MID-YEAR ECONOMIC AND FISCAL OUTLOOK 2004-05

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FOREWORD

The *2004-05 Mid-Year Economic and Fiscal Outlook* (MYEFO) has been prepared in accordance with the *Charter of Budget Honesty Act 1998*. The Charter requires that the Government provide a mid-year budget report which provides updated information to allow the assessment of the Government's fiscal performance against its fiscal strategy.

Consistent with these requirements:

- **Part 1: Overview** — contains summary information on the key fiscal and economic indicators.

- **Part 2: Economic outlook** — discusses the domestic and international economic forecasts that underpin the budget estimates.

- **Part 3: Fiscal outlook** — provides a discussion of the budget outlook and a summary of the factors explaining variations in the operating statement, balance sheet and cash flow statement since the 2004-05 Budget. This part also discusses the sensitivity of the forward budget estimates to changes in major economic parameters.

- **Appendix A: Policy decisions taken since the 2004-05 Budget** — lists the policy decisions taken by the Government since the 2004-05 Budget.

- **Appendix B: Government Finance Statistics (GFS) statements** — provides the general government and consolidated whole of government financial statements on a GFS basis, consistent with the *Accrual Uniform Presentation Framework*.

- **Appendix C: Australian Accounting Standards (AAS) financial statements** — provides AAS statements and notes to the financial statements.

- **Appendix D: Statement of Risks** — provides an update of the general and specific risks to the forward budget estimates for material changes in these risks since the 2004-05 Budget.

- **Appendix E: Financial reporting standards and budget concepts** — provides a discussion of key budget concepts relevant to the MYEFO and the external reporting standards upon which the MYEFO is based.

- **Appendix F: Historical Australian Government data** — provides historical data for the Australian Government's key fiscal aggregates.

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Notes

(a) The following definitions are used in the MYEFO:

- `real' means adjusted for the effect of inflation;
- real growth in expenses is measured using the non-farm Gross Domestic Product (GDP) deflator;
- the 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:

*	The nature of this measure is such that a reliable estimate cannot be provided.
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.