billing incentive to GPs
- More bulk billing Urgent Care Clinics
- Cutting the cost of medicine by up to half for at least 6 million Australians
- Doubling the regional pharmacy maintenance allowance

- Supporting 57,000 single parents by expanding eligibility for the Single Parenting Payment
- Increasing the base rate of JobSeeker, Austudy and Youth Allowance
- Lowering the age threshold for higher JobSeeker payment for older beneficiaries from 60 to 55 years
- Increasing Commonwealth Rent Assistance for 1.1 million households
- Tax breaks to encourage more investment in build-to-rent projects
- Funding a 15 per cent pay rise for aged care workers
- Supporting a pay rise for low-paid workers

TAX CHANGES

Petroleum Resources Rent Tax

Offshore gas producers will have their tax deductions capped and face tougher tax compliance measures, estimated by Treasury to raise \$2.4 billion over four years.

Stage 3 tax cuts

As expected, no changes were announced to the stage three personal income tax cuts. Labor has been under pressure to wind back the legislated cuts, set to cost more than \$20 billion a year from July 1 2024.

JOBSEEKER, AUSTUDY AND YOUTH ALLOWANCE

The Budget increases the base rate for JobSeeker, Austudy and Youth Allowance by \$40 per fortnight.

The Budget also lowers the eligibility age threshold for a higher JobSeeker rate for older people on JobSeeker from 60 to 55 years. Around 52,000 eligible recipients will receive an increase in their base rate of payment of \$92.10 per fortnight. Payments will also continue to be automatically indexed for inflation, the Budget Papers said

HOUSING

Rent assistance

The Budget increased the maximum rate of Commonwealth Rent Assistance by 15 per cent. The increase will cost the Budget \$2.7 billion over 5 years, the largest increase to Commonwealth Rent Assistance in over 3 decades. Around 1.1 million households receive Commonwealth Rent Assistance.

Build-to-rent incentives

The Budget includes new incentives to encourage build to rent projects by:

- reducing the withholding tax rate for eligible fund payments from managed investment trusts attributed to newly constructed build-to-rent developments from 30 to 15 per cent
- increasing the capital works tax deduction (depreciation) rate from 2½ per cent to 4 per cent per year, increasing the after-tax returns for newly constructed build-to-rent developments

The Government said “industry estimates this could unlock 150,000 rental properties over 10 years, boosting the supply of high-quality, long-term rentals in the Australian market.”

Investment in social and affordable housing

The Government will increase the National Housing Finance and Investment Corporation’s liability cap by \$2 billion to a total of \$7.5 billion, supporting more lending to community housing providers for social and affordable housing projects.

Home Guarantee Scheme

The eligibility criteria of the Home Guarantee Scheme will be expanded. Eligibility for the First Home Guarantee and Regional First Home Guarantee will be expanded to any 2 eligible borrowers beyond married and de facto couples, and non-first home buyers who have not owned a property in Australia in the preceding 10 years. Australian Permanent Residents, in addition to Australian citizens, will be eligible for the Home Guarantee Scheme.

AGED CARE

Aged Care Minister Anika Wells said on 4 May, the Budget would include \$11.3 billion over 4 years to fund the outcome of the Fair Work Commission’s 15 per cent pay rise for aged care workers from 1 July 2023.

The cost of delivering aged care will rise by 23 per cent, increasing from \$24.8 billion to an estimated \$29.6 billion.

The \$11.3 billion cost of meeting the 15 per cent wage increase will deliver weekly pay rises ranging from \$196.08, or more than \$10,000 a year, for a registered nurse, to around \$150 a week for cooks, care workers, activity officers and other workers.

Prime Minister Anthony Albanese went to the 2022 election pledging to support a union application for a 25 per cent pay rise for the sector’s 300,000 workers, warning that without a generous increase, the sector would struggle to retain staff, let alone recruit more. He also promised a registered nurse working 24/7 in every nursing home by July 1, this year, but this deadline will not be met.

In February, the Fair Work Commission granted an “interim” wage increase of 15 per cent based on the workers’ increased work value and qualifications. The Government welcomed the decision but urged the increase be paid in two installments – 10 per cent this year and 5 per cent next year – to relieve pressure on the budget. The Commission rejected this.

Ms Wells said registered nurses, enrolled nurses, assistants in nursing, personal care workers, head chefs and cooks, recreational activities officers (lifestyle workers) and home care workers will see an historic increase to their award wages.

SINGLE PARENT PAYMENTS

The Budget restores the Single Parenting Payment to eligible single parents until their youngest child turns 14 (currently up to 8 years old). The age threshold was reduced to 8 years by the Gillard Government after previously being reduced from 16 to 12 years by the Howard Government. Single Parents who had not been eligible for the Single Parents Payment had previously been moved to the JobSeeker Payment. The current base rate of Single Parenting Payment is \$922.10 per fortnight, compared to the JobSeeker Payment base rate of \$745.20 per fortnight.

Around 57,000 single principal carers, including 52,000 women, and around 110,000 children will benefit from the higher rate, the Budget said.

Single parents eligible for the Single Parenting Payment will also benefit from more generous earning arrangements compared to JobSeeker. Eligible single parents with one child will be able to earn an extra \$569.10 per fortnight, plus an extra \$24.60 per additional child, before their payment stops.

The changes take effect on 1 September. The change will cost the Budget \$1.9 billion over 5 years, with 91 per cent of recipients’ women.

HEALTH

Tripling bulk billing incentives

The Budget provides \$3.5 billion over 5 years to increase the bulk billing incentive for GPs. The bulk billing incentive will be tripled for the most common consultations for children under the age of 16, pensioners and other Commonwealth concession card holders. Included are face-to-face, telehealth and videoconference consultations.

The Budget said the bulk billing incentive will continue to be higher for patients in regional and rural areas.

New PBS listings

The Budget provides \$2.2 billion over 5 years for new and amended listings to the PBS, including treatment for cystic fibrosis. A further \$449.4 million is provided for new and amended listings to the National Immunisation Program.

WELFARE

The government said it will scrap the ParentsNext program, ending compulsory mutual obligations for about 100,000 parents who were placed in the program. The program was costed at \$484 million over the forward estimates but won't be scrapped entirely until the existing contracts end in the next financial year. Some mutual obligation requirements will remain.

TAX COLLECTIONS

Since October, tax receipts have been revised up by \$67.2 billion across 2022–23 and 2023–24, as a result of the stronger labour market and higher commodity prices. The increase in tax receipts is expected to moderate from 2024–25 as commodity prices, with the Budget assuming commodity prices will return to long-run levels and the labour market weakens. Overall, tax upgrades (excluding GST and policy decisions) have improved the underlying cash balance by \$114.2 billion over 5 years from 2022–23 to 2026–27.

Excluding GST and policy decisions, tax receipts have been revised up by \$41.2 billion in 2023–24 and \$114.2 billion over the 5 years from 2022–23 to 2026–27. The Budget says the Government is returning most of the improvement in tax receipts to the budget – ie, being used to reduce the deficit. 87 per cent of the tax upgrades in the past 2 Budgets are being returned (82 per cent this Budget).

Policy decisions since the October Budget are expected to increase tax receipts by \$1.3 billion in 2023–24 and \$19.1 billion over the 5 years from 2022–23 to 2026–27. These include:

- GST compliance program—four-year extension
- Tobacco Excise
- Increased tax rate on superannuation balances over \$3 million
- Petroleum Resource Rent Tax changes
- Small Business Support – \$20,000 instant asset write-off and Small Business Support
- Small Business Energy Incentive
- Build-To-Rent accelerated tax deductions
- Reduced managed investment trust withholding tax rate

Tax receipts outlook

Relative to the October Budget, tax receipts are forecast to be \$42.0 billion (or 7.3 per cent) higher in 2023–24, and \$134.8 billion (or 4.5 per cent) higher over the 5 years from 2022–23 to 2026–27. This upgrade reflects a stronger outlook for personal income tax and company tax. Personal income taxes have been revised up by \$15.0 billion in 2023–24 and \$74.1 billion over the 5 years from 2022–23 to 2026–27.

SMALL BUSINESS

Treasurer Jim Chalmers confirmed ahead of the Budget that about 1 million small businesses would get extra assistance with electricity bills in the budget.

The Small Business Energy Incentive will give businesses with a turnover of less than \$50 million a 20 per cent tax deduction for eligible assets supporting electrification and more efficient use of energy, from 1 July 2023 until 30 June 2024. Up to \$100,000 of total expenditure will be eligible for the incentive, with the maximum bonus tax deduction being \$20,000 per business.

This is in addition to \$62.6 million towards energy efficiency grants for small and medium enterprises in the October Budget.

Small business instant asset write-off

The measure provides \$290 million in cash flow support for small businesses with a \$20,000 instant asset write-off.

Businesses will also receive cashflow relief from the halving the increase in their quarterly tax instalments for GST and income tax in 2023–24. Instalments will increase by 6 per cent instead of 12 per cent.

Industry Growth Program

A new \$392.4 million Industry Growth Program will help support small to medium-sized businesses and startups develop new products and services to grow their operations.

TABLES

Budget outcome – Budget 2023-24

Table 3.1: Australian Government general government sector budget aggregate

	Actual		Estimates				Projections	
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Total(a)	2033-34
	\$b	\$b	\$b	\$b	\$b	\$b	\$b	% of GDP
Underlying cash balance	-32.0	4.2	-13.9	-35.1	-36.6	-28.5	-109.9	
Per cent of GDP	-1.4	0.2	-0.5	-1.3	-1.3	-1.0		-0.2
Receipts	584.4	635.6	668.1	671.2	700.9	735.1	3,411.0	
Per cent of GDP	25.3	25.0	25.9	25.4	25.2	25.2		26.3
Tax receipts	536.6	588.1	616.3	614.3	647.8	680.7	3,147.2	
Per cent of GDP	23.2	23.1	23.9	23.3	23.3	23.3		24.4
Non-tax receipts	47.8	47.5	51.9	56.9	53.1	54.4	263.8	
Per cent of GDP	2.1	1.9	2.0	2.2	1.9	1.9		1.9
Payments(b)	616.3	631.4	682.1	706.3	737.5	763.6	3,520.9	
Per cent of GDP	26.7	24.8	26.5	26.8	26.6	26.1		26.4
Gross debt(c)	895.3	887.0	923.0	958.0	1,015.0	1,067.0		
Per cent of GDP	38.8	34.9	35.8	36.3	36.5	36.5		32.3
Net debt(d)	515.6	548.6	574.9	620.6	665.2	702.9		
Per cent of GDP	22.3	21.6	22.3	23.5	24.0	24.1		19.9
Net interest payments(e)	15.0	12.7	13.4	15.2	21.3	20.0	82.5	
Per cent of GDP	0.6	0.5	0.5	0.6	0.8	0.7		0.8

- a) Total is equal to the sum of amounts from 2022-23 to 2026-27.
b) Equivalent to cash payments for operating activities, purchases of non-financial assets and principal payments of lease liabilities.
c) Gross debt measures the face value of Australian Government Securities (AGS) on issue.
d) 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).
e) 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 Statement 7: Debt Statement).

Economic Forecasts – Budget 2023-24

Table 2.2: Domestic economy – detailed forecasts^(a)

	Outcomes		Forecasts	
	2021-22	2022-23	2023-24	2024-25
Real gross domestic product	3.7	3 1/4	1 1/2	2 1/4
Household consumption	3.7	5 3/4	1 1/2	2 1/2
Dwelling investment	2.9	-2 1/2	-3 1/2	-1 1/2
Total business investment ^(b)	6.1	3	2 1/2	2
<i>By industry</i>				
Mining investment	8.4	0	2	1 1/2
Non-mining investment	5.4	4	2 1/2	2
Private final demand ^(b)	4.3	4	1	2 1/4
Public final demand ^(b)	6.5	1 3/4	1 1/2	2
Change in inventories ^(c)	0.1	0	0	0
Gross national expenditure	5.1	3 1/4	1	2 1/4
Exports of goods and services	-0.3	8	6	3 1/2
Imports of goods and services	7.0	9	4	3 1/2
Net exports ^(c)	-1.3	0	1/2	0
Nominal gross domestic product	11.0	10 1/4	1 1/4	2 1/2
<i>Prices and wages</i>				
Consumer price index ^(d)	6.1	6	3 1/4	2 3/4
Wage price index ^(d)	2.6	3 3/4	4	3 1/4
GDP deflator	7.0	7	-1/4	1/4
<i>Labour market</i>				
Participation rate (per cent) ^(e)	66.6	66 1/2	66 1/4	66 1/4
Employment ^(e)	3.6	2 1/2	1	1
Unemployment rate (per cent) ^(e)	3.8	3 1/2	4 1/4	4 1/2
<i>Balance of payments</i>				
Terms of trade ^(f)	11.9	1 1/2	-13 1/4	-8 3/4
Current account balance (per cent of GDP)	2.0	3/4	-2 1/2	-3 1/2
Net overseas migration ^(g)	184,000	400,000	315,000	260,000

- 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 March quarter of 2024: the iron ore spot price is assumed to decline from a March quarter 2023 average of US\$117 to US\$60/tonne; the metallurgical coal spot price declines from US\$342 to US\$140/tonne; the thermal coal spot price declines from US\$260 to US\$70/tonne; and the LNG spot price declines from US\$16 to US\$10/mmBtu. All bulk prices are in free-on-board (FOB) terms.
g) Net overseas migration is forecast to continue at 260,000 in 2025-26 and 2026-27.

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 67 US cents. Interest rates are informed by the Bloomberg survey of market economists. World oil prices (Malaysian Tapis) are assumed to remain around US\$87/barrel. Population growth is forecast to be 2.0 per cent in 2022-23, 1.7 per cent in 2023-24 and 1.5 per cent in 2024-25.

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.

The same table – Budget 2022-23 – October 2022

Table 3.1: Australian Government general government sector budget aggregates

	Actual		Estimates				Projections	
	2021-22	2022-23	2023-24	2024-25	2025-26	Total(a)	2032-33	
	\$b	\$b	\$b	\$b	\$b	\$b	% of GDP	
Underlying cash balance	-32.0	-36.9	-44.0	-51.3	-49.6	-181.8		
Per cent of GDP	-1.4	-1.5	-1.8	-2.0	-1.8		-1.9	
Receipts	584.4	607.2	621.4	642.8	679.0	2,550.5		
Per cent of GDP	25.4	24.5	25.3	25.1	25.2		26.0	
Tax receipts	536.6	562.9	574.3	590.5	629.3	2,356.9		
Per cent of GDP	23.4	22.7	23.3	23.0	23.4		24.1	
Non-tax receipts	47.8	44.4	47.1	52.4	49.7	193.6		
Per cent of GDP	2.1	1.8	1.9	2.0	1.8		1.9	
Payments(b)	616.3	644.1	665.5	694.2	728.6	2,732.3		
Per cent of GDP	26.8	25.9	27.0	27.1	27.1		27.9	
Gross debt(c)	895.3	927.0	1,004.0	1,091.0	1,159.0			
Per cent of GDP	39.0	37.3	40.8	42.5	43.1		46.9	
Net debt(d)	515.6	572.2	634.1	702.8	766.8			
Per cent of GDP	22.5	23.0	25.8	27.4	28.5		31.9	
Net interest payments(e)	15.0	13.6	16.6	19.4	26.5	76.1		
Per cent of GDP	0.7	0.5	0.7	0.8	1.0		1.5	

- a) Total is equal to the sum of amounts from 2022-23 to 2025-26.
b) Equivalent to cash payments for operating activities, purchases of non-financial assets and principal payments of lease liabilities.
c) Gross debt measures the face value of Australian Government Securities (AGS) on issue.
d) 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).
e) Net interest payments are equal to the difference between interest payments and interest receipts.

ECONOMIC FORECASTS

The same table – Budget 2022-23 – October 2022

Table 2.2: Domestic economy – detailed forecasts^{1d}

	Outcomes		Forecasts	
	2021-22	2022-23	2023-24	2024-25
Real gross domestic product	3.9	3 1/4	1 1/2	
Household consumption	4.1	5 1/2	1 1/4	
Dwelling investment	2.8	-2	-1	
Total business investment ^{2d}	5.2	6	3 1/2	
By industry				
Mining investment	-1.7	4	5 1/2	
Non-mining investment	7.4	8 1/2	3 1/2	
Private final demand ^{3d}	4.5	5 1/4	1 1/4	
Public final demand ^{3d}	6.5	1	1 1/2	
Change in inventories ^{3d}	0.1	0	-1/4	
Gross national expenditure	5.2	4	1	
Exports of goods and services	0.0	7	5	
Imports of goods and services	7.7	11	3	
Net exports ^{3d}	-1.5	-3/4	1/2	
Nominal gross domestic product	11.0	8	-1	
Prices and wages				
Consumer price index ^{4d}	6.1	5 3/4	3 1/2	
Wage price index ^{4d}	2.6	3 3/4	3 3/4	
GDP deflator	6.9	4 3/4	-2 1/4	
Labour market				
Participation rate (per cent) ^{5d}	66.6	66 3/4	66 1/2	
Employment ^{6d}	3.3	1 3/4	3/4	
Unemployment rate (per cent) ^{7d}	3.8	3 3/4	4 1/2	
Balance of payments				
Terms of trade ^{8d}	12.2	-2 1/2	-20	
Current account balance (per cent of GDP)	2.2	1/2	-3 3/4	
Net overseas migration ^{9d}	150,000	235,000	235,000	

- 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 commodity prices are assumed to decline from current elevated levels by the end of the March quarter 2023: the iron ore spot price is assumed to decline from US\$91/tonne to US\$55/tonne free on board (FOB); the metallurgical coal spot price is assumed to decline from US\$271/tonne to US\$130/tonne FOB; the thermal coal spot price is assumed to decline from US\$438/tonne to US\$302/tonne FOB; the oil price (WTI) is assumed to decline from US\$108/barrel to US\$100/barrel; and the LNG price is assumed to decline from US\$934/tonne to US\$630/tonne.
g) The figure for 2021-22 consists of 3 quarters of preliminary outcomes and one quarter of forecasts. Net overseas migration is assumed to continue in line with pre-pandemic trends at 235,000 from 2022-23.
Note: The exchange rate is assumed to remain around its recent average level – a trade-weighted index of around 61 and a US\$ exchange rate of around 65 US cents. Interest rates are informed by the Bloomberg survey of market economists. Population growth is forecast to be 1.1 per cent in 2021-22 and 1.4 per cent in 2022-23 and 2023-24.
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, Australia; Wage Price Index, Australia; Consumer Price Index, Australia; unpublished ABS data and Treasury.

The main areas of government spending

Table 6.3.1: Top 20 programs by expense

Program(a)	Function	Estimates				
		2022-23	2023-24	2024-25	2025-26	2026-27
		\$m	\$m	\$m	\$m	\$m
Revenue assistance to the States and Territories	Other purposes	88,021	92,470	96,345	101,782	105,261
Support for Seniors	SSW	54,873	59,192	61,684	64,590	67,322
National Disability Insurance Scheme(b)	SSW	36,654	41,922	46,765	51,852	55,936
Aged Care Services	SSW	26,900	32,668	35,894	37,988	39,854
Medical Benefits	Health	28,245	30,413	32,242	34,114	35,975
Assistance to the States for Healthcare Services	Health	25,658	28,392	30,456	32,215	34,296
Commonwealth Debt Management	Other purposes	22,152	22,611	23,890	26,224	29,077
Financial Support for People with Disability	SSW	19,392	21,043	21,800	22,608	23,046
Support for Families (c)	SSW	-	18,323	19,276	19,955	20,355
Pharmaceutical Benefits	Health	18,733	18,218	18,121	18,300	18,319
Non-Government Schools National Support	Education	16,646	17,441	18,131	18,681	19,260
Job Seeker Income Support	SSW	13,867	13,830	15,483	15,999	15,915
Child Care Subsidy	SSW	10,626	12,716	13,474	14,160	14,958
Financial Support for Carers	SSW	10,570	11,539	12,238	12,923	13,369
Government Schools National Support	Education	10,264	10,845	11,266	11,676	12,108
National Partnership Payments - Road Transport	Transport and communication	7,109	9,801	10,065	9,542	8,778
Public Sector Superannuation - Benefits(d)	Other purposes; General public services	9,392	9,668	9,691	10,061	10,179
Fuel Tax Credits Scheme	Fuel and energy	7,466	9,583	9,874	10,473	11,218
Defence Force Superannuation - Benefits(d)	Other purposes; General public services	9,730	9,482	9,920	10,416	10,950
Air Force Capabilities	Defence	8,430	8,846	9,399	9,520	10,164
Sub-total		424,727	479,006	506,016	533,080	556,342
Other programs		220,061	205,079	209,366	210,244	215,437
Total expenses		644,788	684,085	715,382	743,324	771,779

- a) The entry for each program includes eliminations for inter-agency transactions within that program.
b) This program is a combination of agency costs, support for participants and administered expenses.
c) This program is a new program at the 2023-24 Budget and reflects the majority of the expenditure of the October Budget program Family Assistance.
d) This program is a combination of superannuation nominal interest and accrual expenses.

Links to all Budget documents

All Budget 2023 documents referred to references for individual items can be found at the following official Budget 2023-24 page [here](#).

We are available to discuss your specific circumstances with you and to assist with any decisions you might be considering. Don't hesitate to get in touch with your Prosperity Adviser today or give us a call on 1800 855 844.