

MID-YEAR ECONOMIC AND FISCAL OUTLOOK 1998-99

STATEMENT BY
THE HONOURABLE PETER COSTELLO, M.P.
TREASURER OF THE COMMONWEALTH OF AUSTRALIA, AND
THE HONOURABLE JOHN FAHEY, M.P.
MINISTER FOR FINANCE AND ADMINISTRATION

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MID-YEAR ECONOMIC AND FISCAL OUTLOOK

FOREWORD

The 1998-99 Mid-Year Economic and Fiscal Outlook (MYEFO) has been drafted in line with the *Charter of Budget Honesty Act 1998*. The Charter requires that, inter alia, the Government provide a report by the end of January each year which provides updated information to allow the assessment of the Government's fiscal performance against its fiscal strategy.

Consistent with these requirements:

- **Part I** provides an overview of the economic and fiscal outlook.
- **Part II** discusses the economic forecasts which underpin the outlays and revenue estimates.
- **Part III** provides details of the fiscal position and the factors influencing outlays and revenue estimates.
- **Appendix A** provides details of decisions taken since the 1998-99 Budget which affect outlays and revenue estimates.
- **Appendix B** provides a detailed description of general and specific risks to the forward estimates.
- **Appendix C** discusses the sensitivity of the forward estimates to changes in economic and other parameters.
- **Appendix D** explains how items have been classified in the MYEFO.
- **Appendix E** provides estimates for the Commonwealth general government sector and Government Finance Statistics (GFS) tables.

The MYEFO provides the first economic forecasts for the 1999-2000 financial year and their effect on the fiscal estimates.

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NOTES

- (a) The following definitions are used in the MYEFO:
- 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. However, the GFS tables in Appendix E are based on the ABS sign convention, where a negative sign indicates a surplus.
- (e) The following notations are used:
- | | |
|---------|---|
| NEC/nec | not elsewhere classified |
| - | 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 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 |

- (g) The title of portfolios are derived from the name of the Department of State listed in the Administrative Arrangements Order. Therefore a portfolio may have a different title from the formal title of the relevant Minister of State. For example:

Minister

Prime Minister

Treasurer

Minister for Communications, Information
Technology and the Arts

Portfolio

Prime Minister and Cabinet

Treasury

Communications, Information Technology
and the Arts