

# **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

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## 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



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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 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

