

PRE-ELECTION ECONOMIC AND FISCAL OUTLOOK 2010

A REPORT BY
THE SECRETARY TO THE TREASURY AND
THE SECRETARY TO THE DEPARTMENT OF FINANCE AND
DEREGULATION

JULY 2010

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FOREWORD

The *Charter of Budget Honesty Act 1998* (the Charter) provides for the Secretary to the Treasury and the Secretary to the Department of Finance and Deregulation (the Secretaries) to release publicly a Pre-Election Economic and Fiscal Outlook report (PEFO) within ten days of the issue of the writ for a general election. Such a writ was issued on 19 July 2010.

The purpose of the PEFO is to provide updated information on the economic and fiscal outlook. The information in the report takes into account, to the fullest extent possible, all Government decisions made before the issue of the writ and all other circumstances that may have a material effect on the fiscal and economic outlook.

In recognition of the limited time available to prepare the PEFO, the Charter provides that information which is unchanged from that provided in an earlier economic and fiscal outlook report may be summarised in the PEFO.

The 2010 PEFO updates the estimates contained in the *2010-11 Budget* and the *Economic Statement*. Like the Economic Statement, the 2010 PEFO takes into account information contained in the March quarter national accounts. In addition, it includes all decisions taken by the Government since the 2010-11 Budget.

Consistent with the Charter's requirements, the PEFO:

- provides an updated fiscal outlook;
- presents the updated economic forecasts which underpin the revised expenses, capital and revenue estimates;
- summarises the changes in the expenses, capital and revenue estimates;
- provides in **Appendix A** a summary of the external reporting standards used in the preparation of the PEFO and updated financial statements;
- lists in **Appendix B** the policy decisions taken by the Government since the 2010-11 Budget;
- updates in **Appendix C** the general and specific risks to the budget forward estimates for material changes in these risks since the 2010-11 Budget; and
- discusses in **Appendix D** the sensitivity of the budget forward estimates to changes in major economic parameters.

STATEMENT BY THE DEPUTY PRIME MINISTER AND TREASURER AND THE MINISTER FOR FINANCE AND DEREGULATION

Consistent with the *Charter of Budget Honesty Act 1998*, we declare that we have disclosed to the Secretary to the Treasury and the Secretary to the Department of Finance and Deregulation all details of any Government decision, or any other circumstance, that we know about:

- (i) that has, or could have, material fiscal or economic implications; and
- (ii) that neither of the responsible Secretaries could reasonably be expected to know about.



Wayne Swan
Deputy Prime Minister and
Treasurer

19 July 2010



Lindsay Tanner
Minister for Finance and Deregulation

19 July 2010

STATEMENT BY THE SECRETARY TO THE TREASURY AND THE SECRETARY OF THE DEPARTMENT OF FINANCE AND DEREGULATION

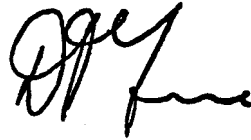
Consistent with the *Charter of Budget Honesty Act 1998*, we declare that, to the fullest extent possible, the information in the *Pre-Election Economic and Fiscal Outlook 2010* for which we are responsible:

- (i) reflects the best professional judgment of the officers of the Treasury and the Department of Finance and Deregulation;
- (ii) takes into account all economic and fiscal information available; and
- (iii) incorporates the fiscal implications of Government decisions and circumstances disclosed by the responsible Ministers.



Ken Henry
Secretary to the Treasury

23 July 2010



David Tune
Secretary of the Department of Finance
and Deregulation

23 July 2010

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Notes

- (a) The following definitions are used in the PEFO:
- ‘real’ means adjusted for the effect of inflation;
 - real growth in expenses is measured by the Consumer Price Index (CPI) deflator;
 - one billion is equal to one thousand million; and
 - the Budget year refers to 2010-11, while the forward years refer to 2011-12, 2012-13 and 2013-14.
- (b) Figures in tables and generally in the text have been rounded. Discrepancies in tables between totals and sums of components are due to rounding:
- estimates under \$100,000 are rounded to the nearest thousand;
 - estimates \$100,000 and over are generally rounded to the nearest tenth of a million;
 - estimates midway between rounding points are rounded up; and
 - the percentage changes in statistical tables are calculated using unrounded data.
- (c) For the budget balance, a negative sign indicates a deficit while no sign indicates a surplus.
- (d) The following notations are used:
- | | |
|---------|---|
| NEC/nec | not elsewhere classified |
| - | nil |
| .. | not zero but rounded to zero |
| * | The nature of this measure is such that a reliable estimate cannot be provided. |
| na | not applicable (unless otherwise specified) |
| nfp | not for publication |
| (e) | estimates |
| (p) | projections |
| \$m | \$ million |
| \$b | \$ billion |

- (e) The Australian Capital Territory and the Northern Territory are referred to as 'the Territories'. References to the 'States' or 'each State' include the territories. The following abbreviations are used for the names of the States, where appropriate:

| | |
|-----|------------------------------|
| NSW | New South Wales |
| VIC | Victoria |
| QLD | Queensland |
| WA | Western Australia |
| SA | South Australia |
| TAS | Tasmania |
| ACT | Australian Capital Territory |
| NT | Northern Territory |

