

PRE-ELECTION ECONOMIC AND FISCAL OUTLOOK 2004

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

SEPTEMBER 2004

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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 31 August 2004.

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 2004 PEFO updates the estimates contained in the 2004-05 Budget. It takes into account information contained in the June quarter national accounts, and all decisions taken by the Government since the 2004-05 Budget.

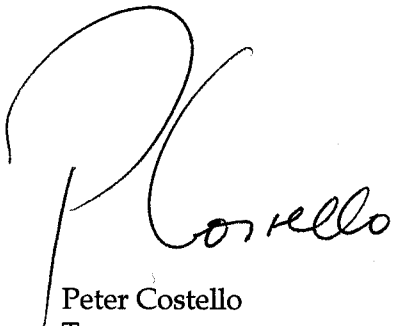
Consistent with the Charter's requirements, the PEFO:

- 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 **Attachment A** a summary of the external reporting standards used in the preparation of the PEFO;
- provides in **Attachment B** updated financial statements;
- discusses in **Attachment C** the sensitivity of the forward budget estimates to changes in major economic parameters;
- lists in **Appendix A** the policy decisions taken by the Government since the 2004-05 Budget;
- provides in **Appendix B** the general government financial statements on a Government Finance Statistics (GFS) basis, consistent with the *Accrual Uniform Presentation Framework*;
- provides in **Appendix C** the general government financial statements on an Australian Accounting Standards (AAS) basis; and
- updates in **Appendix D** the general and specific risks to the forward budget estimates for material changes in these risks since the 2004-05 Budget.

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

- 2 SEP 2004



Nick Minchin
Minister for Finance and
Administration

- 2 SEP 2004

**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 2004* for which we are responsible:

- (i) reflects the best professional judgement 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

8 September 2004



I J Watt
Secretary to the Department of
Finance and Administration

8 September 2004

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Notes

- (a) The following definitions are used in the Pre-Election Economic and Fiscal Outlook:
- ‘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 2004-05, while the forward years refer to 2005-06, 2006-07 and 2007-08; 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 |
| AEST | Australian Eastern Standard Time |
| - | nil |
| .. | not zero but rounded to zero |
| 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

- (f) In this paper the term Commonwealth refers to the Commonwealth of Australia. The term is used when referring to the legal entity of the Commonwealth of Australia.

The term Australian Government is used when referring to the Government and the decisions and activities made by the Government on behalf of the Commonwealth of Australia.