

ECONOMIC STATEMENT

AUGUST 2013

STATEMENT BY

THE HONOURABLE CHRIS BOWEN MP

TREASURER OF THE COMMONWEALTH OF AUSTRALIA

AND

SENATOR THE HONOURABLE PENNY WONG

MINISTER FOR FINANCE AND DEREGULATION
OF THE COMMONWEALTH OF AUSTRALIA

© Commonwealth of Australia 2013

ISBN 978-0-642-74924-6

This publication is available for your use under a Creative Commons Attribution 3.0 Australia licence, with the exception of the Commonwealth Coat of Arms, photographs, images, signatures and where otherwise stated. The full licence terms are available from <http://creativecommons.org/licenses/by/3.0/au/legalcode>.



Use of Commonwealth of Australia material under a Creative Commons Attribution 3.0 Australia licence requires you to attribute the work (but not in any way that suggests that the Commonwealth of Australia endorses you or your use of the work).

Commonwealth of Australia material used 'as supplied'.

Provided you have not modified or transformed Commonwealth of Australia material in any way including, for example, by changing the Commonwealth of Australia text; calculating percentage changes; graphing or charting data; or deriving new statistics from published Commonwealth of Australia statistics – then Commonwealth of Australia prefers the following attribution:

Source: The Commonwealth of Australia.

Derivative material

If you have modified or transformed Commonwealth of Australia material, or derived new material from those of the Commonwealth of Australia in any way, then Commonwealth of Australia prefers the following attribution:

Based on Commonwealth of Australia data.

Use of the Coat of Arms

The terms under which the Coat of Arms can be used are set out on the It's an Honour website (see www.itsanhonour.gov.au).

Other Uses

Inquiries regarding this licence and any other use of this document are welcome at:

Manager
Communications
The Treasury
Langton Crescent Parkes ACT 2600
Email: medialiaison@treasury.gov.au

Notes

(a) The following definitions are used in the Economic Statement:

- ‘real’ means adjusted for the effect of inflation;
- real growth in expenses and payments is calculated using the Consumer Price Index (CPI) deflator;
- one billion is equal to one thousand million; and
- the Budget year refers to 2013-14, while the forward years refer to 2014-15, 2015-16 and 2016-17.

(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:

-	nil
na	not applicable (unless otherwise specified)
\$m	millions of dollars
\$b	billions of dollars
nfp	not for publication
(e)	estimates (unless otherwise specified)
(p)	projections (unless otherwise specified)
NEC/nec	not elsewhere classified

(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.

FOREWORD

The Government has released the August 2013 *Economic Statement* (ES) to provide an update of its economic forecasts and key fiscal aggregates.

The document contains:

- **Part 1 Overview** – summary information on the budget situation.
- **Part 2 Investing in Australia's future** – an overview of the key elements of the Government's reform agenda, including key achievements.
- **Part 3 Economic Outlook** – an update on the international and domestic economy.
- **Part 4 Fiscal Outlook** – an update of the budget outlook.

CONTENTS

FOREWORD	v
OVERVIEW	1
INVESTING IN AUSTRALIA'S FUTURE	5
Ensuring rising Australian living standards	7
Sharing the benefits of a growing economy	13
Avoiding the economic costs of climate change	17
Advancing our National Security interests	18
ECONOMIC OUTLOOK	21
FISCAL OUTLOOK	29
APPENDIX A: FINANCIAL STATEMENTS	47
APPENDIX B: POLICY DECISIONS TAKEN SINCE THE 2013-14 BUDGET	53
APPENDIX C: HISTORICAL AUSTRALIAN GOVERNMENT DATA	69

