



Fact Sheet 23 July 2020 – 2nd Release

Standard Parameters

for use in Financial Statements for Financial Reporting Periods ending 30 June 2020.

The following parameters should be used by entities in the preparation of their 2019-20 financial statements.

Following the release of the Economic and Fiscal Update on 23 July 2020, the economic parameters provided in the 30 June 2020 Fact Sheet have been revised to reflect the Government's forecasts for 2019-20 and 2020-21. Entities are expected to update their estimates by using the revised economic parameters.

As the 2020-21 Budget is scheduled to be tabled in October 2020, the parameters for the projected periods have been drawn from public sources (primarily the Reserve Bank of Australia), with the 2022-23 and 2023-24 years flat lined based on the values published for 2021-22.

Entities should carefully consider the nature and type of calculation being made before selecting a discount rate to be used in accounting calculations.

| Economic Parameter | Original Value | Revised Value | Website |
|--|----------------|---------------|---|
| Consumer Price Index | | | |
| 2019-20 (forecast) | -1.00% | -0.25% | https://budget.gov.au/2020-efu/downloads/JEFU2020.pdf Table 1.2 Major economic parameters (page 3) |
| 2020-21 (forecast) | 2.75% | 1.25% | |
| 2021-22 (Projection) | 1.50% | 1.50% | https://www.rba.gov.au/publications/smp/2020/may/forecasts.html |
| 2022-23 (Projection) | 1.50% | 1.50% | |
| 2023-24 (Projection) | 1.50% | 1.50% | |
| Wage Price Index¹ | | | |
| 2019-20 (forecast) | 2.00% | 1.75% | https://budget.gov.au/2020-efu/downloads/JEFU2020.pdf Table 1.2 Major economic parameters (page 3) |
| 2020-21 (forecast) | 1.50% | 1.25% | |
| 2021-22 (Projection) | 2.00% | 2.00% | https://www.rba.gov.au/publications/smp/2020/may/forecasts.html |
| 2022-23 (Projection) | 2.00% | 2.00% | |
| 2023-24 (Projection) | 2.00% | 2.00% | |
| Real Gross Domestic Product² | | | |
| 2019-20 (forecast) | -8.00% | -0.25% | https://budget.gov.au/2020-efu/downloads/JEFU2020.pdf Table 1.2 Major economic parameters (page 3) |
| 2020-21 (forecast) | 7.00% | -2.50% | |
| 2021-22 (Projection) | 5.00% | 5.00% | https://www.rba.gov.au/publications/smp/2020/may/forecasts.html |

¹ Seasonally adjusted, through-the-year growth rate to the June quarter.

² If entities require Real Gross Domestic Product parameters beyond 2021-22 they should contact AccountingAdvice@finance.gov.au.



| Parameter | Value | Website |
|---|--|---|
| Commonwealth Government Securities (yields) <u>Short term</u> 2 years 3 years 5 years <u>Long term</u> 10 years <u>Longest dated Treasury Bond at 30 June 2020 (Mar 2047)</u> <u>Rate from Long-term Cost Report</u> | 0.3% 0.3% 0.4% 0.9% 1.7% 5.0% | https://www.rba.gov.au/statistics/tables/#interest-rates (table: <i>Capital Market Yields – Government Bonds – Daily – F2</i>) https://www.rba.gov.au/statistics/tables/#interest-rates table: <i>Indicative Mid Rates of Australian Government Securities – F16</i>) https://www.finance.gov.au/publications/reports/pss-css-long-term-cost-report-2017 |
| Group of 100 Discount Rate³ (used by For-Profit Corporate Entities only) | | http://au.milliman.com/G100_Discount_Rates/ |
| Rates for Market Sensitivity Analysis⁴ Interest Rate sensitivity analysis standardised rate (IRSA rate) Foreign Exchange sensitivity analysis standardised rate (FXSA rate) | 0.09% 8.41% | |

³ For-Profit Entities that use a corporate bond yield will also be required to prepare calculations using a government bond yield for the purpose of preparing Australian Government Consolidated Financial Statements, which is collected in the supplementary reporting pack.

⁴ Standard rates required by subsection 16(8) of the PGPA Financial Reporting Rule - market risk sensitivity analysis.



| Parameter | Value | Website |
|--|-------------|---|
| Exchange Rates | | |
| <u>RBA-End of financial year rates</u> | | |
| Canadian dollar | 0.9387 | https://www.rba.gov.au/statistics/frequency/exchange-rates.html |
| Chinese renminbi | 4.8523 | |
| European euro | 0.6111 | |
| Hong Kong dollar | 5.3191 | |
| Indian rupee | 51.81 | |
| Indonesian rupiah | 9773 | |
| Japanese yen | 73.94 | |
| Malaysian ringgit | 2.9374 | |
| New Taiwan dollar | 20.25 | |
| New Zealand dollar | 1.0703 | |
| Papua New Guinea kina | 2.3747 | |
| Singapore dollar | 0.9576 | |
| South Korean won | 824.96 | |
| Swiss franc | 0.6534 | |
| Thai baht | 21.21 | |
| UK pound sterling | 0.5586 | |
| United Arab Emirates dirham | 2.5204 | |
| United States dollar | 0.6863 | |
| Vietnamese dong | 15926 | |
| Trade-weighted Index (4pm) | 60.0 | https://www.rba.gov.au/statistics/frequency/exchange-rates.html |
| Special Drawing Right | 0.4974 | |



Long Service Leave (LSL) - Shorthand Method Standard Factors

LSL - Table of Probability Factors

| <i>Completed years of service</i> | <i>Probability Weights</i> |
|---|--------------------------------|
| 0 | 55.0% |
| 1 | 65.0% |
| 2 | 70.0% |
| 3 | 75.0% |
| 4 | 80.0% |
| 5 | 85.0% |
| 6 | 90.0% |
| 7 | 90.0% |
| 8 | 95.0% |
| 9 | 100.0% |
| 10+ | 100.0% |

LSL - Table of Discount Factors

| SGR* | <i>Bond (Discount) Rate p.a.</i> | | | | | | | | | | | | | | | | |
|--------------|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 0.00% | 0.25% | 0.50% | 0.75% | 1.00% | 1.25% | 1.50% | 1.75% | 2.00% | 2.25% | 2.50% | 2.75% | 3.00% | 3.25% | 3.50% | 3.75% | 4.00% |
| 1.00% | 108.6% | 106.3% | 104.1% | 102.0% | 100.0% | 98.1% | 96.2% | 94.4% | 92.7% | 91.0% | 89.3% | 87.8% | 86.3% | 84.8% | 83.4% | 82.0% | 80.6% |
| 1.50% | 113.3% | 110.9% | 108.5% | 106.3% | 104.1% | 102.0% | 100.0% | 98.1% | 96.2% | 94.4% | 92.7% | 91.0% | 89.4% | 87.8% | 86.3% | 84.8% | 83.4% |
| 2.00% | 118.3% | 115.7% | 113.2% | 110.8% | 108.5% | 106.2% | 104.1% | 102.0% | 100.0% | 98.1% | 96.3% | 94.5% | 92.7% | 91.1% | 89.4% | 87.9% | 86.4% |
| 2.50% | 123.7% | 120.9% | 118.2% | 115.6% | 113.1% | 110.7% | 108.4% | 106.2% | 104.1% | 102.0% | 100.0% | 98.1% | 96.3% | 94.5% | 92.8% | 91.1% | 89.5% |
| 3.00% | 129.5% | 126.5% | 123.6% | 120.8% | 118.1% | 115.5% | 113.1% | 110.7% | 108.4% | 106.2% | 104.1% | 102.0% | 100.0% | 98.1% | 96.3% | 94.5% | 92.8% |
| 3.50% | 135.7% | 132.4% | 129.3% | 126.3% | 123.4% | 120.7% | 118.0% | 115.4% | 113.0% | 110.6% | 108.3% | 106.2% | 104.0% | 102.0% | 100.0% | 98.1% | 96.3% |
| 4.00% | 142.4% | 138.9% | 135.5% | 132.2% | 129.1% | 126.2% | 123.3% | 120.5% | 117.9% | 115.4% | 112.9% | 110.6% | 108.3% | 106.1% | 104.0% | 102.0% | 100.0% |

*SGR = Salary Growth Rate