



Parliamentary
Budget Office

Budget Insights

PBO SEMINAR

Navigating the Mid-Year Economic and Fiscal Outlook (MYEFO)

www.pbo.gov.au



Legislative framework

Charter of Budget Honesty Act 1998

Sets out the **principles and requirements** around the Budget process. It requires publication of **three main** annual budget reporting documents:

The
Budget

MYEFO

Final
Budget
Outcome

PEFO

Public Governance, Performance and Accountability Act 2013

Requires the annual preparation of Consolidated Financial Statements, which provide a **full-audited picture** of the **Commonwealth's finances**.

Consolidated
Financial
Statements

MYEFO overview

The *Charter of Budget Honesty Act 1998* requires the release of the Mid-Year Economic and Fiscal Outlook (MYEFO) by the end of January, or 6 months after the last Budget, whichever is later.

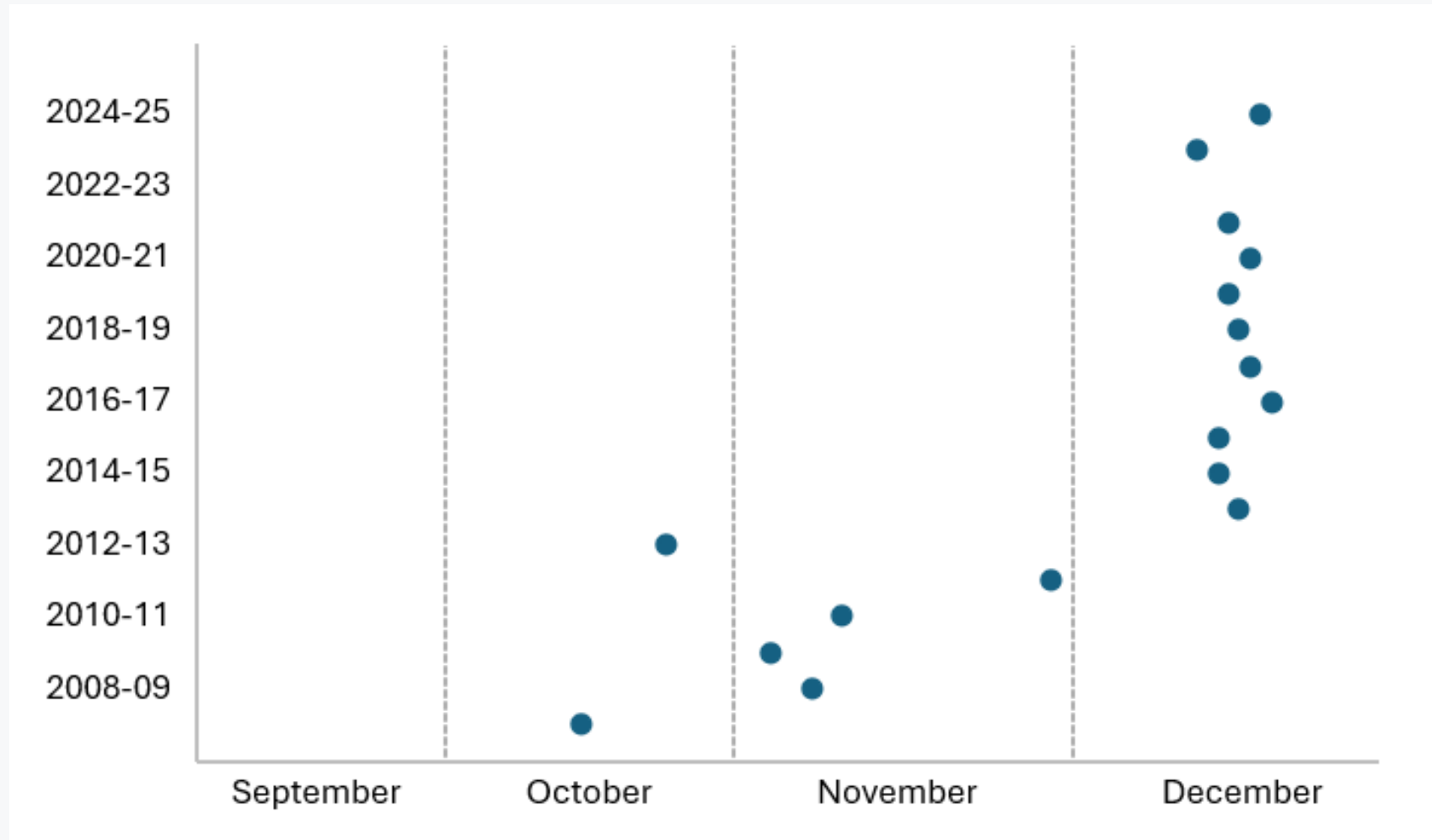
As the 2025-26 Budget was published in March 2025, MYEFO is due to be handed down by the end of January 2026. In recent years MYEFO has tended to be handed down in mid-December. The first MYEFO was published in 1996-97.

“The purpose of mid - year economic and fiscal outlook reports is to provide updated information to allow the assessment of the Government's fiscal performance against the fiscal strategy set out in its current fiscal strategy statement.”

The MYEFO is to contain an update of key information contained in the most recent Budget (economic and fiscal forecasts etc), a detailed statement of tax expenditures and a debt statement.



History of MYEFO release dates

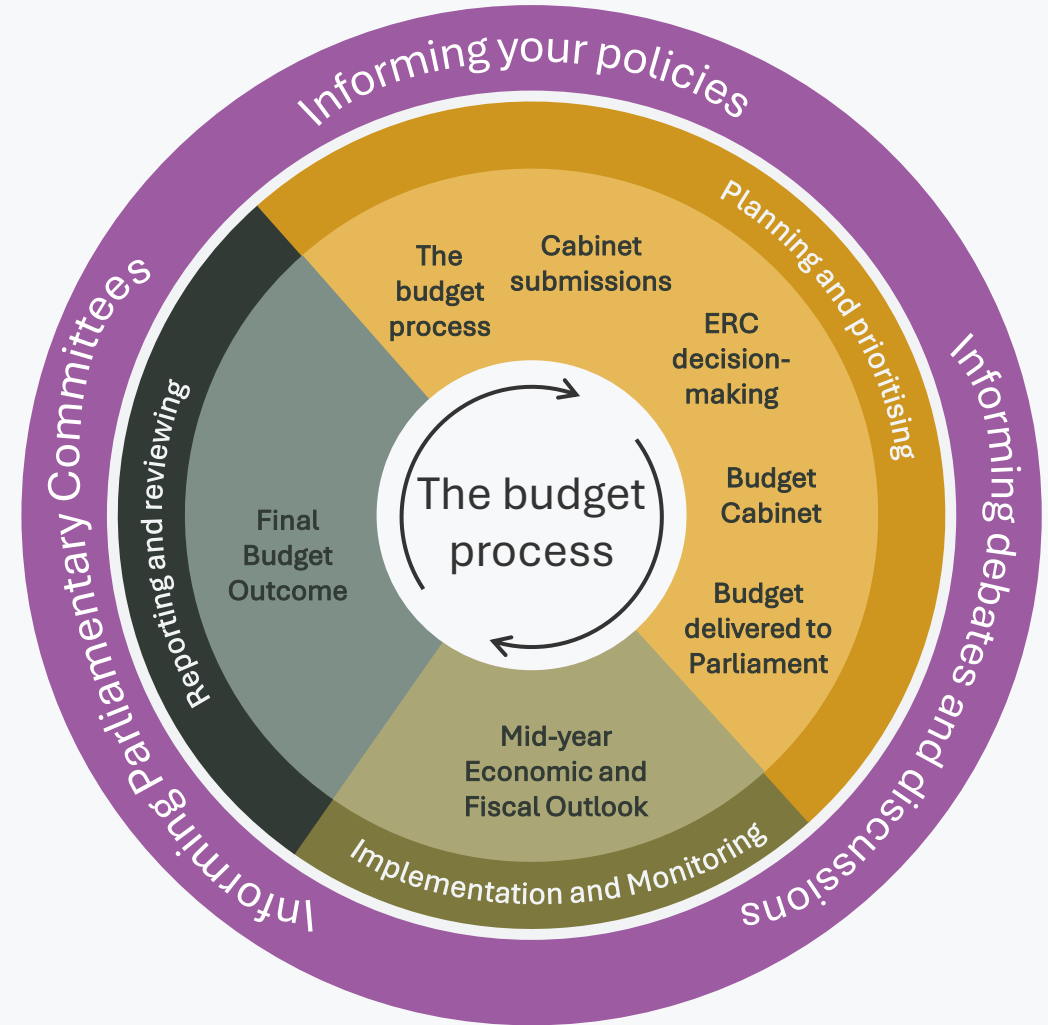




The budget process

Budget cycle

The budget process is a **decision making process** for allocating public resources to the Government's policy priorities.





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What happens on MYEFO Day?



MYEFO Day

On MYEFO Day, the Treasurer and Finance Minister hand down an update of the economic and fiscal outlook from the previous Budget.



Press conference

The Treasurer delivers the mid-year Budget update.

(there is no MYEFO 'lock-up')



The MYEFO papers, which are presented to the Parliament and contain information on Government finances and related matters.





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Overview of the MYEFO contents

Source: 2024-25 MYEFO, [Mid-Year Economic and Fiscal Outlook 2024–25](#)



As passed by both Houses

Appropriation Bill
No. 1, 2021

A Bill for an Act to
Consolidated Revenue
annual services of the
purposes

PORTFOLIO ADDITIONAL ESTIMATES
2024-25

CLIMATE CHANGE, ENERGY, THE
AND WATER PORTFOLIO

EXPLANATIONS OF ADDITIONAL ESTIMATES



FINAL BUDGET OUTCOME
2023-24

Statement by
The Honourable Jim Chalmers MP
Treasurer of the Commonwealth of Australia
and
Senator the Honourable Katy Gallagher
Minister for Finance, Minister for Women,
Minister for the Public Service of the Commonwealth of Australia

For the information of honourable members
September 2024

EXPLANATIONS OF ADDITIONAL ESTIMATES 2024-25



Budget
2024-25

MID-YEAR ECONOMIC AND FISCAL OUTLOOK
2024-25

Statement by
The Honourable Jim Chalmers MP
Treasurer of the Commonwealth of Australia
and
Senator the Honourable Katy Gallagher
Minister for Finance, Minister for Women,
Minister for the Public Service of the Commonwealth of Australia

For the information of honourable members

Explanation

Circulated by
The Honourable Jim Chalmers MP
Treasurer of the Commonwealth of Australia
and
Senator the Honourable Katy Gallagher
Minister for Finance, Minister for Women,
Minister for the Public Service of the Commonwealth of Australia

For the information of honourable members
on the occasion of the Budget 2024-25
14 May 2024

OK

ADDITIONAL ESTIMATES
24-25

OLIO

ADDITIONAL ESTIMATES 2024-25

estimated to create an additional

BS

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1-22

implemented in 2024-25, around
xpayers will face a marginal tax
nt or less.

engineer working in regional
arned a taxable income of
ear from 2018-19 to 2021-22.
Kabir, is working part time as he
studies, and earned a taxable
000.
ing retained, Priya and Kabir
m a combined LMITO of \$2,160
e their 2021-22 tax returns.
onal year of LMITO, the
Personal Income Tax Plan will
nd Kabir with a tax cut of
il from 2018-19 to 2021-22
2017-18 settings.

MYEFO contents



01

Parts 1-7

Budget Strategy and Outlook

02

Appendix A

Policy decisions taken since the last Budget

03

Appendix B

Supplementary Expenses Table and the Contingency Reserve

04

Appendix C

Australia's Federal Financial Relations

05

Appendices D and E

Tax Expenditures and Historical Australian Government Data

MYEFO contents

MYEFO Parts 1-7: Economic and fiscal strategy and outlook

Provides an overview of the **economic and fiscal outlook**

Summarises the Government's **fiscal strategy**

Outlines the Whole-of-Government key **budget priorities**

Provides information on Government debt, risks as well as provides financial statements

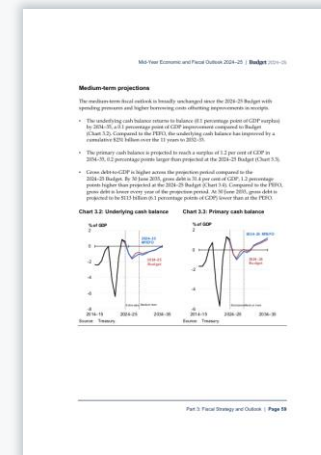
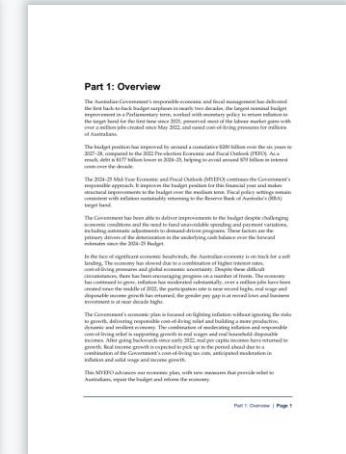


Table 1.1: Major economic parameters

	Outcome	Forecasts			
	2023–24	2024–25	2025–26	2026–27	2027–28
Real GDP	1.4	1 3/4	2 1/4	2 1/2	2 3/4
Employment	2.2	1 3/4	1	1 1/2	1 3/4
Unemployment rate	4.1	4 1/2	4 1/2	4 1/2	4 1/4
Consumer price index	3.8	2 3/4	2 3/4	2 1/2	2 1/2
Wage price index	4.1	3	3	3 1/4	3 1/2
Nominal GDP	4.1	3 1/4	3 1/2	5	5 1/2

a) Real GDP and nominal GDP are percentage change on preceding year. Employment, the consumer price index and the wage price index are through-the-year growth to the June quarter. The unemployment rate is the rate for the June quarter.

Source: ABS Australian National Accounts: National Income, Expenditure and Product; Labour Force Survey, Australia; Consumer Price Index, Australia; Wage Price Index, Australia; and Treasury.

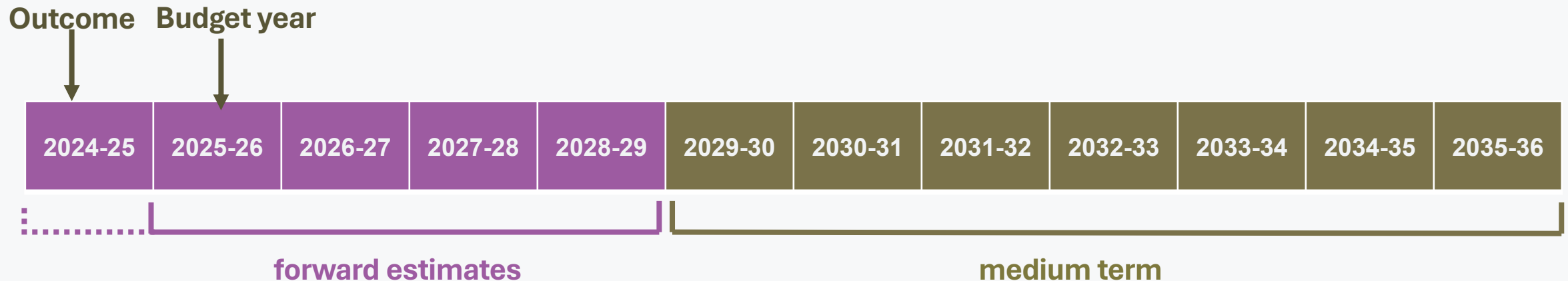
Time periods used in the MYEFO

The **budget year** is the financial year covered by the Budget.

The **forward estimates** cover the budget year and the three years following.

The **medium term** finishes 10 years following the budget year.

Illustration – 2025-26 MYEFO



MYEFO Part 2: Economic Outlook

Part 2: Economic Outlook

Overview

The Australian economy has slowed more than expected over the past year due to the impact of higher interest rates, cost-of-living pressures and weaker global economic conditions. Despite these challenges, the Australian economy has outperformed many advanced economies and is on track for a soft landing. The economy has continued to grow, and inflation has moderated substantially. The labour market has also remained resilient, with more than a million jobs created since the middle of 2022, the labour force participation rate is near record highs, real wages and household incomes are growing again, and the gender pay gap is the narrowest it has ever been. Furthermore, business investment is at its highest level since the early 2010s.

MYEFO Part 3: Fiscal Strategy and Outlook

Part 3: Fiscal Strategy and Outlook

Overview

The Government's responsible economic and fiscal management has delivered the first back-to-back budget surpluses in nearly two decades, the largest nominal budget improvement in a Parliamentary term and has helped return inflation to the target band for the first time since 2021. Relative to the 2022 Pre-Election Economic and Fiscal Outlook (PEFO), the underlying cash balance is forecast to improve by around \$200 billion over the six years to 2027–28 and gross debt is expected to be \$177 billion lower in 2024–25.

This responsible approach has continued in the 2024–25 Mid-Year Economic and Fiscal Outlook (MYEFO). A deficit of \$26.9 billion is forecast for 2024–25 (Table 3.1), \$20 billion lower than the deficit forecast at the PEFO and \$1.3 billion lower than the Budget.

The fiscal outlook for the underlying cash balance is better over the medium term than the PEFO and broadly unchanged since the 2024–25 Budget. The underlying cash balance is projected to improve over the medium term, returning to balance by 2034–35. Gross debt is expected to stabilise at 36.7 per cent of GDP from 2026–27, broadly in line with the Budget and 8.2 percentage points lower than the peak in the PEFO, before declining to 31.4 per cent of GDP by 2034–35.

MYEFO – Part 3: Fiscal Strategy and Outlook

Table 3.2: Reconciliation of general government sector underlying cash balance estimates

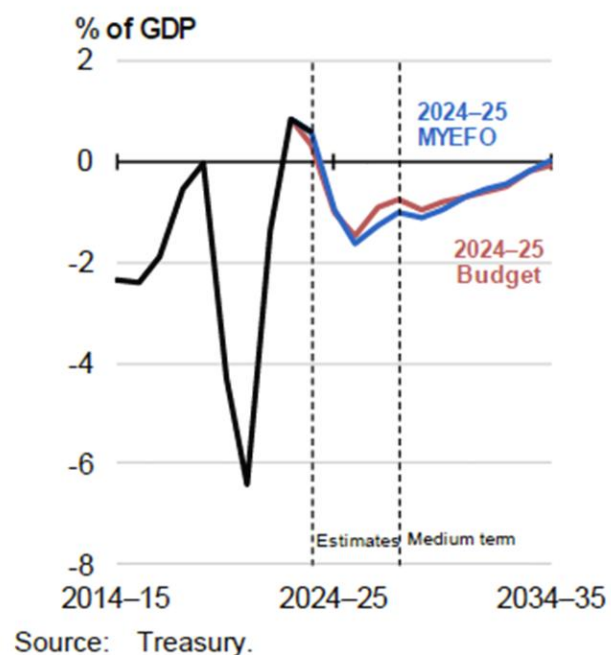
	Estimates				Total \$m
	2024–25 \$m	2025–26 \$m	2026–27 \$m	2027–28 \$m	
2024–25 Budget underlying cash balance	-28,286	-42,838	-26,713	-24,345	-122,183
Per cent of GDP	-1.0	-1.5	-0.9	-0.8	
Changes from 2024–25 Budget to 2024–25 MYEFO					
Effect of policy decisions(a)(b)					
<i>Receipts</i>	402	312	399	540	1,653
<i>Payments</i>	2,466	8,557	5,175	2,920	19,118
Total policy decisions impact on underlying cash balance	-2,064	-8,245	-4,777	-2,380	-17,465
Effect of parameter and other variations(b)					
<i>Receipts</i>	5,336	8,755	2,977	1,727	18,796
<i>Payments</i>	1,935	4,587	9,841	6,673	23,036
Total parameter and other variations impact on underlying cash balance	3,401	4,168	-6,864	-4,945	-4,241
2024–25 MYEFO underlying cash balance	-26,949	-46,915	-38,353	-31,671	-143,888
Per cent of GDP	-1.0	-1.6	-1.3	-1.0	

a) Excludes secondary impacts on public debt interest of policy decisions and offsets from the Contingency Reserve for decisions taken.

b) A positive number for receipts improves the underlying cash balance, while a positive number for payments worsens the underlying cash balance.

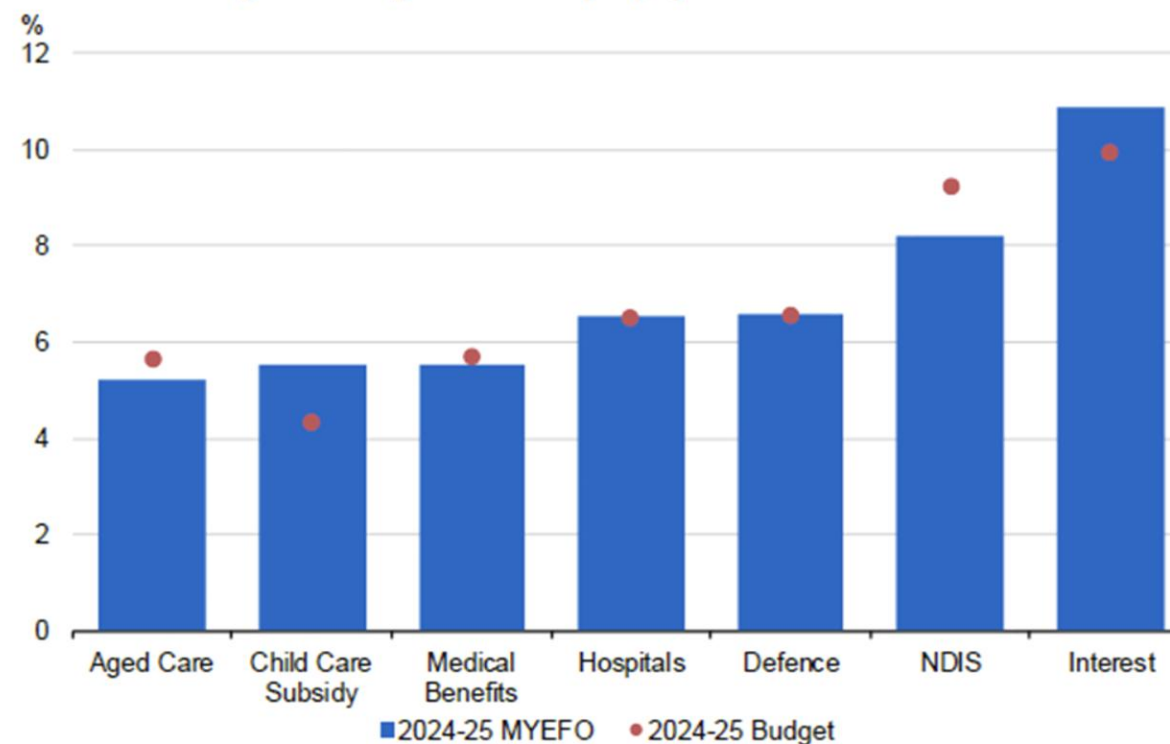
MYEFO – Part 3: Fiscal Strategy and Outlook

Chart 3.2: Underlying cash balance



Part 3: Fiscal Strategy and Outlook | Page 59

Chart 3.6: Average annual growth in major payments 2024-25 to 2034-35



Part 3: Fiscal Strategy and Outlook | Page 61

MYEFO Appendix A

Appendix A: Policy decisions taken since the 2024–25 Budget

Receipt Measures

Table A.1: Receipt measures since the 2024–25 Budget^(a)

	2023-24 \$m	2024-25 \$m	2025-26 \$m	2026-27 \$m	2027-28 \$m
AGRICULTURE, FISHERIES AND FORESTRY					
<i>Department of Agriculture, Fisheries and Forestry</i>					
Primary Industries – changes to agricultural production levies(b)	-	0.4	0.7	0.7	0.7
Portfolio total	-	0.4	0.7	0.7	0.7
CLIMATE CHANGE, ENERGY, THE ENVIRONMENT AND WATER					
<i>Clean Energy Finance Corporation</i>					
Rewiring the Nation – recapitalisation(b)	-	-	1.0	11.7	23.3
Portfolio total	-	-	1.0	11.7	23.3
EDUCATION					
<i>Department of Education</i>					
Assistance for Recent Arrivals from Conflict Zones(b)	-	-	-	-	-
Australian Universities Accord - further reforms(b)	-	-	-0.9	-2.6	-4.7
Building Australia's Future – A fairer deal for students(b)	-	-152.6	-197.2	-203.5	-215.1
<i>Tertiary Education Quality and Standards Agency</i>					
Australian Universities Accord - further reforms(b)	-	1.5	1.5	1.5	1.5
Portfolio total	-	-151.1	-196.6	-204.6	-218.2
EMPLOYMENT AND WORKPLACE RELATIONS					
<i>Department of Employment and Workplace Relations</i>					
Building Australia's Future – A fairer deal for students(b)	-	-19.9	-40.5	-40.4	-41.8
Portfolio total	-	-19.9	-40.5	-40.4	-41.8

MYEFO Appendix A – Policy decisions taken since Budget

01

Information on government decisions that involves changes to revenue, expense and investing activities since the Budget.

02

A **budget measure** is a particular policy decision or action the Government has decided to take, including amendment to existing policy.

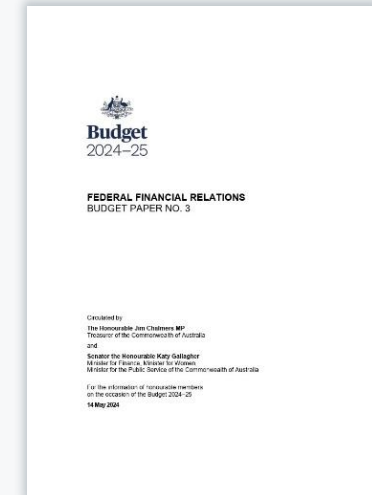
03

Appendix A includes details of every measure undertaken since the Budget: **summary table**, **measure description** and **projected financials**.

MYEFO Appendices

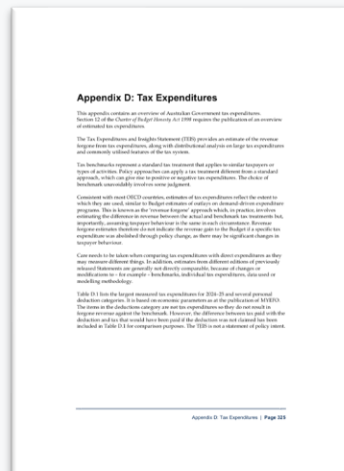
Appendix C – Federal Financial Relations

Contains information on payments to state and territory government for specific purposes and general revenue, including GST.



Appendix D – Tax Expenditures

Contains an overview of Australian Government tax expenditures, which are estimates of revenue foregone from tax expenditures, along with distributional analysis on large tax expenditures. This appendix is complemented by the annual Tax Expenditures and Insights Statement (TEIS) which comes out early in the new year.





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Portfolio Additional Estimates Statements (PAES)



Portfolio Additional Estimates Statements (PAES)

The Portfolio Additional Estimates Statements (PAES) are prepared by each portfolio entity who receive variations to resourcing through the MYEFO process.

Purpose

To inform Senators, Members of Parliament and the public of the **proposed allocation of resources to government outcomes by agencies** within the relevant portfolio



Portfolio Additional Estimates Statements (PAES)

Portfolio Additional Estimates Statements

01

PAES is the portfolio's **supplement to the Portfolio Budget Statements**

02

Only entities with a change in funding through Appropriation Bills No. 3 and 4 or Appropriation (Parliamentary Departments) Bill No. 2 are required to produce a PAES

03

PAES provides information on new measures and their impact on the financial and non-financial performance of agencies

PAES are released in early February each year, after MYEFO

PORTFOLIO ADDITIONAL ESTIMATES
STATEMENTS 2024–25

FINANCE PORTFOLIO

EXPLANATIONS OF ADDITIONAL ESTIMATES 2024–25



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How to find out about a new policy?



Appendix A: Policy decisions taken since the last Budget

01

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Avian influenza

12 matches

Part 1: Overview

Part 3: Fiscal Strategy and Outlook

Part 6: Statement of Risks

Appendix A: Policy decisions taken since the 2024–25 Budget

Supporting Australia's Avian Influenza Preparedness and Response

Payments (\$m)

	2023-24	2024-25	2025-26	2026-27	2027-28
Department of the Treasury	-	163.6	3.0	-	-
Department of Agriculture, Fisheries and Forestry	-	21.7	2.9	-	-
Department of Climate Change, Energy, the Environment and Water	-	10.5	25.4	-	-
Department of Health and Aged Care	-	4.4	17.7	-	-
Total – Payments	-	200.3	48.9	-	-

The Government will provide \$249.6 million over two years from 2024–25 for High Pathogenicity Avian Influenza (HPAI H7 and HPAI H5) preparedness and response activities. Funding includes:

- \$154.6 million in 2024–25 for the Commonwealth's share of HPAI H7 responses in Victoria, New South Wales, and the Australian Capital Territory, and for potential further detections in the high-risk period over spring
- \$37.0 million over two years from 2024–25 for initiatives to protect Australian agriculture against HPAI H5N1, including improved national biosecurity response, surveillance and scientific capabilities, vaccines for priority threatened bird species, enhanced wild bird surveillance through Wildlife Health Australia, and a national communications campaign
- \$35.9 million over two years from 2024–25 for initiatives to protect threatened species

Appendix A: Policy decisions taken since the last Budget

01

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02

Determine the portfolio(s)

Supporting Australia's Avian **Influenza** Preparedness and Response

Payments (\$m)

	2023-24	2024-25	2025-26	2026-27	2027-28
Department of the Treasury	-	163.6	3.0	-	-
Department of Agriculture, Fisheries and Forestry	-	21.7	2.9	-	-
Department of Climate Change, Energy, the Environment and Water	-	10.5	23.4	-	-
Department of Health and Aged Care	-	4.4	17.7	-	-
Total – Payments	-	200.3	48.9	-	-

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- \$154.6 million in 2024–25 for the Commonwealth's share of HPAI H7 responses in Victoria, New South Wales, and the Australian Capital Territory, and for potential further detections in the high-risk period over spring
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- \$35.9 million over two years from 2024–25 for initiatives to protect threatened species

Appendix A: Policy decisions taken since the last Budget

01

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02

Determine the portfolio(s)

03

Check the Portfolio Additional Estimates Statement when it is released

Table 1.2: Department of Agriculture, Fisheries and Forestry – measures since 2024–25 Budget

	Program	2024–25 \$'000	2025–26 \$'000	2026–27 \$'000	2027–28 \$'000
Receipt measures					
Primary Industries – changes to agricultural production levies^(a)					
Administered receipt	1.5, 2.2	(355)	(730)	(730)	(730)
Departmental receipt		-	-	-	-
Total		(355)	(730)	(730)	(730)
Total receipt measures					
Administered		(355)	(730)	(730)	(730)
Departmental		-	-	-	-
Total		(355)	(730)	(730)	(730)
Payment measures					
Primary Industries – changes to agricultural production levies^(a)					
Administered payment	1.5, 2.2	365	749	749	749
Departmental payment		-	-	-	-
Total		365	749	749	749
Supporting Agriculture Priorities^(b)					
Administered payment	OC1,	(1,253)	3,745	245	3,745
Departmental payment	OC2 ^(c)	590	48,545	63	434
Total		(663)	52,290	308	4,179
Supporting Australia's Avian Influenza Preparedness and Response					
Administered payment	OC2, 2.2	21,450	2,900	-	-
Departmental payment		250	-	-	-
Total		21,700	2,900	-	-
Total payment measures					
Administered		20,562	7,394	994	4,494
Departmental		840	48,545	63	434
Total		21,402	55,939	1,057	4,928

Prepared on Government Financial Statistics (Underlying Cash) basis. Figures displayed as negative (-) represents a decrease in funds and a positive (+) represents an increase in funds.

(a) This measure reflects the needs of the Agricultural sector and is estimated to increase receipts by \$2.5 million and payments by \$2.6 million over four years from 2024-25.

(b) The Government provided \$62.6 million over four years to support priorities of the department, with the cost of the measure partially met from savings identified internally. The full measure description and package details appear in the Mid-Year Economic and Fiscal Outlook 2024-25 under the Agriculture, Fisheries and Forestry portfolio.

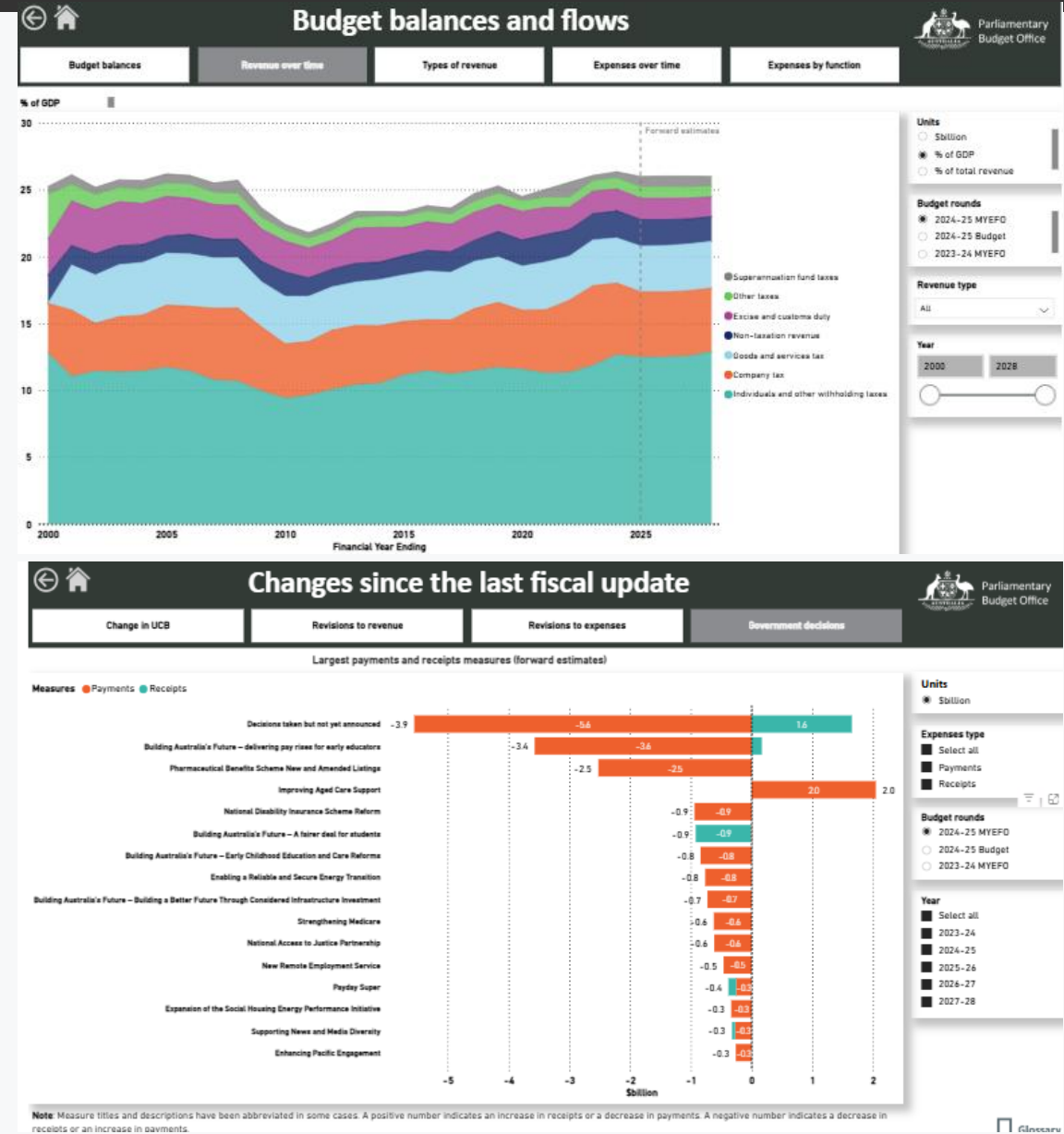
(c) This measure is related to departmental outcomes 1 and 2, and administered programs 1.1, 1.10, 2.1, and 2.2.

PBO resources and activities



MYEFO week:

- 2025-26 MYEFO Snapshot
- Historical fiscal data
- Enquiry line



What MYEFO means for PBO costings?

- New budget baseline!
 - Updated economic and fiscal parameters
 - Policy decisions in MYEFO must be incorporated into our modelling
- PBO costings and budget analysis following MYEFO's release will be completed on the new budget baseline
- During January 2026 the PBO will be prioritising critical model maintenance
- If you urgently need assistance, please reach out
 - Phone: 02 6277 9500
 - Email: pbo@pbo.gov.au
- PBO also has other tools such as the *[Build your own Budget](#)* tool which may be able to assist



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Questions?



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