

MID-YEAR ECONOMIC AND FISCAL OUTLOOK

2008-09

STATEMENT BY

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FOREWORD

The *Mid-Year Economic and Fiscal Outlook 2008-09* (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 and outlook, together with an overview of the fiscal strategy.
- **Part 2: The Government's response to the global financial crisis** – outlines the impacts of the global financial crisis since the 2008-09 Budget and the actions taken by Government in 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 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 2008-09 Budget. This part also discusses the sensitivity of the forward budget estimates to changes in major economic parameters, expenses by function and tax expenditures.
- **Appendix A: Policy decisions taken since the 2008-09 Budget** – provides details of decisions taken since the 2007-08 Budget that affect revenue, expenses and capital estimates.
- **Appendix B: Australian Government Budget Financial Statements** – provides financial statements for the general government, public non-financial corporations and total non-financial public sectors.
- **Appendix C: 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.
- **Appendix D: 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 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