

PRE-ELECTION ECONOMIC AND FISCAL OUTLOOK 2007

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

OCTOBER 2007

© Commonwealth of Australia 2007
ISBN 0 642 74425 4

This work is copyright. Apart from any use as permitted under the *Copyright Act 1968*, no part may be reproduced by any process without prior written permission from the Commonwealth. Requests and inquiries concerning reproduction and rights should be addressed to:

Commonwealth Copyright Administration
Attorney-General's Department
Robert Garran Offices
National Circuit
BARTON ACT 2600

Or posted at:

<http://www.ag.gov.au/cca>

Internet

The *Pre-Election Economic and Fiscal Outlook 2007* is available on the Treasury website at: www.treasury.gov.au and on the Department of Finance and Administration website at: www.finance.gov.au

Purchasing copies

Over the counter at:
16 Nyrang Street, Fyshwick ACT

CanPrint Telesales:
Toll Free 1300 889 873
(Operator service available between 8 am and 5 pm AEST weekdays.
Message facility available for after hours calls.)

CanPrint Mail Order Sales:
PO Box 7456
Canberra MC ACT 2610

By email at:
sales@infoservices.com.au

Printed by CanPrint Communications Pty Ltd

FOREWORD

The *Charter of Budget Honesty Act 1998* (the Charter) provides for the Secretaries to the Departments of the Treasury and of Finance and Administration (the Secretaries) to publicly release 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 17 October 2007.

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 2007 PEFO updates the estimates contained in the *Mid-Year Economic and Fiscal Outlook 2007-08* (MYEFO). Like the 2007-08 MYEFO, the 2007 PEFO takes into account information contained in the June quarter national accounts. In addition, it includes all decisions taken by the Government since the 2007-08 MYEFO.

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 **Attachment A** a summary of the external reporting standards used in the preparation of the PEFO;
- provides in **Attachment B** updated financial statements;
- provides in **Appendix A** the general government financial statements on a Government Finance Statistics (GFS) basis, consistent with the *Accrual Uniform Presentation Framework*; and
- provides in **Appendix B** the general government financial statements on an Australian Accounting Standards (AAS) basis.

STATEMENT BY THE TREASURER AND THE MINISTER FOR FINANCE AND ADMINISTRATION

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 Administration 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.



Peter Costello
Treasurer



Nick Minchin
Minister for Finance and Administration

18 October 2007

17 October 2007

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

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 2007* for which we are responsible:

- (i) reflects the best professional judgment of the officers of the Treasury and the Department of Finance and Administration;
- (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

22 October 2007



IJ Watt
Secretary to the Department of Finance
and Administration

22 October 2007

CONTENTS

Foreword	iii
Overview	1
Economic outlook	1
Fiscal outlook	2
Attachment A: Reporting standards	8
Attachment B: Budget financial statements	10
Appendices	
Appendix A: Government Finance Statistics statements	15
Appendix B: Australian Accounting Standards financial statements	23

Notes

- (a) The following definitions are used in the PEFO:
- ‘real’ means adjusted for the effect of inflation;
 - real growth in expenses is measured using the non-farm Gross Domestic Product deflator;
 - Budget year refers to 2007-08, while the forward years refer to 2008-09, 2009-10 and 2010-11; and
 - one billion is equal to one thousand million.
- (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

