Economic and
Fiscal Update

July 2020

Statement by

The Honourable Josh Frydenberg MP

Treasurer of the Commonwealth of Australia

and

Senator the Honourable Mathias Cormann

Minister for Finance of the Commonwealth of Australia

© Commonwealth of Australia 2020

ISBN 978-1-925832-11-2

This publication is available for your use under a Creative Commons BY Attribution 3.0 Australia licence, with the exception of the Commonwealth Coat of Arms, third party content 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 BY 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 statistics — then the 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 the 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 Department of the Prime Minister and Cabinet website (see [www.pmc.gov.au/government/
commonwealth‑coat‑arms](http://www.pmc.gov.au/government/commonwealthcoatarms)).

**Other uses**

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

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

**Internet**

A copy of this document is available on the central Budget website at: [www.budget.gov.au](http://www.budget.gov.au).

Printed by CanPrint Communications Pty Ltd.

**NOTES**

(a) The following definitions are used in this Economic and Fiscal Update (EFU):

* + ‘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 2020-21 while the forward years refer to 2021‑22, 2022‑23 and 2023-24; 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.

Contents

Part 1: Overview 1

Economic outlook 2

Fiscal outlook 3

Key policy measures 5

Protecting the health of Australians during the COVID‑19 pandemic 5

Supporting Australians through the economic impact of COVID‑19, the re‑opening and recovery 6

Supporting industries most heavily affected by the COVID‑19 pandemic 13

Recovery from the 2019‑20 bushfires 15

Part 2: Economic outlook 17

Overview 17

International economic outlook 20

Domestic economic outlook 26

Part 3: Fiscal outlook 43

Overview 43

Budget aggregates 45

Underlying cash balance estimates 46

Receipts estimates 49

Payment estimates 53

Debt estimates 58

Risks to the fiscal outlook 60

Appendix A: Policy decisions taken since the 2019-20 MYEFO 61

Part 1: Receipt Measures 61

Part 2: Payment Measures 83

Part 3: Capital Measures 175