



Parliamentary
Budget Office

GUIDE TO THE 2023-24 BUDGET

May 2023

This is an introductory guide to the 2023-24 Budget Papers. See the PBO's [Online budget glossary](#) for more detail on key terms related to the budget.

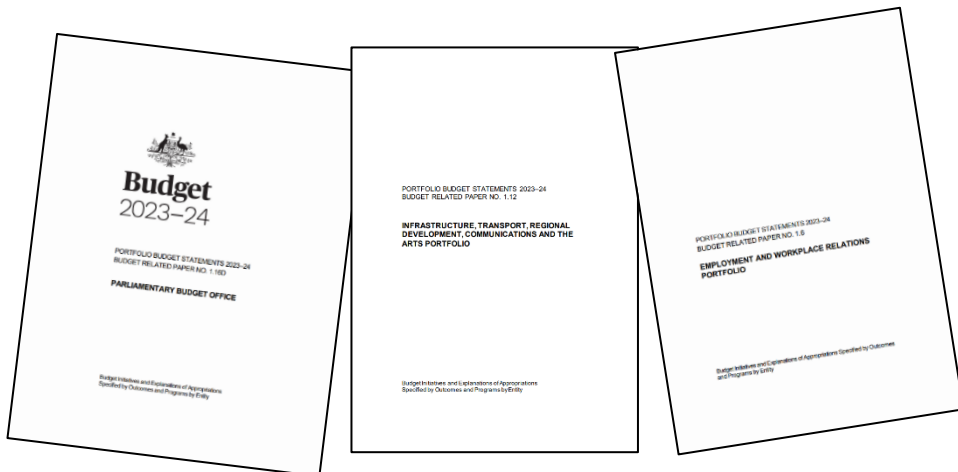
The Budget papers



The Budget overview and fact sheets



Portfolio Budget Statements



The Budget Papers

*The budget is presented in four books, called Budget Papers, plus several supporting documents.
The budget can be found at budget.gov.au*

Budget Paper No. 1: Budget Strategy and Outlook

Budget Paper No.1 (BP1) provides high-level information about the government's fiscal position and the overall economic outlook, including:

- the international and domestic economic outlook (**page 2 of this document**)
- the budget and fiscal outlook (**page 3**), including estimates of the budget balance, revenue, expenditure, and investment
- how the fiscal outlook has changed since the previous budget update (**page 4**)
- the balance sheet position, including assets, liabilities, and debt (**page 10**).

Statement 1 of BP1 provides an overview, with detail in the following 10 statements. This includes historical budget data in Statement 11.

Budget Paper No. 2: Budget Measures

Budget Paper No. 2 (BP2) contains details of policy decisions (measures) taken since the last update (**page 6**). Each measure is classified according to whether it impacts receipts or payments.

BP2 includes a summary table and a detailed description of each individual measure (**page 8**).

Budget Paper No. 3: Federal Financial Relations

Budget Paper No. 3 (BP3) contains information on payments made by the government to the states and territories (including GST).

Budget Paper No. 4: Agency Resourcing

Budget Paper No. 4 (BP4) contains information on the funding for each government agency.

Portfolio Budget Statements

The Portfolio Budget Statements (PBS) contain more detail on the proposed activities and expenditures of each agency within each portfolio.

Budget overview 'glossy' and fact sheets

The budget glossy and fact sheets highlight key aspects of the budget in a more accessible format.

Mid-Year Economic and Fiscal Outlook (MYEFO)

The MYEFO provides an update on the budget position and economic outlook, typically released between October and December. In most years, MYEFO is the main point of comparison for the budget. However, for this year, the mid-year update was replaced by the October 2022-23 Budget.

Economic forecasts

The Government's economic forecasts underpin the estimates for taxes and spending

Statement 1 of BP1 provides high-level information about the overall economic outlook, including a summary of the key items in Table 1.1 (these items form part of the 'economic parameters').

Table 1.1: Major economic parameters ^(a) economic growth

	Outcome		Forecasts			
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Real GDP	3.7	3 1/4	1 1/2	2 1/4	2 3/4	2 3/4
Employment	3.6	2 1/2	1	1	1 3/4	1 3/4
Unemployment rate	3.8	3 1/2	4 1/4	4 1/2	4 1/2	4 1/4
Consumer price index	6.1	6	3 1/4	2 3/4	2 1/2	2 1/2
Wage price index	2.6	3 3/4	4	3 1/4	3 1/4	3 1/2
Nominal GDP	11.0	10 1/4	1 1/4	2 1/2	5 1/4	5 1/4

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; Wage Price Index, Australia; Consumer Price Index, Australia; and Treasury.

Source: BP1, Statement 1: Budget Overview, page 6

Economic growth

Gross domestic product (GDP) is a measure of the size of the economy. GDP growth forecasts show expectations of how much economic activity is expected to expand or contract in each year.

- **Nominal GDP** measures the total *value* of goods and services produced. Many budget amounts are presented as a share of nominal GDP, which can assist with making meaningful comparisons over time.
- **Real GDP** growth removes the effect of price changes, or inflation, over time to measure the change in the *volume* of goods and services produced. Growth in real GDP is one of the most used measures for the health of the economy.

Tip: Have the last budget nearby so you can compare the economic forecasts. Previous budgets can be found at <https://archive.budget.gov.au>

Employment

Employment measures the percentage change in the number of people who have a job. The **unemployment rate** is the percentage of the labour force who are not employed.

Inflation

Inflation is the rate of increase in prices over time. A common measure of inflation is the **consumer price index (CPI)**, which captures the change over time in the prices paid by households for a fixed basket of goods and services.

The **wage price index (WPI)** measures the average change in wages, irrespective of the type or amount of work performed.

Do you need more information?
Statement 2 of BP1 contains more detail on the economic outlook.



The budget balances

There are many aggregate estimates in the budget. When people talk about the budget surplus or deficit, they are usually talking about the underlying cash balance

BP1 provides high-level information about the budget position. The forecast budget balance is shown in Table 1.2. More detail on the aggregates is in Statement 3: Fiscal Strategy and Outlook.

Table 1.2: Budget aggregates

	Actual	Estimates					Projection
	2021-2	2022-23	2023-24	2024-25	2025-26	2026-27	Total(a)
	\$b	\$b	\$b	\$b	\$b	\$b	\$b
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
Gross debt(b)	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(c)	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

a) Total is equal to the sum of amounts from 2022–23 to 2026–27.

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).

Source: BP1, Statement 1: Budget Overview, page 7

deficit = negative underlying cash balance
surplus = positive underlying cash balance

What is a budget surplus?

- The budget is in **surplus** when the government's receipts are greater than its payments.
- The budget is in **deficit** when the government's payments are greater than its receipts.

Cash accounting and accrual accounting

Many figures in the budget are shown both on a cash accounting basis and an accrual accounting basis. The **underlying cash balance** is a *cash* estimate while the **fiscal balance** (Table 3.8) is an *accrual* estimate. Differences between the two are often because of timing:

- Cash accounting recognises income and expenses when money changes hands.
- Accrual accounting records income when it is earned, and costs when they are incurred, regardless of when the related cash is received or paid. Accrual figures give information about money that will need to change hands in the future if it has not done so already.

The government and media usually quote the cash figures for the budget balance.

The **underlying cash balance** is broadly equal to receipts less payments.

The **fiscal balance** is an accrual measure that equals revenue less expenses plus net capital investment.



Do you need more information?

Detailed information can be found on:

- *Fiscal strategy and outlook: Statement 3 of BP1*
- *Revenue estimates: Statement 5 of BP1*
- *Expenses and net capital investment: Statement 6 of BP1.*

Budget estimates changes

The budget refers to the fiscal forecasts as ‘estimates’, which are revised between budget updates due to either new policy decisions or variations to economic and other parameters

The most recent economic and fiscal outlook before this budget was the October 2022-23 Budget. It updated the April 2022 Pre-election Economic and Fiscal Outlook (PEFO) estimates, and fulfilled the function of the mid-year update required by the [Charter of Budget Honesty](#).

What are *parameter variations*, and how are they different to *policy decisions*?

- The effect of **policy decisions** represents the changes to government finances that arise because of government decisions (measures). They can be new policy or changes to existing policy.
- **Parameter and other variations** are any changes to government finances that are not due to a policy decision. These are generally outside the direct control of the government. Parameter variations mostly occur because of changes in the broader Australian economy, including changes to the composition or demographics of the Australian population.

The policy decisions and parameter variations sum to the total change in the budget position.

Where can I find information on how the budget *estimates* have changed?

BP 1, Statement 3: Fiscal Strategy and Outlook, includes a table known as the **reconciliation table** (shown on the next page). It reconciles estimates from the previous budget with the current estimates. It is a helpful summary of the budget as it shows what has driven the change in the estimates from one update to the next.

The reconciliation table steps through how the underlying cash balance estimates have changed, usually stepping through recent updates. For the 2023-24 Budget, the start point for the reconciliation was the April 2022 PEFO, through the 2022-23 October Budget, to the 2023-24 Budget.

The table includes information on how the estimated actual for the current year has changed, as well as the forward estimates years (see **page 11**).

How to calculate the effect of policy decisions and parameter variations

Each of these effects can be broken down by which aspect of the government’s finances they impact.

- An increase in **receipts** has a **positive** effect on the budget balance.
- An increase in **payments** has a **negative** effect on the budget balance.

Do you need more information?

Detail on the reconciliation of estimates related to:

- *payments can be found in Table 3.3 of Statement 3 in BP1, and expenses in Table 6.2 of Statement 6 of BP1 – these tables show the detail of economic and other parameter variations*
- *receipts can be found Table 5.2 of Statement 5 of BP1*



The total effect of policy decisions or parameter variations is:



The total change in the budget balance for the 2023-24 Budget is:

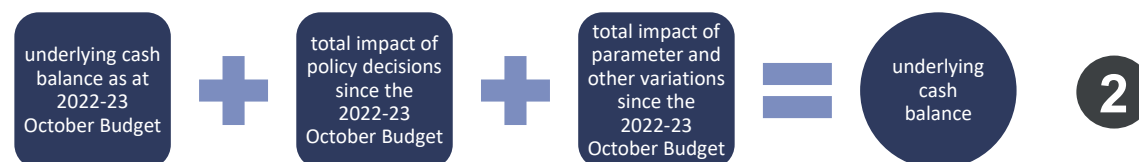


Table 3.2: Reconciliation of general government sector underlying cash balance estimates

	Estimates					Total
	2022-23 \$m	2023-24 \$m	2024-25 \$m	2025-26 \$m	2026-27 \$m	
2022 PEFO underlying cash balance(a)	-77,937	-56,525	-47,093	-42,936	-39,374	-263,864
Per cent of GDP	-3.4	-2.4	-1.9	-1.6	-1.4	
Changes from 2022 PEFO to 2022-23 October Budget						
Effect of policy decisions(b)	-1,096	747	-2,014	-7,420	*	*
Effect of parameter and other variations	42,181	11,729	-2,240	795	*	*
Total variations(c)	41,085	12,476	-4,253	-6,625	-14,575	28,108
2022-23 October Budget underlying cash balance(c)	-36,851	-44,048	-51,347	-49,561	-53,949	235,756
Per cent of GDP	-1.5	-1.8	-2.0	-1.8	-1.9	
Changes from 2022-23 October Budget to 2023-24 Budget						
Effect of policy decisions(b)(d)						
Receipts	125	1,757	5,378	6,413	8,382	22,055
Payments	1,012	-13,779	10,825	8,960	7,867	42,643
Total policy decisions impact on underlying cash balance	-1,087	-12,022	-5,447	-2,547	515	-20,588
Effect of parameter and other variations(d)						
Receipts	28,239	44,944	23,020	15,486	18,862	130,551
Payments	1,901	-2,792	1,284	5	-6,122	-15,941
Total parameter and other variations impact on underlying cash balance	42,140	42,153	21,736	15,481	24,984	146,492
2023-24 Budget underlying cash balance	4,202	-13,918	-35,058	-36,627	-28,450	-109,852
Per cent of GDP	0.2	-0.5	-1.3	-1.3	-1.0	

*Data is not available.

- a) 2026-27 as published in the medium-term projections, pages 10 and 11 of the 2022 PEFO.
- b) Excludes secondary impacts on public debt interest of policy decisions and offsets from the Contingency Reserve for decisions taken.
- c) 2026-27 as published in the medium-term projections, page 81 of Budget Paper No. 1, *Budget Strategy and Outlook October 2022-23*.
- d) A positive number for receipts improves the underlying cash balance, while a positive number for payments worsens the underlying cash balance.

Source: BP1, Statement 3: Fiscal Strategy and Outlook, page 94

Do you need more information?

A reconciliation of the fiscal balance, which is on an accrual basis, is available in Table 3.9 of BP1, Statement 3.



New measures

A “measure” is a policy decision or action the government has decided to take, including an amendment to an existing policy

Where can I find information on new measures?

BP2 includes details of every measure undertaken since the last update - the October 2022-23 Budget. BP2 includes a summary table and details on each individual measure, including:

- a description of the measure
- the projected costs or income associated with the measure.

The measures listed in BP2 are split into 2 sections: **receipts** and **payments**.

An excerpt of the summary is shown on the next page.

How do I interpret the numbers?

The numbers in the table represent the impact of the policy within the portfolio each year across the forward estimates.

- A positive number for a **receipts** measure means the government has more money flowing in (and vice versa).
- A positive number for **payments** (or **capital**) measures means the government is spending more (and vice versa).

How do I find a particular measure?

Measures are listed under the relevant policy portfolio, according to the department responsible for implementing the measure.

Note: if more than one department is involved, the same measure may appear under multiple portfolios in the table.

If a topic does not clearly align with ministerial responsibilities, then you may need to look across multiple portfolios to find a measure.

For example, most indigenous-specific measures are listed under the Prime Minister and Cabinet portfolio, which includes the National Indigenous Australians Agency. However, there may also be measures listed under other portfolios, such as Health, which include indigenous-specific funding.

Look for relevant terms in the budget measure title or description to find any relevant measures.

Also, check the Portfolio Budget Statements (PBS) for more information.

Table 2: Payment measures since the 2022–23 October Budget^(a) (continued)

	2022-23	2023-24	2024-25	2025-26	2026-27
	\$m	\$m	\$m	\$m	\$m
portfolio name					
INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT, COMMUNICATIONS AND THE ARTS (continued)					
<i>Special Broadcasting Service Corporation</i>					
Better Funded National Broadcasters	-	-	10.9	12.2	12.4
Portfolio total	-43.4	385.8	504.2	488.3	278.4
PARLIAMENT					
<i>Department of Parliamentary Services</i>					
Parliamentary Departments – additional resourcing	-	5.5	3.7	3.9	3.5
<i>Department of the House of Representatives</i>					
Adequate Funding for Oversight of Our Intelligence Agencies	-	0.3	0.3	0.3	0.3
<i>Department of the Senate</i>					
Parliamentary Departments – additional resourcing	-	2.2	2.2	2.3	2.3
Portfolio total	-	+ 8.0	+ 6.3	+ 6.4	+ 6.2
PRIME MINISTER AND CABINET					
<i>Aboriginal Hostels Limited</i>					
Closing the Gap – further investment	-	10.0	10.0	-	-
<i>Australian Institute of Aboriginal and Torres Strait Islander Studies</i>					
Revive – National Cultural Policy and Location Incentive(b)	0.6	2.6	1.8	-	-
<i>Australian National Audit Office</i>					
Additional Resourcing for the Australian National Audit Office	-	3.4	3.1	4.1	3.9
<i>Australian Public Service Commission</i>					
APS Capability Reinvestment Fund: 2023-24 projects funded under round one(b)	-	3.7	1.8	-	-
<i>Department of the Prime Minister and Cabinet</i>					
Additional Resourcing for the National Australia Day Council	-	11.5	-	-	-
APS Capability Reinvestment Fund: 2023-24 projects funded under round one(b)	-	-2.9	-4.5	-	-
Enhancing Pacific Engagement(b)	-	0.5	0.5	0.5	0.5
Improving the Culture of Parliamentary Workplaces	-	4.0	-	-	-
<i>National Net Zero Authority</i>					
	-	23.2	20.0	20.0	20.0
<i>Preserving Australia's Global Economic Influence</i>					
	-	nfp	nfp	nfp	nfp
<i>Prime Minister and Cabinet – additional resourcing</i>					
	-	11.3	2.5	2.5	

= \$26.9m

each row represents an individual measure

Source: BP2, Part 2: Payment Measures page 47

KEY

- zero
- .. rounded to zero
- nfp not for publication
- * unquantifiable



Do you need more information?
Detailed information on each measure listed in the table can be found directly after the summary table. See next page.

New measures in detail

Further details of each budget measure can be found directly after the summary tables in BP2

Each measure includes a **description** of the measure and additional information on **funding sources**. If the measure is split across several portfolios, they will all be listed under the detailed measure description.

An example of a cross-portfolio measure from the 2023-24 Budget is below. Note that figures may not sum due to rounding.

Home Affairs

Migration Program – 2023-24 planning levels

Receipts (\$m)

	2022-23	2023-24	2024-25	2025-26	2026-27
Department of Home Affairs	-
Australian Taxation Office	-	-10.0	-10.0	-5.0	-5.0
Total – Receipts	- +	-10.0 +	-10.0 +	-5.0 +	-5.0 +
<i>Related payments (\$m)</i>					
National Disability Insurance Agency	-	3.0	6.5	2.2	-2.5
Department of Employment and Workplace Relations	-	-	-
Services Australia	-
Department of Health and Aged Care	-	-0.1	-0.1
Department of Education	-	-0.9	-5.4	-4.7	-3.8
Department of Social Services	-	-2.3	-4.0	-4.2	-3.5
Department of Home Affairs	-	-3.1	-5.3	-1.9	-1.3
Department of the Treasury	-	-5.0	-10.0	-10.0	-10.0
Total – Payments	- -	-8.4 -	-18.4 -	-18.6 -	-21.1 -

total cost of the measure:
= **-\$30.0m**

less

= **-\$66.5m**

equals

\$36.5m

For the 2023–24 permanent Migration Program, the Government will return the planning level to the longer-term level of 190,000 places and will allocate 137,100 places (around 70 per cent) to the Skill stream, helping address Australia’s longer term skill needs.

The Government will improve pathways to permanency for Temporary Skill Shortage (TSS) (subclass 482) visa holders. Restrictions will be removed to enable TSS visa holders on the short-term stream access to permanent residence pathways through the Employer Nomination Scheme (subclass 186) visa. The limit of one onshore renewal for the short-term stream TSS visa will also be removed.

This permanent Migration Program measure is estimated to decrease receipts by \$30.0 million and decrease payments by \$66.4 million over the 5 years from 2022–23. Improving pathways to permanency for TSS visa holders is estimated to result in an unquantifiable impact on receipts and increase payments by \$0.6 million over the 5 years from 2022–23.

Source: BP2, Part 1: Receipt Measures, page 10

How do I calculate the total impact of a measure?

The previous table presents the impact of a measure on a cash basis in each year of the forward estimates (page 11). Add together the impact in each year to get the total impact of the measure.

Check the description of the measure to find out if the policy is terminating or ongoing.

- If the impact of a measure is nil in the final year, the policy may be ending.
- If a measure has an impact in the final year, the policy may continue beyond the years shown.

A measure can have an effect in both the receipts and payments sections of BP2. In this case, the net impact of the measure can be found by summing up the impact in each year in each section.

Depending on the nature of the policy, particularly those where the financial impact is relevant for many years, the description may cover different time periods.

Other amounts included in the measure description may differ from those shown in the table. For example, they may include funding which:

- has been redirected from another area, or
- was included in a previous related budget measure and so is not a change in funding.

This funding would **not** show up in the budget tables, as these only show the **net impact** on the budget.

An example of a terminating program that also includes reprioritisation in the measure description is below:

Climate Change, Energy, the Environment and Water

Capturing Australia's Emissions Reduction Data – additional funding

Payments (\$m)

	2022-23	2023-24	2024-25	2025-26	2026-27	
Department of Climate Change, Energy, the Environment and Water	-	- 7.2	- 7.9	- 6.6	- -	= \$21.9m ¹

The Government will provide additional funding of \$21.8 million over 3 years from 2023–24 to maintain and enhance the capability of Australia's National Greenhouse Accounts to deliver high-quality emissions data and track progress against Australia's emissions reduction targets.

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*.

Source: BP2, Part 2: Payment Measures, page 67

Note: ¹ Due to rounding, the calculated payment differs from the value reported in the text.

Government debt

Net debt is a key measure of the government's balance sheet and is often used as an indicator of the sustainability of the government's financial position

How does the budget balance affect the government's debt position?

The government's debt position is affected by the amount spent or saved each year.

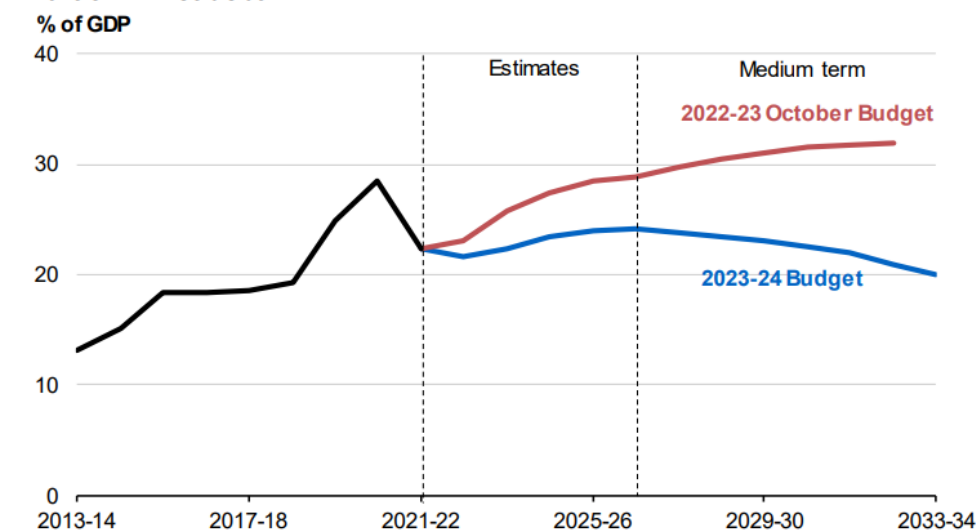
- A **deficit** means the government will need to borrow to cover expenses, which will increase net debt. Additional debt will also increase interest payments in future years.
- A **surplus** means the government can pay down debt, which will decrease interest payments in future years.

How is debt calculated?

The budget provides figures for both **gross debt** and **net debt**.

- **Gross debt** shows what the government owes (its financial liabilities), but it does not include any of the government's financial assets that offset its debt.
- **Net debt** takes account of some of the government's assets and is a more meaningful measure of the overall financial health of a government. Net debt is equal to gross debt minus a pool of liquid financial assets. Chart 3.14 of BP1, Statement 3 visualises net debt as a share of GDP.

Chart 3.14: Net debt



Source: Treasury.

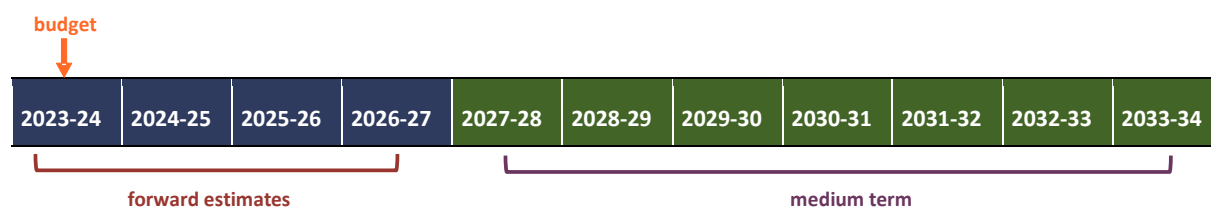
Source: BP1, Statement 3: Fiscal Strategy and Outlook, page 113

Do you need more information?

Detailed information on debt is available in BP1, Statement 3, Statement 7, and Statement 10.



Time periods used in the budget



- The **budget year** is the financial year covered by the Budget, which is 2023-24.
- The **forward estimates** cover the budget year and the three years following, which are 2024-25 to 2026-27.
- The **medium term** is the seven years following the forward estimates, which are 2027-28 to 2033-34.

For more explanations of key budget terms, see the PBO's [Online budget glossary](#).

Need more information?

Some key resources to understand the budget can be found here:

[Budget.gov.au | Budget 2023–24](#)

[Budget 2022-23 \(October\)](#)

[2023-24 Budget Snapshot](#)

[Fact sheet: Overview of the Budget Process](#)

[Indexation & the budget – an introduction](#)

[Trends in personal income tax](#)

[How is super taxed?](#)

[The Contingency Reserve](#)

[Online budget glossary – Parliament of Australia \(aph.gov.au\)](#)

