1998-99 BUDGET PAPER No. 1

BUDGET STRATEGY AND OUTLOOK 1998-99

CIRCULATED BY
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FOREWORD

Budget Paper No. 1 — Budget Strategy and Outlook 1998-99 has been drafted in line with the Charter of Budget Honesty, which has now passed through the Parliament. The Charter requires that, inter alia, the Government provide a statement of its fiscal strategy and a report on the economic and fiscal outlook.

Consistent with these requirements, this Paper contains seven statements:

- **Statement 1 — Fiscal Strategy**. A statement of the fiscal strategy, which includes a summary of the budget aggregates and budget priorities.
- **Statement 2 — Economic and Fiscal Outlook**. The Economic Outlook discusses the economic forecasts which underpin the outlays and revenue estimates while the Fiscal Outlook provides an overview of the fiscal position and the factors influencing outlays and revenue estimates. The Statement also contains the following appendices:
  - — Appendix A: Statement of Risks. A detailed description of general and specific risks to the forward estimates.
  - — Appendix B: Sensitivity of Fiscal Aggregates to Economic Developments. A discussion of the sensitivity of the forward estimates to changes in the economic parameters.
  - — Appendix C: Tax Expenditures. A discussion of the budgetary impact of concessional taxation treatment of specific groups and/or activities.
  - — Appendix D: Historical Budget and Net Debt Data. Tables with historical data and forward estimates for budget aggregates and Commonwealth general government net debt.
  - — Appendix E: Classification Issues. A discussion of the conceptual basis for the classifications used for Commonwealth budget statistics and differences from Government Finance Statistics, and an explanation of how items have been reclassified in the 1998-99 Budget.
  - — Appendix F: Commonwealth Government Sector Statistics. Fiscal estimates for the Commonwealth general government, public trading enterprise and consolidated government sectors.
- **Statement 3 — The Current Account Deficit: Structural Improvements**. A discussion of the factors underlying the forecast increase in the current account deficit in 1998-99, including the general improvement in the economic and policy environment in which this increase will occur.
- **Statement 4 — Outlays**. Overview of budget underlying outlays estimates by portfolio as well as a detailed discussion of underlying outlays by function, together with a statistical appendix covering underlying outlays by function, economic type and portfolio.

- **Statement 5 — Revenue**. A detailed discussion of budget revenue estimates.

- **Statement 6 — Budget Funding**. Details of the Commonwealth's recent and prospective budget funding activities.

- **Statement 7 — The Public Sector**. Trends in public sector balances as a whole and Government Finance Statistics (GFS) tables.

In addition, to complement *Budget Paper No. 1*, *Budget Paper No.2 — Budget Measures 1998-99*, provides comprehensive information on all revenue and outlays measures announced in the Budget.

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NOTES

(a) The following definitions are used in this Budget Paper:

- underlying outlays = total outlays - net advances;
- net advances = net equity transactions + net policy lending;
- ‘real’ means adjusted for the effect of inflation;
- real growth in outlays is measured by the non-farm Gross Domestic Product deflator;
- Budget year refers to 1998-99, while the forward years refer to 1999-2000, 2000-01 and 2001-02; 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 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) In tables, the sign in front of the number reflects the impact of the change on the aggregate concerned, eg a negative in a revenue table reflects a reduction in revenue.

(d) For the budget balance, a negative sign indicates a deficit while no sign indicates a surplus. For Statement 7, however, the ABS sign convention is used for presenting a deficit, where a negative 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

(f) References to the ‘States’ or ‘each State’ include the Territories, because from 1993-94 onwards, general purpose funding has been on the same basis for all jurisdictions. 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

Budget Strategy and Outlook 1998-99 is one of a series of Budget Papers, the purpose of which is to provide information supplementary to that in the Budget Speech. A full list of the series is printed on the inside cover of this Paper.