

STATEMENT 6: EXPENSES AND NET CAPITAL INVESTMENT

Statement 6 presents estimates of general government sector expenses, allocated according to the various functions of government, and net capital investment on an accrual accounting basis.

The trends reported in this statement include:

- strong forecast growth in general government sector expenses as a percentage of Gross Domestic Product (GDP) in 2009-10, reflecting the impact of government spending to help cushion the impact of the global economic crisis. General government sector expenses are expected to decline as a share of GDP from 2011-12 as this fiscal stimulus is withdrawn;
- significant areas of expenses in 2009-10 will be in the social security and welfare (32.8 per cent of total expenses), health (15.1 per cent), education (10.4 per cent) and defence (6.2 per cent) functions;
- the strongest real growth across the Budget and forward estimates period is expected to occur in the other purposes (39.4 per cent), transport and communication (17.3 per cent), general public services (7.6 per cent), mining, manufacturing and construction (6.8 per cent) and health (6.0 per cent) functions; and
- an increase in the net capital investment expenses in 2009-10 and 2010-11, dominated by the projected growth in defence investment.

There have been a number of Government decisions since the 2008-09 Budget which have significantly affected trends in expenses by function. Further details of the impacts and explanatory data can be found in Box 1 and Table 2.1, respectively.

Additional funding to the States and Territories, arising from the overhaul of Commonwealth-State financial relations by the Council of Australian Governments (COAG) in November 2008, is also reflected in increases in expenses across several functions. Further details are provided in Box 2 and Table 2.2 and in Budget Paper No. 3, *Australia's Federal Relations 2009-10*.

During 2008-09, the Government has introduced reforms, under the Operation Sunlight initiative, which have required agencies to review their functional expenditure by program. This process has resulted in an improved allocation of expenditure by function. For some functions, such as education and social security and welfare, these reclassifications have had a material impact on the functional expenses totals. More information is provided in Box 3.

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OVERVIEW

Australian Government general government sector expenses are expected to increase in real terms over the Budget and across the forward years, and increase as a percentage of GDP (Table 1). Expenses are forecast to grow to 28.7 per cent of GDP in 2009-10 and 28.2 per cent of GDP in 2010-11, before progressively declining to 27.0 per cent of GDP in 2012-13.

Table 1: Estimates of general government sector expenses

	UEFO(a)	Revised	Estimate		Projections	
	2008-09	2008-09	2009-10	2010-11	2011-12	2012-13
Total expenses (\$b)	322.3	324.4	338.2	344.5	356.4	375.0
Real growth on						
previous year %(b)	11.5	12.2	2.4	0.3	1.5	2.7
Per cent of GDP	24.8	27.1	28.7	28.2	27.4	27.0

(a) As estimated at the *February 2009 Updated Economic and Fiscal Outlook*.

(b) Real growth is calculated using the Consumer Price Index.

A major factor driving the increase in estimated expenses in 2009-10 is the global financial crisis and the Government's fiscal stimulus packages which were introduced to cushion the impact of the crisis on Australia. Real growth is expected to slow from 2010-11 reflecting the temporary nature of these packages.

In cash terms real growth in payments is 0.1 per cent in 2010-11, 0.9 per cent in 2011-12 and 1.3 per cent in 2012-13. This is consistent with the Government's fiscal strategy to hold real growth in payments to 2 per cent a year when economic growth returns to above trend levels.

GENERAL GOVERNMENT SECTOR EXPENSES

Reconciliation of expenses since the 2008-09 Budget

Table 2 provides a reconciliation of expenses estimates between the 2008-09 Budget, *Mid-Year Economic and Fiscal Outlook 2008-09 (MYEFO)*, *February 2009 Updated Economic and Fiscal Outlook (UEFO 2009)* and the 2009-10 Budget, showing the effect of policy decisions and economic parameter and other variations.

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Table 2: Reconciliation of expense estimates

	Estimates			Projections
	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
2008-09 Budget expenses	292,470	310,513	323,083	339,241
Changes between 2008-09 Budget and MYEFO				
Effect of policy decisions(a)	11,413	1,172	743	842
Effect of parameter and other variations	-258	58	456	-297
Total variations	11,154	1,230	1,200	544
2008-09 MYEFO expenses	303,624	311,742	324,283	339,785
Changes between MYEFO and UEFO				
Effect of policy decisions(a)	19,158	18,618	17,071	10,775
Effect of parameter and other variations	-464	1,688	3,288	4,303
Total variations	18,694	20,306	20,360	15,078
2009 UEFO expenses	322,317	332,047	344,641	354,862
Changes between UEFO and 2009-10 Budget				
Effect of policy decisions(a)	3,294	8,123	2,054	4,941
Effect of economic parameter variations				
Total economic parameter variations	-39	1,495	2,214	-40
<i>Unemployment benefits</i>	-285	1,067	2,551	1,494
<i>Prices and wages</i>	141	313	-460	-1,663
<i>Interest and exchange rates</i>	104	114	122	129
Public debt interest	177	1,038	1,907	3,205
Program specific parameter variations	3,546	5,708	3,438	2,333
Slippage in 2008-09 Budget decisions	0	1	1	1
Other variations	-4,852	-10,199	-9,727	-8,914
Total variations	2,126	6,165	-113	1,525
2009-10 Budget expenses	324,443	338,213	344,528	356,388

(a) Excludes the public debt net interest effect of policy measures.

A more detailed discussion of the major changes between UEFO 2009 and the 2009-10 Budget, shown in the above table, can be found in Statement 3 (in the section titled 'Variations in expense estimates'). Further information on expense measures can be found in Budget Paper No. 2, *Budget Measures 2009-10*.

Since October 2008, the Government has introduced a number of fiscal stimulus packages. Details of the effect of the largest such package, the Nation Building and Jobs Plan, on the allocation of expenses by function, is explained in further detail below in Box 1.

Box 1: The Government's Nation Building and Jobs Plan

During 2008-09, the Government announced a Nation Building and Jobs Plan (the Plan) in response to the deep global recession.

The centrepiece of the Plan was direct Government investment in schools, housing, energy efficiency, community infrastructure and roads, and support to small businesses. The Government also supported economic growth by delivering \$12.2 billion in payments to low- and middle-income Australians.

The impact of the Plan's expense measures on various functions is set out in the table below. The impact is primarily in the 2008-09, 2009-10 and 2010-11 financial years, consistent with the temporary and targeted nature of the Plan.

Table 2.1: Estimated expenses functional impact of the Nation Building and Jobs Plan

Function	Estimates			Projections	
	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m
Education	987	8,624	5,109	0	0
Social security and welfare	12,179	196	0	0	0
Housing and community amenities	260	4,072	1,744	312	0
Fuel and energy	39	1,540	1,544	736	0
Agriculture, forestry and fishing	20	0	0	0	0
Transport and communication	230	160	0	0	0
Other purposes	250	250	0	0	0
Total	13,966	14,841	8,397	1,048	0

(a) Excludes \$2.7 billion in revenue measures and \$252 million in capital measures.

The major specific measures that make up these estimates include:

- Building the Education Revolution (education function);
- 20,000 social homes (housing and community amenities function);
- tax bonus for working Australians, and bonuses for back to school, single income family and training and learning (social security and welfare function);
- energy efficient homes (fuel and energy function);
- community infrastructure (other purposes function); and
- black spots, boom gates and repairing regional roads (transport and communication function).

Box 2: Federal financial relations reform

The new federal financial framework embodied in the *2009 Intergovernmental Agreement on Federal Financial Relations* (IGA) represents a significant reform in the area of payments to the States and Territories ('the States') for specific purposes. These payments comprise 11.1 per cent of Commonwealth expenses in 2009-10.

The 2009 IGA provides the basis for a more cooperative, flexible and dynamic relationship between the Commonwealth and the States for collaborating on national policy development, improving the quality and effectiveness of government services, and facilitating reforms to meet national economic, social and environmental objectives.

The new federal financial framework includes two main types of payments to and through the States for specific purposes:

- broad-banded national specific purpose payments (SPPs) for healthcare, schools (government and non-government), skills and workforce development, disability services and affordable housing; and
- national partnership payments to the States to facilitate and reward reforms of national significance and to help fund specific projects.

As part of this reform, additional funding to the States has been committed through: and a number of economic stimulus packages: the Economic Security Package (October 2008), the November 2008 COAG package, the Nation Building package (December 2008), and the Nation Building and Jobs Plan (February 2009). Table 2.2 shows the functional impact of these packages.

Table 2.2: Estimated payments to the States in the economic stimulus packages

Function	Estimates			Projections	
	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m
Education	1,999	9,486	5,678	868	883
Health	1,788	720	922	1,307	1,692
Social security and welfare	70	23	71	101	143
Housing and community amenities	1,986	5,196	2,267	898	609
Transport and Communication	618	542	-204	-330	-177
Other purposes	100	0	0	200	250
Total	6,562	15,968	8,734	3,045	3,399

Details of Commonwealth funding to and through the States is provided in Budget Paper No. 3, *Australia's Federal Relations 2009-10*.

Estimated expenses by function

Table 3 sets out the estimates of Australian Government general government sector expenses by function for the period 2008-09 to 2012-13.

Table 3: Estimates of expenses by function

	Estimates			Projections	
	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m
General public services	17,910	17,755	18,739	19,598	20,280
Defence	18,745	20,952	20,021	20,101	19,885
Public order and safety	3,687	3,901	3,781	3,759	3,861
Education	21,502	35,222	32,087	28,630	29,878
Health	49,373	51,223	53,201	55,619	57,628
Social security and welfare	124,915	110,994	116,503	120,574	123,957
Housing and community amenities	4,410	9,089	5,571	4,266	4,005
Recreation and culture	2,997	3,099	3,000	2,938	2,944
Fuel and energy	6,280	8,403	7,899	7,044	6,454
Agriculture, forestry and fishing	3,267	3,407	2,791	2,852	2,915
Mining, manufacturing and construction	1,921	1,681	1,962	1,947	1,906
Transport and communication	6,989	5,482	5,637	6,686	6,826
Other economic affairs	7,037	8,183	7,994	7,854	7,450
Other purposes	55,408	58,822	65,344	74,518	87,002
Total expenses	324,443	338,213	344,528	356,388	374,990

Major movements between 2008-09 and 2009-10 and across the forward estimates include movements in the following functions:

- **Education** – an increase of \$13.7 billion in 2009-10 largely due to increased investment on school infrastructure provided under *Building the Education Revolution* initiative, together with an increase in funding for government schools under the new National Education Agreement and a significant increase in expenses for higher education associated with the Government's response to the *Review of Australian Higher Education* (the Bradley review);
- **Other purposes** – an increase of \$3.4 billion in 2009-10 largely due to growth in general revenue assistance payments to the States and Territories, higher interest payments on public debt and the profile of the contingency reserve over the forward estimates;
- **Housing and community amenities** – an increase of \$4.7 billion in 2009-10 largely due to a number of one-off stimulus measures including investment in social housing;
- **Defence** – an increase of \$2.2 billion in 2009-10, partly as a result of increased funding for defence operations;
- **Fuel and energy** – an increase of \$2.1 billion in 2009-10 primarily as a result of increased expenditure on energy efficiency programs, particularly under the

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Government's Energy Efficient Homes package announced as part of the Nation Building and Jobs Plan, and the Clean Energy Initiative;

- **Health** – an increase of \$1.9 billion in 2009-10, and sustained growth over the forward estimates, reflecting the continued growth in the use of medical services and the effect of the indexation of health related payments to the States and Territories; and
- **Social security and welfare** – a decrease of \$13.9 billion in 2009-10 following the one-off lump sum payments delivered to pensioners, families and other Australians in 2008-09 as part of the *Economic Security Strategy* and the Nation Building and Jobs Plan stimulus packages. Sustained growth is expected over the forward estimates period.

The estimates presented in Table 3 are explained in greater detail for each individual function in the following pages.

Box 3: Operation Sunlight

The Government's Operation Sunlight reforms, which aim to improve budget transparency and accountability, require agencies to report budget-designated programs in Portfolio Budget Statements and Annual Reports. This will provide Parliament and the public with an increased level of information on agencies' activities.

The transition to greater program reporting has provided the opportunity to review the functional classification of expenditure by program including, where appropriate, ensuring a one-for-one relationship between programs and sub-functions. This review has resulted in an improved allocation of expenditure by function, improving the robustness of functional expenses data and the consistency of reporting across government.

Table 3.1 provides the estimated impact of the reclassifications, emanating solely from the improved allocations made possible by the implementation of program reporting under Operation Sunlight. The classification changes have been made from 2009-10. Caution should therefore be exercised in making comparisons with 2008-09 and earlier years.

Table 3.1: Estimated impact of reclassifications on the functional reporting of expenses

	Impact on expenses
	2009-10 \$m
General Public Services	-673
Defence	0
Public Order and Safety	15
Education	2,986
Health	-231
Social Security and Welfare	-3,075
Housing and Community Amenities	871
Recreation and Culture	-160
Fuel and Energy	-137
Agriculture, Forestry and Fishing	-108
Mining, Manufacturing and Construction	-500
Transport and Communication	70
Other Economic Affairs	929
Other Purposes	14
Total	0

As the new program reporting arrangements are commencing from 2009-10, the functional reclassifications made possible as a result of the Operation Sunlight reforms do not affect the revised budget estimates for 2008-09. Programs with expenses of \$190 million or more that have been reclassified have been included in Table 3.2 to assist in reconciling changes between 2008-09 and 2009-10.

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Table 3.2: Major reclassifications arising as a result of Operation Sunlight

New program name	From	To	Estimates of expenses	
			2009-10	\$m
Tertiary Student Assistance	Social Security and Welfare	Education		1,619
50% Education Tax Refund	Social Security and Welfare	Education		1,095
Investment in Higher Education Research	General Public Services	Education		224
First Home Saver Accounts	Social Security and Welfare	Housing and Community Amenities		215
Trade and Investment Development	Mining, Manufacturing and Construction	Other Economic Affairs		214
Export Market Development Grants Scheme	Mining, Manufacturing and Construction	Other Economic Affairs		200
Innovative Industry	General Public Services	Other Economic Affairs		200
National Affordable Housing Agreement	Social Security and Welfare	Housing and Community Amenities		194

The requirement for agencies to disclose program data in their Portfolio Budget Statements for the first time using the new structure in 2009-10 provides an opportunity to report on the programs with the highest expected expenses within the general government sector.

The following table provides the top 20 programs, ranked highest to lowest in terms of expenses in the 2009-10 financial year. Approximately 31.8 per cent of the expenses relating to these programs are attributable to revenue assistance to the States and Territories, with programs providing services to seniors, families, the sick and disabled, students and the unemployed accounting for 13 of the remaining 19 programs.

Table 3.3: Top 20 programs by expenses in 2009-10

Program	Agency	Estimates		Projections	
		2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m
Revenue Assistance to the States and Territories	Treasury	41,824	44,356	47,180	50,132
Income Support for Seniors	FaHCSIA	29,335	31,698	33,790	36,149
Family Tax Benefit	FaHCSIA	17,424	17,249	17,335	17,559
Medicare Services	Health	15,003	15,649	16,498	17,311
Disability Support Pension	FaHCSIA	11,558	12,234	12,680	13,185
National Healthcare Specific Purpose Payment	Treasury	11,224	11,978	12,820	13,747
Job Seeker Income Support	DEEWR	8,876	10,411	10,122	9,090
Government Schools - Payments to/through States	Treasury	8,592	6,953	4,256	4,283
Pharmaceuticals and Pharmaceutical Services	Health	8,403	8,961	9,503	10,003
Higher Education Support	DEEWR	6,615	6,538	6,765	6,944
Non-government Schools - National Support	DEEWR	6,457	6,936	7,479	8,045
Housing - Payments to/through the States	Treasury	6,318	3,145	1,696	1,427
Commonwealth Debt Management	AOFM *	6,264	8,340	10,659	12,493
Residential Aged Care	Health	6,170	6,551	6,914	7,183
Public Sector Superannuation	Finance	5,793	5,878	5,963	6,063
Parents' Income Support	DEEWR	5,295	5,295	5,319	5,453
Fuel Tax Credits Scheme	ATO	5,073	5,134	5,281	5,694
Army Capabilities	Defence	4,804	4,776	4,855	4,916
Air Force Capabilities	Defence	4,308	4,310	4,378	4,460
Income Support for Carers	FaHCSIA	4,120	4,985	5,454	5,936
Total		213,455	221,380	228,946	240,075

*Australian Office of Financial Management

General public services

The general public services function includes expenses relating to the organisation and operation of government such as those related to the Parliament, the Governor-General and conduct of elections; the collection of taxes and the management of public funds and public debt; assistance to developing countries to reduce poverty and achieve sustainable development, particularly in the Pacific region; and contributions to international organisations and the operations of the foreign service. It also includes expenses related to research in areas not otherwise connected with a specific function, and those associated with overall economic and statistical services and government superannuation benefits (excluding nominal interest expenses on unfunded liabilities which are included under the nominal superannuation interest sub-function in the other purposes function).

Table 4: Summary of expenses — general public services

	Estimates			Projections	
	2008-09	2009-10	2010-11	2011-12	2012-13
	\$m	\$m	\$m	\$m	\$m
Legislative and executive affairs	819	874	1,020	891	914
Financial and fiscal affairs	5,946	5,685	5,999	6,541	6,627
Foreign affairs and economic aid	4,972	4,909	5,366	5,726	6,373
General research	2,722	2,566	2,561	2,595	2,512
General services	761	670	638	634	630
Government superannuation benefits	2,689	3,051	3,153	3,211	3,225
Total general public services	17,910	17,755	18,739	19,598	20,280

Total general public services expenses are estimated to increase in real terms by 7.6 per cent, or 2.5 per cent per annum on average, over the forward years.

The most significant increase in expenses is in the **foreign affairs and economic aid** sub-function, reflecting the Government's commitment to increase Australia's diplomatic engagement with the world, and its commitment to raise Australia's overseas development assistance over the long term. Fluctuations within the foreign affairs and economic aid sub-function over the Budget and forward years also reflect the timing of Australia's contributions to multilateral development banks, which can see large variations from year to year (see Table 4.1 for detailed information). The increase in the 'other' component of Official Development Assistance (ODA) reflects the unallocated funds held in the Contingency Reserve in line with the Government's commitment to increase ODA. These amounts are available for allocation to specific aid projects and programs in the future.

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Table 4.1: Trends in the major components of foreign affairs and economic aid sub-function expenses

	Estimates		Projections	
	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m
Official Development Assistance(a)(b)	3,164	3,694	4,074	4,777
<i>PNG and Pacific</i>	893	964	1,071	1,160
<i>East Asia (including AIPRD)</i>	871	914	981	1,043
<i>Africa South & Central Asia Middle East and Other</i>	552	672	631	732
<i>Emergency Humanitarian & Refugee Programs</i>	299	287	303	229
<i>UN Commonwealth & Other International Organisations</i>	206	236	271	296
<i>NGO Volunteer and Community Programs</i>	109	115	125	140
<i>Multilateral Replenishments</i>	0	173	75	79
<i>Other(c)</i>	235	332	618	1,099
Payments to International Organisations	331	331	331	331
International Deployment Services	346	272	259	253
Passport Services	188	193	199	216
Consular Services	81	83	82	83
International Agricultural Research & Development	66	65	68	66
Public Information Services & Public Diplomacy	60	39	24	24
Other	672	690	689	622
Total	4,909	5,366	5,726	6,373

(a) The difference between these figures and the Government's ODA target is due primarily to the way multilateral replenishments are recorded for ODA purposes. Expenses relating to multilateral replenishments are recognised in accrual terms when initial commitments are made. However, ODA targets are measured in cash terms and reflect the timing of actual cash payments (which, in the case of multilateral replenishments, can be spread over several years).

(b) Some minor ODA delivered by other government departments may be classified to other programs or functions.

(c) Other includes AusAID's departmental expenses and the provision available for future aid spending in the ODA Contingency Reserve (CR) in the Budget and forward years. The ODA CR represents the difference between the amount of ODA already committed by Australia and the Government's target levels of ODA (0.34 per cent of Gross National Income in 2009-10).

Expenses relating to the **financial and fiscal affairs** sub-function are also forecast to grow solidly, largely as a result of forecast increases in the Australian Taxation Office's (ATO's) penalty remission expenses (a concession whereby the Commissioner of Taxation can release a taxpayer from having to pay penalties raised) and new measures strengthening the ATO's compliance and enforcement activities. Investment expenses for the Future Fund Management Agency are also expected to increase as financial assets accumulate in the Future Fund.

Increased expenses are also anticipated in the **government superannuation benefits** sub-function. This growth largely reflects higher public service and military superannuation benefits due to increases in the average salary on which benefits are determined.

Total expenses within the **legislative and executive affairs** sub-function are expected to experience a temporary increase in 2010-11 partly as a result of the assumed timing of the next federal general election.

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The **general research** sub-function incorporates expenses incurred by the Commonwealth Scientific and Industrial Research Organisation, the Australian Nuclear Science and Technology Organisation, the Australian Institute of Marine Science and the Australian Research Council. Expenses for this sub-function from 2009-10 have been affected by the reclassification of a number of programs administered by the Department of Innovation, Industry, Science and Research from within this sub-function to the higher education sub-function as a result of improved reporting under the Operation Sunlight reforms. The effects of this reclassification (around \$470 million in 2009-10) have been largely offset by the additional funding provided through the Government's response to the *Review of the National Innovation System*.

The selection of projects in the areas of space science, marine and climate change, and future technologies for funding under the Education Investment Fund as part of the Government's response to the *Review of the National Innovation System* has resulted in growth in expenses for the general research sub-function. Other initiatives resulting in increases in expenses in this sub-function include the increase in support to universities to cover the indirect costs of research, and the decision to provide increased funding for an additional 100 research places through the Super Science Fellowship Program. Further information on this sub-function is provided in Table 4.2 below.

Table 4.2: Trends in the major components of general research sub-function expenses

	Estimates		Projections	
	2009-10	2010-11	2011-12	2012-13
	\$m	\$m	\$m	\$m
Core Research and Services	612	626	654	668
Science and Research Capacity	639	592	486	290
National Research Flagships	402	430	442	453
Discovery - Research and Research Training	395	445	497	527
Linkage - Cross Sector Research Partnerships	283	287	323	328
Other	234	181	192	245
Total	2,566	2,561	2,595	2,512

The profile of expenses for the science and research capacity component of the general research sub-function reflects payments made from the Education Investment Fund. These payments are concentrated in 2009-10 and 2010-11, explaining the reduction in projected expenses in 2011-12 and 2012-13.

As a result of improved reporting under the Operation Sunlight reforms, departmental expenses associated with various programs administered by the Attorney-General's Department (approximately \$115 million in 2009-10) have been reclassified from the general services sub-function (general public services function) to the urban and regional development sub-function (housing and community amenities function).

Components of expenses administered by the ATO have also been reclassified, from the financial and fiscal affairs sub-function (general public services function) to the natural resources development sub-function (agriculture, forestry and fishing function) and the housing sub-function (housing and community amenities function).

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Defence

Agencies covered by the defence function include the Department of Defence (Defence) and the Defence Materiel Organisation (DMO). Defence expenses support Australian military operations overseas and the delivery of navy, army, air and intelligence capabilities and strategic policy advice in the defence of Australia and its national interests. The DMO contributes to the preparedness of the Australian defence organisation through acquisition and through-life support of military equipment and supplies.

The defence function records the majority of expenses incurred by the Defence portfolio, except for the Department of Veterans' Affairs, superannuation payments to retired military personnel, and housing assistance provided through Defence Housing Australia, which are reported under the social security and welfare, other purposes, and housing and community amenities functions, respectively.

Total defence expenditure (measured in accrual fiscal balance terms) comprises expenses and net capital investment. Expenses for the defence function are those incurred in undertaking its day-to-day activities. Net capital investment represents expenditure to acquire capital items in the form of equipment, buildings and land, less depreciation expenses.

Table 5: Summary of expenses — defence

	Estimates			Projections	
	2008-09	2009-10	2010-11	2011-12	2012-13
	\$m	\$m	\$m	\$m	\$m
Defence	18,745	20,952	20,021	20,101	19,885
Total defence	18,745	20,952	20,021	20,101	19,885

Defence function expenses are estimated to increase by \$2.2 billion in 2009-10. The reduction in estimated expenses from 2009-10 to 2010-11 reflects the treatment of funding for Defence operations. These operations are generally funded on a year-by-year basis, and the forward estimates of expenses do not provide for extensions of currently approved operations. These extensions are instead subject to future Government policy decisions.

Defence expenses in the forward years beyond 2009-10 are projected to remain broadly unchanged, reflecting the impact of the savings to be achieved in these years. These savings will be reinvested in defence functions when major new capabilities foreshadowed in the Government's Defence White Paper are implemented.

In 2009-10, additional funding of \$1.4 billion is being provided to support Defence overseas operations in the Middle East, East Timor and the Solomon Islands and for the continuation of coastal surveillance. Total operations funding in 2009-10 is \$1.6 billion. Operations funding is provided on a 'no win, no loss' basis.

Box 4: Defence funding

Total defence function expenditure (measured in accrual fiscal balance terms) is estimated to increase by \$3.6 billion from 2008-09 to 2009-10, an increase of 16.6 per cent (see Table 5.1) following a 12.7 per cent rise in 2008-09 compared with 2007-08. This indicates a major increase in Defence spending.

Table 5.1: Trends in the major components of defence spending

	Estimates			Projections		Average Annual Growth (a)
	2008-09	2009-10	2010-11	2011-12	2012-13	
	\$m	\$m	\$m	\$m	\$m	
Expenses	18,745	20,952	20,021	20,101	19,885	1.5
Net Capital Investment	2,759	4,128	5,868	5,868	5,189	17.1
Total defence spending	21,504	25,080	25,889	25,969	25,074	3.9
Nominal growth (percentage)	12.7	16.6	3.2	0.3	-3.4	3.9

(a) Over the period 2008-09 to 2012-13.

Investment spending in the defence function is proportionately larger than for other functions, as a consequence of the acquisition of military equipment and the construction of support facilities.

The growth of investment spending can experience significant annual fluctuations, including as a result of slippage in expenditure from one year to the next year (or to later years) and in response to supplementary funding decision. Details of defence investment spending are provided in the net capital investment estimates by function section of this statement at page 6-46.

Large military equipment projects usually involve uneven expenditures throughout their life that may lead to fluctuations in levels of net capital investment from year to year. Expenditure is also subject to slippage when project timelines are not met. For example, in the 2008-09 Budget and the *Mid-Year Economic and Fiscal Outlook 2008-09*, amounts in excess of \$1 billion and \$0.5 billion, respectively, were reprogrammed into future years to reflect changes in the timing of expected payments for military equipment.

Defence spending in later years beyond the forward estimates period will be driven by changes in Defence funding arising from the new funding model that has been decided in the context of the Government's Defence White Paper (see Box 5).

Box 5: The Defence White Paper and longer-term Defence funding

On 2 May 2009, the Government released the Defence White Paper, *Defending Australia in the Asia Pacific Century: Force 2030*, which is accompanied by a new long term funding model for the Defence budget. This new model:

- provides Defence with substantial additional resources to 2030 to implement the Defence White Paper; and
- provides long term stability and certainty for Defence planning.

The new funding model will provide Defence with \$308 billion over the decade from 2009-10 to 2018-19 and an additional \$146.1 billion when compared to projections at UEFO for the period to 2029-30.

The new model will apply from 1 July 2009, but the increases in funding that would be delivered by the model over the forward estimates period will instead be directed to Defence beyond 2015-16. This will ensure that Defence is provided with greater resources when major new capabilities are deployed in the future.

In addition to substantial additional funding, Defence will also initiate a program of savings to generate \$20 billion over the decade to fund new White Paper initiatives.

Under the new funding model, the Government has reaffirmed its existing commitment to provide an average of three per cent real growth in underlying funding to 2017-18. The Government will also provide 2.2 per cent real growth in underlying funding from 2018-19 to 2029-30.

Since the 2000 White Paper, Defence's funding has been indexed in accordance with forecasts of the non-farm GDP implicit price deflator, which has fluctuated significantly as the resources boom and the global recession have affected commodities prices. To avoid this volatility in the future, the Government has decided to index Defence funding at a constant annual rate of 2.5 per cent per annum, which accords with the target consumer price inflation that is agreed by the Australian Government and the Reserve Bank.

The new long term funding commitment and the change to Defence indexation will provide Defence planners with a stable, clearly defined, long term funding envelope within which resourcing decisions can be managed.

Defence funding will transition to the new long term path over 2013-14 and 2014-15. Defence funding will be \$1 billion below the new long term funding path in 2013-14, and \$500 million lower in 2014-15 as higher funding levels are phased in. These amounts will be added to the Defence budget in the period from 2016-17 to 2029-30.

Public order and safety

Expenses under the public order and safety function support the administration of the federal legal system and the provision of legal services, including legal aid to the community. Public order and safety expenses also include law enforcement and intelligence activities, in addition to the protection of Australian Government property.

Table 6: Summary of expenses — public order and safety

	Estimates			Projections	
	2008-09	2009-10	2010-11	2011-12	2012-13
	\$m	\$m	\$m	\$m	\$m
Courts and legal services	1,012	881	858	848	866
Other public order and safety	2,675	3,019	2,923	2,911	2,994
Total public order and safety	3,687	3,901	3,781	3,759	3,861

Total expenses for the public order and safety function are estimated to decrease by 7.6 per cent in real terms from 2009-10 over the forward years, or by 2.5 per cent per annum on average in real terms. This decrease reflects stabilisation after rapid growth in preceding years that arose from major initiatives such as one-off investments in the family law system, implementation of anti-terrorism legislation and investment in aviation security, intelligence capabilities and measures to counter illegal foreign fishing.

Expenses within the **courts and legal services** sub-function decrease over the period 2008-09 to 2009-10 due to the reclassification of expenses under Operation Sunlight and the termination or planned reduction in expenses for some programs. This includes the cessation of several inquiries (for example, equine influenza) and the winding-down of several one-off public education activities focused on new initiatives (for example, national human rights consultation).

Expenses for the **other public order and safety** sub-function include border protection and enforcement, aviation security services, detecting and responding to illegal foreign fishing, intelligence services, criminal investigations and processing of passengers arriving in Australia. Expenses included in this sub-function increase over 2008-09 to 2009-10. While some of this movement relates to reclassifications under Operation Sunlight, increases are also due to additional measures to respond to resurgent people smuggling activities. Contributions to the increase also result from the sustained investment in intelligence capabilities to manage risks and threats arising from the global security environment.

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Education

Education expenses support the delivery of education services through higher education institutions; vocational education and training providers (including technical and further education institutions); and government (State and Territory) and non-government primary and secondary schools.

Table 7: Summary of expenses — education

	Estimates			Projections	
	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m
Higher education	6,747	8,030	8,109	8,452	8,750
Vocational and other education	1,829	2,475	2,282	2,398	2,453
Schools	10,677	14,899	13,737	11,556	12,157
<i>Non-government schools</i>	6,336	6,306	6,784	7,299	7,873
<i>Government schools</i>	4,342	8,593	6,953	4,256	4,283
Student assistance	562	3,339	3,310	3,449	3,653
General administration	94	714	708	719	728
School education - specific funding	1,592	5,765	3,942	2,056	2,138
Total education	21,502	35,222	32,087	28,630	29,878

Total expenses in the education function are expected to increase by 60.9 per cent in real terms in 2009-10. The primary factors driving this growth are spending on school infrastructure as part of the Nation Building and Jobs Plan fiscal stimulus package, the Government's response to the *Review of Australian Higher Education*, and the reclassification of tertiary student assistance from the social security and welfare function. Education function expenses are forecast to decrease in 2010-11 and 2011-12, largely reflecting step downs in expenses as the temporary investment in schools infrastructure ends, offset to some extent by projected strong annual growth in spending on schools. As a result, total education function expenses in 2012-13 are projected to be 28.6 per cent higher in real terms than in 2008-09. If the estimated expenses are adjusted to take account of the amounts, totalling \$3.0 billion, being reclassified to education, this real growth declines to approximately 15 per cent.

Expenses relating to the **higher education** sub-function are expected to increase significantly in 2009-10, primarily reflecting the Government's response to the *Review of Australian Higher Education* (the Bradley review) and infrastructure spending from the Education Investment Fund (EIF). The overall impact of the Bradley review measures is sustained growth in expenses over the forward estimates period. However, the profile over the forward estimates is also influenced by the expected tailing off of expenditure from Round 2 and Round 3 EIF projects in 2011-12 and 2012-13, respectively.

Vocational and other education sub-function expenses are estimated to increase by 32.9 per cent in real terms from 2008-09 to 2009-10 (see Table 7). This is driven by the Nation Building and Jobs Plan, which provides \$500 million in 2009-10 for the Teaching and Learning Capital Fund to improve and modernise the quality of teaching and learning across the vocational education and training sector. The 2009-10 Budget

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incorporates a number of measures which support maintaining the development of the skill base of the Australian population, including an extra 10,000 places available under the Productivity Places Program, an additional 5,500 Apprenticeships Access places, and additional incentive payments to secure recommencement and completions for Australian apprentices. For further information on these measures, refer to Budget Paper No. 2, *Budget Measures 2009-10*, Education, Employment and Workplace Relations portfolio.

Table 7.1: Trends in the major components of vocational and other education sub-function expenses

	Estimates		Projections	
	2009-10	2010-11	2011-12	2012-13
	\$m	\$m	\$m	\$m
Payment to/through States	1,530	1,637	1,743	1,770
National Skills and Workforce Development				
National Training System	699	382	385	400
Adult English Migrant Program	209	211	213	221
VET Higher Education Loans Program	38	52	56	62
Total	2,475	2,282	2,398	2,453

Total expenses for the **government and non-government schools** sub-functions are expected to increase by 5.4 per cent in real terms from 2008-09 to 2012-13, or 1.3 per cent annually on average. Funding under this sub-function includes the new National Education Agreement, which will see total funding for government and non-government schools of around \$42 billion between 2009 and 2012, compared to \$33.5 billion under the previous schools agreement (excluding Indigenous funding). Schools expenses in the future will be complemented by over \$1.9 billion of additional funding over the period of the agreement, comprising National Partnerships for literacy and numeracy, improving principal leadership development and teacher quality, and improving educational outcomes in low socio-economic status school communities.

Expenses under the **student assistance** sub-function have been the subject of a reclassification under the improved reporting made possible by the Operation Sunlight changes. As a result, there is a substantial increase in education function expenses in 2009-10 (and a corresponding decrease in estimated expenses reported in the social security and welfare function). The increase in estimated expenses for the Higher Education Loan Program (HELP) over the forward estimates reflects decisions to increase the annual contribution for nursing and teaching courses, together with a repayment reduction for nursing and teaching graduates working in their chosen profession and the removal of the loan fee on OS-HELP loans (loans for overseas students). The expenses recorded in Table 7.2 reflect the deferral costs arising from the accounting treatment of concessional loans.

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Table 7.2: Trends in the major components of student assistance sub-function expenses

	Estimates		Projections	
	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m
Tertiary Student Assistance	2,358	2,282	2,343	2,456
Higher Education Loan Program	777	826	903	991
School Student Assistance	187	184	186	188
Veterans' Children Education Scheme	17	18	18	17
Total	3,339	3,310	3,449	3,653

Expenses in the **school education – specific funding** sub-function will increase substantially in 2009-10, reflecting the measures announced as part of the Government's Nation Building and Jobs Plan to build or renew infrastructure in all Australian schools under the Building the Education Revolution program. Additional funding has also been provided for the additional costs of implementing the National Secondary Schools Computer Fund in 2008-09 as part of Digital Education Revolution program.

Health

The health function includes expenses relating to: medical services funded through Medicare and the Private Health Insurance Rebate; payments to the States and Territories to deliver essential health services; Pharmaceutical Benefits and Repatriation Pharmaceutical Benefits Schemes; blood and blood products; population health measures; and health education and training services. Expenses relating to the new healthcare arrangements between the Australian Government and the States and Territories which take effect on 1 July 2009 are reflected against the national healthcare specific purpose payment sub-function. Funding for the previous healthcare arrangements is captured in the health care agreements sub-function, and represented funding of \$10.3 billion in 2008-09.

Table 8: Summary of expenses — health

	Estimates			Projections	
	2008-09	2009-10	2010-11	2011-12	2012-13
	\$m	\$m	\$m	\$m	\$m
Medical services and benefits(a)	20,629	21,221	21,000	21,975	22,801
Hospital services	2,947	1,689	1,687	1,742	1,780
Health care agreements	10,563	306	426	213	163
National healthcare specific purpose payment	0	11,224	11,978	12,820	13,747
Pharmaceutical services and benefits	9,332	9,873	10,440	10,926	11,092
Aboriginal and Torres Strait Islander health	517	634	682	687	661
Health services	3,947	4,598	5,174	5,382	5,470
General administration	1,331	1,677	1,814	1,874	1,914
Health assistance to the aged(b)	107	0	0	0	0
Total health	49,373	51,223	53,201	55,619	57,628

(a) The estimated financial impact of premium growth on the forward estimates for the Private Health Insurance Rebate has been allocated to the Contingency Reserve, due to commercial sensitivities.

(b) 'Health assistance to the aged' sub-function has been reclassified as 'assistance to the aged' sub-function (social security and welfare function) from 2009-10 onwards.

The major purpose of health function expenditure is to ensure that all Australians have access to essential health services through a range of providers and without excessive price barriers.

Expenses related to health are projected to be a major contributor to the growth in Australian Government spending in future decades. At the time of this Budget, total expenses for this function are estimated to increase by 6.0 per cent in real terms from 2009-10 over the forward years, or on average by 2.0 per cent per annum in real terms.

Medical services and benefits, funded through Medicare and the Private Health Insurance Rebate, make up 41 per cent of total health expenses in 2009-10 and 40 per cent across the forward estimates period. Expenses in this sub-function are forecast to remain relatively stable over the forward estimates with growth of 1.3 per cent in real terms from 2009-10 over the forward years, or 0.4 per cent per annum on average in real terms. However, there are significant movements in the components of the sub-function.

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Medicare expenses are expected to grow by 8.7 per cent from 2009-10 over the forward estimates, or by an annual average of 2.8 per cent. This growth primarily reflects increases in the number of services provided by general practitioners. It also reflects a shift to collaborative models of primary health care, which provide patients with access to a broader range of health services, including allied health. A reduction in Private Health Insurance Rebate expenses from 2010-11 reduces the level of funding in this sub-function from 2010-11 onwards. This is a result of the introduction from 1 July 2010 of lower rebates for higher income groups announced in this Budget.

The major components of the **medical services and benefits** sub-function are outlined in further detail below in Table 8.1.

Table 8.1: Trends in the major components of medical services and benefits sub-function expenses

	Estimates		Projections	
	2009-10	2010-11	2011-12	2012-13
	\$m	\$m	\$m	\$m
Medical Benefits Schedule	15,003	15,649	16,498	17,311
Private Health Insurance	4,115	3,264	3,355	3,313
Veterans' Medical Benefits	959	974	987	1,000
Primary Care Practice Incentives	293	301	301	312
Medical Indemnity	126	140	142	154
Other	725	672	692	711
Total	21,221	21,000	21,975	22,801

The **hospital services** sub-function is comprised of veterans' hospital services and payments to the states and territories under the COAG National Partnership Agreement on Hospital and Health Workforce Reform. Expenses in 2008-09 reflect \$1.3 billion in one-off payments to the states and territories provided for emergency departments, and extra sub-acute care beds as announced by COAG in November 2008. Expenses in this sub-function are not expected to grow in real terms from 2009-10 due to declining veteran client numbers.

The decrease in expenses for the **health care agreements** sub-function between 2008-09 and 2009-10 is due to the creation of the **national healthcare specific purpose payment** sub-function and subsequent reclassification of the National Healthcare Agreement to the new sub-function. The decrease in expenses for health care agreements in 2011-12 is mainly due to the expected completion of one-off funding provided to states and territories to help address waiting lists for elective surgery in public hospitals. The further decline that is expected to occur in 2012-13 is due to the expected completion of funding to States and Territories for public dental services under the Commonwealth Dental Health Program.

The projected growth in expenses for the **national healthcare specific purpose payment** sub-function relates to increased funding to be provided to the States, through the indexation component of the National Healthcare Agreement, taking the

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estimated real growth from 2009-10 over the period to 15.4 per cent, or an annual average of 4.9 per cent. This increase in funding was agreed by COAG in November 2008. This growth has occurred off a higher base due to a \$500 million increase in the base funding for the Agreement in 2008-09. Further information about the National Healthcare Agreement is provided in Budget Paper No. 3, *Australia's Federal Relations 2009-10* and further detail on the COAG reforms is available at page 6-6.

The increase in expenses in the **pharmaceutical services and benefits** sub-function is attributable to new high cost drug listings on the Pharmaceutical Benefits Scheme, combined with increased use of drugs associated with an ageing population. Estimated growth is expected to be 5.9 per cent in real terms over the forward years from 2009-10, or 1.9 per cent per annum on average in real terms over the forward estimates. These estimates have, in previous years, increased significantly as new drugs are listed. The major components of the pharmaceutical services and benefits sub-function are outlined in further detail below in Table 8.2.

Table 8.2: Trends in the major components of Pharmaceutical Benefits and Services sub-function expenses

	Estimates		Projections	
	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m
Pharmaceutical Benefits (concessional)(a)	5,442	5,794	6,142	6,498
Pharmaceutical Benefits (general)(b)	1,549	1,652	1,745	1,840
Pharmaceutical Benefits (highly specialised drugs)(c)	879	954	1,026	1,039
Repatriation Pharmaceutical Benefits Scheme	450	431	414	396
Essential Vaccines	328	332	338	343
Other	1,225	1,277	1,261	976
Total	9,873	10,440	10,926	11,092

(a) Concessional benefits are those provided through community pharmacies for Centrelink concession card holders.

(b) General benefits are those provided through community pharmacies for people without concession cards.

(c) Highly specialised drugs are subsidised by the Commonwealth Government through hospitals.

Expenses in the **Aboriginal and Torres Strait Islander health** sub-function are for Indigenous-specific health services. A significant increase in expenses is forecast to occur between 2008-09 and 2011-12, with real growth of 26.1 per cent over this period, or annual average growth of 8.0 per cent. Expenses in this sub-function are forecast to decline in 2012-13 as funding for the Northern Territory Emergency Response, in this year is yet to be considered. Because Aboriginal and Torres Strait Islander people do not just access Indigenous-specific services, substantial investment in Indigenous health is also being made through other sub-functions, including as part of the *National Partnership Agreement on Closing the Gap in Indigenous Health Outcomes* as described below.

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Expenses in the **health services** sub-function are largely comprised of population health programs, the provision of blood and blood products, and health infrastructure funding through the Health and Hospitals Fund. The increase in expenses between 2008-09 and 2009-10 is primarily due to the \$465.7 million projected to be funded in 2009-10 from the Health and Hospitals Fund. Further information on the package of measures funded from the Health and Hospitals Fund is presented in Budget Paper No. 2, *Budget Measures 2009-10*, Health and Ageing portfolio. The other main driver of growth from 2009-10 onwards is the cost for blood and blood products, which is \$1.5 billion in 2009-10 and is estimated to grow by 24.5 per cent in real terms, or an average of 7.6 per cent annually over the forward estimates period due to an increased demand for blood and specific blood products.

Health assistance to the aged sub-function (\$107 million in 2008-09) has been reclassified to the assistance to the aged sub-function in the social security and welfare function from 2009-10. This sub-function includes community nursing services to assist veterans and war widows and widowers.

Box 6: Closing the gap: health services for Indigenous people

Expenses targeted to improve the health of the Aboriginal and Torres Strait Islander population increased significantly between 2008-09 and 2009-10 as a result of the implementation of the Commonwealth's contribution to the *National Partnership Agreement on Closing the Gap in Indigenous Health Outcomes*, announced by COAG on 29 November 2008 at a cost to the Commonwealth of \$804 million over four years.

Expenses in the **Aboriginal and Torres Strait Islander health** sub-function will increase significantly between 2009-10 and 2010-11. While expenses in this sub-function are expected to decline after 2010-11, this is more than offset by the real growth in Commonwealth expenses committed to Indigenous health across a range of sub-functions through the Agreement which are expected to more than quadruple over the four year period (from \$77.2 million in 2009-10 to \$318.6 million in 2012-13), with an annual average real growth of 57.2 per cent. This overall pattern reflects the substantial growth in expenses related to Indigenous health services in other sub-functions, most notably in health services, medical services and benefits and Pharmaceutical Benefits and Services as shown in Table 8.3.

Table 8.3: Commonwealth expenses in the National Partnership Agreement on Closing the Gap in Indigenous Health Outcomes shown by sub-function

	Estimates		Projections	
	2009-10	2010-11	2011-12	2012-13
	\$m	\$m	\$m	\$m
Medical Services and Benefits	7	19	50	67
Pharmaceutical Benefits and Services	5	22	36	47
Aboriginal and Torres Strait Islander Health	26	39	27	27
Health Services	6	28	50	65
General Administration	33	51	87	112
Total	77	159	250	319

Social security and welfare

The social security and welfare function includes: pensions and services to the aged; assistance to the unemployed, people with disabilities and families with children; and income support and compensation for veterans and their dependants. It also includes advancement programs for Aboriginal and Torres Strait Islander people.

Table 9: Summary of expenses — social security and welfare

	Estimates			Projections	
	2008-09	2009-10	2010-11	2011-12	2012-13
	\$m	\$m	\$m	\$m	\$m
Assistance to the aged	40,314	40,664	43,619	46,386	49,123
Assistance to veterans and dependants	6,891	6,847	6,829	6,712	6,630
Assistance to people with disabilities	17,286	17,632	19,247	20,346	21,425
Assistance to families with children	38,770	29,538	29,800	30,632	31,212
Assistance to the unemployed and sick	5,168	8,806	10,342	10,053	9,018
Common youth allowance(a)	2,359	0	0	0	0
Other welfare programs	9,163	1,563	1,118	1,082	1,298
Aboriginal advancement nec	2,183	2,113	1,873	1,773	1,685
General administration	2,781	3,831	3,676	3,590	3,566
Total social security and welfare	124,915	110,994	116,503	120,574	123,957

(a) 'Common youth allowance' sub-function has been reclassified and split between the 'student assistance' sub-function (education function) and 'assistance to the unemployed' sub-function (social security and welfare function), as appropriate, from 2009-10 onwards.

Social security and welfare function expenses are estimated to grow at 5.2 per cent in real terms from 2009-10 over the forward estimates and at an average annual rate of 1.7 per cent over that period. A significant driver of growth in expenses for the majority of the sub-functions is the indexation of personal benefits and income support payments, and demographic and social factors such as the ageing of the population.

The sub-functions contributing most to the growth over the forward estimates are: assistance to the aged, which is expected to grow at an average annual rate of 4.4 per cent in real terms from 2009-10 over the forward estimates period, and assistance to people with disabilities (average annual real growth of 4.6 per cent over the forward estimates period). The major components of the assistance to the aged sub-function are outlined below in Table 9.1.

The main driver of the increase in the **assistance to the aged** sub-function is income support for seniors. The increase in expenses from 2009-10 is primarily the result of an increase in the base pension rate and an increase in supplementary payments as part of the Government's *Secure and Sustainable Pensions* package. The *Secure and Sustainable Pensions* package will provide a \$32.49 per week increase for single pensioners and a \$10.14 per week increase for pensioner couples (combined). These increases also impact on the **assistance to veterans and dependants**, and the **assistance to people with disabilities** sub-functions as the increases will apply to recipients of the Age Pension, Service Pension, Disability Support Pension, Carer Payment, Bereavement Allowance, Widow B Pension, Wife Pension, and Income Support Supplements and to War Widows.

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Table 9.1: Trends in the major components of assistance to the aged sub-function expenses

	Estimates		Projections	
	2009-10	2010-11	2011-12	2012-13
	\$m	\$m	\$m	\$m
Income Support for Seniors	29,335	31,698	33,790	36,149
Residential Care	6,170	6,551	6,914	7,183
Payment to/through States - Assistance to the Aged	1,533	1,631	1,738	1,859
Veterans' Community Care and Support	1,255	1,340	1,438	1,480
Community Care	837	856	884	917
Mature Age Income Support	719	624	578	470
Flexible Aged Care	484	579	687	709
Allowances Concessions and Services for Seniors	163	176	179	185
Aged Care Workforce	56	53	53	54
Ageing Information and Support	39	38	39	39
Dementia	31	31	32	32
Other	43	41	54	45
Total	40,664	43,619	46,386	49,123

The increase in projected expenses in the **assistance to people with disabilities** sub-function from 2009-10 is primarily driven by the new Carer Supplement payment and increased pension payments introduced as part of the *Secure and Sustainable Pensions* package. The first payment of the Carer Supplement will be made by 30 June 2009 with subsequent payments starting from July 2010. The Disability Support Pension and carer support payments expenses are the most significant components of this sub-function. The major components of the assistance to people with disabilities sub-function are outlined below in Table 9.2.

Table 9.2: Trends in the major components of assistance to people with disabilities sub-function expenses

	Estimates		Projections	
	2009-10	2010-11	2011-12	2012-13
	\$m	\$m	\$m	\$m
Disability Support Pension	11,558	12,234	12,680	13,185
Income Support for Carers	4,120	4,985	5,454	5,936
Payment to/through States - National Disability Agreement	904	1,039	1,180	1,229
Disability Employment Services	702	661	703	746
Services and Support for People with a Disability	315	302	305	313
Other	35	26	24	15
Total	17,632	19,247	20,346	21,425

The high level of expenses in 2008-09 in the **assistance to families with children** sub-function reflects the impact of the back to school and single income family bonus payments made in 2008-09 as part of the Nation Building and Jobs Plan, and payments to families announced in October 2008 in the *Economic Security Strategy* statement. Growth in expenses in this sub-function from 2009-10 is projected to be relatively flat. The major components of the assistance to families with children are outlined below in Table 9.3.

Table 9.3: Trends in the major components of families with children sub-function expenses

	Estimates		Projections	
	2009-10	2010-11	2011-12	2012-13
	\$m	\$m	\$m	\$m
Family Tax Benefit	17,424	17,249	17,335	17,559
Parents Income Support	5,295	5,295	5,319	5,453
Child Care Fee Assistance	3,093	3,165	3,230	3,308
Maternity Payments and Care Incentives	1,457	1,816	2,234	2,284
Child Support	1,214	1,270	1,300	1,332
Support for the Child Care System	390	352	352	367
Family Support	181	182	185	182
Family Relationship Services	173	174	177	181
Payment to/through States - Child Care	152	165	365	486
Early Childhood Education	43	43	44	44
Other	117	88	91	18
Total	29,538	29,800	30,632	31,212

The main driver of the **assistance to the unemployed and sick** sub-function is job seeker income support payments, including Newstart and Partner Allowance, and the reclassification of Youth Allowance (other) to this sub-function from the common youth allowance sub-function. Changes over the forward estimates are primarily the result of projected movements in the number of unemployment benefit recipients, consistent with projected economic conditions.

Expenses relating to non-tertiary youth allowance have been reclassified from the **common youth allowance** sub-function to the assistance to the unemployed sub-function from 2009-10. Expenses related to youth allowance for students has been reclassified to the education function. A total of \$2.4 billion has been reclassified.

Expenses in the **other welfare programs** sub-function are higher in 2008-09 than in subsequent years due to tax bonus payments paid in that year as part of the Government's Nation Building and Jobs Plan.

The trend in estimated expenses from 2009-10 in the **Aboriginal Advancement** sub-function of the social security and welfare function reflects the profile of the increased funding provided as part of the COAG agreement in 2008 to Close the Gap on Indigenous Disadvantage, which prioritised early spending to assist in rapid progress in meeting the Closing the Gap targets. The projected decline in expenses in 2012-13 relates to resourcing for the Northern Territory Emergency Response. Funding for the Response has been committed from 2009-10 until 2011-12, with further funding beyond this period to be considered at a future date.

The increase in the **general administration** sub-function expenses in 2009-10 is due to the reclassification of approximately \$0.9 billion in administrative expenses, primarily from the assistance to families with children sub-function, and an increase in funding to Centrelink, in line with the estimated increase in customers receiving Newstart benefits.

Housing and community amenities

The housing and community amenities function includes the Australian Government's contribution to the National Affordable Housing Agreement, other Australian Government housing programs, expenses of Defence Housing Australia (DHA) and various regional development and environment protection programs.

Table 10: Summary of expenses — housing and community amenities

	Estimates			Projections	
	2008-09	2009-10	2010-11	2011-12	2012-13
	\$m	\$m	\$m	\$m	\$m
Housing	3,216	7,334	4,408	3,282	2,964
Urban and regional development	166	553	294	136	137
Environment protection	1,029	1,202	869	847	903
Total housing and community amenities	4,410	9,089	5,571	4,266	4,005

After substantial growth in expenses in 2008-09 and 2009-10, total expenses under the housing and community amenities function are estimated to decrease by 58.5 per cent in real terms from 2009-10 over the forward years, or by 25.4 per cent per annum on average in real terms. This largely reflects the phasing down or cessation of various economic stimulus measures (in particular the Nation Building and Jobs Plan – *Investment in Social Housing* measure) and other one-off spending.

Housing sub-function expenses in 2008-09 have increased from \$1.9 billion estimated in the 2008-09 Budget to \$3.2 billion, mainly due to the First Home Owner Grant Boost introduced in October 2008 as part of the Economic Stimulus Package which has been extended in this Budget until 30 December 2009. The further growth to an estimated \$7.3 billion in 2009-10, is principally due to the Nation Building and Jobs Plan – *Investment in Social Housing* measure. The majority of this funding has been prioritised to produce relatively early spending in 2009-10, with smaller increases in expenditure in 2010-11 and 2011-12.

Other key contributors to housing expenses across the forward estimates period include: the National Partnership Agreement on Social Housing, which provides additional funding of \$400 million over 2008-09 and 2009-10; First Home Saver Accounts and the National Rental Affordability Scheme, introduced in the 2008-09 Budget (with expenses increasing over the forward estimates due to the estimated growth in take-up rates as these programs mature); and the National Partnership Agreement on Homelessness, which will provide \$400 million in additional expenditure over four years.

The **urban and regional development** sub-function comprises regional development programs and the natural disaster mitigation program. The increase in estimated regional development expenses in 2009-10 and 2010-11 is largely a result of one-off funding for the *East Kimberley Development* Package announced as part of the Government's *Nation Building* Package on 12 December 2008, and funding for the Infrastructure Employment Projects element of the Jobs Fund that was announced on

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5 April 2009. The decline in projected expenses from 2011-12 reflects the termination of the Better Regions and Regional Partnerships programs.

Expenses under the **environment protection** sub-function will increase in 2009-10 by \$173 million, due to the establishment of the Climate Change Action Fund (\$200 million in 2009-10) under the Carbon Pollution Reduction Scheme. The measure will provide support to businesses and community organisations transitioning to an operating environment that includes a price on carbon. A provision for the forward year funding has been made in the Contingency Reserve.

Recreation and culture

Recreation and culture function expenses support public broadcasting, cultural institutions, funding for the arts and the film industry, assistance to sport and recreation activities, as well as the management and protection of national parks and other world heritage areas. This function also includes expenses relating to the protection and preservation of historic sites and buildings, including war graves.

Table 11: Summary of expenses — recreation and culture

	Estimates			Projections	
	2008-09	2009-10	2010-11	2011-12	2012-13
	\$m	\$m	\$m	\$m	\$m
Broadcasting	1,372	1,451	1,494	1,512	1,496
Arts and cultural heritage	1,055	962	938	927	944
Sport and recreation	359	342	269	222	223
National estate and parks	211	344	298	278	281
Total recreation and culture	2,997	3,099	3,000	2,938	2,944

Total expenses under the recreation and culture function are estimated to decrease by 10.5 per cent in real terms from 2009-10 over the forward years, or by 3.6 per cent per annum on average in real terms. This largely reflects the completion of a number of one-off activities in the sport and recreation and national estate and parks sub-functions.

Broadcasting sub-function expenses will grow substantially in 2009-10, mainly due to increased resourcing for the Australian Broadcasting Corporation and the Special Broadcasting Service Corporation under their new triennial funding arrangements, and measures to assist Australia's transition from analog to digital television.

Expenses in the **broadcasting** sub-function are forecast to fall in 2012-13, because the initial digital switchover measures for regional areas scheduled to switch early cease in 2011-12. Funding assistance for the remaining areas of Australia will be considered at a later time, closer to when they are scheduled to switchover. Table 11.1 provides data on the most significant components that make up the broadcasting sub-function. (For further information on these measures, refer to Budget Paper No. 2, *Budget Measures 2009-10*, Broadband, Communications and the Digital Economy portfolio).

Table 11.1: Trends in the major components of broadcasting sub-function expenses

	Estimates		Projections	
	2009-10	2010-11	2011-12	2012-13
	\$m	\$m	\$m	\$m
ABC Television	586	607	620	633
ABC Radio	316	327	334	341
SBS Television	179	175	189	198
ABC Analog Transmission	94	95	91	85
Access to digital TV services	84	85	83	85
SBS Digital Transmission and Distribution	64	64	64	65
Broadcasting and Digital Television	46	62	51	13
Other	81	80	80	75
Total	1,451	1,494	1,512	1,496

To assist Australians with the switchover to digital television, the Government will provide: an assistance scheme for eligible households; an information campaign; a national call centre and website; and a retailer accreditation industry training scheme.

The **arts and cultural heritage** sub-function includes government arts expenditure. The decrease in expenses in 2009-10 for this sub-function primarily reflects an estimated decrease in claims for the Refundable Film and Television tax offset.

The **sport and recreation** sub-function includes government expenses relating to sport and recreational activities. The forecast decrease in expenses after 2009-10 is due to the expected completion of one-off funding activities delivered by the Australian Sports Commission.

Expenses under the **national estate and parks** sub-function are expected to rise in 2009-10, primarily due to the reclassification of the Australian Antarctic Division to this sub-function from the housing and community amenities function (approximately \$145 million in 2009-10). The forecast increase also reflects the Government's commitment to provide funding of \$60 million for the preservation of national heritage-listed buildings and historic properties, of which \$53.5 million is expected to be spent in 2009-10.

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Fuel and energy

This function comprises a wide range of fuel and energy expenses administered across a number of portfolios. It includes expenses for the Fuel Tax Credits and the Energy Grants (Cleaner Fuels) Schemes, which are administered by the ATO. It also includes expenses related to greenhouse programs and programs to support production or use of alternative fuels, including ethanol and biodiesel.

Table 12: Summary of expenses — fuel and energy

	Estimates			Projections	
	2008-09	2009-10	2010-11	2011-12	2012-13
	\$m	\$m	\$m	\$m	\$m
Fuel and energy	6,280	8,403	7,899	7,044	6,454
Total fuel and energy	6,280	8,403	7,899	7,044	6,454

Fuel and energy expenses are expected to increase significantly in 2009-10 as a result of increased expenditure on energy efficiency programs, particularly under the Government's \$3.9 billion Energy Efficient Homes (EEH) package announced as part of the Nation Building and Jobs Plan, and the \$4.5 billion Clean Energy Initiative (including infrastructure package). Thereafter total spending declines reflecting the temporary nature of the EEH package.

The EEH will improve the energy efficiency of Australian homes through funding the installation of ceiling insulation and providing increased rebates for solar and heat pump hot water systems. These measures are expected to increase expenses by \$1.5 billion in both 2009-10 and 2010-11, and by \$736 million in 2011-12, the last year of the package.

The Clean Energy Initiative will encourage further innovation in clean energy generation and low emissions technology by supporting investment in industrial scale carbon capture and storage and industrial scale solar generation projects. This initiative also includes the establishment of Renewables Australia, which will promote the development, commercialisation and deployment of renewable technologies.

Fuel Tax Credit expenses are expected to grow over the period to 2012-13, reflecting the phase-in of the fuel tax credit arrangements and the estimated usage of the scheme.

Table 12.1: Trends in the major components of fuel and energy sub-function expenses

	Estimates		Projections	
	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m
Fuel Tax Credits Scheme	5,073	5,134	5,281	5,694
Energy Efficiency and Climate Change Action	2,139	1,764	934	57
Resources Related Initiatives and Management	496	477	261	220
Energy Related Initiatives and Management	408	253	312	239
Resources, Energy and Tourism departmental funding for fuel and energy	84	72	71	72
Cleaner Fuels Scheme	40	44	68	56
Other	164	155	117	117
Total	8,403	7,899	7,044	6,454

On a smaller scale, within the Energy and Resources related groups, the commencement of a number of climate change and innovation programs will contribute to additional fuel and energy function expenses. These programs include the Global Carbon Capture and Storage Institute and National Low Emission Coal Initiative, which are all due to commence in 2009-10.

Agriculture, forestry and fishing

Agriculture, forestry and fishing function expenses support assistance to primary producers, forestry, fishing, land and water resources management, quarantine services and contributions to research and development.

Table 13: Summary of expenses — agriculture, forestry and fishing

	Estimates			Projections	
	2008-09	2009-10	2010-11	2011-12	2012-13
	\$m	\$m	\$m	\$m	\$m
Wool industry	48	50	55	55	55
Grains industry	120	128	137	142	152
Dairy industry	50	50	44	45	45
Cattle, sheep and pig industry	169	165	160	161	161
Fishing, horticulture and other agriculture	269	191	217	214	206
General assistance not allocated to specific industries	98	44	44	45	43
Rural assistance	1,164	574	96	86	52
Natural resources development	785	1,632	1,485	1,540	1,631
General administration	565	573	553	563	570
Total agriculture, forestry and fishing	3,267	3,407	2,791	2,852	2,915

After increasing in 2009-10, total expenses under this function are estimated to decrease by 19.4 per cent in real terms from 2009-10 over the forward years, or by 6.9 per cent per annum on average in real terms.

The decrease over the forward estimates largely reflects a drop in expenses for drought-related measures within the **rural assistance** sub-function. This reflects an assumed return to normal seasonal conditions in parts of Australia and a consequent reduction in drought assistance outlays.

The expected increase in expenses in the **natural resources development** sub-function in 2009-10 reflects an increase in expenditure under the *Water for the Future* package, particularly in the Sustainable Rural Water Use and Infrastructure program, and the Restoring the Balance in the Murray-Darling Basin program. These programs are designed to improve water infrastructure and address water over-allocation in the Murray Darling Basin.

Other significant expenses on conservation and the sustainable use and repair of Australia's natural environment are included in the environment protection sub-function (reported as part of the housing and community amenities function) and the national estate and parks sub-function (in the recreation and culture function).

Mining, manufacturing and construction

Expenses under this function relate to the mining, manufacturing and construction sectors, and are designed to assist the efficiency and competitiveness of Australian industries. The major components include programs specific to the automotive and textiles, clothing and footwear industries.

Table 14: Summary of expenses — mining, manufacturing and construction

	Estimates			Projections	
	2008-09	2009-10	2010-11	2011-12	2012-13
	\$m	\$m	\$m	\$m	\$m
Mining, manufacturing and construction	1,921	1,681	1,962	1,947	1,906
Total mining, manufacturing and construction	1,921	1,681	1,962	1,947	1,906

Total expenses under the mining, manufacturing and construction function are estimated to increase by 6.8 per cent in real terms over the forward years, or by about 2.2 per cent per annum on average in real terms.

Expenses for this function have been affected by the reclassification of a number of programs within this function to the other economic affairs function from 2009-10, as part of improved reporting under the Operation Sunlight reforms. These programs were reclassified to more closely align with the International Monetary Fund's Government Finance Statistics system. Programs involved in this reclassification have an estimated expense of around \$400 million in 2009-10 and include: assistance to exporters through direct financial assistance for the development of export markets; information and promotional assistance; finance and insurance services; trade policy; research and development assistance grants; and strategic investment incentives.

The effects of this reclassification are expected to be partially offset in 2009-10 and largely offset from 2010-11 by a change in the form of government support for research and development activities from tax concessions (that reduce revenue) to tax credits (that impact on expenses) arising from the Government's response to the *Review of the National Innovation System*.

The expected decline in expenses for this function after 2010-11 is due primarily to the reduction in rebates for the post-factory conversion element of the Liquefied Petroleum Gas Vehicle Scheme.

Transport and communication

Transport and communication function expenses support the infrastructure and regulatory framework for Australia's transport and communication sectors.

Table 15: Summary of expenses — transport and communication

	Estimates			Projections	
	2008-09	2009-10	2010-11	2011-12	2012-13
	\$m	\$m	\$m	\$m	\$m
Communication	519	531	429	419	355
Rail transport(a)	498	350	834	1,248	1,594
Air transport	174	173	171	165	165
Road transport(a)	5,286	3,915	3,699	4,352	4,201
Sea transport	282	292	297	305	315
Other transport and communication	230	221	207	196	196
Total transport and communication	6,989	5,482	5,637	6,686	6,826

(a) Most road and rail funding from 2009-10 onwards is currently classified under the road transport sub-function and will be reclassified between the road and rail transport sub-functions as programs of work are determined.

Total expenses under this function are estimated to increase by 17.3 per cent in real terms from 2009-10 over the forward years, or 5.5 per cent per annum on average in real terms.

The decline in estimated expenses in the **communication** sub-function between 2009-10 and 2012-13 primarily reflects a reduction in demand for the Australian Broadband Guarantee. This reflects the greater availability of metro-comparable broadband services to residential and small business premises in rural and regional locations, reducing the demand for assistance. The decline in this sub-function does not take into account the proposed investment in the National Broadband Network.

The Government will establish a new company to build and operate an enhanced National Broadband Network to deliver telephony and high speed broadband to Australian homes and businesses. The preliminary estimate is that the enhanced National Broadband Network will cost up to \$43 billion (including private financing) with detailed engineering, commercial and structural issues to be the subject of an implementation study to be completed by early 2010. Further information can be found in the measures: *National Broadband Network – initial investment*; *National Broadband Network – implementation and establishment*; and *National Broadband Network – regional backbone blackspots program*, detailed in Budget Paper No. 2, *Budget Measures 2009-10*, Broadband, Communications and the Digital Economy portfolio.

The estimated expenses reported in the **road transport** and **rail transport** sub-functions predominantly relate to continuing implementation of the *Nation Building Program* to improve the road and rail transport networks and funding announced as part of the Government's *Infrastructure Package* in the 2009-10 Budget, which includes \$7.7 billion of expense measures that affect these two sub-functions.

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The forecast increase in expenses in the **rail transport** sub-function across the forward estimates is due to additional funding being provided from the Building Australia Fund (BAF) component of the Infrastructure Package for a number of major metro rail infrastructure projects, including a \$3.2 billion contribution over six years towards the Regional Rail Express project in Victoria. Further information on BAF funding for rail projects can be found in the measure, *Infrastructure Package – Building Australia Fund-Rail Projects*, detailed under the Infrastructure, Transport, Regional Development and Local Government portfolio in Budget Paper No. 2, *Budget Measures 2009-10*. Increased funding for rail has also been provided through equity injections into the Australian Rail Track Corporation. This is reported in Table 20 of this Statement under the transport and communication function.

The increase in estimated expenses in the **road transport** sub-function in 2008-09 and 2009-10 is partly due to projects initially scheduled to commence in 2010-11 and 2011-12 being brought forward as part of the Government's Nation Building Package that was announced on 12 December 2008. The Government has decided to further assist States to progress projects more quickly, in line with the Government's economic stimulus objective, by making an additional \$292.3 million of funds available in 2008-09 instead of 2009-10 under the Nation Building Program, predominantly for road projects. The increasing level of expenses from 2010-11 onwards is, in part, due to funding being provided from the BAF for a number of major road infrastructure projects, including a \$1.5 billion contribution over six years towards the Hunter Expressway project in New South Wales, and a \$618 million contribution over six years towards the Pacific Highway – Kempsey Bypass project in New South Wales.

Further information on BAF funding for road projects can be found in the measures, *Infrastructure Package – Building Australia Fund – Road Projects*, *Infrastructure Package – Nation Building – bringing forward projects*, *Infrastructure Package – Nation Building – Bruce Highway* and *Infrastructure Package – Major Cities Program*, detailed under the Infrastructure, Transport, Regional Development and Local Government portfolio in Budget Paper No. 2, *Budget Measures 2009-10*.

The estimated expenses for the **air transport** and **sea transport** sub-functions predominantly relate to the activities of the safety regulators— the Civil Aviation Safety Authority and the Australian Maritime Safety Authority. The slight decline in estimated expenses in the air transport sub-function over the forward estimates is primarily due to the winding down of noise amelioration programs for Sydney and Adelaide airports, and the completion of programs that assisted with the implementation of checked baggage screening and screening for liquid, aerosols and gels at airports.

Other economic affairs

The other economic affairs function includes expenses on tourism and area promotion, labour market assistance, immigration, industrial relations and other economic affairs not elsewhere classified.

Table 16: Summary of expenses — other economic affairs

	Estimates			Projections	
	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m
Tourism and area promotion	195	169	168	166	169
Total labour and employment affairs	5,463	5,802	5,733	5,516	5,134
<i>Vocational and industry training</i>	1,343	1,430	1,330	1,352	1,350
<i>Labour market assistance to job seekers and industry</i>	2,129	2,329	2,497	2,239	1,916
<i>Industrial relations</i>	689	547	507	504	430
<i>Immigration</i>	1,302	1,495	1,399	1,420	1,438
Other economic affairs nec	1,380	2,212	2,093	2,172	2,146
Total other economic affairs	7,037	8,183	7,994	7,854	7,450

Expenses under the other economic affairs function are projected to increase by 14.2 per cent in real terms in 2009-10. However, the increase in expenses in 2009-10 is primarily due to the reclassification to this function of approximately \$410 million in expenses from the mining, manufacturing and construction function and consolidation of approximately \$400 million in expenses from a number of other functions. The increase also results from additional funding provided under the labour market assistance to job seekers and industry sub-function in response to the expected rise in unemployment. Expenses are projected to decline in 2011-12 and 2012-13, as additional expenditure on labour market assistance projects funded through the *Jobs Fund* does not continue into these forward years, when the economy is projected to be recovering.

Expenses in the **vocational and industry training** sub-function are projected to be largely stable over the forward estimates. The estimated growth in 2009-10 is mainly due to the reclassification of expenses between the other economic affairs function and the education function. The subsequent decrease in 2010-11 mainly reflects an expected reduction in expenses under the *Australian Apprenticeships Workforce Skills Development* program as a result of the *Reform of Australian Apprenticeships Incentives Funding* package which better targets payments to apprentices and employers. Further information on this package of measures is presented in Budget Paper No. 2, *Budget Measures 2009-10*.

The main driver of expected growth in the **labour market assistance to job seekers and industry** sub-function in 2009-10 and 2010-11 is the \$650 million *Jobs and Training Compact – Jobs Fund* measure. Further information on this measure is presented in Budget Paper No. 2, *Budget Measures 2009-10*. The anticipated reduction in expenses from 2011-12, and particularly in 2012-13, is largely due to a projected reduction in labour market assistance.

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In the **industrial relations** sub-function, implementation of the Government's Fair Work legislation is expected to result in lower administrative costs associated with the rationalisation of the award system and the transition from Australian Workplace Agreements to collective agreements. The overall decrease in expenses is partially offset by additional funding for implementation of the new workplace relations arrangements under the *Fair Work Australia – implementation of workplace relations legislation* measure. Further information on this measure is presented in Budget Paper No. 2, *Budget Measures 2009-10*.

The expected increase in expenses in the **immigration** sub-function in 2009-10 is largely the result of the reclassification of expenses totalling approximately \$190 million relating to settlement services for migrants and refugees from the social security function. The projected decline in 2010-11 is mainly due to a reduction in expenses associated with the expected completion of the 'Systems for People' IT project in the Department of Immigration and Citizenship. Expenses in the sub-function are projected to increase in 2012-13 due to the expected increased processing of short term visas for tourists and international students.

Expenses for the **other economic affairs not elsewhere classified** sub-function are estimated to increase substantially between 2008-09 and 2009-10. However, this growth is almost entirely due to the reclassification of expenses from other functions, including approximately \$410 million in expenses from the mining, manufacturing and construction function for the Export Market Development Grants Scheme and Trade and Investment Development programs. The increase also results from the consolidation in the other economic affairs function of expenses, from a number of other functions, of approximately \$400 million related to the Innovative Industry program. The projected decrease in expenses in 2010-11 is largely due to the Export Market Development Grants Scheme returning to historical funding levels after additional funding in 2009-10. The expected decrease also reflects the completion of five-year funding agreements for Cooperative Research Centres and the rationalisation of programs which support the transition of innovative ideas to commercial enterprises under the Innovative Industry program. Expenses are projected to increase again from 2011-12 due to the implementation of various climate change initiatives.

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Other purposes

The other purposes function includes expenses incurred in the servicing of public debt interest, and assistance to the state, territory and local governments. The function also includes items classified to natural disaster relief, the cost of asset sales, the contingency reserve (refer to Appendix B for a detailed description), and expenses related to nominal interest on unfunded liabilities for government superannuation benefits.

Table 17: Summary of expenses — other purposes

	Estimates			Projections	
	2008-09	2009-10	2010-11	2011-12	2012-13
	\$m	\$m	\$m	\$m	\$m
Public debt interest	3,938	6,264	8,340	10,659	12,493
<i>Interest on Commonwealth Government's behalf</i>	3,938	6,264	8,340	10,659	12,493
Nominal superannuation interest	6,432	6,792	7,016	7,245	7,489
General purpose inter-government transactions	45,433	44,086	46,404	49,288	52,329
<i>General revenue assistance - States and Territories</i>	43,050	41,841	44,373	47,197	50,148
<i>Local government assistance</i>	2,384	2,245	2,031	2,091	2,181
Natural disaster relief	398	91	91	91	101
Contingency reserve(a)	-793	1,589	3,493	7,235	14,591
Total other purposes	55,408	58,822	65,344	74,518	87,002

(a) Asset sale related expenses are treated as a component of the contingency reserve.

Total expenses under the other purposes function are estimated to increase by 39.4 per cent in real terms from 2009-10 over the forward years, or by 11.7 per cent per annum in real terms. This increase is primarily driven by the increasing profile of the contingency reserve over the forward years, expected increases in general assistance revenue assistance payments to the States and Territories from 2010-11 and the expected increase in public debt interest.

The most significant expenses in the other purposes function relate to general revenue assistance paid to State and Territory governments. Virtually all of these expenses comprise payments of Goods and Services Tax (GST) revenue grants to the States and Territories which are provided on an 'untied' basis. Payments to the States are expected to fall in 2009-10 due to the state of the economy but rise from 2010-11. Payments to State and Territory Governments that are tied to specific purposes (for example, health and education) are reported under their relevant functions earlier in this statement.

Expenditure in the **local government assistance** sub-function is predominantly related to Local Government Financial Assistance Grants, which increase across the forward estimates period due to forecast population increases and changes in the Consumer Price Index (local government funding provided by the Commonwealth is linked to population and inflation). The increase in estimated expenses in 2008-09 and 2009-10 is primarily due to funding being provided for the Regional and Local Community

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Infrastructure Program (\$490 million in 2008-09 and \$310 million in 2009-10). A significant component of local government assistance is categorised under other expense functions (refer to Budget Paper No. 3, *Australia's Federal Relations 2009-10* for more information on Australian Government assistance to local governments).

Of the other major items, the expenses in the **nominal superannuation interest** sub-function are projected to increase over time, reflecting the growth in the Government's superannuation liability.

The increase in the **Interest on Commonwealth Government's behalf** sub-function is due to the increased issuance of Commonwealth Government bonds.

The increase in expenses in the **Contingency Reserve** sub-function from 2009-10 over the forward years is largely due to the conservative bias allowance – an allowance that compensates for the trend in expenses on existing Australian Government programs to be underestimated by agencies in the forward years. The nature of the Contingency Reserve is discussed in more detail at Appendix B.

GENERAL GOVERNMENT NET CAPITAL INVESTMENT

Net capital investment comprises acquisitions of non financial assets (including inventories) less non financial asset disposals and depreciation.

Australian Government general government net capital investment is expected to increase significantly in 2009-10 and 2010-11. This increase reflects the higher investment in defence capital projects, Commonwealth Government capital components of the Nation Building and Jobs Plan and Nation Building Plan for the Future. Despite falling slightly in 2011-12 and 2012-13 net capital investment remains at a historically high level. Details of movements are explained below.

Table 18: Estimates of total net capital investment

	UEFO(a)	Revised	Estimates		Projections	
	2008-09	2008-09	2009-10	2010-11	2011-12	2012-13
Total net capital investment (\$m)	3,996	4,347	5,545	6,269	6,139	5,016
Real growth on previous year (%) ^(b)	49.3	62.5	25.3	11.3	-3.9	-20.3
Per cent of GDP	0.3	0.4	0.5	0.5	0.5	0.4

(a) As estimated at February 2009 Updated Economic and Fiscal Outlook.

(b) Real growth is calculated using the Consumer Price Index.

Reconciliation of net capital investment since the 2008-09 Budget

A reconciliation of the 2008-09 Budget, 2008-09 MYEFO, UEFO 2009 and 2009-10 Budget net capital investment estimates, showing the effect of policy decisions and economic parameter and other variations since the estimates were published in the 2008-09 Budget, is provided in Table 19.

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Table 19: Reconciliation of net capital investment

	Estimates			Projections
	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
2008-09 Budget net capital investment	3,872	4,050	4,462	5,094
Changes between 2008-09 Budget and MYEFO				
Effect of policy decisions(a)	2	91	76	-21
Effect of parameter and other variations	-90	1,338	1,018	598
Total variations	-88	1,429	1,094	577
2008-09 MYEFO net capital investment	3,784	5,480	5,556	5,670
Changes between MYEFO and UEFO				
Effect of policy decisions(a)	37	27	-1	-1
Effect of parameter and other variations	175	-254	250	9
Total variations	212	-227	249	8
2009 UEFO net capital investment	3,996	5,253	5,805	5,678
Changes between UEFO and 2009-10 Budget				
Effect of policy decisions(a)	246	438	70	52
Effect of parameter and other variations	105	-146	393	409
Total variations	351	292	464	461
2009-10 Budget net capital investment	4,347	5,545	6,269	6,139

(a) Excludes the public debt net interest effect of policy measures.

Forecast net capital investment for 2009-10 has increased by \$292 million since the UEFO 2009. This increase is driven by the effect of new policy decisions of \$438 million, partly offset by parameter and other variations of \$146 million.

Major policy decisions since UEFO include the purchase of assets as part of the National Broadband Network regional backbone blackspots program and investment as part of the Government's Nation Building Plan for the Future. This latter package includes investment in additional facilities for the Australian Nuclear Science and Technology Organisation, additional tropical marine research facilities for the Australian Institute of Marine Science and the replacement of the Australian National Marine Facility, the *RV Southern Surveyor*, operated by the CSIRO.

Discussion of changes between the UEFO 2009 and the 2009-10 Budget, shown in the table above, can be found in Statement 3 (in the section titled 'Variations in net capital investment estimates'). Further information on capital measures since UEFO can be found in Budget Paper No. 2, *Budget Measures 2009-10*.

Net capital investment estimates by function

Estimates for Australian Government general government net capital investment by function for the period 2008-09 to 2012-13 are provided in Table 20.

Table 20: Estimates of net capital investment by function

	Estimates			Projections	
	2008-09	2009-10	2010-11	2011-12	2012-13
	\$m	\$m	\$m	\$m	\$m
General public services	-16	124	203	369	123
Defence	2,759	4,128	5,868	5,868	5,189
Public order and safety	347	213	239	47	-121
Education	19	38	-6	-12	0
Health	389	153	-22	-34	-18
Social security and welfare	79	9	-26	29	-97
Housing and community amenities	-66	327	27	-32	-13
Recreation and culture	183	185	36	-7	-6
Fuel and energy	14	1	-1	-1	-1
Agriculture, forestry and fishing	583	526	496	425	457
Mining, manufacturing and construction	13	0	19	12	16
Transport and communications	22	231	-28	-30	-46
Other economic affairs	63	22	-18	-22	-33
Other purposes	-42	-411	-518	-473	-434
Total net capital investment	4,346	5,545	6,269	6,139	5,016

Net capital investment in 2009-10 is estimated to be \$5.5 billion. This is significantly higher than forecast in the 2008-09 Budget, as a result of higher investment in defence, health, public order and safety and agriculture, forestry and fishing.

As in previous years, the most significant component of net capital investment in 2009-10 is that reported under the defence function. This investment reflects the acquisition of military equipment and the construction of support facilities. As with all investment, the growth of defence capital investment can experience significant annual fluctuations, including as a result of slippage in expenditure. Also, large defence capital projects can involve uneven expenditures throughout the life of the project that can contribute to fluctuations in levels of net capital investment from year to year.

The reduction in net capital investment in 2012-13 is in part due to completion of construction, managed by the Department of Finance and Deregulation, and subsequent transfer to the Australian Security Intelligence Organisation (ASIO) of new accommodation.

A significant change to net capital investment from that reported in previous years is the inclusion of investment in water entitlements under the *Water for the Future* package recorded under the agriculture, forestry and fishing function. This investment reflects accelerated investment in water entitlements resulting from the bring forward of funding from beyond the forward estimates. Further information can be found in Budget Paper No. 2, *Budget Measures 2009-10*.

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Other items of major net capital investment impacting the budget and forward years include investment in the Australian Federal Police's new headquarters; the new central office for the Attorney General's Department; investment by the Indigenous Land Council in a range of new property acquisitions; and business investments in information technology by several agencies.

Significant factors contributing to net capital investment by function include:

- **General public services** – investment in major projects managed by the Department of Finance and Deregulation including the Villawood Immigration Detention Centre and new accommodation for the Australian Security Intelligence Organisation; the refurbishment and relocation of various overseas missions by the Department of Foreign Affairs and Trade; and investment in information technology by several agencies including the Australian Taxation Office and Centrelink.
- **Defence** – investment by the Department of Defence on various capital projects including facility and base infrastructure upgrades at Lavarack Barracks, (Townsville), Gallipoli Barracks, (Enoggera), Simpson Barracks, (Watsonia) and the Royal Australian Air Force bases at Amberley, Queensland and Pearce in Western Australia.

There are also a number of construction projects related to the introduction of Defence capabilities including Enhanced Land Force Facilities Stage 1, Heavy Airlift Capability Permanent Facilities, Australian Super Hornets Facilities, Hardened and Networked Army Facilities and the Multi Role Helicopter Facilities projects. Construction will occur at various Defence sites and locations across Australia.

Defence is continuing with a major equipment acquisition program, which will keep capital equipment expenditure at a high level over the forward estimates. Major equipment which is expected to be delivered over this period includes airborne early warning and control aircraft, air-to-air refuelling aircraft, Super Hornets, Tiger and MRH-90 Helicopters, Upgraded M113 Armoured Personnel Carriers, Bushranger vehicles, and Submarine, ANZAC and FFG Ship Upgrades.

- **Public Order and Safety** – major construction projects including fit out of the Australian Federal Police's new headquarters, the Edmund Barton Building, and completion of a new central office for the Attorney-General's Department.
- **Health** – continuing investment in the National Medical Stockpile to protect against possible disease outbreaks such as a pandemic influenza or biosecurity incidents.

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- **Social Security and Welfare** – Indigenous Land Council investment in a range of new property acquisition and business investments, including the creation of two cultural sites, the Black Theatre and the National Indigenous Development Centre, in Sydney, and an ongoing upgrade of capital development on remote pastures (mainly fencing).
- **Housing and Community Amenities** – investment by Defence Housing Australia (DHA) in the construction of 802 houses across Australia in 2009-10 and 2010-11. As part of the Government's Nation Building and Jobs Plan, DHA received an additional \$252 million of which approximately \$201 million will be spent in 2009-10. The Nation Building and Jobs Plan construction package is in addition to DHA's current capital program.
- **Recreation and Culture** – the establishment of Collection Development Acquisition Budgets (CDABs) to provide an equivalent funding stream in lieu of previously agreed depreciation funding for heritage and cultural assets. CDABs will assist these agencies to maintain their heritage and cultural asset acquisitions. Other investments include the refurbishment and enhancement of the National Gallery of Australia, rehabilitation of buildings and land around Sydney Harbour by the Sydney Harbour Federation Trust, and the National Capital Authority upgrading roads in Canberra. These are partially offset by the sale of buildings and property in Perth by the Australian Broadcasting Corporation.
- **Agriculture, Forestry and Fishing** – accelerated investment in water entitlements under the *Water for the Future* package brought forward from beyond the forward estimates to expedite the return of water to the environment in the Murray-Darling Basin.
- **Other Economic Affairs** – the completion by the Bureau of Meteorology of the tsunami warning system and enhancements to meteorological radar systems in 2008-09. From 2009-10, net capital investment declines primarily reflecting the expected completion of the development stage of the 'Systems for People' IT program within the Department of Immigration and Citizenship.

Table 21 reports the acquisition of non-financial assets by function before taking into account depreciation or amortisation.

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Table 21: Australian Government general government purchases of non-financial assets by function

	Estimates			Projections	
	2008-09	2009-10	2010-11	2011-12	2012-13
	\$m	\$m	\$m	\$m	\$m
General public services	844	732	706	886	849
Defence	6,412	7,943	9,366	8,990	8,182
Public order and safety	599	492	546	369	234
Education	32	55	17	14	27
Health	99	149	51	61	62
Social security and welfare	356	273	224	264	115
Housing and community amenities	171	441	124	165	86
Recreation and culture	386	407	259	226	226
Fuel and energy	15	1	0	0	0
Agriculture, forestry and fishing	598	540	511	441	473
Mining, manufacturing and construction	34	8	26	20	22
Transport and communications	68	295	31	28	11
Other economic affairs	337	340	296	309	310
Other purposes	-40	-371	-519	-472	-434
General government purchases of non-financial assets	9,910	11,304	11,639	11,300	10,163

Trends in Australian Government Staffing

Trends in the estimated annual average staffing level (ASL)¹ for all agencies in the Australian Government general government sector are reported in Table 1 below. These data provide a summary of people employed by the Australian Government, including all Defence Force personnel and those employed by Statutory Authorities.

ASL data was first collected and published in the Budget papers for 2001-02. Since that time, there has been a significant growth in the number of ASL (19 per cent, or over 40,000). Table 1 also shows that, following sharp increases in 2006-07 and 2007-08 (around 10,000 ASL year on year), growth since 2007-08 has been relatively moderate (around 2.1 per cent).

Table 22: Estimates of Average Staff Levels (ASL)

2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
212,784	217,284	223,134	225,914	227,013	238,623	248,217	250,566	253,318

While the 2008-09 Budget Papers estimated a slight decrease in ASL in 2008-09 (reporting 247,081), the expected ASL outcome for 2008-09 is approximately 2,300 higher. The 2009-10 Budget is expected to result in a modest net increase of around 2,750 ASL (1.1 per cent) across the general government sector.

Appendix C5 provides details of ASL at the portfolio and agency level.

1 ASL figures reflect the average number of employees receiving salary or wages over the financial year, with adjustments for casual and part-time staff, to show the average full time equivalent (FTE).

APPENDIX A: EXPENSE BY FUNCTION AND SUB-FUNCTION

Note: Caution should be exercised in comparing 2007-08 and 2008-09 data with the forward years as reclassifications arising as a result of improved reporting as part of the Operation Sunlight reforms have produced structural breaks in the data for some functions and sub-functions.

Table A1: Estimates of expenses by function and sub-function

	Actuals		Estimates		Projections	
	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m
General public services						
Legislative and executive affairs	961	819	874	1,020	891	914
Financial and fiscal affairs	6,102	5,946	5,685	5,999	6,541	6,627
Foreign affairs and economic aid	3,881	4,972	4,909	5,366	5,726	6,373
General research	2,146	2,722	2,566	2,561	2,595	2,512
General services	925	761	670	638	634	630
Government superannuation benefits	2,600	2,689	3,051	3,153	3,211	3,225
Total general public services	16,615	17,910	17,755	18,739	19,598	20,280
Defence	17,670	18,745	20,952	20,021	20,101	19,885
Public order and safety						
Courts and legal services	950	1,012	881	858	848	866
Other public order and safety	2,556	2,675	3,019	2,923	2,911	2,994
Total public order and safety	3,506	3,687	3,901	3,781	3,759	3,861
Education						
Higher education	6,850	6,747	8,030	8,109	8,452	8,750
Vocational and other education	1,554	1,829	2,475	2,282	2,398	2,453
Schools	9,163	10,677	14,899	13,737	11,556	12,157
<i>Non-government schools</i>	<i>6,085</i>	<i>6,336</i>	<i>6,306</i>	<i>6,784</i>	<i>7,299</i>	<i>7,873</i>
<i>Government schools</i>	<i>3,078</i>	<i>4,342</i>	<i>8,593</i>	<i>6,953</i>	<i>4,256</i>	<i>4,283</i>
Student assistance	472	562	3,339	3,310	3,449	3,653
General administration	5	94	714	708	719	728
School education - specific funding	389	1,592	5,765	3,942	2,056	2,138
Total education	18,433	21,502	35,222	32,087	28,630	29,878
Health						
Medical services and benefits(a)	19,089	20,629	21,221	21,000	21,975	22,801
Hospital services	1,791	2,947	1,689	1,687	1,742	1,780
Health care agreements	9,968	10,563	306	426	213	163
National healthcare specific purpose payment	0	0	11,224	11,978	12,820	13,747
Pharmaceutical services and benefits	8,593	9,332	9,873	10,440	10,926	11,092
Aboriginal and Torres Strait Islander health	500	517	634	682	687	661
Health services	2,876	3,947	4,598	5,174	5,382	5,470
General administration	764	1,331	1,677	1,814	1,874	1,914
Health assistance to the aged(b)	816	107	0	0	0	0
Total health	44,397	49,373	51,223	53,201	55,619	57,628
Social security and welfare						
Assistance to the aged	35,454	40,314	40,664	43,619	46,386	49,123
Assistance to veterans and dependants	6,395	6,891	6,847	6,829	6,712	6,630
Assistance to people with disabilities	14,368	17,286	17,632	19,247	20,346	21,425
Assistance to families with children	28,528	38,770	29,538	29,800	30,632	31,212

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Table A1: Estimates of expenses by function and sub-function (continued)

	Actuals		Estimates		Projections	
	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m
Social security and welfare (continued)						
Assistance to the unemployed and the sick	4,371	5,168	8,806	10,342	10,053	9,018
Common youth allowance(c)	2,026	2,359	-1	0	0	0
Other welfare programs	2,464	9,163	1,564	1,118	1,082	1,298
Aboriginal advancement nec	1,418	2,183	2,113	1,873	1,773	1,685
General administration	2,818	2,781	3,831	3,676	3,590	3,566
Total social security and welfare	97,842	124,915	110,994	116,503	120,574	123,957
Housing and community amenities						
Housing	1,646	3,216	7,334	4,408	3,282	2,964
Urban and regional development	164	166	553	294	136	137
Environment protection	1,100	1,029	1,202	869	847	903
Total housing and community amenities	2,910	4,410	9,089	5,571	4,266	4,005
Recreation and culture						
Broadcasting	1,320	1,372	1,451	1,494	1,512	1,496
Arts and cultural heritage	1,267	1,055	962	938	927	944
Sport and recreation	450	359	342	269	222	223
National estate and parks	171	211	344	298	278	281
Total recreation and culture	3,207	2,997	3,099	3,000	2,938	2,944
Fuel and energy	5,361	6,280	8,403	7,899	7,044	6,454
Agriculture, forestry and fishing						
Wool industry	57	48	50	55	55	55
Grains industry	110	120	128	137	142	152
Dairy industry	69	50	50	44	45	45
Cattle, sheep and pig industry	165	169	165	160	161	161
Fishing, horticulture and other agriculture	353	269	191	217	214	206
General assistance not allocated to specific industries	456	98	44	44	45	43
Rural assistance	1,343	1,164	574	96	86	52
Natural resources development	766	785	1,632	1,485	1,540	1,631
General administration	516	565	573	553	563	570
Total agriculture, forestry and fishing	3,834	3,267	3,407	2,791	2,852	2,915
Mining, manufacturing & construction	1,410	1,921	1,681	1,962	1,947	1,906
Transport and communication						
Communication	534	519	531	429	419	355
Rail transport(d)	186	498	350	834	1,248	1,594
Air transport	141	174	173	171	165	165
Road transport(d)	2,853	5,286	3,915	3,699	4,352	4,201
Sea transport	239	282	292	297	305	315
Other transport and communication	177	230	221	207	196	196
Total Transport and communication	4,129	6,989	5,482	5,637	6,686	6,826

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Table A1: Estimates of expenses by function and sub-function (continued)

	Actuals		Estimates		Projections	
	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m
Other economic affairs						
Tourism and area promotion	207	195	169	168	166	169
Total labour and employment affairs	4,506	5,463	5,802	5,733	5,516	5,134
<i>Vocational and industry training</i>	999	1,343	1,430	1,330	1,352	1,350
<i>Labour market assistance to job seekers and industry</i>	1,896	2,129	2,329	2,497	2,239	1,916
<i>Industrial relations</i>	508	689	547	507	504	430
<i>Immigration</i>	1,102	1,302	1,495	1,399	1,420	1,438
Other economic affairs nec	1,213	1,380	2,212	2,093	2,172	2,146
Total other economic affairs	5,926	7,037	8,183	7,994	7,854	7,450
Other purposes						
Public debt interest	3,544	3,938	6,264	8,340	10,659	12,493
<i>Interest on Commonwealth Government's behalf</i>	3,544	3,938	6,264	8,340	10,659	12,493
Nominal superannuation interest	6,011	6,432	6,792	7,016	7,245	7,489
General purpose inter-government transactions	45,277	45,433	44,086	46,404	49,288	52,329
<i>General revenue assistance - States and Territories</i>	43,479	43,050	41,841	44,373	47,197	50,148
<i>Local government assistance</i>	1,798	2,384	2,245	2,031	2,091	2,181
Natural disaster relief	28	398	91	91	91	101
Contingency reserve(e)	8	-793	1,589	3,493	7,235	14,591
Total other purposes	54,868	55,408	58,822	65,344	74,518	87,002
Total expenses	280,109	324,443	338,213	344,528	356,388	374,990

- (a) The estimated financial impact of premium growth on the forward estimates for the Private Health Insurance Rebate has been allocated to the Contingency Reserve, due to commercial sensitivities.
- (b) 'Health assistance to the aged' sub-function has been reclassified as 'assistance to the aged' sub-function (social security and welfare function) from 2009-10 onwards.
- (c) 'Common youth allowance' sub-function has been reclassified as 'student assistance' sub-function (education function) and 'assistance to the unemployed' sub-function (social security and welfare function) from 2009-10 onwards.
- (d) Most road and rail funding from 2009-10 onwards is currently classified under the road transport sub-function and will be reclassified between the road and rail transport sub-functions as programs of work are determined.
- (e) Asset Sale related expenses are treated as a component of the Contingency Reserve.

APPENDIX B: THE CONTINGENCY RESERVE

The Contingency Reserve (other purposes function) is an allowance, included in aggregate expenses, principally to reflect anticipated events that cannot be assigned to individual programs in the preparation of the Australian Government budget estimates. The Reserve is used to ensure that the budget estimates are based on the best information available at the time of the Budget. It is not a general policy reserve.

While the Reserve is designed to ensure that aggregate estimates are as close as possible to expected outcomes, it is not appropriated. Allowances that are included in the Reserve can only be drawn upon once they have been appropriated by Parliament. These allowances are removed from the reserve and allocated to specific agencies for appropriation and for outcome reporting closer to the time when the associated events eventuate.

The Contingency Reserve makes allowance in 2009-10 and the forward years for anticipated events, including the following:

- an allowance for the tendency for estimates of expenses for existing Government policy to be revised upwards in the forward years, known as the conservative bias allowance. An examination of expenses estimates since the last budget indicates that the extent of the historic tendency for expenses to be revised upwards, after taking account of policy measures and formal economic parameter variations, has reduced in recent years. On this basis the provision has been reduced by half of one percentage point in each year of the forward estimates. This allowance is now set at 2.0 per cent of total general government sector expenses (excluding Goods and Services Tax payments to the States) in the third year of the forward estimates period (2012-13), 1.0 per cent in the second year (2011-12), and 0.5 per cent in the first forward year (2010-11). This involves a reduction of expenses of \$1.5 billion in 2010-11, \$1.5 billion in 2011-12 and \$1.6 billion in 2012-13;
- a provision for underspends in the current financial year reflecting the tendency for budgeted expenses for some agencies or functions not to be met;
- commercial-in-confidence and national security-in-confidence items that cannot be disclosed separately and programs that are yet to be renegotiated with State and Territory governments;
- decisions made too late for inclusion against individual agency estimates;
- the effect on the budget and forward estimates of economic parameter revisions received late in the budget process and hence not able to be allocated to individual agencies or functions; and
- provision for events and pressures that are reasonably expected to affect the budget estimates. For example, a provision for the continuation of drought relief in 2009-10.

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The Contingency Reserve also makes the provision for future increases in Australia's official development assistance yet to be allocated to specific aid programs. However, in this budget statement, those expenses are allocated to the general public services function (see page 6-11 for further information).

Following the Government's decision to defer the implementation of the Carbon Pollution Reduction Scheme (CPRS) by 12 months, updated expense and revenue estimates associated with the revised implementation of the Scheme have been included in the Contingency Reserve.

The Contingency Reserve also includes provisions for future equity investments in the National Broadband Network. This is subject to the outcome of the implementation plan and subsequent commercial negotiations and, accordingly, is not disclosed.

APPENDIX C: ADDITIONAL AGENCY STATISTICS

Table C1: General government expenses by agency

	Estimates			Projections	
	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m
Agriculture, Fisheries and Forestry					
Dairy Adjustment Authority	6	0	0	0	0
Department of Agriculture, Fisheries and Forestry	2,391	1,600	1,295	1,288	1,266
Grains Research and Development Corporation	120	128	134	139	147
Total	2,516	1,728	1,430	1,427	1,413
Attorney-General's					
Attorney-General's Department	1,135	961	904	899	886
Australian Security Intelligence Organisation	359	414	420	424	426
Australian Customs and Border Protection Service	1,098	1,094	1,108	1,070	1,083
Australian Federal Police	1,282	1,395	1,324	1,351	1,350
Family Court of Australia	140	158	179	180	181
High Court of Australia	18	18	18	18	18
National Capital Authority	26	26	29	31	31
Total	4,057	4,066	3,982	3,972	3,975
Broadband, Communications and the Digital Economy					
Australian Broadcasting Corporation	1,044	1,109	1,142	1,157	1,174
Australian Communications and Media Authority	260	262	260	260	254
Department of Broadband, Communications and the Digital Economy	1,360	1,477	1,425	1,437	1,352
Special Broadcasting Service Corporation	270	307	306	320	326
Total	2,933	3,154	3,134	3,174	3,106
Defence					
Australian War Memorial	47	39	40	40	40
Defence Housing Australia	760	848	985	1,008	904
Defence Materiel Organisation	9,390	11,851	12,199	12,104	10,795
Department of Defence	24,751	26,308	25,462	25,635	25,664
Department of Veterans' Affairs	11,965	11,880	11,973	11,981	11,991
Total	46,914	50,926	50,659	50,768	49,395
Education, Employment and Workplace Relations					
Department of Education, Employment and Workplace Relations	41,859	45,981	45,911	44,473	44,367
Comcare	325	307	310	324	339
Total	42,184	46,288	46,221	44,798	44,706

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Table C1: General government expenses by agency (continued)

	Estimates			Projections	
	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m
Environment, Water, Heritage and the Arts					
Bureau of Meteorology	289	307	320	315	310
Department of the Environment, Water, Heritage and the Arts	2,549	4,677	4,189	3,641	2,914
National Gallery of Australia	49	39	40	41	41
National Library of Australia	71	62	60	60	60
National Museum of Australia	47	44	44	45	44
Total	3,005	5,130	4,654	4,101	3,370
Families, Housing, Community Services and Indigenous Affairs					
Department of Families, Housing, Community Services and Indigenous Affairs	77,007	67,238	70,910	74,316	77,892
Indigenous Business Australia	71	97	92	97	99
Total	77,078	67,335	71,002	74,412	77,991
Finance and Deregulation					
Australian Electoral Commission	113	119	258	120	129
Department of Finance and Deregulation	7,413	8,737	9,647	9,961	9,613
Future Fund Management Agency	8,726	124	155	187	220
Total	16,252	8,980	10,060	10,268	9,962
Foreign Affairs and Trade					
AusAID	3,366	3,063	3,753	3,588	4,017
Australian Trade Commission	421	427	378	380	376
Department of Foreign Affairs and Trade	1,250	1,426	1,362	1,349	1,383
Export Finance and Insurance Corporation (National Interest component)	71	66	57	51	44
Total	5,107	4,982	5,551	5,369	5,820
Health and Ageing					
Australian Sports Commission	249	243	207	180	181
Department of Health and Ageing	50,432	41,494	42,840	44,916	46,486
National Blood Authority	836	902	1,005	1,098	1,206
National Health and Medical Research Council	675	768	827	865	877
Total	52,192	43,407	44,878	47,058	48,751
Human Services					
Centrelink	2,859	2,971	2,825	2,740	2,680
Department of Human Services	2,056	2,062	2,074	2,077	2,112
Medicare Australia	729	733	722	755	774
Total	5,644	5,765	5,621	5,572	5,566
Immigration and Citizenship					
Department of Immigration and Citizenship	1,803	1,769	1,674	1,695	1,737
Total	1,803	1,769	1,674	1,695	1,737

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Table C1: General government expenses by agency (continued)

	Estimates			Projections	
	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m
Infrastructure, Transport, Regional Development and Local Government					
Civil Aviation Safety Authority	146	153	152	158	163
Department of Infrastructure, Transport, Regional Development and Local Government	8,444	4,252	4,503	4,974	5,286
Total	8,590	4,405	4,655	5,132	5,449
Innovation, Industry, Science and Research					
Australian Nuclear Science and Technology Organisation	231	227	226	227	228
Australian Research Council	614	704	757	843	878
Commonwealth Scientific and Industrial Research Organisation	1,378	1,153	1,194	1,230	1,259
Department of Innovation, Industry, Science and Research	3,930	4,613	4,598	4,642	4,472
Total	6,154	6,697	6,776	6,942	6,837
Parliament					
Department of Parliamentary Services	142	143	145	146	148
Total	142	143	145	146	148
Prime Minister and Cabinet					
Department of Climate Change	127	365	134	102	97
Department of Prime Minister and Cabinet	123	136	136	133	130
National Archives of Australia	71	67	66	66	67
Total	320	568	335	301	294
Resources, Energy and Tourism					
Department of Resources, Energy and Tourism	1,209	1,150	959	799	687
Tourism Australia	175	162	167	168	169
Total	1,384	1,313	1,126	968	856
Treasury					
Australian Bureau of Statistics	328	344	402	575	353
Australian Office of Financial Management	4,836	6,439	8,438	10,719	12,546
Australian Securities and Investment Commission	376	406	397	382	362
Australian Taxation Office	23,824	16,015	16,927	17,634	18,546
Department of the Treasury	52,883	78,399	76,086	76,732	80,358
Total	82,248	101,603	102,250	106,042	112,164
Small agencies					
Total	4,662	4,756	4,627	4,399	4,405
Whole of government and inter-agency amounts(a)					
	-22,990	-20,806	-19,912	-15,909	-6,140
AEIFRS expenses considered other economic flows(b)					
	-15,753	-3,998	-4,337	-4,246	-4,814
Total expenses	324,443	338,213	344,528	356,388	374,990

(a) Estimates of inter-agency transactions are included in the whole of government and inter-agency amounts. The entry for each portfolio does not include eliminations for inter-agency transactions within that portfolio.

(b) Agencies estimates are reported on an AEIFRS basis. AEIFRS expenses considered other economic flows include net write-down and impairment of assets and fair value losses and swap interest expense as detailed in statement 9 note 13.

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Table C2: Departmental expenses by agency

	Estimates			Projections	
	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m
Agriculture, Fisheries and Forestry					
Dairy Adjustment Authority	0	0	0	0	0
Department of Agriculture, Fisheries and Forestry	640	608	587	597	604
Grains Research and Development Corporation	120	128	134	139	147
Total	759	736	721	736	751
Attorney-General's					
Attorney-General's Department	253	262	271	269	271
Australian Security Intelligence Organisation	359	414	420	424	426
Australian Customs and Border Protection Service	1,095	1,090	1,104	1,062	1,077
Australian Federal Police	1,274	1,361	1,298	1,326	1,339
Family Court of Australia	140	158	178	179	180
High Court of Australia	18	18	18	18	18
National Capital Authority	15	16	16	16	16
Total	3,154	3,319	3,304	3,293	3,327
Broadband, Communications and the Digital Economy					
Australian Broadcasting Corporation	1,044	1,109	1,142	1,157	1,174
Australian Communications and Media Authority	97	99	97	97	91
Department of Broadband, Communications and the Digital Economy	119	164	103	98	87
Special Broadcasting Service Corporation	270	307	306	320	326
Total	1,530	1,679	1,649	1,672	1,677
Defence					
Australian War Memorial	47	39	40	40	40
Defence Housing Australia	760	848	985	1,008	904
Defence Materiel Organisation	9,390	11,851	12,199	12,104	10,795
Department of Defence	21,393	22,801	21,871	21,886	21,750
Department of Veterans' Affairs	362	347	329	334	339
Total	31,952	35,886	35,424	35,372	33,829
Education, Employment and Workplace Relations					
Comcare	325	307	310	324	339
Department of Education, Employment and Workplace Relations	1,983	930	873	855	855
Total	2,308	1,237	1,183	1,180	1,194

Statement 6: Expenses and Net Capital Investment

Table C2: Departmental expenses by agency (continued)

	Estimates			Projections	
	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m
Environment, Water, Heritage and the Arts					
Bureau of Meteorology	269	287	300	305	310
Department of the Environment, Water, Heritage and the Arts	579	593	561	569	559
National Gallery of Australia	49	39	40	41	41
National Library of Australia	71	62	60	60	60
National Museum of Australia	47	44	44	45	44
Total	1,015	1,026	1,006	1,020	1,015
Families, Housing, Community Services and Indigenous Affairs					
Department of Families, Housing, Community Services and Indigenous Affairs	1,608	618	593	596	547
Indigenous Business Australia	71	97	92	97	99
Total	1,679	715	685	693	646
Finance and Deregulation					
Australian Electoral Commission	112	119	200	120	129
Department of Finance and Deregulation	459	447	440	442	410
Future Fund Management Agency	20	25	27	27	28
Total	591	590	667	590	567
Foreign Affairs and Trade					
AusAID	131	133	137	132	134
Australian Trade Commission	221	227	228	230	225
Department of Foreign Affairs and Trade	873	950	983	983	1,019
Export Finance and Insurance Corporation (National Interest component)	0	0	0	0	0
Total	1,224	1,310	1,348	1,345	1,378
Health and Ageing					
Australian Sports Commission	249	243	207	180	181
Department of Health and Ageing	703	704	697	689	689
National Blood Authority	9	11	10	10	9
National Health and Medical Research Council	46	45	40	41	41
Total	1,007	1,003	954	919	921
Human Services					
Centrelink	2,859	2,971	2,825	2,740	2,680
Department of Human Services	709	760	720	692	695
Medicare Australia	724	728	722	755	774
Total	4,293	4,459	4,266	4,187	4,149
Immigration and Citizenship					
Department of Immigration and Citizenship	1,294	1,252	1,166	1,186	1,227
Total	1,294	1,252	1,166	1,186	1,227

Statement 6: Expenses and Net Capital Investment

Table C2: Departmental expenses by agency (continued)

	Estimates			Projections	
	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m
Infrastructure, Transport, Regional Development and Local Government					
Civil Aviation Safety Authority	146	153	152	158	163
Department of Infrastructure, Transport, Regional Development and Local Government	251	220	204	193	194
Total	397	372	356	350	357
Innovation, Industry, Science and Research					
Australian Nuclear Science and Technology Organisation	231	227	226	227	228
Australian Research Council	20	20	22	21	22
Commonwealth Scientific and Industrial Research Organisation	1,378	1,153	1,194	1,230	1,259
Department of Innovation, Industry, Science and Research	340	355	365	382	390
Total	1,970	1,755	1,807	1,859	1,899
Parliament					
Department of Parliamentary Services	124	125	126	127	129
Total	124	125	126	127	129
Prime Minister and Cabinet					
Department of Climate Change	84	120	63	63	62
Department of Prime Minister and Cabinet	111	125	125	123	119
National Archives of Australia	71	67	66	66	67
Total	267	312	254	251	248
Resources, Energy and Tourism					
Department of Resources, Energy and Tourism	92	84	72	71	72
Tourism Australia	175	162	167	168	169
Total	267	247	238	239	241
Treasury					
Australian Bureau of Statistics	328	344	402	575	353
Australian Office of Financial Management	8	14	14	15	15
Australian Securities and Investment Commission	317	352	343	327	305
Australian Taxation Office	3,050	3,075	3,139	3,127	3,134
Department of the Treasury	161	178	163	153	153
Total	3,865	3,963	4,062	4,196	3,961
Small agencies	3,990	3,951	3,825	3,603	3,601
Whole of government and inter-agency amounts(a)	-10,082	-8,308	-7,707	-8,056	-7,632
AEIFRS expenses considered other economic flows(b)	-1,547	-439	-345	-319	-267
Total departmental expenses	50,057	55,190	54,991	54,444	53,216

(a) Estimates of inter-agency transactions are included in the whole of government and inter-agency amounts. The entry for each portfolio does not include eliminations for inter-agency transactions within that portfolio.

(b) Agencies estimates are reported on an AEIFRS basis. AEIFRS expenses considered other economic flows include net write-down and impairment of assets and fair value losses.

Statement 6: Expenses and Net Capital Investment

Table C3: Net capital investment by agency

	Estimates			Projections	
	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m
Agriculture, Fisheries and Forestry					
Dairy Adjustment Authority	0	0	0	0	0
Department of Agriculture, Fisheries and Forestry	-4	-2	-2	-2	0
Grains Research and Development Corporation	0	0	0	0	0
Total	-4	-2	-2	-2	0
Attorney-General's					
Attorney-General's Department	64	25	-22	-6	-14
Australian Security Intelligence Organisation	42	39	56	30	-65
Australian Customs and Border Protection Service	24	-3	-2	-1	-1
Australian Federal Police	152	142	94	-8	-48
Family Court of Australia	0	0	0	0	0
High Court of Australia	2	1	1	1	1
National Capital Authority	26	3	-3	-5	0
Total	311	205	123	11	-128
Broadband, Communications and the Digital Economy					
Australian Broadcasting Corporation	-4	38	0	0	0
Australian Communications and Media Authority	-1	11	4	0	1
Department of Broadband, Communications and the Digital Economy	-2	252	-8	-8	-7
Special Broadcasting Service Corporation	35	5	2	4	1
Total	30	305	-3	-4	-4
Defence					
Australian War Memorial	-26	23	8	1	1
Defence Housing Australia	-23	311	52	1	23
Defence Materiel Organisation	0	0	0	0	0
Department of Defence	2,470	3,837	5,583	5,571	5,050
Department of Veterans' Affairs	0	6	-2	-7	-2
Total	2,421	4,177	5,641	5,566	5,073
Education, Employment and Workplace Relations					
Comcare	4	1	1	1	3
Department of Education, Employment and Workplace Relations	24	45	2	-7	0
Total	28	46	2	-6	3

Statement 6: Expenses and Net Capital Investment

Table C3: Net capital investment by agency (continued)

	Estimates			Projections	
	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m
Environment, Water, Heritage and the Arts					
Bureau of Meteorology	42	16	15	10	8
Department of the Environment, Water, Heritage and the Arts	945	501	471	404	423
National Gallery of Australia	41	47	14	12	13
National Library of Australia	0	22	13	10	9
National Museum of Australia	14	21	18	19	15
Total	1,042	607	530	455	467
Families, Housing, Community Services and Indigenous Affairs					
Department of Families, Housing, Community Services and Indigenous Affairs	-3	5	-22	-32	-26
Indigenous Business Australia	-126	0	-2	0	-1
Total	-129	5	-24	-33	-27
Finance and Deregulation					
Australian Electoral Commission	0	6	-2	-3	0
Department of Finance and Deregulation	-45	73	178	184	155
Future Fund Management Agency	0	1	-2	0	0
Total	-45	79	174	181	154
Foreign Affairs and Trade					
AusAID	-2	0	-2	-1	-5
Australian Trade Commission	2	4	0	0	0
Department of Foreign Affairs and Trade	293	-45	104	121	214
Export Finance and Insurance Corporation (National Interest component)	0	0	0	0	0
Total	292	-41	103	121	209
Health and Ageing					
Australian Sports Commission	0	-1	-1	-1	-1
Department of Health and Ageing	14	63	-41	-78	-78
National Blood Authority	0	0	0	0	0
National Health and Medical Research Council	7	-1	-1	-1	-1
Total	20	61	-42	-81	-81
Human Services					
Centrelink	3	-60	-7	40	-45
Department of Human Services	7	-2	-15	0	-15
Medicare Australia	7	38	-6	-18	-15
Total	16	-24	-29	22	-75
Immigration and Citizenship					
Department of Immigration and Citizenship	19	4	-5	160	-1
Total	19	4	-5	160	-1

Statement 6: Expenses and Net Capital Investment

Table C3: Net capital investment by agency (continued)

	Estimates			Projections	
	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m
Infrastructure, Transport, Regional Development and Local Government					
Civil Aviation Safety Authority	1	-6	-5	-2	-6
Department of Infrastructure, Transport, Regional Development and Local Government	-987	-402	-7	-7	-7
Total	-986	-408	-12	-9	-12
Innovation, Industry, Science and Research					
Australian Nuclear Science and Technology Organisation	-15	4	2	-6	-10
Australian Research Council	5	4	0	-1	-1
Commonwealth Scientific and Industrial Research Organisation	35	12	17	44	7
Department of Innovation, Industry, Science and Research	15	3	20	-1	-2
Total	41	23	39	36	-6
Parliament					
Department of Parliamentary Services	1	7	6	7	1
Total	1	7	6	7	1
Prime Minister and Cabinet					
Department of Climate Change	7	38	-3	-3	-2
Department of Prime Minister and Cabinet	5	0	-5	-2	-3
National Archives of Australia	0	2	1	1	1
Total	11	39	-7	-4	-3
Resources, Energy and Tourism					
Department of Resources, Energy and Tourism	0	-1	-1	-1	0
Tourism Australia	2	1	0	0	0
Total	1	0	-1	-1	0
Treasury					
Australian Bureau of Statistics	-13	7	12	-2	-7
Australian Office of Financial Management	0	0	0	2	0
Australian Securities and Investment Commission	43	24	-9	-4	-4
Australian Taxation Office	76	-17	-22	-27	-29
Department of the Treasury	32	11	-3	-3	-3
Total	138	25	-23	-33	-43
Small agencies	279	109	23	-9	-69
Whole of government and inter-agency amounts(a)	679	-1,019	-696	-608	-596
AEIFRS movements in non-financial assets considered other economic flows(b)	464	1,454	497	362	86
Total net capital investment	4,347	5,545	6,269	6,139	5,016

(a) Estimates of inter-agency transactions are included in the whole of government and inter-agency amounts. The entry for each portfolio does not include eliminations for inter-agency transactions within that portfolio.

(b) Agencies estimates are reported on an AEIFRS basis. AEIFRS movements in non-financial assets considered other economic flows include net write-down and impairment of non-financial assets, assets recognised for the first time and prepayments.

Statement 6: Expenses and Net Capital Investment

Table C4: Capital appropriations by portfolio

	Estimates			Projections	
	2008-09	2009-10	2010-11	2011-12	2012-13
	\$m	\$m	\$m	\$m	\$m
Agriculture, Fisheries and Forestry					
Dairy Adjustment Authority	0	0	0	0	0
Department of Agriculture, Fisheries and Forestry	8	2	0	0	0
Grains Research and Development Corporation	0	0	0	0	0
Total	8	2	0	0	0
Attorney-General's					
Attorney-General's Department	39	36	5	5	5
Australian Security Intelligence Organisation	71	16	50	42	0
Australian Customs and Border Protection Service	25	5	0	0	0
Australian Federal Police	127	55	14	7	7
Family Court of Australia	0	0	0	0	0
High Court of Australia	0	1	1	1	1
National Capital Authority	25	3	0	0	0
Total	287	116	70	55	14
Broadband, Communications and the Digital Economy					
Australian Broadcasting Corporation	11	18	0	0	0
Australian Communications and Media Authority	4	4	0	0	0
Department of Broadband, Communications and the Digital Economy	0	3	2,300	0	0
Special Broadcasting Service Corporation	18	5	3	5	0
Total	33	30	2,303	5	0
Defence					
Australian War Memorial	9	9	7	7	7
Defence Housing Australia	0	201	50	0	0
Defence Materiel Organisation	0	0	0	0	0
Department of Defence	1,805	4,153	5,109	5,072	5,208
Department of Veterans' Affairs	3	21	1	1	1
Total	1,817	4,384	5,167	5,080	5,216
Education, Employment and Workplace Relations					
Comcare	0	0	0	0	0
Department of Education, Employment and Workplace Relations	8	42	2	0	0
Total	8	42	2	0	0

Statement 6: Expenses and Net Capital Investment

Table C4: Capital appropriations by portfolio (continued)

	Estimates			Projections	
	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m
Environment, Water, Heritage and the Arts					
Bureau of Meteorology	11	17	15	10	8
Department of the Environment, Water, Heritage and the Arts	573	533	501	438	459
National Gallery of Australia	37	33	16	16	16
National Library of Australia	1	10	10	10	10
National Museum of Australia	1	2	2	2	2
Total	623	595	544	476	495
Families, Housing, Community Services and Indigenous Affairs					
Department of Families, Housing, Community Services and Indigenous Affairs	7	132	13	2	0
Indigenous Business Australia	42	33	0	0	0
Total	48	165	13	2	0
Finance and Deregulation					
Australian Electoral Commission	3	2	1	0	0
Department of Finance and Deregulation	1,551	1,508	1,587	1,637	1,692
Future Fund Management Agency	0	0	0	0	0
Total	1,554	1,510	1,588	1,637	1,692
Foreign Affairs and Trade					
AusAID	262	8	320	4	242
Australian Trade Commission	0	13	0	0	0
Department of Foreign Affairs and Trade	47	174	29	33	39
Export Finance and Insurance Corporation (National Interest component)	0	0	0	0	0
Total	310	195	348	37	281
Health and Ageing					
Australian Sports Commission	0	0	0	0	0
Department of Health and Ageing	113	51	1	0	0
National Blood Authority	0	0	0	0	0
National Health and Medical Research Council	0	0	0	0	0
Total	113	51	1	0	0
Human Services					
Centrelink	-9	10	5	0	0
Department of Human Services	7	8	0	0	0
Medicare Australia	16	39	4	0	0
Total	14	57	8	0	0
Immigration and Citizenship					
Department of Immigration and Citizenship	36	32	0	0	0
Total	36	32	0	0	0

Statement 6: Expenses and Net Capital Investment

Table C4: Capital appropriations by portfolio (continued)

	Estimates			Projections	
	2008-09	2009-10	2010-11	2011-12	2012-13
	\$m	\$m	\$m	\$m	\$m
Infrastructure, Transport, Regional Development and Local Government					
Civil Aviation Safety Authority	0	0	0	0	0
Department of Infrastructure, Transport, Regional Development and Local Government	1,189	0	0	0	0
Total	1,189	0	0	0	0
Innovation, Industry, Science and Research					
Australian Nuclear Science and Technology Organisation	2	0	0	0	0
Australian Research Council	0	5	3	1	1
Commonwealth Scientific and Industrial Research Organisation	8	10	10	0	0
Department of Innovation, Industry, Science and Research	71	62	36	30	25
Total	81	77	48	32	26
Parliament					
Department of Parliamentary Services	12	12	12	12	0
Total	12	12	12	12	0
Prime Minister and Cabinet					
Department of Climate Change	1	73	0	0	0
Department of Prime Minister and Cabinet	5	7	0	0	0
National Archives of Australia	0	0	0	0	0
Total	6	80	0	0	0
Resources, Energy and Tourism					
Department of Resources, Energy and Tourism	4	2	0	0	0
Tourism Australia	0	0	0	0	0
Total	4	2	0	0	0
Treasury					
Australian Bureau of Statistics	3	0	0	0	0
Australian Office of Financial Management	366,599	373,654	446,150	467,469	503,217
Australian Securities and Investment Commission	20	9	0	0	0
Australian Taxation Office	73	25	5	2	0
Department of the Treasury	521	1,033	1,031	26	26
Total	367,216	374,720	447,187	467,497	503,242
Small agencies	107	77	14	6	3
Whole of government and inter-agency amounts(a)	0	0	0	0	0
Total capital appropriations	373,464	382,147	457,307	474,839	510,969

(a) Estimates of inter-agency transactions are included in the whole of government and inter-agency amounts. The entry for each portfolio does not include eliminations for inter-agency transactions within that portfolio.

Table C5: Estimates of average staffing level (ASL) of agencies in the Australian Government general government sector^(a)

	Average staffing levels		
	2008-09	2009-10	Change
Agriculture, Fisheries and Forestry			
Department of Agriculture, Fisheries and Forestry	4,485	4,235	-250
Australian Fisheries Management Authority	246	221	-25
Australian Pesticides and Veterinary Medicines Authority	157	160	3
Australian Wine and Brandy Corporation	57	59	2
Biosecurity Australia	131	131	0
Cotton Research and Development Corporation	9	9	0
Fisheries Research and Development Corporation	11	12	1
Grains Research and Development Corporation	48	51	3
Grape and Wine Research and Development Corporation	11	12	1
Land and Water Australia	38	3	-35
Rural Industries Research and Development Corporation	29	23	-6
Sugar Research and Development Corporation	9	6	-3
Wheat Export Australia	16	13	-3
Total	5,247	4,935	-312
Attorney-General's			
Attorney-General's Department	1,478	1,319	-159
Administrative Appeals Tribunal	166	165	-1
Australian Commission for Law Enforcement Integrity	13	17	4
Australian Crime Commission	540	505	-35
Australian Customs and Border Protection Service	5,720	5,500	-220
Australian Federal Police	6,279	6,265	-14
Australian Institute of Criminology	59	60	1
Australian Law Reform Commission	18	18	0
Australian Security Intelligence Organisation	1,493	1,696	203
Australian Transaction Reports and Analysis Centre (AUSTRAC)	330	318	-12
Commonwealth Director of Public Prosecutions	623	596	-27
Criminology Research Council (b)	0	0	0
CrimTrac Agency	164	192	28
Family Court of Australia	654	716	62
Federal Court of Australia	358	354	-4
Federal Magistrates Court of Australia	229	97	-133
High Court of Australia	87	88	1
Human Rights and Equal Opportunity Commission	117	112	-5
Insolvency and Trustee Service Australia	280	293	13
National Capital Authority	46	50	4
National Native Title Tribunal	244	236	-8
Office of Parliamentary Counsel	48	51	3
Total	18,947	18,647	-300
Broadband, Communications and the Digital Economy			
Department of Broadband, Communications and the Digital Economy	631	674	43
Australian Broadcasting Corporation	4,400	4,433	33
Australian Communications and Media Authority	530	540	10
Special Broadcasting Service	807	820	13
Total	6,368	6,467	99

Table C5: Estimates of average staffing level (ASL) of agencies in the Australian Government general government sector^(a) (continued)

	Average staffing levels		
	2008-09	2009-10	Change
Defence			
Department of Defence - Military	55,118	55,771	653
Department of Defence - Reserves	20,026	20,630	604
Department of Defence - Civilian	14,534	14,828	294
Department of Veterans' Affairs	2,091	2,000	-91
Defence Services Housing Insurance Scheme	4	4	0
Australian War Memorial	290	281	-9
Defence Housing Australia	700	714	14
Defence Materiel Organisation	5,496	5,764	268
Total	98,259	99,992	1,733
Departments of the Parliament			
Department of Parliamentary Services	810	770	-40
Department of the House of Representatives	154	150	-4
Department of the Senate	163	165	2
Total	1,127	1,085	-42
Education, Employment and Workplace Relations			
Department of Education, Employment and Workplace Relations	5,550	5,400	-150
Australian Curriculum Assessment and Reporting Authority	0	60	60
Australian Fair Pay Commission Secretariat and Australian Fair Pay Commission	34	0	-34
Australian Industrial Relations Commission and Australian Industrial Registry	233	1	-232
Australian Learning and Teaching Council Limited	32	32	0
Comcare	535	551	16
Fair Work Australia	0	360	360
Office of the Workplace Ombudsman	434	0	-434
Office of the Fair Work Ombudsman	0	900	900
Office of the Australian Building and Construction Commissioner	140	155	15
Teaching Australia - Australian Institute for Teaching and School Leadership Limited	20	20	0
Workplace Authority	659	1	-658
Total	7,637	7,480	-157

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Table C5: Estimates of average staffing level (ASL) of agencies in the Australian Government general government sector^(a) (continued)

	Average staffing levels		
	2008-09	2009-10	Change
Environment, Water, Heritage and the Arts			
Department of the Environment, Water, Heritage and the Arts	2,561	2,711	150
Australia Business Arts Foundation Limited	29	28	-1
Australia Council	122	122	0
Australian Film, Television and Radio School	175	170	-5
Australian National Maritime Museum	113	113	0
Bundanon Trust	18	18	0
Bureau of Meteorology	1,295	1,320	25
Director of National Parks	280	266	-14
Great Barrier Reef Marine Park Authority	227	215	-12
Murray-Darling Basin Authority	131	256	125
National Film & Sound Archive	192	195	3
National Gallery of Australia	242	242	0
National Library of Australia	433	423	-10
National Museum of Australia	250	250	0
National Water Commission	42	53	11
Screen Australia	169	135	-34
Sydney Harbour Federation Trust	49	47	-2
Total	6,328	6,564	236
Families, Housing, Community Services and Indigenous Affairs			
Department of Families, Housing, Community Services and Indigenous Affairs	3,026	3,015	-11
Aboriginal Hostels Limited	429	430	1
Anindilyakwa Land Council	20	20	0
Central Land Council	139	155	16
Indigenous Business Australia	229	249	20
Indigenous Land Corporation	187	200	13
Northern Land Council	254	314	60
Office for Equal Opportunities for Women Agency	19	19	0
Tiwi Land Council	12	13	1
Torres Strait Regional Authority	67	68	1
Wreck Bay Aboriginal Community Council	4	4	0
Total	4,386	4,487	101
Finance and Deregulation			
Department of Finance and Deregulation	1,333	1,396	63
Australian Electoral Commission	718	719	1
Australian Rewards Investment Alliance	46	49	3
ComSuper	562	545	-17
Future Fund Management Agency	50	67	17
Total	2,709	2,776	67
Foreign Affairs and Trade			
Department of Foreign Affairs and Trade	3,461	3,547	86
AusAID	674	678	4
Australian Centre for International Agricultural Research	65	64	-1
Australian Secret Intelligence Service	-	-	-
Austrade	1,001	1,001	0
Total	5,201	5,290	89

Table C5: Estimates of average staffing level (ASL) of agencies in the Australian Government general government sector^(a) (continued)

	Average staffing levels		
	2008-09	2009-10	Change
Health and Ageing			
Department of Health and Ageing	4,357	4,428	71
Aged Care Standards and Accreditation Agency	224	230	6
Australian Institute of Health and Welfare	223	211	-12
Australian Organ and Tissue Donation and Transplantation Authority	25	33	8
Australian Radiation Protection and Nuclear Safety Agency	139	147	8
Australian Sports Anti-Doping Agency	66	63	-3
Australian Sports Commission	744	744	0
Cancer Australia	18	21	3
Food Standards Australia and New Zealand	138	128	-10
General Practice Education and Training Limited	35	35	0
National Blood Authority	51	47	-4
National Breast and Ovarian Cancer Centre	30	32	2
National Health and Medical Research Council	230	230	0
Private Health Insurance Administration Council	24	27	3
Private Health Insurance Ombudsman	11	11	0
Professional Services Review	24	25	1
Total	6,339	6,412	73
Human Services			
Department of Human Services	5,549	6,174	625
Centrelink	24,450	25,400	950
Medicare Australia	5,250	5,022	-228
Total	35,249	36,596	1,347
Immigration and Citizenship			
Department of Immigration and Citizenship	7,500	7,084	-416
Migration Review Tribunal - Refugee Review Tribunal	320	315	-5
Total	7,820	7,399	-421
Infrastructure, Transport, Regional Development and Local Government			
Department of Infrastructure, Transport, Regional Development and Local Government	1,192	1,084	-108
Australian Maritime Safety Authority	250	250	0
Australian Transport Safety Bureau	0	109	109
Civil Aviation Safety Authority	690	716	26
Total	2,132	2,159	27
Innovation, Industry, Science and Research			
Department of Innovation, Industry, Science and Research	1,716	1,763	47
Australian Indigenous Torres Strait Islander Studies	106	110	4
Australian Institute of Marine Science	203	199	-4
Australian Nuclear Science and Technology Organisation	947	965	18
Australian Research Council	97	107	10
Commonwealth Scientific and Industrial Research Organisation	5,797	5,661	-136
IP Australia	972	990	18
Total	9,838	9,795	-43

Table C5: Estimates of average staffing level (ASL) of agencies in the Australian Government general government sector^(a) (continued)

	Average staffing levels		
	2008-09	2009-10	Change
Prime Minister and Cabinet			
Department of the Prime Minister and Cabinet	530	595	65
Department of Climate Change	310	450	140
Australian Institute of Family Studies	64	67	3
Australian National Audit Office	298	312	14
Australian Public Service Commission	221	199	-22
National Archives of Australia	446	452	6
National Australia Day Council	13	13	0
Office of National Assessments	139	145	6
Office of the Commonwealth Ombudsman	151	146	-5
Office of the Inspector-General of Intelligence and Security	10	12	2
Office of the Official Secretary to the Governor-General	96	92	-4
Office of the Privacy Commissioner	63	62	-1
Office of the Renewable Energy Regulator	17	23	6
Old Parliament House	80	78	-2
Total	2,438	2,646	208
Resources, Energy and Tourism			
Department of Resources, Energy and Tourism	360	363	3
Geoscience Australia	752	706	-46
National Offshore Petroleum Safety Authority	52	55	3
Tourism Australia	227	226	-1
Total	1,391	1,350	-41
Treasury			
Department of the Treasury	932	993	61
Australian Accounting Standards Board	23	24	1
Australian Auditing and Assurance Board	8	9	1
Australian Bureau of Statistics	2,579	2,685	106
Australian Competition and Consumer Commission	695	723	28
Australian Office of Financial Management	31	43	12
Australian Prudential Regulation Authority	583	604	21
Australian Securities and Investments Commission	1,806	1,980	174
Australian Taxation Office	22,035	21,720	-315
Commonwealth Grants Commission	50	50	0
Corporations and Markets Advisory Committee	3	3	0
Inspector General of Taxation	7	7	0
National Competition Council	13	12	-1
Productivity Commission	184	190	6
Royal Australian Mint	201	195	-6
Total	29,150	29,238	88
TOTAL (for all general government sector agencies)	250,566	253,318	2,752

(a) This table includes estimates of ASL provided by general government sector agencies. ASL figures reflect the average number of employees receiving salary or wages over the financial year, with adjustments for casual and part-time staff, to show the full-time equivalent. This also includes non-uniformed staff and overseas personnel.

(b) All administrative functions for the Criminology Research Council are undertaken by the Australian Institute of Criminology.