

Fact Sheet 1 – Overview of the 2024-25 Budget

General overview and economic outlook:

The Government's fiscal strategy seeks to strike a balance between getting inflation under control, easing cost-of-living pressures, supporting sustainable growth and building fiscal buffers in an uncertain global environment. Since the 2022 Pre-Election Economic and Fiscal Outlook, the Government has:

- achieved an improved cumulative underlying cash balance by \$214.7 billion, reducing cumulative deficits by around two-thirds over the six years to 2027–28.
- achieved an additional \$104.8 billion in responsible savings, spending reprioritisations and budget improvements.
- returned 82 per cent of tax upgrades returned to the budget over the forward estimates, including 96 per cent in 2023–24 in this Budget.
- lowered the projected peak in gross debt as a share of GDP from 44.9 per cent of GDP to 35.2 per cent of GDP – lowering the peak by almost 10 percentage points of GDP.
- avoided around \$80 billion in interest payments over the medium term due to the improvements to the Budget position.

Table 1. Major Economic Parameters

	Outcome	Forecasts				
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Real GDP	3.1	1 3/4	2	2 1/4	2 1/2	2 3/4
Employment	3.5	2 1/4	3/4	1 1/4	1 3/4	1 3/4
Unemployment rate	3.6	4	4 1/2	4 1/2	4 1/2	4 1/4
Consumer price index	6.0	3 1/2	2 3/4	2 3/4	2 1/2	2 1/2
Wage price index	3.7	4	3 1/4	3 1/4	3 1/2	3 1/2
Nominal GDP	9.9	4 3/4	2 3/4	4	5 1/4	5 1/4

Table 2. Budget Aggregates

	Actual	Estimates					Total(a)	Projections
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28		2034-35
	\$b	\$b	\$b	\$b	\$b	\$b	\$b	
Underlying cash balance	22.1	9.3	-28.3	-42.8	-26.7	-24.3	-112.8	
Per cent of GDP	0.9	0.3	-1.0	-1.5	-0.9	-0.8		-0.1
Gross debt	889.8	904.0	934.0	1,007.0	1,064.0	1,112.0		
Per cent of GDP	34.7	33.7	33.9	35.1	35.2	34.9		30.2

Net debt	491.0	499.9	552.5	615.5	660.0	697.5		
Per cent of GDP	19.2	18.6	20.0	21.5	21.8	21.9		18.7

Global growth is expected to remain subdued over the next few years as the effects of high inflation, restrictive macroeconomic policies, geopolitical tensions, and challenges in the Chinese economy weigh on the outlook. Global growth is forecast to remain flat at around 3¼ per cent in 2024, 2025, and 2026. While fighting inflation remains the primary task, as inflationary pressures abate and labour markets soften, the global policy focus will begin to shift to managing risks to growth.

The Budget seeks to place Australia in a strong position to deal with any global economic challenges. Moderating but high inflation and higher interest rates here have resulted in lower growth over the past year. The Australian economy faces these challenges from a position of economic strength with inflation that is now less than half of its peak, a resilient labour market with unemployment close to 50-year lows, a return to annual real wage growth and a solid pipeline of business investment.

The Government's targeted cost-of-living measures are expected to reduce inflation, with energy bill relief and Commonwealth Rent Assistance expected to directly reduce inflation by ½ of a percentage point in 2024–25 and not expected to add to broader inflationary pressures. Treasury is forecasting this could see headline inflation return to the target band by the end of 2024, slightly earlier than expected at MYEFO.

The labour market has been resilient with an unemployment rate near historic lows, workforce participation near its record high, and around 780,000 jobs created since May 2022. Employment is growing faster than any major advanced economy. The unemployment rate is expected to rise modestly but remain below pre-pandemic levels.

The combination of nominal wages growing at their fastest rate in nearly 15 years and the moderation in inflation has resulted in real wages returning to annual growth.

Real GDP is expected to grow by 1¼ per cent in 2023–24 and remain subdued over the period ahead. Real GDP is forecast to grow by 2 per cent in 2024–25 and 2¼ per cent in 2025–26. Moderating inflation, higher wage growth, continuing employment growth and the Government's cost-of-living tax cuts should support a recovery in household consumption.

Budget Priorities:

The 2024–25 Budget delivers cost-of-living support and builds a future made in Australia. It helps ease the pressures people are under today, invests in a stronger and more resilient economy and continues the Government's record of responsible economic management.

This Budget responds to the challenges of today and lays the foundation for future prosperity by:

- Easing cost-of-living pressures
 - All 13.6 million Australian taxpayers will get a tax cut, averaging \$36 a week
 - \$3.5 billion for \$300 in energy bill relief to all Australian households; plus relief for one million small businesses
 - Waiving \$3 billion in student debt for more than 3 million Australians

- \$1.9 billion to increase Commonwealth Rent Assistance by a further 10 per cent, benefiting nearly 1 million households
- Cheaper medicines as part of the up to \$3 billion agreement with community pharmacies.
- **Building more home for Australians**
 - New housing investment of \$6.2 billion, for a total of \$32 billion under this Government
 - An additional \$1 billion to help states and territories build more homes
 - More student accommodation
 - \$16.5 billion additional funding for infrastructure projects to connect our cities and towns.
- **Investing in a Future Made in Australia**
 - \$22.7 billion to become a renewable energy superpower and strengthen our economic resilience
 - \$1.1 billion to reform higher education and support future productivity
 - \$466.4 million to advance Australia's quantum computing capabilities.
- **Strengthening Medicare and the care economy**
 - \$2.8 billion to strengthen Medicare, including a further 29 Medicare Urgent Care Clinics
 - \$3.4 billion for new and amended listings on the Pharmaceutical Benefits Scheme
 - \$2.2 billion to improve the aged care system
 - \$888.1 million to help people get the mental health care they need
 - Funding set aside towards increased aged care and child care wages.
- **Broadening opportunity and advancing equality**
 - \$925.2 million for victim-survivors leaving violent intimate partner relationships
 - \$1.1 billion to pay superannuation on Government-funded Paid Parental Leave.