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FINAL BUDGET OUTCOME 2020-21

The Final Budget Outcome for 2020-21 shows Australia's economy is resilient and well-positioned to bounce back from the significant challenges brought about by COVID-19.

By providing an unprecedented \$311 billion in economic and health support to Australian households and businesses, the Morrison Government ensured Australia avoided a severe economic contraction, as seen in other parts of the world.

This economic and health support was possible because Australia entered the pandemic in a strong fiscal position, with the Federal Budget returning to balance for the first time in 11 years in 2018-19.

Having maintained our AAA credit rating from the three leading credit agencies, the Government's effective fiscal management of the pandemic has meant that Australia's downturn in 2020 was less severe than the majority of other OECD countries.

This has ensured the economy is in a position to bounce back rapidly from current economic headwinds.

This puts Australia on a more sustainable fiscal trajectory, particularly as we move closer to our nationally agreed targets of 70 to 80 per cent vaccination rates, which underpin the safe re-opening of our economy.

The Australian Government general government sector recorded an underlying cash deficit of \$134.2 billion in 2020-21. This compares with a forecast deficit of \$213.7 billion at the time of the 2020-21 Budget, and a forecast deficit of \$161.0 billion at the time of the 2021-22 Budget.

The improvement in the underlying cash balance was the result of higher total receipts of \$56.1 billion and \$20.1 billion, and lower total payments of \$23.3 billion and \$6.7 billion when compared to the original estimates in the 2020-21 Budget and the 2021-22 Budget respectively.

This reflects the stronger-than-expected economic recovery, supported by the Government's economic response, from the early COVID-19 outbreaks in calendar year 2020, with activity improving and rising above pre-pandemic levels in the first half of 2021.

Net debt was \$592.2 billion (28.6 per cent of GDP), at the end of 2020-21, which was \$25.3 billion lower than forecast at the time of the 2021-22 Budget and \$111.0 billion less than what was originally estimated in the 2020-21 Budget.

This primarily reflects the decreased borrowing requirement due to the improvement in the underlying cash balance stemming from the stronger-than-expected economic recovery from the COVID-19 pandemic.

Despite our increased debt levels, they remain lower than many comparable nations, with the average of gross debt to GDP ratios for G7 economies being above 100 per cent of GDP.

The 2020-21 Final Budget Outcome document can be found on the Budget website.

Ends