

UPDATED ECONOMIC AND FISCAL OUTLOOK

FEBRUARY 2009

STATEMENT BY

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The February 2009 *Updated Economic and Fiscal Outlook* is available on the central Budget website at: www.budget.gov.au.

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FOREWORD

Given the sharp deterioration in economic conditions and the imperative to develop the Nation Building and Jobs Plan to support the economy, the Government has released the February 2009 *Updated Economic and Fiscal Outlook* (UEFO) to set out its revised fiscal strategy and an update of its economic forecasts and key fiscal aggregates.

The fiscal strategy statement in the UEFO is consistent with the *Charter of Budget Honesty Act 1998* (the Charter). The Charter provides a framework for the conduct of government fiscal policy that is based on public scrutiny of fiscal policy and performance. Consistent with this objective, the UEFO explains the impact of the global recession on the economic outlook and key fiscal measures. The Government will release a complete economic and fiscal outlook, including full financial statements and a statement of risks in the 2009-10 Budget.

The document contains:

- **Part 1: Overview** — contains summary information on key fiscal and economic indicators and outlook, together with an overview of the fiscal strategy.
- **Part 2: Nation Building and Jobs Plan: Building prosperity for the future and supporting jobs now** — contains information about the impact of the global recession on Australia and the Government's policy response.
- **Part 3: Economic outlook** — discusses the domestic and international economic forecasts that underpin the budget estimates.
- **Part 4: Fiscal strategy and outlook** — provides a discussion of the fiscal strategy and fiscal outlook, in addition to a summary of the factors explaining variations in the underlying cash balance, fiscal balance and net debt since the *Mid-Year Economic and Fiscal Outlook 2008-09* (MYEFO). This part also contains a list of policy decisions taken since the 2008-09 MYEFO that affect revenue, expenses and capital estimates.

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Notes

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

- 'real' means adjusted for the effect of inflation;
- real growth in expenses is measured by the non-farm Gross Domestic Product (GDP) deflator;
- one billion is equal to one thousand million; and
- the budget year refers to 2008-09, while the forward years refer to 2009-10, 2010-11 and 2011-12.

(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
-	nil
0	nil
..	not zero, but rounded to zero
~	allocation not yet determined
na	not applicable (unless otherwise specified)
nfp	not for publication
\$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

