# Pre-election Economic and Fiscal Outlook

## Overview

Consistent with the Charter, the 2025 PEFO provides updated fiscal and economic estimates and projections, based on the best professional judgment of the Treasury and the Department of Finance, reflecting all known information at the time of the issue of the election writs on 31 March 2025.

At the time the election writs were issued, the economic and fiscal outlook had not materially changed from that published in the 2025–26 Budget on 25 March 2025.

The underlying cash balance is expected to be a deficit of $27.9 billion (1.0 per cent of GDP) in 2024–25 and $42.2 billion (1.5 per cent of GDP) in 2025–26. Gross debt is expected to be 36.8 per cent of GDP at 30 June 2029 and net debt is expected to be 23.1 per cent of GDP at 30 June 2029. Table 1 provides estimates of the major fiscal aggregates over the forward estimates.

Since the issue of the writs:

* On 3 April 2025, the United States administration announced across‑the‑board tariffs on goods imports into the United States, ranging from 10 to 50 per cent.
* On 4 April 2025, China announced a range of countermeasures, including imposing a 34 per cent tariff on all goods imports from the United States.

This escalation in trade hostilities has created significant economic uncertainty and exacerbates the risks to the economic and fiscal outlook.

Table 1: Budget aggregates

|  |  |  |  |
| --- | --- | --- | --- |
|   | Estimates |   |   |
|   | 2024‑25 | 2025‑26 | 2026‑27 | 2027‑28 | 2028‑29 |   | Total |
|   | $b | $b | $b | $b | $b |   | $b |
| **Underlying cash balance** | **‑27.9** | **‑42.2** | **‑35.4** | **‑37.1** | **‑37.0** |  | **‑179.5** |
| Per cent of GDP | ‑1.0 | ‑1.5 | ‑1.2 | ‑1.2 | ‑1.1 |   |   |
|   |   |   |   |   |   |   |   |
| **Gross debt(a)** | **940.0** | **1,022.0**  | **1,092.0**  | **1,161.0**  | **1,223.0**  |  |  |
| Per cent of GDP | 33.7 | 35.5 | 36.5 | 36.9 | 36.8 |   |   |
|   |   |   |   |   |   |   |   |
| **Net debt(b)**  | **556.3** | **620.7** | **676.3** | **713.9** | **768.2** |   |  |
| Per cent of GDP  | 20.0 | 21.6 | 22.6 | 22.7 | 23.1 |   |   |

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. The change in the underlying cash balance since the 2025–26 Budget has not materially changed the Government’s financing requirement. Gross debt estimates therefore remain unchanged since the 2025–26 Budget.
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.