

# **PRE-ELECTION ECONOMIC AND FISCAL OUTLOOK 2001**

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

October 2001

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## Foreword

The *Charter of Budget Honesty Act 1998* (the Charter) provides for the Secretaries of 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 8 October 2001.

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 2001 PEFO updates the estimates contained in the 2001-02 Budget. It includes information contained in the June quarter national accounts, and all decisions taken by the Government since the 2001-02 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 2001-02 Budget;
- updates in **Appendix C** the general and specific risks to the forward budget estimates for material changes in these risks since the 2001-02 Budget; and
- discusses in **Appendix D** the sensitivity of the forward budget estimates to changes in major economic parameters.

## 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

9 Oct. 2001



John Fahey  
Minister for Finance and  
Administration

9 October 2001

## Statement by the Secretary to the Treasury and the Secretary to the Department of Finance and Administration

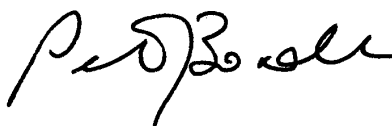
Consistent with the *Charter of Budget Honesty Act 1998*, we declare that, to the fullest extent possible, the information in the Pre-Election Economic and Fiscal Outlook 2001 for which we are responsible:

- (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

17 October 2001



Peter J. Boxall  
Secretary  
to the Department of Finance  
and Administration

17 October 2001

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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 non-farm Gross Domestic Product (GDP) deflator;
  - the budget year refers to 2001-02, while the forward years refer to 2002-03, 2003-04 and 2004-05; 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.
- (e) 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                         |
| \$m     | \$ million                                  |
| \$b     | \$ billion                                  |

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

NSW        New South Wales

VIC/Vic    Victoria

QLD/Qld   Queensland

WA         Western Australia

SA         South Australia

TAS/Tas    Tasmania

ACT        Australian Capital Territory

NT         Northern Territory