

Pre-election Economic and Fiscal Outlook

The Charter of Budget Honesty Act 1998 requires the Secretaries to the Treasury and the Department of Finance and Administration to release a pre-election report that provides updated information on the economic and fiscal outlook. The Pre-election Economic and Fiscal Outlook (PEFO) report, which must be released within ten days of the issue of the writ for a general election, was released on October 23, 2007.

The PEFO report includes the following information:

- updated Commonwealth budget sector and Commonwealth general government sector fiscal estimates for the current financial year and the following three financial years including a summary of measures since the Budget and the Mid Year Economic and Fiscal Outlook (MYEFO) report;
- the economic and other assumptions for the current financial year and the following three financial years that have been used in preparing those updated fiscal estimates;
- discussion as to the sensitivity of those updated fiscal estimates to changes in economic and other assumptions;
- an updated statement of the risks, quantified where feasible, that may have a material effect on the fiscal outlook, including contingent liabilities; publicly announced Government commitments that are not yet included in the fiscal outlook; and Government negotiations that have yet to be finalised.

Coming so soon after the release of the MYEFO report, the PEFO this election year contain little in new information, particularly in the health portfolio.

Economic and Fiscal outlook

The Australian economy is forecast to grow by 4¼ per cent in 2007-08 and 3½ per cent in 2008-09. An underlying cash surplus of \$14.4 billion, or 1.3 per cent of GDP, is estimated for 2007-08. A fiscal surplus of \$14.4 billion, or 1.3 per cent of GDP, is estimated for 2007-08. The fiscal outlook is for continuing underlying cash and fiscal surpluses in the forward years. This is consistent with the outlook published in the 2007-08 MYEFO, after reflecting the impact of decisions taken prior to the dissolution of Parliament.

Health spending announced since MYEFO

(these were all funding decisions approved prior to the dissolution of Parliament, although these policy changes have been announced during the election campaign)

Strengthening immigration health screening

\$26.9m / 4 years





Allowing GPs to order MRI scans for head and knee	\$13.1m / 4 years
Extension of PBS listing for Remicade (for psoriasis)	\$25.6m / 4 years
Extension of PBS listing for Topamax (for migraine)	\$39.1m / 4 years
Extension of PBS listing for Renegal (for chronic kidney disease)	\$65.1m / 4 years

Last Updated: 24 October 2007