

Mid-Year Economic and Fiscal Outlook 2019-20

DECEMBER 2019

Statement by

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Treasurer of the Commonwealth of Australia

and

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Minister for Finance of the Commonwealth of Australia

For the information of honourable members

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NOTES

- (a) The following definitions are used in this Mid-Year Economic and Fiscal Outlook (MYEFO):
- 'real' means adjusted for the effect of inflation;
 - real growth in expenses and payments is calculated by the Consumer Price Index (CPI) as the deflator;
 - the Budget year refers to 2019-20, while the forward years refer to 2020-21, 2021-22 and 2022-23; 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:
- | | |
|---------|---|
| - | 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| nfp | not for publication |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 *Mid-Year Economic and Fiscal Outlook 2019-20* (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 on the Government's fiscal position.

Consistent with these requirements:

- **Part 1: Overview** – contains summary information on the key fiscal and economic indicators and outlook
- **Part 2: Economic outlook** – discusses the domestic and international economic forecasts and projections that underpin the budget estimates
- **Part 3: Fiscal strategy and outlook** – provides a discussion of the fiscal strategy and outlook, in addition to a summary of the factors explaining variations in the cash flow statement, the operating statement and the balance sheet since the 2019 Pre-election Economic and Fiscal Outlook (PEFO).
- **Part 4: Debt statement** – provides information on current and projected Government debt
- **Part 5: Forecast uncertainties, sensitivities and scenarios** – provides details of the historical performance of Budget forecasts and presents a number of scenarios seeking to illustrate the sensitivity of budget aggregates to changes in economic forecasts and projections and some underlying assumptions
- **Part 6: Statement of risks** – provides details of general developments or specific events that may have an impact on the fiscal position, and contingent liabilities which are costs the government may possibly face, some of which are quantified
- **Part 7: Australian Government Budget Financial Statements** – provides financial statements for the general government, public non-financial corporations and total non-financial public sectors
- **Appendix A: Policy decisions taken since the 2019 PEFO** – provides details of decisions taken since the 2019 PEFO that affect revenue, expense and capital estimates
- **Appendix B: Supplementary expense tables and the Contingency Reserve** – provides estimates of general government expenses by function and sub-function and outlines the role of the Contingency Reserve

- **Appendix C: Australia’s federal relations** – provides information on payments for specific purposes and general revenue assistance provided to the states and territories
- **Appendix D: Tax benchmarks and variations** – provides information on the largest measured Australian Government tax benchmark variations
- **Appendix E: Historical Australian Government data** – provides historical data for the Australian Government’s key fiscal aggregates

The last published update of economic forecasts and fiscal estimates was at the 2019 Pre-election Economic and Fiscal Outlook (PEFO), released jointly by the Treasury and the Department of Finance on 17 April 2019. The economic forecasts were unchanged since the 2019-20 Budget and the fiscal estimates did not change materially in the 2019 PEFO. In some instances, 2019 PEFO forecasts and estimates referenced in this document are identical to those published at the 2019-20 Budget.

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