STATEMENT 4- OUTLAYS

PART I. OVERVIEW OF BUDGET OUTLAYS

Introduction

Statement 4 presents the 1997-98 Budget and forward estimates of outlays of the Commonwealth Budget Sector. It provides detailed information on the allocation of Commonwealth funds to the various functions of government as well as analysis by economic type and portfolio. The Australian Bureau of Statistics (ABS) Government Purpose Classification (GPC) is used to classify transactions.

The overview discusses trends in outlays, running costs budgets and staffing levels. The Statistical Appendix tables show outlays over the last decade and the budget and forward years by function, subfunction and economic type. Also shown are outlays on capital works, running costs budgets and staffing levels.

Refer to *Budget Paper No. 2* for details of policy decisions affecting outlays in this Budget. *Statement 7* provides information on total public sector outlays and fulfils requirements on the Commonwealth, arising from the revised uniform presentation framework agreed at the March 1997 Loan Council meeting, to report financial statistics using ABS concepts and reporting structures.

Overview of Budget Outlays

The budget outlays are based on a system of rolling forward estimates, compiled by the Department of Finance in consultation with other departments and agencies. They record the cost of on-going Government policy but do not include any provision for new programmes, expansion of existing programmes that has not been agreed by the Government or programmes that are not expected to continue.

Table 1 provides an overview of underlying outlays by portfolio. Detailed data by function and economic type are contained in the Statistical Appendix to this *Statement*.

Trends in Outlays

Underlying outlays provide a more reliable guide to overall trends in Commonwealth finances than headline outlays. In recent years, underlying outlays mainly reflect the removal from headline outlays of major equity asset sales and repayments of State loans.

Between 1990-91 and 1995-96, underlying outlays grew by around 4.5 per cent a year in real terms. Underlying outlays growth is projected to be much lower in 1996-97 at around 1.1 per cent. For 1997-98 underlying outlays are estimated to fall in real terms by 1.4 per cent, reflecting tight control of Government spending. The last period in which negative real underlying outlays growth was recorded was in 1987-88 and 1988-89. Real growth rates for underlying outlays over 20 years are shown in Chart 1. There is a large divergence between growth rates for underlying and headline outlays in the forward estimates primarily due to the effects of several large equity asset sales and a lower repayment of advances by the States expected in 1998-99.

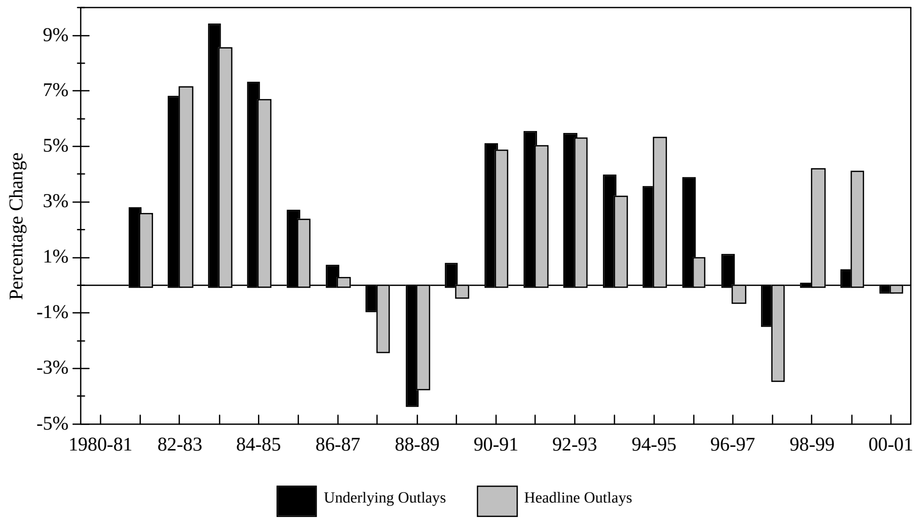
The ratio of budget outlays to GDP shown in Chart 2 is an indicator of the share of national resources devoted to Commonwealth budget programmes. The ratio largely tracks the economic cycle, partly reflecting the operation of the Commonwealth's automatic stabilisers (during periods of recession Commonwealth outlays on labour market programmes and in the social security and welfare area rise substantially and the reverse occurs in times of economic and employment growth). Outlays are also significantly affected by discretionary policy decisions, which alter the structural budgetary position. Outlays as a proportion of GDP are expected to decline through the forward years, following policy decisions in this and the 1996-97 Budget which have repaired the structural balance after deterioration in the first half of the 1990s.

Table 1. Underlying Outlays by Portfolio

	1996-97 Revised $m	1997-98 Budget $m	Change %	1998-99 Estimate $m	1999-00 Estimate $m	2000-01 Estimate $m
Parliament	154.1	164.2	6.6	160.1	161.2	162.2
Attorney-General's	1235.2	1118.1	-9.5	866.7	863.5	878.5
Communications and the Arts	1210.5	1189.1	-1.8	1175.1	1166.8	1180.5
Defence	11025.7	11479.8	4.1	11724.6	11966.0	12170.2
Veterans' Affairs	6458.4	6391.1	-1.0	6421.3	6511.2	6586.9
Employment, Education, Training and Youth Affairs	13315.8	12907.4	-3.1	12716.7	12794.2	12922.5
Environment, Sport and Territories	1827.8	1980.7	8.4	2128.6	2148.5	2100.4
Finance (a)	467.3	1079.3	131.0	517.3	608.5	564.6
Administrative Services (b)	400.1	52.6	-86.9	252.4	388.2	445.4
Foreign Affairs and Trade	1989.8	2081.9	4.6	1947.6	1982.6	2021.4
Health and Family Services	20671.5	22209.4	7.4	22920.0	24024.8	25237.3
Immigration and Multicultural Affairs	474.2	519.6	9.6	477.8	473.8	485.7
Industrial Relations	258.5	268.7	3.9	271.6	274.9	279.5
Industry, Science and Tourism	3084.8	3238.6	5.0	3219.6	3164.5	3073.4
Primary Industries and Energy	1786.0	1584.5	-11.3	1427.6	1375.6	1194.3
Prime Minister and Cabinet	1045.4	1131.6	8.2	1274.5	1398.3	1521.9
Social Security	41327.0	42229.6	2.2	42712.1	43993.3	45018.3
Transport and Regional Development	1727.4	1386.1	-19.8	1298.6	1268.0	1233.9
Treasury	28172.0	27414.2	-2.7	28183.7	28512.1	28405.4
Contingency Reserve	-150.0	-1222.2	na	1090.1	1871.1	2736.9
TOTAL	136481.3	137204.0	0.5	140786.0	144946.9	148219.1

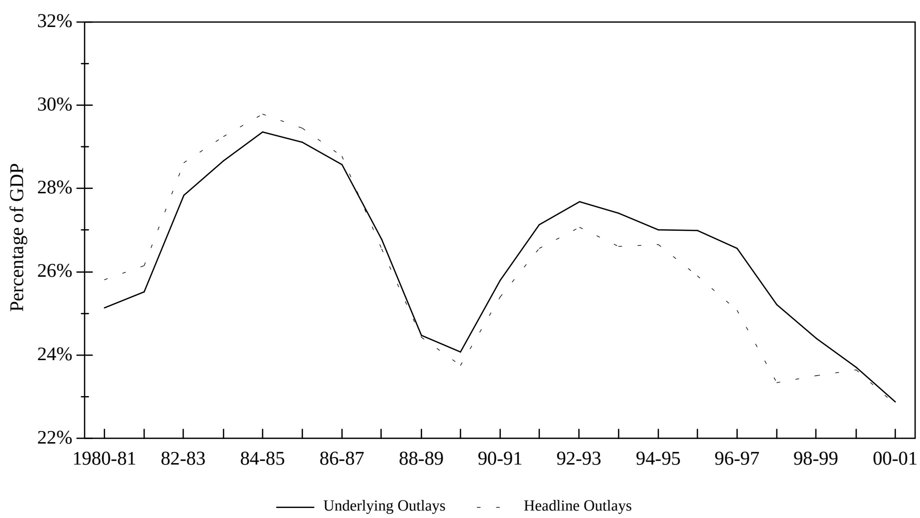
(a) Increase in Finance outlays in 1997-98 primarily reflects cost of the Telstra sale in 1997-98 and proceeds from the sale of DASFLEET reducing outlays in 1996-97.
(b) Decrease in Administrative Services outlays in 1997-98 primarily reflects divestment of real property.

Chart 1. Real Growth in Outlays



In the late 1980s, policy decisions and strong economic growth combined to reduce the ratio of outlays to GDP. With the onset of recession in 1990, this pattern was reversed, partly due to the operation of the automatic stabilisers and partly due to spending packages provided to stimulate growth. Between 1992-93 and 1995-96 the ratio of underlying outlays fell slowly from its peak level of 27.7 per cent to around 27.0 per cent of GDP. In 1996-97 and 1997-98, sharper falls are expected, with the ratio reaching 22.9 per cent of GDP by the end of the forward estimates in 2000-01. This will be the lowest level of outlays since 1973-74, when underlying outlays were 20.5 per cent of GDP.

Chart 2. Outlays as a Proportion of GDP



Running Costs Budgets

Running costs are the recurrent and minor capital costs incurred by a budget department or agency in providing the government services for which it is responsible. They include salary costs, administrative expenses, employer superannuation costs and property operating expenses.

Table 2 shows the 1997-98 Budget and forward estimates of running costs for all portfolios. In nominal terms running costs are expected to increase by 0.8 per cent from 1996-97 to 1997-98 while in real terms they are expected to decrease by 1.1 per cent.

Approximately $300 million is being carried forward from 1996-97 running costs budgets into 1997-98. Based on this and previous historical trends, a further $300 million has been included in the Contingency Reserve for carryover of running costs from 1997-98 to 1998-99.

Staffing Levels

Substantial restructuring is being undertaken by Commonwealth departments and agencies in achieving Government objectives and ensuring efficient operations. No staffing targets have been set by the Government. Relevant portfolios are expected to address staffing levels in the context of resources made available under running costs arrangements.

Consistent with practice in past years, Table 2 in this section and Table XIIa in the Statistical Appendix include estimates provided by each portfolio on average staffing levels. The total average staffing level (ASL) in running costs agencies is forecast to decline by 4,285 in 1997-98 as compared to 1996-97. ASL is projected to decline to some extent in most portfolios. The anticipated increase in ASL in the Social Security portfolio largely reflects and is offset by the transfer of staff from the Department of Employment, Education, Training and Youth Affairs to the new Commonwealth Services Delivery Agency, which commences operation on 1 July 1997.

ASL is the average number of employees receiving salary or wages over the financial year, with adjustments for casual and part-time employees to show the full-time equivalent. This measure of employment allows for comparison between average employment in particular financial years, rather than reflecting the actual number of staff being employed at the end of successive financial years or at other specific points in time. ASL figures are the most relevant for funding purposes, but do not indicate the change in total staff numbers from the end of one financial year to the next in the Australian Public Service. Movements in ASL as compared to point-in-time figures may vary significantly due to differences in the coverage of the two series (especially in the Department of Administrative Services) and from the partial ASL effect of staffing changes occurring during the financial year.

Based on point-in-time figures provided by Public Service Act agencies to the Public Service and Merit Protection Commission, it is expected that the total number of people employed (full-time and part-time permanent and temporary staff) under the Public Service Act will decline by some 16,500 between 30 June 1997 and 30 June 1998. This compares to a reduction of 11,200 now expected by Public Service Act agencies to occur between 30 June 1996 and 30 June 1997; in last year's Budget papers, portfolios predicted a reduction of 10,500 staff over the same period.

The expected reduction of staff numbers in the APS in the year to 30 June 1998 reflects the Government's public sector reforms, such as the sales of businesses in the Department of Administrative Services and the transfer of the employment placement function out of the APS to the Public Employment Placement Enterprise (PEPE) and to private sector providers. PEPE will be a wholly-owned Commonwealth company with staff employed outside the Public Service Act.

Table 2. Total Running Costs Budgets by Portfolio

	1996-97 Estimate $m	1997-98 Budget $m	Change %	1998-99 Estimate $m	1999-00 Estimate $m	2000-01 Estimate $m
Parliament	123.3	133.3	8.1	128.4	128.7	129.0
Attorney-General's	692.1	709.4	2.5	672.8	680.5	678.7
Communications and the Arts	110.0	110.1	0.1	104.5	105.0	105.8
Defence	5516.2	5648.3	2.4	5613.5	5578.1	5696.5
Veterans' Affairs	239.9	221.9	-7.5	209.8	204.6	205.2
Employment, Education, Training and Youth Affairs	955.1	757.2	-20.7	360.0	325.6	331.4
Environment, Sport and Territories	272.0	276.5	1.7	264.6	252.3	248.5
Finance	166.4	170.1	2.2	157.7	154.6	151.5
Administrative Services	237.9	246.7	3.7	222.1	216.5	217.8
Foreign Affairs and Trade	516.8	599.8	16.1	496.1	500.1	504.7
Health and Family Services	291.9	305.4	4.6	285.9	263.4	269.9
Immigration and Multicultural Affairs	352.4	374.2	6.2	357.0	354.7	365.6
Industrial Relations	104.9	109.8	4.7	107.2	107.8	108.5
Industry, Science and Tourism	511.7	517.4	1.1	498.1	495.2	494.4
Primary Industries and Energy	213.0	182.9	-14.1	173.3	168.8	168.4
Prime Minister and Cabinet	92.7	92.1	-0.6	82.0	81.8	82.3
Social Security	1443.0	1794.2	24.3	1606.3	1490.1	1487.2
Transport and Regional Development	93.1	79.0	-15.1	76.7	76.0	76.9
Treasury	1713.7	1683.2	-1.8	1573.2	1562.4	1627.6
Contingency Reserve (Allowance for Net carryover/borrowings)	-50.0	-300.0	na	na	na	na
TOTAL	13596.1	13711.5	0.8	12989.3	12746.1	12949.8
TOTAL (excluding Contingency Reserve)	13646.1	14011.5	2.7	12989.3	12746.1	12949.8
Portfolio ASL (a)	176527	172242	-2.4	na	na	na

(a) ASL figures are as provided by portfolios.

PART II: FUNCTION OUTLAYS

1. General Public Services

This category covers outlays on a number of general public services and activities concerned with the organisation and operation of government. General Public Services is an aggregate of six functions: legislative and executive affairs; financial and fiscal affairs; foreign economic aid, general research; general services; and government superannuation benefits.

1A. Legislative and Executive Affairs

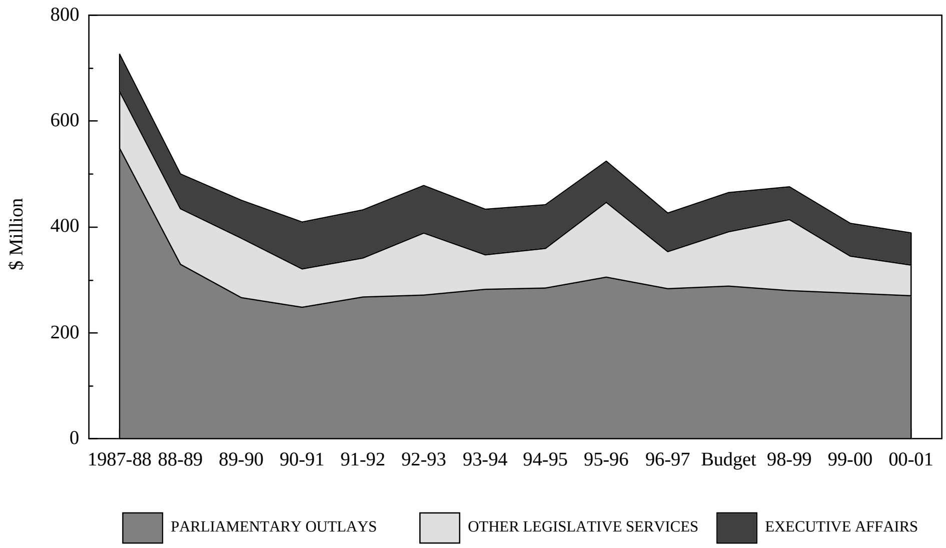
Nature of Outlays

Outlays cover services provided by the Parliamentary Departments (the Senate, House of Representatives, Parliamentary Library, Parliamentary Reporting Staff and Joint House), the Australian Electoral Commission (AEC), and Ministerial and Parliamentary Services.

This function includes outlays of the following portfolios:

- Administrative Services;
- Attorney-General's; and
- Prime Minister and Cabinet.

Chart 1. Overview of Commonwealth Outlays on Legislative and Executive Affairs (1989-90 prices)



Trends in Legislative and Executive Affairs Outlays

Trends over the period to 1987-88 were dominated by outlays toward completion of the new Parliament House, which was occupied in 1988. Subsequently, parliamentary outlays have stabilised to reflect ongoing running costs, capital and provision of remuneration and services to Members and Senators.

The Other Legislative Services trend reflects the impact on outlays of Federal elections. The 1997-98 Budget figure includes funding for the election of delegates to the Constitutional Convention. Provision for the next election is included in the Forward Estimates in 1998-99.

Commonwealth outlays on Executive Affairs remain largely stable after 1997-98 at a level which reflects the ongoing impact of the Prime Minister and Cabinet portfolio savings announced in last year's Budget. The higher level of outlays in 1997-98 compared to the forward years is the result of one-off funding in 1997-98 for the Constitutional Convention and carryovers from 1996-97 into 1997-98.

1997-98 and Forward Estimates

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
1A.1 Parliamentary Outlays	$m	328.2	340.5	338.0	340.8	343.7
	%		3.7	-0.7	0.8	0.9
1A.2 Other Legislative Services	$m	81.5	121.6	162.8	87.8	74.1
	%		49.2	33.9	-46.1	-15.6
1A.3 Executive Affairs	$m	82.8	86.8	75.9	75.8	76.4
	%		4.8	-12.6	-0.1	0.8
TOTAL	$m	492.5	548.9	576.6	504.4	494.1
	%		11.5	5.0	-12.5	-2.0

1A.1 Parliamentary Outlays

Parliamentary outlays cover services to Senators and Members by the Parliamentary Departments and the Department of Administrative Services. These include: Hansard; advisory, procedural, research and administrative support; library; communications support; building and facilities management; Members' and Ministers' staff salaries; electorate office costs; and travel within Australia and overseas. The costs of superannuation benefits for Senators and Members of Parliament appear in *1F.2 Civilian Schemes.*

1A.2 Other Legislative Services

Other Legislative Services covers the funding of elections, the cost of the AEC and drafting of Bills by the Office of Parliamentary Counsel, within the Attorney-General's portfolio.

1A.3 Executive Affairs

The Executive Affairs subfunction covers the running costs and other outlays of the Department of the Prime Minister and Cabinet (including support services for former Governors-General and the Prime Minister's official residences), the Office of the Commonwealth and Defence Force Ombudsman, the Office of the Official Secretary to the Governor-General, and the Public Service and Merit Protection Commission.

1B. Financial and Fiscal Affairs

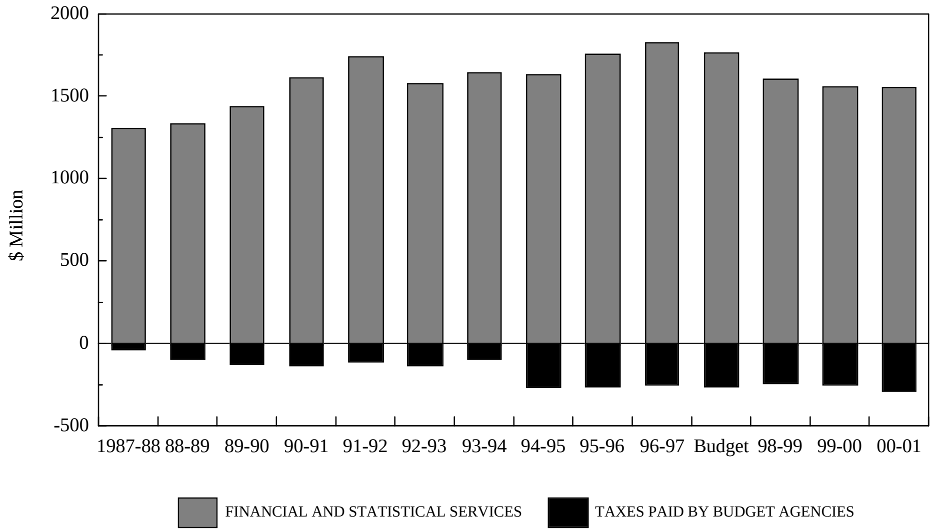
Nature of Outlays

This function includes outlays on administrative processes of government covering tasks such as collecting taxes, collecting and reporting statistical information, raising and managing the public debt of the Commonwealth, overseeing disbursement and efficient use of public funds, auditing Commonwealth entities, supervising insurance and superannuation, and providing economic, financial and other policy advice to government.
This function includes outlays of the following portfolios:

- Treasury;
- Finance; and
- Industry, Science and Tourism.

Chart 1. Overview of Commonwealth Outlays on Financial and Fiscal Affairs

(1989-90 prices)



Trends in Financial and Fiscal Affairs Outlays

Significant policy changes for the function in the period to 1996-97 were:

- a strengthening of the Australian Taxation Office (ATO) resource base, including introduction of the Tax File Number System from 1988-89, modernisation of systems commencing 1989-90, compliance enforcement from 1993-94, and debt management activities from 1994-95;
- additional funding for the Insurance and Superannuation Commission (ISC) for audit of superannuation funds and improved enquiry services from 1991-92, as well as enhanced capacity for superannuation and insurance supervision from 1992-93; and
- taxes paid rose with the introduction from 1987-88 of Fringe Benefits Tax (FBT) and from 1990-91 of customs duty payable by Commonwealth departments and budget sector agencies. FBT payments increased significantly from 1994-95 as a result of legislation which effectively increased the FBT liability of departments and budget sector agencies from 48.25 per cent to around 93 per cent; the departments and agencies are tax exempt employers and therefore not eligible for tax deductions for any FBT costs.

Outlays show a moderate decline over the period of the forward estimates mainly due to the following items:

- a peak in outlays for the Australian Bureau of Statistics (ABS) in 1996-97 reflecting the 1996 Census of Population and Housing offset in part by significant census outlays expected in 2000-01;
- a winding down in the ATO's Modernisation Project; and
- higher receipts of FBT payments by Commonwealth departments and budget sector agencies (reducing outlays).

1997-98 and Forward Estimates

			1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
1B.1	Financial and Statistical Services	$m	2111.3	2081.1	1940.0	1929.6	1974.1
		%		-1.4	-6.8	-0.5	2.3
1B.2	Taxes Paid by Budget Agencies	$m	-282.2	-301.8	-284.1	-305.3	-366.1
		%		6.9	-5.9	7.5	19.9
	TOTAL	$m	1829.1	1779.3	1655.9	1624.3	1608.1
		%		-2.7	-6.9	-1.9	-1.0

1B.1 Financial and Statistical Services

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Department of the Treasury	$m	55.0	53.3	49.7	47.2	46.9
	%		-3.1	-6.8	-5.0	-0.6
Australian Taxation Office	$m	1260.3	1295.3	1167.8	1149.3	1173.2
	%		2.8	-9.8	-1.6	2.1
Australian Bureau of Statistics	$m	303.1	218.7	212.8	214.1	246.1
	%		-27.8	-2.7	0.6	14.9
Department of Finance	$m	88.1	93.6	90.1	86.0	81.3
	%		6.2	-3.7	-4.6	-5.5
Australian National Audit Office	$m	33.8	38.9	35.9	36.6	37.4
	%		15.1	-7.7	1.9	2.2
Australian Customs Service	$m	330.3	344.3	348.2	360.8	353.3
	%		4.2	1.1	3.6	-2.1
Insurance & Superannuation	$m	40.7	37.0	35.6	35.6	35.9
Commission	%		-9.1	-3.8	-	0.8
TOTAL	$m	2111.3	2081.1	1940.0	1929.6	1974.1
	%		-1.4	-6.8	-0.5	2.3

Department of the Treasury is responsible for advising and assisting the Government in the management of the Australian economy.

Australian Taxation Office is responsible for ensuring the collection of revenue payable under the laws administered by the Commissioner of Taxation.

Australian Bureau of Statistics is responsible for the collection of statistics Australia wide including the five yearly Census of Population and Housing as well as other cyclical surveys.

Department of Finance is responsible for promoting efficient, effective and ethical financial management and accountability practices within Commonwealth agencies and value for money in the design and delivery of Commonwealth programmes. Payments relating to Commonwealth Superannuation Administration and the Office of Government Information Technology are also included against this item.

Australian National Audit Office (ANAO) is responsible for audits of Commonwealth departments and authorities. The ANAO charges fees for audits of financial statements of Commonwealth authorities and companies and those fee receipts are treated as offsets within outlays.

Australian Customs Service is involved in facilitating the movement of people and goods into and out of Australia, the delivery of industry assistance programmes and the collection of customs duty and excise.

Insurance and Superannuation Commission is responsible for prudential supervision of the insurance (including life insurance) and superannuation industries.

1B.2 Taxes Paid by Budget Agencies

1996-97	1997-98	1998-99	1999-00	2000-01

		Estimate	Budget	Estimate	Estimate	Estimate
Fringe Benefits Tax	$m	-280.1	-299.7	-282.0	-303.1	-363.8
	%		7.0	-5.9	7.5	20.0
Customs Duty	$m	-2.1	-2.1	-2.1	-2.2	-2.2
	%		-	-	4.8	-
TOTAL	$m	-282.2	-301.8	-284.1	-305.3	-366.1
	%		6.9	-5.9	7.5	19.9

Taxes and levies received from budget sector agencies and classified as offsets within outlays are reported under this subfunction whereas the payments are reported under the functions to which the paying departments and agencies are classified. These items, combined with their offsets in other functions, have no net effect on aggregate budget outlays.

1C. Foreign Economic Aid

Nature of Outlays

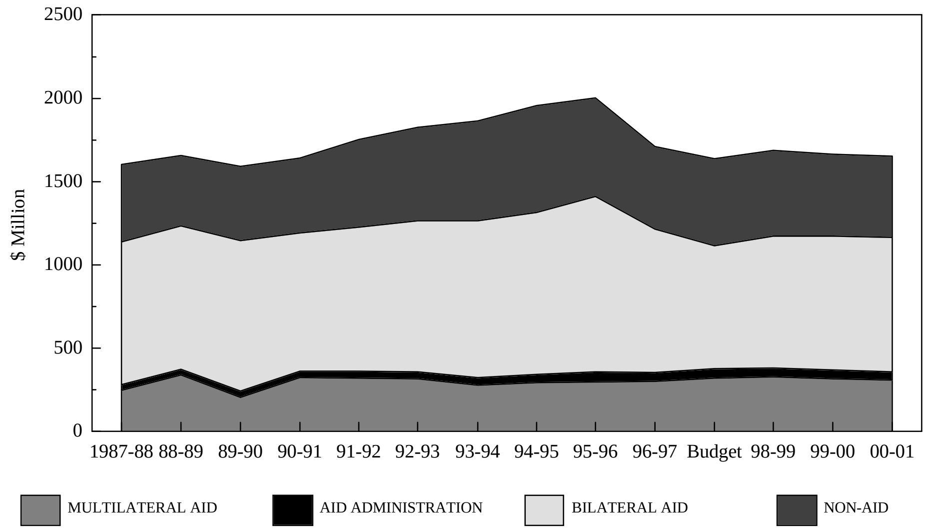
The bulk of Foreign Economic Aid outlays are counted as Official Development Assistance. Also covered are some outlays other than aid, including for the conduct of foreign and international trade relations (but not including trade promotional activities) and contributions to the activities of international organisations such as the United Nations (UN), including assessed contributions to UN peacekeeping operations.
This function principally includes outlays of the following portfolios:

- Foreign Affairs and Trade;
- Administrative Services; and
- Treasury;

with minor outlays from:

- Health and Family Services;
- Industrial Relations;
- Attorney-General's;
- Immigration and Multicultural Affairs;
- Industry, Science and Tourism; and
- Transport and Regional Development.

Chart 1. Overview of Commonwealth Outlays on Foreign Economic Aid (1989-90 prices)



Trends in Foreign Economic Aid Outlays

Outlays for bilateral and multilateral aid under this function primarily reflect funding for programmes classified as Official Development Assistance. Following implementation of savings measures in 1987-88, one-off funding was provided to make additional payments to International Development Financial Institutions in 1988-89. Overall increases in Overseas Aid outlays between 1989-90 and 1995-96 reflect decisions made to increase aid funding in real terms. The reduction in these outlays in 1996-97 and 1997-98 reflects the abolition of the Development Import Finance Facility, general savings measures and repayment of a loan by the Papua New Guinea Government in 1997-98.

Growth in Foreign Affairs Non-Aid over the period since 1987-88 has largely been influenced by Australian contributions to UN peacekeeping operations and by property. UN peacekeeping contributions have decreased in recent years and are projected to remain at this lower level. The fluctuations over the current, budget and forward years for Non-Aid outlays primarily reflect greater than average overseas property sales in 1996-97, carryovers in the Overseas Property Group's medium and minor works from 1996-97, transitional arrangements for devolving overseas property funding from the Overseas Property Group, affecting only 1997-98 at this stage, and the completion of major works overseas.

1997-98 and Forward Estimates

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
1C.1 Bilateral Aid	$m	994.7	873.2	958.2	1000.3	1024.6
	%		-12.2	9.7	4.4	2.4
1C.2 Multilateral Aid	$m	347.7	378.7	395.7	391.9	391.7
	%		8.9	4.5	-1.0	-0.1
1C.3 Aid Administration	$m	64.1	67.4	64.6	65.1	65.7
	%		5.1	-4.2	0.8	0.9
Sub-total - Overseas Aid	$m	1406.4	1319.3	1418.4	1457.2	1482.0
	%		-6.2	7.5	2.7	1.7

1C.4 Foreign Affairs Non-Aid	$m	575.2	615.8	625.6	610.5	618.8
	%		7.1	1.6	-2.4	1.4
TOTAL	$m	1981.7	1935.1	2044.0	2067.7	2100.8
	%		-2.4	5.6	1.2	1.6

1C.1 Bilateral Aid

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Papua New Guinea - Budget Support	$m	142.2	37.2	71.0	35.5	-
	%		-73.8	90.9	-50.0	-100.0
Projects, Technical Cooperation and Related Activities	$m	533.1	525.7	569.6	626.3	674.3
	%		-1.4	8.4	10.0	7.7
Training	$m	156.3	156.8	159.4	168.9	176.5
	%		0.3	1.7	6.0	4.5
Emergency Aid	$m	11.2	11.2	11.4	13.7	14.1
	%		-	1.8	20.2	2.9
Refugee Relief	$m	70.3	70.0	71.8	77.6	79.5
	%		-0.4	2.6	8.1	2.4
Non-government Organisations	$m	30.1	32.1	33.7	36.1	37.0
	%		6.6	5.0	7.1	2.5
Development Import Finance Facility	$m	11.8	-	-	-	-
	%		-100.0	na	na	na
Australian Centre for International Agricultural Research	$m	39.7	40.1	41.1	42.2	43.2
	%		1.0	2.5	2.7	2.4
TOTAL	$m	994.7	873.2	958.2	1000.3	1024.6
	%		-12.2	9.7	4.4	2.4

Bilateral Aid supports development assistance programmes provided to specific countries, such as technical and other training, education, health and other humanitarian programmes. The principal recipients of Australia's bilateral aid are countries in the Asia-Pacific region, with Papua New Guinea being the largest.

Papua New Guinea - Budget Support

Under the Papua New Guinea-Australia Treaty on Development Cooperation, Budget Support is being phased out and substituted with programmed aid. In 1997-98, the loan made to Papua New Guinea in 1995-96 to help fill the External Financing Gap is to be repaid.

Development Import Finance Facility

The Development Import Finance Facility was abolished in the 1996-97 Budget.

1C.2 Multilateral Aid

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
International Development Financial Institutions	$m	218.7	246.4	261.5	245.1	239.6
	%		12.7	6.1	-6.3	-2.2
United Nations Organisations	$m	74.7	67.5	69.1	74.9	76.7
	%		-9.6	2.4	8.4	2.4
Commonwealth Organisations	$m	8.8	8.8	9.0	10.2	10.5
	%		-	2.3	13.3	2.9
Other International Organisations	$m	16.3	23.3	20.5	22.4	22.2
	%		42.9	-12.0	9.3	-0.9
Regional Organisations	$m	29.1	32.7	35.5	39.2	42.8
	%		12.4	8.6	10.4	9.2
TOTAL	$m	347.7	378.7	395.7	391.9	391.7
	%		8.9	4.5	-1.0	-0.1

Multilateral aid outlays encompass contributions to economic development funds administered by international, regional or other multinational organisations including the World Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the International Fund for Agricultural Development, and the International Monetary Fund's Enhanced Structural Adjustment Facility.

1C.3 Aid Administration

Aid Administration outlays provide for the administrative costs of the Australian aid programme, including the operational costs of AusAID.

1C.4 Foreign Affairs Non-Aid

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Membership of International Organisations	$m	68.9	79.8	77.3	75.8	75.8
	%		15.8	-3.1	-1.9	-
United Nations Peacekeeping Operations	$m	35.7	40.0	40.0	40.0	40.0
	%		12.0	-	-	-
Other Activities	$m	9.1	8.8	8.5	8.5	8.6
	%		-3.3	-3.4	-	1.2
General Administration	$m	461.5	487.2	499.8	486.1	494.4
	%		5.6	2.6	-2.7	1.7
TOTAL	$m	575.2	615.8	625.6	610.5	618.8
	%		7.1	1.6	-2.4	1.4

Foreign Affairs Non-Aid outlays cover the promotion of Australia's interests through diplomatic relations with other countries, both bilaterally and through our participation in, and contributions to, international organisations and forums including UN peacekeeping operations.

Because of the nature of the events covered, the contributions for UN Peacekeeping activities are uneven and not easy to predict. The forward years, therefore, reflect a provision based on previous experience.

General administration outlays include the major part of the Department of Foreign Affairs and Trade administration costs (other than a small proportion of the Department's costs which relate to *3. Public Order and Safety*) and the administrative costs of the Department of Administrative Services' Overseas Property Group.

1D. General Research

Nature of Outlays

Outlays under General Research fund research directed towards the increase in scientific knowledge and its application. Outlays provide funding for the Commonwealth research agencies, elements of the national research infrastructure and general research programmes. Programmes supporting research in specific sectors are generally included under the relevant function, e.g. health research is included in *5. Health*.

The research agencies, the Commonwealth Scientific and Industrial Research Organisation (CSIRO), the Australian Nuclear Science and Technology Organisation (ANSTO) and the Australian Institute of Marine Science (AIMS) receive most of their funding directly from the Budget. Additional research funding is received from the private sector and from a variety of Commonwealth assisted grant schemes.

Australia maintains several Antarctic research stations and supports associated research through the Antarctic Division of the Department of the Environment, Sport and Territories (DEST).

Commonwealth grants are provided for higher education research on the advice of the Australian Research Council (ARC) and through the Cooperative Research Centres (CRC) Programme to supplement contributions from CRC partner organisations.

This function includes outlays of the following portfolios:

- Industry, Science and Tourism;
- Employment, Education, Training and Youth Affairs;
- Environment, Sport and Territories;
- Communications and the Arts; and
- Administrative Services.

Chart 1. Overview of Commonwealth Outlays on General Research (1989-90 prices)

Trends in General Research Outlays

The growth in outlays from 1988-89 reflects a significant real increase in funding for the ARC, the provision of $30 million of equity to the Australian Technology Group in 1992-93, and the establishment of the CRC and Major National Research Facilities programmes. Outlays are expected to decline, in real terms, over 1997-98 to 2000-01 due to a reduction in ARC funding and the phase down of some programmes in the 'Other' category.

1997-98 and Forward Estimates

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
1D.1 Commonwealth Scientific and Industrial	$m	433.1	466.8	480.7	484.1	465.3
Research Organisation	%		7.8	3.0	0.7	-3.9
1D.2 Australian Nuclear Science and	$m	63.7	70.4	74.6	67.8	68.3
Technology Organisation	%		10.5	6.0	-9.1	0.7
1D.3 Australian Research Council	$m	401.2	429.2	445.3	410.9	381.2

		%		7.0	3.8	-7.7	-7.2
1D.4	Other General Research, nec	$m	251.0	260.8	245.4	247.2	247.0
		%		3.9	-5.9	0.7	-0.1
	TOTAL	$m	1148.9	1227.2	1246.0	1209.9	1161.8
		%		6.8	1.5	-2.9	-4.0

1D.1 Commonwealth Scientific and Industrial Research Organisation

The Commonwealth Scientific and Industrial Research Organisation (CSIRO), an independent statutory authority, is Australia's largest and most diverse scientific research organisation. Its primary role is to undertake scientific research which is of direct value to the community and industry generally. CSIRO has strong international links and maintains a substantial part of the national research infrastructure, including biological collections and some major national research facilities such as the Australia Telescope, the Australian Animal Health Laboratory, the National Measurement Laboratory and the Research Vessel *Franklin.* CSIRO contributes to Government policy formulation through the provision of expert advice on scientific and technological issues.

1D.2 Australian Nuclear Science and Technology Organisation

The Australian Nuclear Science and Technology Organisation (ANSTO) is Australia's major centre of nuclear science research and development. It contributes to the development of nuclear science and technology and its application in industries which include health, mining, environment and advanced materials. ANSTO also assists with the development of Australia's nuclear non-proliferation safeguards and wider technology policies and interests.

1D.3 Australian Research Council

The Australian Research Council (ARC) advises the Government on national research priorities and the coordination of research policy. It also makes recommendations to the Minister for Employment, Education, Training and Youth Affairs on the allocation of Commonwealth funding in a range of research schemes, including postgraduate scholarships, fellowships, research centres, and infrastructure and research grants to higher education institutions.

The Government has foreshadowed a restructuring of the ARC with a wider range of functions including responsibility for allocating competitive research grants, liaising with industry, promoting the role and importance of research within the broader community and developing closer links between the universities, public research organisations and the private sector.

1D.4 Other General Research, NEC

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Policy, Coordination and Promotion	$m	7.8	6.5	6.5	6.6	6.7
	%		-16.7	-	1.5	1.5
Cooperative Research Centres	$m	141.9	146.2	138.1	140.6	145.8
	%		3.0	-5.5	1.8	3.7
Antarctic Division	$m	60.1	61.0	61.3	63.7	62.4
	%		1.5	0.5	3.9	-2.0
Australian Institute of Marine Science	$m	16.4	16.4	16.8	16.8	17.0

	%		-	2.4	-	1.2
International and Other Research	$m	24.8	30.8	22.7	19.4	15.1
	%		24.2	-26.3	-14.5	-22.2
TOTAL	$m	251.0	260.8	245.4	247.2	247.0
	%		3.9	-5.9	0.7	-0.1

Cooperative Research Centres

The Cooperative Research Centres (CRC) Programme provides support for long-term collaborative research ventures between universities, public research organisations, Government agencies and private enterprises. It aims to promote high quality research, strengthen links between research and its commercial and other applications, and provide a training ground for Australia's future researchers.

Antarctic Division

The Antarctic Division (of the Department of the Environment, Sport and Territories) maintains an Australian presence at three stations on the Antarctic continent and one on Macquarie Island. The Division's main research effort is directed at building up a systematic knowledge of the Antarctic and its environment, and understanding the role that this region has in relation to global climate change.

Australian Institute of Marine Science

The Australian Institute of Marine Science (AIMS) undertakes research directed towards improving the understanding of the marine environment in the coastal and continental shelf regions of Australia and assists with the development, conservation and management of marine resources including the environmental sustainability of offshore resource industries and of Great Barrier Reef management plans.

International and Other Research

The significant programmes in this subgroup include: the Major National Research Facilities Programme; the International Science and Technology Cooperation Programme; the Anglo-Australian Telescope; and the Department of Administrative Services' Centre for Environmental Management.

1E. General Services

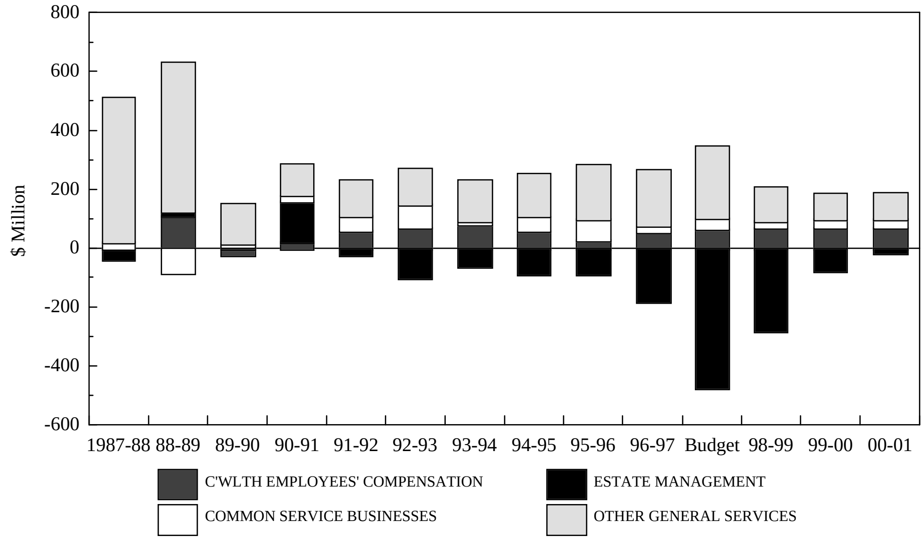
Nature of Outlays

This function covers outlays relating to overall economic, social planning, statistical and general services not connected with a specific function. It includes the administrative processes of government not classified elsewhere including the provision of real property, centralised employee compensation and business services to government departments and agencies.

This function includes outlays of the following portfolios:

- Administrative Services;
- Industrial Relations;
- Environment, Sport and Territories; and
- Attorney-General's.

Chart 1. Overview of Commonwealth Outlays on General Services (1989-90 prices)



Trends in General Services Outlays

Variations in outlays in the subfunction reflect the following significant policy changes:

- the progressive introduction from 1987-88 of commercialisation in the delivery of common services by the Department of Administrative Services (DAS);
- ACT self-government in May 1989;
- the introduction of revised arrangements for funding Commonwealth employees' compensation, including the payment of premiums by agencies from 1989-90;
- the introduction, from 1989-90, of rent payments by agencies which occupy Commonwealth owned real estate;
- the effect of property sales from 1996-97; and
- the rationalisation of DAS common service businesses in 1996-97.

Outlays on Estate Management include funding for new property developments, receipts from the sale of property and rent received on the existing estate. The net outlays pattern from 1988 through to 1991 reflects outlays on major development projects in Sydney and Melbourne. Expected outlays for 1997 to 1999 reflect expected receipts from property sales. These will in turn result in a reduction in rent receipts by the end of the decade.

1997-98 and Forward Estimates

			1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
1E.1	Commonwealth Employees' Compensation	$m	64.6	77.1	82.6	85.0	88.8
		%		19.3	7.1	2.9	4.5
1E.2	Estate Management	$m	-213.4	-559.3	-343.8	-94.2	-26.3
		%		162.1	-38.5	-72.6	-72.1
1E.3	Common Service Businesses	$m	22.2	43.3	29.0	36.7	38.3
		%		95.0	-33.0	26.6	4.4
1E.4	Other General Services	$m	221.9	289.4	140.2	111.2	112.4
		%		30.4	-51.6	-20.7	1.1
	TOTAL	$m	95.4	-149.5	-92.1	138.7	213.2

	%	na	-38.4	na	53.7

1E.1 Commonwealth Employees' Compensation

Comcare Australia (Comcare) collects annual premiums which are paid into the Consolidated Revenue Fund. Agency premiums for any one year reflect the full cost of all compensation liabilities expected to be incurred in that premium year and for the full life of each claim. Agency premiums include a component for the administrative costs of Comcare.

Premium rates for 1997-98 will be decided by the Safety, Rehabilitation and Compensation Commission in June 1997. The downward trend experienced from 1995-96 to 1996-97 is expected to continue, largely due to claims frequency continuing to decrease whilst the average cost of claims appears to be stabilising.

1E.2 Estate Management

This covers management by DAS of the Commonwealth's ownership of real property for non-defence purposes.

The Government has agreed on a set of Commonwealth Property Principles which will have the effect of restricting Commonwealth ownership of property to cases where there are strong public interest or financial reasons for ownership. As a result, major sales are forecast for the budget and later years. No new developments are planned, although some properties may be refurbished. The Government has outsourced the management of its office estate, reflecting the trend to outsource activities which are not core functions of government.

1E.3 Common Service Businesses

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Australian Government Publishing	$m	13.1	6.8	7.0	7.0	8.5
Service	%		-48.1	2.9	-	21.4
Australian Property Group (a)	$m	1.3	2.3	-	-	-
	%		76.9	-100.0	na	na
DAS Distribution (a)	$m	0.6	-	-	-	-
	%		-100.0	na	na	na
DAS Removals	$m	-3.3	-1.2	-3.4	-4.0	-4.0
	%		-63.6	183.3	17.6	-
DASFLEET (b)	$m	-55.6	-1.5	-3.7	5.2	5.2
	%		-97.3	146.7	-240.5	-
DAS Interiors (a)	$m	0.8	-	-	-	-
	%		-100.0	na	na	na
Works Australia (a)	$m	-	-	-	-	-
	%		na	na	na	na
Asset Services (a)	$m	14.3	2.0	-	-	-
	%		-86.0	-100.0	na	na
Australian Surveying and Land	$m	23.7	25.0	25.9	25.4	25.4
Information Group	%		5.5	3.6	-1.9	-
Australian Valuation Office	$m	-2.2	0.1	-1.6	-1.6	-1.6
	%		-104.5	na	-	-
COMCAR	$m	2.7	9.8	4.8	4.8	4.8
	%		na	-51.0	-	-
Business Support/Australian	$m	26.8	-	-	-	-
Operational Support Services (a)	%		-100.0	na	na	na
TOTAL	$m	22.2	43.3	29.0	36.7	38.3
	%		95.0	-33.0	26.6	4.4

(a) The Office of Asset Sales (OAS) is progressing the sale of these businesses. Sales are expected to be concluded by mid 1997.
(b) OAS is currently assessing the sale of DASFLEET or refinancing of the vehicle fleet, with a target completion date of mid 1997. Budget estimates are based on refinancing the fleet.

As part of the Commonwealth property review, the Government has decided to divest itself of the Australian Property Group (APG) through a trade sale or employee/management buyout.

Estimates of the proceeds from sale/refinancing of the DAS businesses are included in the totals under *14E. Asset Sales*. The costs associated with the handling of surplus staff and property following the sale and/or restructure are reported in *1E.4 Other General Services* below.

1E.4 Other General Services

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Department of the Environment, Sport and Territories	$m	20.9	23.6	16.7	16.2	16.5
	%		12.9	-29.2	-3.0	1.9
Department of Administrative Services	$m	176.9	240.0	99.7	71.2	72.1
	%		35.7	-58.5	-28.6	1.3
Other	$m	24.2	25.8	23.7	23.7	23.8
	%		6.6	-8.1	-	0.4
TOTAL	$m	221.9	289.4	140.2	111.2	112.4
	%		30.4	-51.6	-20.7	1.1

Department of the Environment, Sport and Territories

This element covers the running costs and other outlays of the Territories Programme that are not elsewhere classified. Government policy is to bring the laws, standards and infrastructure on the Indian Ocean Territories of the Cocos (Keeling) Islands and Christmas Island up to the standard of those on mainland Australia.

Department of Administrative Services

The Government's decision to withdraw from or to restructure the common service businesses in DAS will result in a large number of staff and properties becoming surplus to requirements. Surplus staff are given short term assistance with retraining and redeployment counselling through the DAS Business Sale and Restructuring - Staff Management Programme. These costs are met by the budget and are reported under this subfunction. The decline in outlays from 1998-99 reflects the progressive wind down of the programme.

Other

This item covers outlays on the Administrative Appeals Tribunal and other small agencies not elsewhere classified.

1F. Government Superannuation Benefits

Nature of Outlays

This function relates to the Finance and Defence portfolios and comprises outlays associated with the Commonwealth's provision of superannuation schemes for its employees, military personnel and members of Parliament. The function also includes reimbursements to certain State schemes in respect of former State railway employees and the outlays of the Commonwealth Superannuation Administration (ComSuper). The major Commonwealth civilian superannuation schemes are the Public Sector Superannuation (PSS) Scheme and the Commonwealth Superannuation Scheme (CSS), while the Parliamentary Contributory Superannuation Scheme exists for members of Parliament. The Military Superannuation and Benefits Scheme and the Defence Force Retirement and Death Benefits Scheme provide benefits to military personnel.

Chart 1. Overview of Commonwealth Net Outlays on Government Superannuation Benefits (1989-90 prices)

$ Million

Trends in Government Superannuation Outlays

Major features of Chart 1 are:

- decreased net outlays in 1992-93 reflecting the commencement of payment by the Department of Defence of employer superannuation contributions to the Consolidated Revenue Fund;
- decreased net outlays in 1995-96, due to the commencement of notional employer superannuation contributions by running cost departments and agencies, so bringing running cost departments and agencies into line with other government agencies:
  - — these contributions reduce net superannuation outlays but have a neutral net effect on total Commonwealth budget outlays as they are offset by an equivalent increase in running costs outlays in other functions; and
- a large increase in net superannuation outlays in 1996-97, which is expected to continue into 1997-98, due to lump sum benefit payments associated with public sector redundancies.

1997-98 and Forward Estimates

	1996-97	1997-98	1998-99	1999-00	2000-01

			Estimate	Budget	Estimate	Estimate	Estimate
1F.1	Military Schemes	$m	500.7	560.1	632.7	652.9	675.4
		%		11.9	13.0	3.2	3.4
1F.2	Civilian Schemes	$m	1040.3	1128.9	810.9	919.5	882.8
		%		8.5	-28.2	13.4	-4.0
	TOTAL	$m	1541.0	1689.0	1443.5	1572.4	1558.2
		%		9.6	-14.5	8.9	-0.9

2. Defence

Nature of Outlays

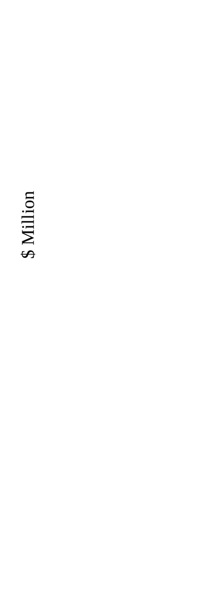
The Defence function covers outlays on military equipment and technology, stores, Defence personnel and related benefits, Defence industry support and Defence administration.

This function includes outlays of the following portfolios:

- Administrative Services;
- Defence; and
- Finance.

The bulk of Defence function outlays are transacted through the Department of Defence.

Chart 1. Overview of Commonwealth Outlays on Defence (1989-90 prices)



Trends in Defence Outlays

Defence outlays declined between 1987-88 and 1988-89 as the global allocation for Defence's core activities was reduced as part of general budgetary restraint. Defence outlays grew between 1989-90 and 1991-92 reflecting the impact of the introduction of user charging by Commonwealth agencies, the provision of supplementary resources for Defence participation in peacekeeping activities and funding for special communications projects. The inclusion of employer superannuation costs for Defence staff who are members of Commonwealth superannuation schemes resulted in an increase in Defence outlays from 1992-93. Since then Defence outlays have declined, reflecting the 1993-94 Budget decision to apply year on year reductions to the Defence outlays base to 1996-97. Estimates for 1997-98 onwards reflect zero real growth in Defence base outlays.

Savings arising from the Commercial Support Programme have been allocated by Defence to higher priority areas. Defence also retains the proceeds from the sale of most surplus or under-utilised properties. The Government's policy is to reallocate funds from lower priority and support areas to enhance Defence's combat capabilities. This process will be reinforced by the Defence Reform Programme (DRP) which will implement the agreed recommendations of the 1997 Defence Efficiency Review report, *Future Directions for the Management of Australia's Defence*. The forward year estimates reflected in the preceding chart and the following tables do not yet fully reflect the impact of the DRP.

1997-98 and Forward Estimates

			1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
2.1	Personnel Costs	$m	4020.3	4114.3	4086.0	4003.9	4044.6
		%		2.3	-0.7	-2.0	1.0
2.2	Defence Equipment and Stores	$m	3945.0	4133.5	4401.9	4570.6	4597.2
		%		4.8	6.5	3.8	0.6
2.3	Defence Facilities	$m	485.0	489.2	520.3	529.3	543.8
		%		0.9	6.4	1.7	2.7
2.4	Defence Housing	$m	16.8	104.6	150.4	154.5	159.2
		%		na	43.8	2.7	3.0
2.5	Defence Industry	$m	54.3	23.4	19.2	17.9	18.3
		%		-56.9	-17.9	-6.8	2.2
2.6	Defence Science	$m	244.8	214.9	211.0	223.2	226.7
		%		-12.2	-1.8	5.8	1.6
2.7	Other Defence Outlays	$m	1237.1	1325.0	1248.6	1349.9	1431.7
		%		7.1	-5.8	8.1	6.1
	TOTAL	$m	10003.4	10404.8	10637.4	10849.3	11021.5
		%		4.0	2.2	2.0	1.6

1997-98 and forward year allocations do not yet fully reflect the impact of the DRP.

2.1 Personnel Costs

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Defence Force Personnel	$m	2698.2	2757.3	2728.8	2713.9	2732.4
	%		2.2	-1.0	-0.5	0.7
Civilian Personnel	$m	670.8	700.3	713.3	635.4	645.6
	%		4.4	1.9	-10.9	1.6
Employer Superannuation Contribution	$m	528.8	524.0	514.1	522.9	532.4
- Military	%		-0.9	-1.9	1.7	1.8
Employer Superannuation Contribution	$m	122.5	132.8	129.8	131.8	134.2
- Civilian	%		8.4	-2.3	1.5	1.8

TOTAL	$m	4020.3	4114.3	4086.0	4003.9	4044.6
	%		2.3	-0.7	-2.0	1.0

Employer Superannuation Contribution

The emerging employer liability for civilian and military staff who are members of Commonwealth superannuation schemes is met by making fortnightly payments to ComSuper, the receipts for which are shown in *1F. Government Superannuation Benefits*.

2.2 Defence Equipment and Stores

Outlays largely provide for an ongoing equipment procurement programme undertaken in accordance with strategic priorities. Outlays on equipment are expected to rise over the budget and forward estimates period and beyond as savings from the DRP become available for new investment.
The subfunction also provides for the acquisition of stores, including ammunition and fuel, required to maintain the operations of the Australian Defence Force (ADF).

2.3 Defence Facilities

This subfunction covers the development of bases, airfields, communications, training and other facilities. It also includes the provision of live-in accommodation for single ADF personnel and repairs and maintenance projects costing $0.25 million or more. It excludes the provision of housing which is mostly provided through the Defence Housing Authority, see *2.4 Defence Housing.*

2.4 Defence Housing

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Capital Contributions to Defence	$m	-71.0	-51.1	-1.2	-1.2	-1.3
Housing Authority	%		-28.0	-97.7	-	8.3
Rent Payments to Defence Housing	$m	183.9	253.6	254.6	264.2	274.2
Authority	%		37.9	0.4	3.8	3.8
Rent Recoveries	$m	-97.4	-101.1	-107.2	-113.6	-119.7
	%		3.8	6.0	6.0	5.4
Other Housing Payments	$m	1.3	3.2	4.2	5.1	6.0
	%		146.2	31.3	21.4	17.6
TOTAL	$m	16.8	104.6	150.4	154.5	159.2
	%		na	43.8	2.7	3.0

This subfunction covers the cost of providing housing for eligible ADF personnel and their families, largely through the Defence Housing Authority (DHA). DHA administers and maintains some 21,500 dwellings. DHA also has the authority to develop and trade in land and buildings. Dividends from the DHA, which became payable from 1996-97, are included in *Statement 5*.

Capital Contributions to Defence Housing Authority

Capital contributions (including reinvested interest until 30 June 1996) were provided to enable DHA to fund its housing investment programme, including the Government's $750 million Defence housing improvement programme, which commenced in 1986 and was completed in 1996. This item also includes repayment of the principal of former Commonwealth/State Housing Agreement (Service Personnel) loans taken over by the authority and, up to 1997-98, capital repayments by the authority. DHA also funds its investment programme from retained earnings.

Rent Payments to Defence Housing Authority and Rent Recoveries

Market rents charged by DHA are reviewed annually to reflect current market conditions. Recoveries of rent paid by ADF members under the Group Rent Scheme are based on rank entitlements. Service personnel receive significant rental assistance reflected in the difference between rent payments by the Department of Defence to the DHA and rent recoveries from personnel.

2.5 Defence Industry

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Defence Production	$m	22.1	17.8	17.6	17.9	18.3
	%		-19.5	-1.1	1.7	2.2
AeroSpace Technologies of Australia	$m	31.4	4.4	1.6	-	-
	%		-86.0	-63.6	-100.0	na
ADI Limited	$m	0.8	1.2	0.1	0.1	0.1
	%		50.0	-91.7	-	-
TOTAL	$m	54.3	23.4	19.2	17.9	18.3
	%		-56.9	-17.9	-6.8	2.2

Defence Production

The item assists defence industry development projects and the participation of Australian industry at various Defence exhibitions in Australia and overseas. Payments to Australian defence industries for goods and services supplied to the Department of Defence on a commercial basis are included under *2.2 Defence Equipment and Stores.*

AeroSpace Technologies of Australia

In 1994-95, the bulk of AeroSpace Technologies of Australia Limited (ASTA) was sold by the Commonwealth. Payments arising from the Sale and Purchase Agreement for ASTA are included under this item. Also included in this item are payments and receipts related to the winding up or sale of remaining elements of ASTA.

ADI Limited

This item provides for capital injections and other assistance to ADI Limited. Dividends from ADI Limited are included in *Statement 5*.

2.6 Defence Science

This item covers the cost of the Defence Science and Technology Organisation (DSTO), which gives advice on the application of science and technology best suited to Australia's defence and security needs.

DSTO seeks to enhance Australian use of future developments in defence-relevant technologies through developing new capabilities where Australia has special needs, and supporting existing capabilities by increasing operational performance and reducing costs of ownership. DSTO also undertakes some commercial activities and participates in a number of Cooperative Research Centres.

2.7 Other Defence Outlays

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Defence Cooperation Programme	$m	66.8	67.9	68.3	68.5	69.4
	%		1.6	0.6	0.3	1.3
General Administration	$m	1522.7	1569.2	1560.3	1602.0	1676.2
	%		3.1	-0.6	2.7	4.6
Recoveries and Repayments	$m	-352.4	-312.1	-380.0	-320.6	-313.9
	%		-11.4	21.8	-15.6	-2.1
TOTAL	$m	1237.1	1325.0	1248.6	1349.9	1431.7
	%		7.1	-5.8	8.1	6.1

Defence Cooperation Programme

This programme aims to promote a favourable strategic environment for Australia through the promotion of shared security interests in the Asia-Pacific region. The programme includes training of regional students, professional exchanges, exercises and equipment and facilities projects.

General Administration

This category includes Fringe Benefits Tax, rent, office requisites, compensation and legal expenses, postage and telephones, fuel (but not fuel for Service operational activities) and payments for medical, dental and computer services.

Recoveries and Repayments

Recoveries and repayments include charges made for meals and accommodation at Defence establishments, defence-related recoveries from other governments, proceeds from the sale of under-utilised or surplus properties and reimbursements from the United Nations for part of the costs of overseas peacekeeping deployments. Receipts from sales of former Defence properties that are not attributable to the Defence function are shown under *1E.General Services* and *14E. Asset Sales*.

3.Public Order and Safety

Nature of Outlays

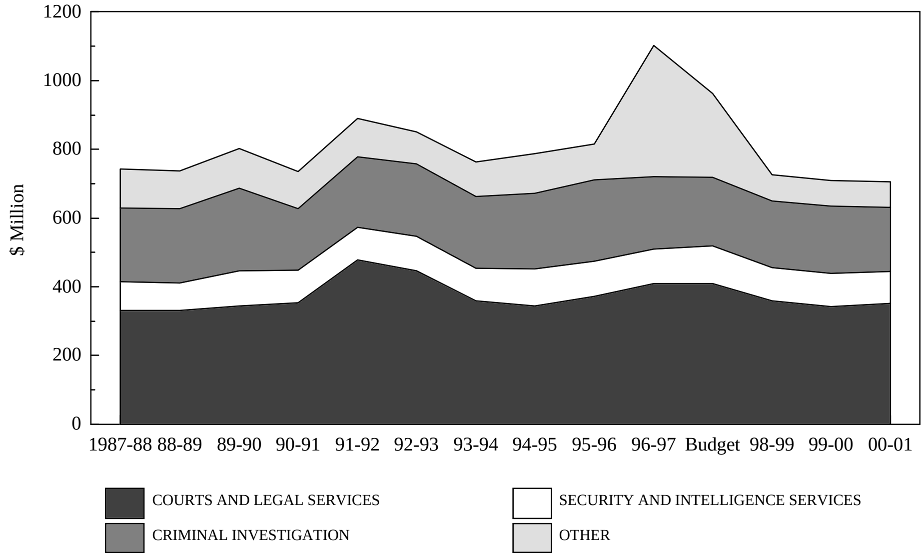
The purpose of these outlays is to ensure that all Australians have access to appropriate legal services and protection under the law. They cover courts and related legal services (other than those concerned with industrial relations), legal aid, law enforcement, security and intelligence services and a range of other public safety activities.

This function includes outlays of the following portfolios:

- Attorney-General's;
- Foreign Affairs and Trade;
- Environment, Sport and Territories;
- Industry, Science and Tourism; and

- Prime Minister and Cabinet.

Chart 1. Overview of Commonwealth Outlays on Public Order and Safety (1989-90 prices)



Trends in Public Order and Safety Outlays

Outlays on Public Order and Safety increased in 1989-90 due to the creation of the Australian Transaction Reports and Analysis Centre and funding provided to the Australian Federal Police (AFP) for purposes such as a major office refit and additional salary costs arising from decisions of the Police Arbitral Tribunal.

The subsequent decline in outlays in 1990-91 reflected the introduction of user charging by the Australian Protective Service and the transfer of funding to the Australian Capital Territory (ACT) Government for the ACT Magistrates Court and the AFP's policing activities in the ACT.

1991-92 saw another increase in outlays, largely associated with the purchase of land for the Brisbane court building, the installation of the Legal Office Information System (LOIS) within the Attorney-General's Department and the preparation of war crimes legislation.

The transfer of funding for legal services to other functions in 1992-93 led to a reduction in outlays in this function. This trend continued in 1993-94 as projects under the Courts Construction Programme and LOIS were completed. Outlays rose again in 1995-96 as the first initiatives of the previous government's Justice Statement commenced.

The peak in 1996-97 reflects the Commonwealth Government's contribution to the National Firearms Program. These costs mainly constitute the Commonwealth's reimbursement of payments made by the States and Territories to firearm owners, dealers and collectors who surrender guns as part of the compensation-for-surrender scheme. The reimbursement has been funded from the gun levy collected as a one-off increase in 1996-97 of 0.2 per cent in the Medicare levy raising approximately $500 million. It is now estimated that $169 million of the $500 million will be expended in 1997-98, as the gun amnesty expires in September 1997. Commonwealth reimbursements to the States may continue to be made after this date.

The forward estimates indicate that the real value of outlays will decline from a peak in 1996-97, despite temporary increases in two subfunctions in 1997-98. The measures that most affected the forward estimates include: changes to the financing arrangements for the construction of the Melbourne Law Courts building; the limiting of Commonwealth legal aid contributions to matters arising under Commonwealth law; divestment and restructuring of commercial business units in the Attorney-General's portfolio; and savings identified by the Attorney-General (including a 4 per cent reduction to the portfolio's running costs) to contribute to the achievement of the Government's fiscal targets.

These reductions have been partly offset by increases in funding to the Federal Court of Australia for native title matters, and to the National Crime Authority to target fraud against the Commonwealth and related crime.

1997-98 and Forward Estimates

			1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
3.1	Courts and Legal Services	$m	472.6	483.0	434.8	425.3	446.7
		%		2.2	-10.0	-2.2	5.0
3.2	Security and Intelligence Services	$m	118.7	130.8	118.0	120.0	119.4
		%		10.2	-9.8	1.7	-0.5
3.3	Criminal Investigation	$m	242.4	234.3	233.4	241.4	236.7
		%		-3.3	-0.4	3.4	-1.9
3.4	Other Public Order and Safety	$m	443.1	290.8	94.6	94.4	94.2
		%		-34.4	-67.5	-0.2	-0.2
	TOTAL	$m	1276.8	1139.0	880.8	881.1	896.9
		%		-10.8	-22.7	-	1.8

3.1 Courts and Legal Services

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
High Court	$m	9.6	9.2	9.3	9.4	9.6
	%		-4.2	1.1	1.1	2.1
Other Commonwealth Courts	$m	174.4	188.6	173.6	172.7	190.6
	%		8.1	-8.0	-0.5	10.4
Legal Services	$m	121.5	140.2	119.1	108.6	109.8
	%		15.4	-15.0	-8.8	1.1
Legal Aid	$m	147.8	127.1	121.0	122.9	125.0
	%		-14.0	-4.8	1.6	1.7
Protection of Human Rights	$m	19.3	17.8	11.8	11.7	11.7
	%		-7.8	-33.7	-0.8	-
TOTAL	$m	472.6	483.0	434.8	425.3	446.7
	%		2.2	-10.0	-2.2	5.0

Outlays under this subfunction include:

- the High Court, the Federal Court of Australia, the Family Court of Australia and the Human Rights and Equal Opportunity Commission;
- the regulation and administration of bankruptcies by the Insolvency and Trustee Service, Australia;

- the running costs of the Office of the Director of Public Prosecutions, the operational expenses of the Law Reform Commission, and the Legal Practice of the Attorney-General's Department; and
- the Commonwealth's contribution to funding for State Legal Aid Commissions for general legal aid services and specific legal aid programmes including the defence of claims under the *Native Title Act 1993.* The Commonwealth's funding arrangements for legal aid are currently being negotiated with each State and Territory and aim to better target legal aid funding to matters arising under Commonwealth law.

3.2 Security and Intelligence Services

Outlays under this subfunction largely include the operations of the Australian Security Intelligence Organization, the Australian Secret Intelligence Service and the Office of National Assessments. These agencies collect and assess information relevant to protection against threats to Australia's national interests. Other activities include the physical and technical security at overseas posts, counter-terrorist training and equipment, and the operations of the Office of the Inspector-General of Intelligence and Security.

3.3 Criminal Investigation

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Australian Federal Police	$m	187.7	173.6	177.8	185.4	186.8
	%		-7.5	2.4	4.3	0.8
Other Criminal Investigation	$m	54.7	60.8	55.6	56.0	49.9
	%		11.2	-8.6	0.7	-10.9
TOTAL	$m	242.4	234.3	233.4	241.4	236.7
	%		-3.3	-0.4	3.4	-1.9

These outlays provide for law enforcement and associated investigation activities and include:

- the AFP's enforcement of the law in relation to drug trafficking, organised crime, fraud against the Commonwealth, counter terrorism, and community policing in the ACT; and
- police and criminology support activities such as those provided by the Australian Bureau of Criminal Intelligence, the Australian Institute of Criminology, the National Crime Authority and Australian Transaction Reports and Analysis Centre.

3.4 Other Public Order and Safety

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
General Administration	$m	28.2	27.2	27.0	27.4	27.4
	%		-3.5	-0.7	1.5	-
Coastwatch	$m	34.8	34.9	35.5	36.1	36.8
	%		0.3	1.7	1.7	1.9
National Firearms Programme	$m	331.0	169.0	-	-	-
	%		-48.9	-100.0	na	na
Other	$m	49.0	59.7	32.1	30.8	30.0
	%		21.8	-46.2	-4.0	-2.6
TOTAL	$m	443.1	290.8	94.6	94.4	94.2
	%		-34.4	-67.5	-0.2	-0.2

This subfunction incorporates all other outlays on Public Order and Safety activities such as:

- the residual general administration costs of the Attorney-General's Department, grants and payments to Australian and overseas bodies, and the costs of publishing legislation;
- the Coastwatch unit of the Australian Customs Service, which is responsible for the aerial surveillance of Australian Coastal and Fishing Zone areas, for the purposes of detecting smuggling, illegal entry, unauthorised fishing and quarantine breaches;
- the National Firearms Program which provides compensation to gun owners, dealers and collectors for the surrender of certain categories of firearms;
- provision of community policing in the Territories of Christmas Island and Cocos (Keeling) Islands; and
- the protection of Commonwealth property.

4. Education

Nature of Outlays

The bulk of Commonwealth funding is provided, as grants, to the suppliers of education services, namely:

- higher education institutions;
- vocational education and training (VET) providers including Technical and Further Education (TAFE) institutions; and
- government (State and Territory) and non-government schools.

Other funds, sourced from general purpose grants to the States, which also flow to the schools and VET sectors, are reported in *14B. General Purpose Inter-Government Transactions.*

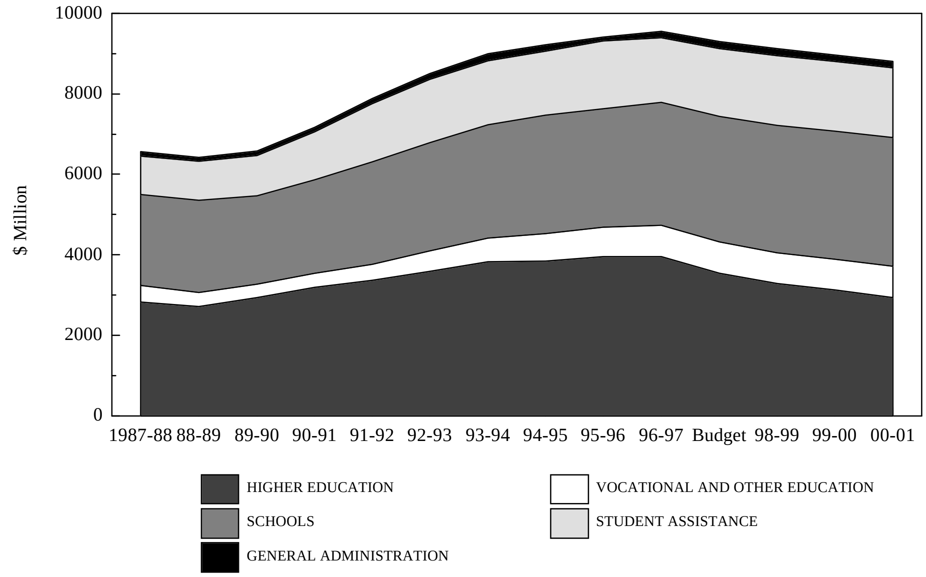
Outlays under this function also include income or other support for students (mainly through the Student Assistance Scheme (AUSTUDY) and the Aboriginal Student Assistance Scheme (ABSTUDY)), English language tuition for recently arrived migrants and running costs associated with the education function within the Employment, Education, Training and Youth Affairs portfolio.

Offsets to outlays include the repayment of Higher Education Contribution Scheme (HECS) liabilities and AUSTUDY supplement loans.

This function includes outlays of the following portfolios:

- Employment, Education, Training and Youth Affairs; and
- Immigration and Multicultural Affairs.

Chart 1. Overview of Commonwealth Outlays on Education
(1989-90 prices)



Trends in Education Outlays

Education outlays have increased in real terms for all sectors since 1989-90, with increases coming from:

- a significant expansion of the higher education sector (from around 370,000 places in 1985 to over 634,000 in 1996), with a flow-on to student assistance programmes, partly offset by revenue collected under HECS;
- major increases in funding for vocational education from 1991;
- enhanced Commonwealth support for schools, particularly since the early 1990s; and
- the restructuring of student assistance schemes in 1987 to improve incentives for students to undertake secondary and tertiary studies beyond the level of compulsory education including, in 1993, the introduction of the AUSTUDY Supplement Loans Scheme.

The forward years reflect a decline in higher education outlays resulting from increases in HECS revenue and reductions to operating grants. This is partly offset by continuing growth in non-government school enrolments and per capita grant payments to needier non-government schools and the buying back of AUSTUDY Supplement Loan debt from the Commonwealth Bank of Australia.

1997-98 and Forward Estimates

			1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
4.1	Higher Education	$m	4580.3	4186.4	3988.3	3890.0	3747.0
		%		-8.6	-4.7	-2.5	-3.7
4.2	Vocational and Other Education	$m	900.3	919.7	925.5	944.4	967.4
		%		2.2	0.6	2.0	2.4
4.3	Schools	$m	3533.4	3691.4	3830.7	3941.1	4064.6
		%		4.5	3.8	2.9	3.1
4.4	Student Assistance	$m	1865.2	1984.7	2086.0	2155.2	2216.4

		%		6.4	5.1	3.3	2.8
4.5	General Administration	$m	187.4	198.0	216.4	209.0	209.6
		%		5.7	9.3	-3.4	0.3
	TOTAL	$m	11066.6	10980.1	11046.8	11139.8	11204.9
		%		-0.8	0.6	0.8	0.6

4.1 Higher Education

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Higher Education Grants to Institutions	$m	3906.9	3690.0	3464.9	3362.0	3352.7
	%		-5.6	-6.1	-3.0	-0.3
Net Payments from Higher Education	$m	629.2	466.1	497.8	502.2	367.7
Trust Fund	%		-25.9	6.8	0.9	-26.8
Open Learning Initiative	$m	18.0	5.2	5.3	5.4	5.5
	%		-71.1	1.9	1.9	1.9
Other Higher Education	$m	15.7	15.6	15.3	15.4	15.9
	%		-0.6	-1.9	0.7	3.2
Sub-total	$m	4569.8	4176.9	3983.3	3884.9	3741.8
	%		-8.6	-4.6	-2.5	-3.7
International Education	$m	10.6	9.5	5.0	5.1	5.2
	%		-10.4	-47.4	2.0	2.0
TOTAL	$m	4580.3	4186.4	3988.3	3890.0	3747.0
	%		-8.6	-4.7	-2.5	-3.7

Higher Education Grants to Institutions and Net Payments from the Higher Education Trust Fund

Support for higher education institutions involves direct grants and payments from the Higher Education Trust Fund. Funding is legislated for three forward years on a calendar year basis. Research grants are reported under *1D. General Research.* Funding for the John Curtin School of Medical Research which was previously reported in *5.6 Other Health Services* is now reported in this subfunction.

Higher Education Contribution Scheme

All Australian citizens, New Zealand citizens and Australian permanent residents enrolled in higher education student places funded by the Commonwealth, unless specifically exempt, are required to make a contribution to the cost of their course through the Higher Education Contribution Scheme (HECS). Since the introduction of HECS in 1989, a proportion of total operating grants for State and Commonwealth institutions has been paid through the Higher Education Trust Fund each year, equal to all contributions deferred by students and discounts provided for up-front payments. Differential HECS contributions apply to students commencing a HECS liable course from 1997 onwards on the basis of the units of study undertaken. Units of study have been divided into three different bands with a contribution rate of $3,300, $4,700 and $5,500 for Bands 1, 2 and 3 respectively for a full-time equivalent load. Continuing students will be charged HECS under the previously existing arrangements until the completion of their course. The contribution rate for these students in 1997 is $2,478 for a full-time student load.

The income threshold for compulsory HECS repayments is $20,701 for income earned in 1997-98. From 1 July 1997 people who have deferred their HECS liability and who have a spouse or dependent children and would otherwise be required to make a repayment under the new arrangements will be exempted from making a repayment in any income year in which they receive an exemption or reduction of the Medicare levy because of low family income.

4.2 Vocational and Other Education

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Vocational Education and Training	$m	875.6	900.0	905.2	923.9	946.6
Grants	%		2.8	0.6	2.1	2.5
Other Vocational Education and	$m	24.7	19.7	20.3	20.5	20.8
Training	%		-20.2	3.0	1.0	1.5
TOTAL	$m	900.3	919.7	925.5	944.4	967.4
	%		2.2	0.6	2.0	2.4

Vocational Education and Training Grants

The Commonwealth's primary involvement in vocational education and training is conducted through the joint Commonwealth-State body, the Australian National Training Authority (ANTA).

Under the current ANTA agreement (which is subject to revision in 1997), the States are to maintain their effort in vocational education and training, while the Commonwealth has committed itself to maintaining a base level of financial support and to providing funding for growth in the VET sector.

Other Vocational Education and Training

The Commonwealth also provides funds to the States for operating the Advanced English for Migrants Programme, for ANTA's operating expenses and for developing innovative approaches to VET programmes.

4.3 Schools

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Schools in the States and Territories						
Government	$m	1167.1	1178.3	1195.0	1204.9	1236.8
	%		1.0	1.4	0.8	2.6
Non-Government	$m	1881.5	2006.4	2146.8	2283.5	2376.7
	%		6.6	7.0	6.4	4.1
Targeted Programmes	$m	341.1	366.4	342.6	349.3	356.2
	%		7.4	-6.5	2.0	2.0
Indigenous Education Strategic	$m	110.1	111.2	117.3	80.9	80.8
Initiatives Programme	%		1.0	5.5	-31.0	-0.1
Other Assistance	$m	33.6	29.1	29.1	22.5	14.0
	%		-13.4	-	-22.7	-37.8
TOTAL	$m	3533.4	3691.4	3830.7	3941.1	4064.6
	%		4.5	3.8	2.9	3.1

Government and Non-Government Schools

The major part of Commonwealth funding for schools is provided on a calendar year basis under the *States Grants (Primary and Secondary Education Assistance) Act 1996* which provides funding for the 1997 to 2000 quadrennium. This includes funding for recurrent and capital grants. Commonwealth grants represent about 12 per cent of total spending on government schools with the balance being met by State governments either from General Purpose Grants or from their own revenue sources. About 38 per cent of total support for non-government schools is provided by the Commonwealth with the balance being met by other governments (19 per cent) and private sources (43 per cent).

Targeted Programmes

On 1 January 1997 Commonwealth programmes for schools were broadbanded, effectively streamlining over 40 smaller programmes into five priority areas of Literacy, Languages, Special Learning Needs, School-to-Work and Quality Outcomes. Programmes funded under these priority areas aim to enhance educational outcomes across both government and non-government schools. For example, funding under the literacy programme goes to such projects as providing grants to schools to improve literacy outcomes for students from educationally disadvantaged backgrounds, including students from low socio-economic backgrounds and those needing to improve their English language competency.

Indigenous Education Strategic Initiatives Programme

The Indigenous Education Strategic Initiatives Programme provides supplementary funding assistance to pre-schools, government and non-government school systems, TAFE authorities and independent Indigenous education providers to improve educational outcomes for Indigenous peoples.

Other Assistance

The Commonwealth also provides other assistance through its Grants and Awards Programme. This includes Grants in Aid, the Australian Students Prize and grants to the Asia Education Foundation, Language Australia and the Curriculum Corporation.

4.4 Student Assistance

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
AUSTUDY	$m	1570.2	1677.1	1787.1	1855.3	1911.0
	%		6.8	6.6	3.8	3.0
ABSTUDY and Other Assistance	$m	184.4	181.5	179.8	180.2	184.9
to Aboriginals	%		-1.6	-0.9	0.2	2.6
Migrant Education	$m	76.1	95.6	83.0	83.3	83.9
	%		25.6	-13.2	0.4	0.7
Other	$m	34.5	30.5	36.1	36.3	36.6
	%		-11.6	18.4	0.6	0.8
TOTAL	$m	1865.2	1984.7	2086.0	2155.2	2216.4
	%		6.4	5.1	3.3	2.8

AUSTUDY

AUSTUDY provides income support grants to full-time students 16 years of age and older undertaking approved courses of study in secondary schools, TAFE colleges, approved TAFE equivalent courses offered by private providers and higher education institutions.

Under the AUSTUDY Supplement Loans Scheme eligible students have the option of trading-in part of their grant for a loan of twice that amount, up to a maximum of $7,000 a year.

ABSTUDY and Other Assistance to Aboriginals

ABSTUDY is similar to AUSTUDY, assisting Aboriginal and Torres Strait Islander students in primary, secondary and tertiary education by providing income support and other assistance tailored to their needs. Retention rates for Aboriginal and Torres Strait Islander students were estimated at 30 per cent in 1995 compared to 74 per cent for the general population.

The Aboriginal Tutorial Assistance Scheme provides Aboriginal students with tutorial assistance by contracting tutors and with assistance for the establishment and operation of homework centres. The Aboriginal Student Support and Parental Awareness programme funds school-based parents' committees to undertake activities aimed at increasing education participation.

Migrant Education

The Adult Migrant English Programme provides access to English as a second language tuition for all recently arrived migrants without functional English.

4.5 General Administration

Outlays under this subfunction consist almost entirely of running costs associated with the administration of the Education function.

5. Health

Nature of Outlays

The Health function covers outlays on facilities or services for the prevention and treatment of human illness, setting standards for safety and efficacy of therapeutic goods and services, support for health research and the promotion of better health. Aged persons' hostels and most outlays on Aboriginals are classified to 6. *Social Security and Welfare*. The major purpose of Commonwealth health outlays is to ensure that all Australians have access to necessary health services without excessive price barriers.

Universal health cover under Medicare includes subsidised medical and pharmaceutical services and public hospital services. Other Commonwealth assistance in the health area includes subsidised residential care services and certain allied health services (e.g. hearing services). Assistance is also provided through a number of tax measures (e.g. sales tax exemptions on a range of medical related goods and tax rebates under the private health insurance incentives).

Medical and pharmaceutical benefits under Medicare are provided directly by the Commonwealth. Financial assistance for State hospitals under the Medicare Agreements ensure public hospital patients have free shared ward accommodation and treatment for both inpatient and outpatient services.

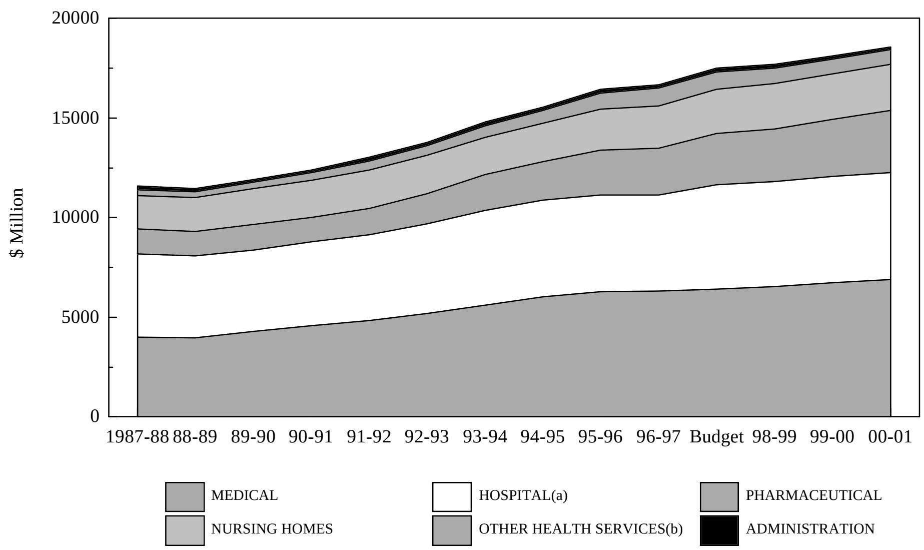
The Commonwealth promotes access of Aboriginal and Torres Strait Islander people to a range of health services through its own programmes and by working with the States in the planning and funding of mainstream health services.

A group of broadbanded public health programmes (a major component of *5.6 Other Health Services*) provide for the promotion of better health, health research and direct responses to national health issues such as HIV/AIDS and drug abuse.

This function includes outlays of the following portfolios:

- Health and Family Services; and
- Veterans' Affairs.

Chart 1. Overview of Commonwealth Outlays on Health (1989-90 prices)



(a) Includes Identified Health Grants, which were classified to *14B. General Purpose Inter-Government Transactions* during the period 1981-82 to 1987-88.

(b) Includes Aboriginal and Torres Strait Islander Health.

Trends in Health Outlays

Growth in Commonwealth health outlays has averaged around 4 per cent a year in real terms since 1987-88 (refer Chart 1). The growth mainly reflects a steady increase in utilisation of medical services and pharmaceutical services over the period and a drift towards more costly drugs and medical services.

In the forward years real growth in Commonwealth health outlays is expected to continue, but at a rate less than recent years. The reduced growth reflects mainly lower growth in outlays on Medical Services and Benefits as a result of a range of measures taken over a number of years to constrain the growth in the Medicare Benefits Scheme. The rapid growth in pharmaceutical benefits is expected to moderate over the next two years as a result of measures, particularly in this and the previous budget, but with an outlook for renewed growth as demand for new, more effective but high cost drugs continues. Outlays for Hospital Services are projected to grow at the rate specified in the current Medicare Agreements. The current agreements conclude in June 1998 and new agreements with the States are to be negotiated during 1997-98.

1997-98 and Forward Estimates

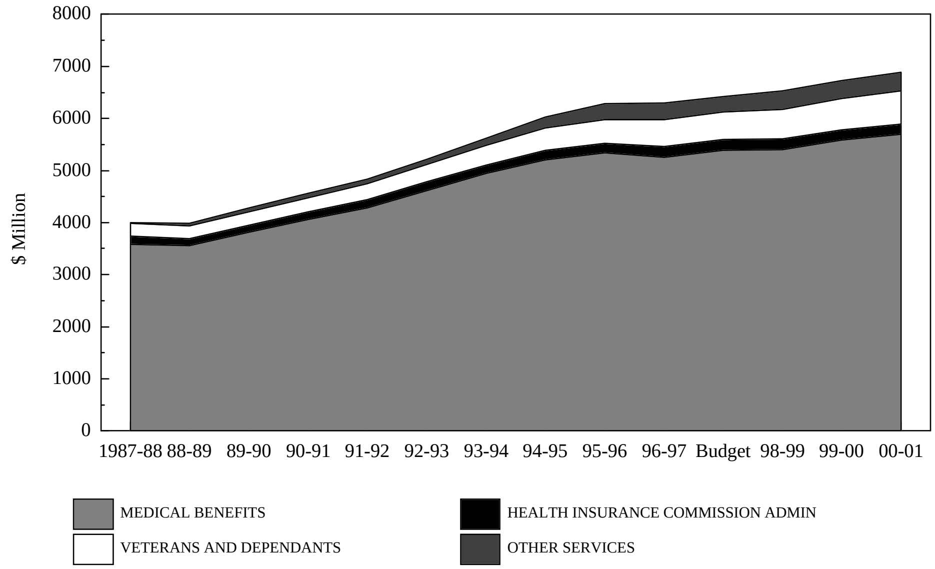
			1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
5.1	Medical Services and Benefits	$m	7300.6	7584.2	7904.8	8351.4	8768.0
		%		3.9	4.2	5.6	5.0
5.2	Hospital Services	$m	5613.1	6206.7	6402.3	6612.0	6838.7
		%		10.6	3.2	3.3	3.4
5.3	Pharmaceutical Services and Benefits	$m	2678.4	3013.0	3175.5	3555.8	3986.1
		%		12.5	5.4	12.0	12.1
5.4	Nursing Home Subsidies and Domiciliary Care Services	$m	2484.2	2636.1	2757.0	2827.5	2905.5
		%		6.1	4.6	2.6	2.8
5.5	Aboriginal and Torres Strait Islander Health	$m	112.0	127.1	130.9	131.9	125.7
		%		13.5	3.0	0.8	-4.7
5.6	Other Health Services	$m	898.8	904.3	842.6	796.4	813.3
		%		0.6	-6.8	-5.5	2.1
5.7	General Administration	$m	207.0	228.2	209.0	173.8	179.3
		%		10.2	-8.4	-16.8	3.2
	TOTAL	$m	19294.1	20699.5	21422.1	22448.7	23616.6
		%		7.3	3.5	4.8	5.2

5.1 Medical Services and Benefits

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Medical Benefits	$m	6073.2	6368.1	6538.6	6917.2	7243.1
	%		4.9	2.7	5.8	4.7
Health Insurance Commission Administrative Costs	$m	251.1	248.8	252.1	250.1	257.2
	%		-0.9	1.3	-0.8	2.8
Veterans and Dependants	$m	598.4	629.7	686.6	746.8	813.0
	%		5.2	9.0	8.8	8.9
Other Services	$m	377.9	337.8	427.5	437.2	454.7
	%		-10.6	26.6	2.3	4.0
TOTAL	$m	7300.6	7584.2	7904.8	8351.4	8768.0
	%		3.9	4.2	5.6	5.0

The purpose of these outlays is to achieve high quality health outcomes for people by enabling access to timely and appropriate health care services at reasonable cost.

Chart 2. Medicare Benefits Outlays
(1989-90 prices)



Medical Benefits

The Commonwealth provides assistance under Medicare towards the cost of out-of-hospital medical services (85 per cent of the schedule fee with a limit on the gap between the benefit and schedule fee for individual claims) and towards the cost of medical services provided to patients under private care in hospital (75 per cent of the schedule fee with no limit on the gap between the benefit and schedule fee on individual claims). A safety net applies to out-of-hospital medical services.

For medical services rendered to private patients in either public or private hospitals, registered health insurers are required to offer gap insurance in their hospital tables to cover the difference between 75 per cent and the full amount of the schedule fee. Insurers are not permitted to provide cover for payments above the schedule fee, unless they have a contract with the medical practitioner providing the service.

Medical practitioners may direct bill the Commonwealth on behalf of any patient and accept the Medicare benefit as full payment for their services.

The increase in outlays over the decade to 1996-97, averaging growth in real terms of 5 per cent a year, reflects the following components:

- about half from growth in the volume of services, mostly driven by increased utilisation of services per person with some growth due to increases in the size and age of the population; and
- the remainder from increases in the schedule fee and the drift to more expensive services and procedures.

Health Insurance Commission - Administration of Medicare Benefits

The Health Insurance Commission (HIC) is a budget funded agency which pays Medicare benefits in respect of services listed in the Medicare Benefits Schedule to the *Health Insurance Act 1973*. Medicare benefits may be claimed through Medicare shopfronts, direct billing and also through pharmacies in some rural and regional areas.

Electronic claiming will also be available through some medical practices commencing in 1997-98.

Veterans and Dependants

The Commonwealth meets the costs, for eligible veterans and their dependants, of local medical officer, specialist, paramedical and dental services, the supply and maintenance of surgical aids and travelling and other expenses incurred in obtaining medical treatment.

Other Services

The largest item under this category is the General Practice Reforms (including grants to Divisions of General Practice, Better Practice Payments and the Rural Incentives Programme), which are designed to improve the service quality of general practice and address the structural issues contributing to growth in Medicare benefits outlays.

5.2 Hospital Services

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Public Hospitals	$m	4782.0	4947.8	5132.9	5310.2	5501.6
	%		3.5	3.7	3.5	3.6
Veterans and Dependants	$m	825.7	806.7	812.9	840.7	871.5
	%		-2.3	0.8	3.4	3.7
Private Health Insurance Incentives	$m	-	451.3	455.8	460.3	464.9
	%		na	1.0	1.0	1.0
Other Hospital Services	$m	5.4	1.0	0.8	0.7	0.7
0.0	%		-81.5	-20.0	-12.5	-
TOTAL	$m	5613.1	6206.7	6402.3	6612.0	6838.7
	%		10.6	3.2	3.3	3.4

Outlays under this subfunction are designed to ensure efficient and effective delivery of hospital care under Medicare, which entitles all Australian residents to free shared ward accommodation and treatment, and free outpatient, accident and emergency treatment at public hospitals. Those electing to have 'doctor-of-choice' or private ward accommodation in a public hospital must bear the cost or take out appropriate hospital insurance cover. From July 1997, the Commonwealth will provide incentives to people to take out private health insurance through the Private Health Insurance Incentive Programme.

Public Hospitals

To support free hospital care under Medicare, the Commonwealth provides substantial financial assistance to the States through Medicare Agreements. The current Medicare Agreements cover the period 1 July 1993 to 30 June 1998 and focus on increasing public patient access and improving the efficiency and effectiveness of service delivery. Hospital funding is indexed for wage and price increases and age/sex weighted population growth.

The Agreements also include:

- arrangements under which a proportion of funding is linked to the achievement of performance targets in areas of public patient activity (inpatient and outpatient), elective surgery waiting times and emergency department waiting times; and

- a specific Commonwealth contribution for the treatment of AIDS patients in public hospitals, which is indexed to the actual growth in cases treated, in recognition of the impact of AIDS on public hospital systems.

Veterans and Dependants

All Repatriation General Hospitals have been either integrated into the States' public hospital systems or sold to the private sector. Formal proposals have been invited from the private sector for the purchase and operation of the remaining Repatriation Auxiliary Hospital, Lady Davidson. Veterans are now treated under the Repatriation Private Patient Scheme which allows them to be treated at public hospitals or private hospitals with which the Department of Veterans' Affairs (DVA) has a contract. Consequently, veterans can be treated closer to home and linked into their local health care networks.

Private Health Insurance Incentives

The Private Health Insurance Incentives Scheme, which commences on 1 July 1997, will provide an income-tested financial incentive to families and individuals to take out and maintain private health insurance cover. The amount of incentive paid will depend on the type and level of private health insurance coverage held. Recipients will have the choice of claiming the incentives through their health insurance fund in the form of reduced premiums or as an income tax rebate, claimable after the end of the income year.

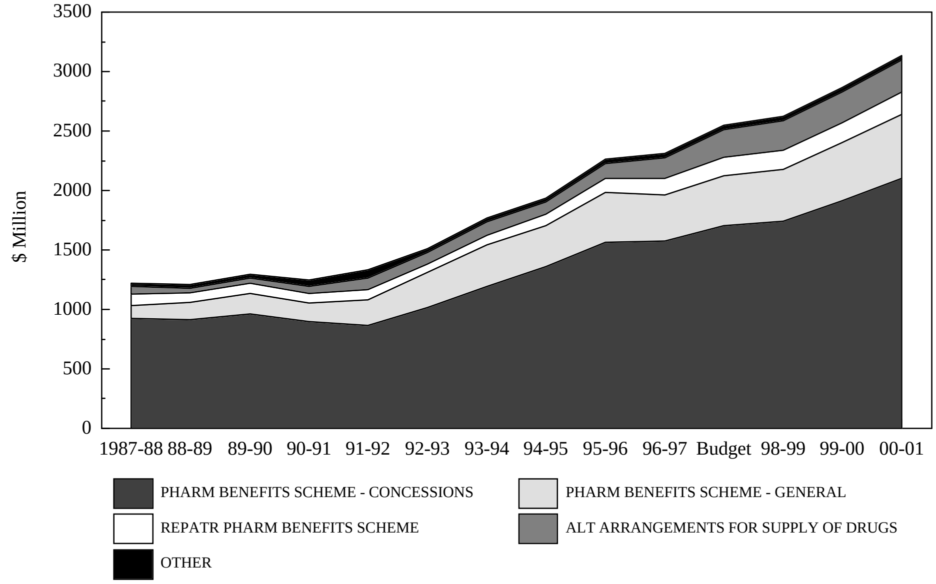
5.3 Pharmaceutical Services and Benefits

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Pharmaceutical Benefits Scheme						
General	$m	445.6	495.4	533.7	604.3	685.0
	%		11.2	7.7	13.2	13.4
Concessional	$m	1824.6	2012.8	2106.6	2374.0	2676.7
	%		10.3	4.7	12.7	12.8
Sub-total	$m	2270.2	2508.2	2640.3	2978.3	3361.7
	%		10.5	5.3	12.8	12.9
Repatriation Pharmaceutical Benefits	$m	160.8	188.4	194.5	211.7	231.9
Scheme	%		17.2	3.2	8.8	9.5
Alternative Arrangements for the	$m	201.6	269.8	295.0	320.4	346.6
Supply of Drugs	%		33.8	9.3	8.6	8.2
Pharmacy Restructuring	$m	7.0	8.7	8.8	8.9	9.0
	%		24.3	1.1	1.1	1.1
Health Insurance Commission	$m	38.7	38.0	37.0	36.5	36.9
Administrative Costs	%		-1.8	-2.6	-1.4	1.1
TOTAL	$m	2678.4	3013.0	3175.5	3555.8	3986.1
	%		12.5	5.4	12.0	12.1

Through Pharmaceutical Services and Benefits, the Commonwealth aims to ensure access by the Australian community to necessary, cost-effective medicines at the lowest cost to Government and consumers, consistent with reliable supply.

Chart 3. Pharmaceutical Services and Benefits
(1989-90

prices)



Pharmaceutical Benefits Scheme and the Repatriation Pharmaceutical Benefits Scheme

Under the Pharmaceutical Benefits Scheme (PBS), the Commonwealth provides assistance towards the cost of pharmaceuticals. Concessional patients (pensioners, the unemployed and low income families) are entitled to a higher subsidy than the general public. A safety net applies to both the general public and concessionals on a calendar year basis.

Under the Repatriation Pharmaceutical Benefits Scheme (RPBS), beneficiaries (veterans with recognised war or service related disabilities) have access to both pharmaceuticals under the PBS and a supplementary Repatriation list, at the same cost as patients entitled to the concessional payment.

Patient contributions and safety net levels are indexed annually in accordance with movements in the Consumer Price Index (CPI).

The Commonwealth presently has an agreement with retail pharmacies under which pharmacists are approved to supply benefits under these schemes, and remuneration levels for pharmacists in respect of pharmaceutical benefits are determined.

The key determinants of growth in pharmaceutical benefits have been the listing of new, more expensive drugs and the shift in prescribing patterns towards those drugs; and underlying growth in demand reflecting both growth in utilisation and changes in the size and composition of the population (as a result of ageing).

Alternative Arrangements for the Supply of Drugs

In certain circumstances some pharmaceuticals are not suitable for the normal supply arrangements under the PBS and alternative arrangements are made. These include:

- human growth hormone which is supplied free of charge through doctors, mainly paediatricians;

- selected highly specialised drugs (including drugs for the treatment of HIV/AIDS), which are supplied by States through hospitals to outpatients. The Commonwealth funds part of the costs of these drugs through grants to the States, with additional costs met by patient contributions; and
- some essential vaccines, as part of the National Childhood Immunisation Programme (part of the new broadbanded National Public Health Programme), which will be provided free of charge through doctors and other immunisation providers.

Health Insurance Commission - Administration of Pharmaceutical Benefits

The Health Insurance Commission (HIC) administers the PBS. It reimburses pharmacists for the difference between the Commonwealth price of pharmaceuticals and patient contributions. It also undertakes measures to ensure that benefits are supplied correctly and only to eligible people.

5.4 Residential Care Subsidies and Domiciliary Care Services

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Nursing Home Subsidies for the Aged	$m	2204.3	2338.1	2415.4	2460.9	2508.0
	%		6.1	3.3	1.9	1.9
Nursing Care for Veterans and Dependants	$m	83.9	84.8	88.3	91.9	96.8
	%		1.1	4.1	4.1	5.3
Domiciliary Nursing Care Benefit	$m	64.9	71.6	102.3	114.8	128.8
	%		10.3	42.9	12.2	12.2
Home Nursing Service	$m	131.0	141.6	150.9	159.8	171.9
	%		8.1	6.6	5.9	7.6
TOTAL	$m	2484.2	2636.1	2757.0	2827.5	2905.5
	%		6.1	4.6	2.6	2.8

The Commonwealth provides funding for aged persons living in residential care facilities and receiving care in the community. In 1997-98 nursing homes and hostels will be brought together under one set of arrangements for residential care. The outlays shown here relate to the higher levels of care provided by services currently classified as nursing homes. Hostel-type facilities and community based care funding are covered under *6. Social Security and Welfare*. Access to residential care services and Community Aged Care Packages follows identification of care needs by Aged Care Assessment Teams which are administered by the States with recurrent funding provided by the Commonwealth.

Nursing Home Subsidies for the Aged

The Commonwealth sets fees based on the assessed care needs of residents. The amount of subsidy paid by the Commonwealth is determined by the fee, less a statutory resident contribution. This subsidy will be income tested from 1997-98. The fee provides for the nursing and personal care costs of residents, and their accommodation costs.

Refundable accommodation bonds will apply across residential care services from 1997-98. The interest earnings and administration fee will provide the principal funding source for the construction, extension and upgrading of the former nursing home sector.

Nursing Care for Veterans and Dependants

Nursing care for veterans and dependants is funded through the Department of Veterans' Affairs. Funds are paid directly to the Department of Health and Family Services which acts as agent in the delivery of these services.

Domiciliary Nursing Care Benefit

The Commonwealth pays a fortnightly benefit (adjusted by the Consumer Price Index (CPI) each January) to eligible persons who provide care at home for persons aged 16 years or more who would otherwise be eligible for a high level of residential care.

Home Nursing Service

Home nursing services are one of a range of services offered through the Home and Community Care programme. Others include respite care, home help and dementia projects (see *6. Social Security and Welfare*).

5.5 Aboriginal and Torres Strait Islander Health

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Aboriginal and Torres Strait Islander Health	$m	112.0	127.1	130.9	131.9	125.7
	%		13.5	3.0	0.8	-4.7
TOTAL	$m	112.0	127.1	130.9	131.9	125.7
	%		13.5	3.0	0.8	-4.7

The Commonwealth contributes to the health of Aboriginal and Torres Strait Islander people through funding community-controlled Aboriginal Health Services. Commonwealth funding also supports a range of specialist services, including mental health and hearing services. In addition, the Commonwealth is involved in seeking to improve the access of indigenous people to mainstream health services by working with the States in the planning and funding of these services.

5.6 Other Health Services

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Health Research	$m	163.4	174.1	149.2	128.2	130.8
	%		6.5	-14.3	-14.1	2.0
Health Promotion & Disease Prevention	$m	292.5	259.9	215.2	210.5	214.3
	%		-11.1	-17.2	-2.2	1.8
Health Support Services	$m	419.6	403.1	426.3	448.1	459.6
	%		-3.9	5.8	5.1	2.6
Other	$m	23.3	67.2	51.9	9.5	8.7
	%		188.4	-22.8	-81.7	-8.4
TOTAL	$m	898.8	904.3	842.6	796.4	813.3
	%		0.6	-6.8	-5.5	2.1

The Commonwealth, in partnership with other levels of government and the non-government sector, aims to support an improvement in the health of all Australians and help reduce the disparities between social groups.

Health Research

Commonwealth support for health research activities includes funding for medical and public health research through the Medical Research Endowment Fund, the Public Health Research and Development Committee and the Australian Institute of Health and Welfare. Funding is also provided to supplement capital spending at medical research institutes.

The John Curtin School of Medical Research, which was previously reported in this section, has been moved to *4.1 Higher Education*, and its funding has been combined with other higher education funding.

Health Promotion and Disease Prevention

The bulk of funding is provided under the National Public Health Programme, which aims to promote and protect the health of all Australians and to minimise the incidence and severity of preventable illness, injury and disability. This includes elements such as women's health, family planning, AIDS control, drug strategies and childhood immunisation. The Commonwealth is currently negotiating new outcome-based agreements with the States to cover the period to 1998-99. These agreements will allow funds, previously provided through a variety of specific purpose payments, to be pooled into one block grant, giving the States greater flexibility in managing the nation's public health agenda.

The National Youth Suicide Prevention Strategy provides funding for counselling services, information programmes, education and research. The Commonwealth also provides funding under the National Mental Health Strategy to accelerate the transfer of mental health services out of stand-alone psychiatric institutions into the acute hospital and community care systems, and for innovative mental health projects of national significance.

Health Support Services

These services include:

- provision of a range of blood products from Australian sourced plasma, through a commercial contract with Commonwealth Serum Laboratories Limited;
- the annual operating and capital costs of the Red Cross Society's Blood Transfusion Service which are shared by the States and the Commonwealth;
- health support services under the National Rural and Remote Health Support programme: aero-medical services to rural and remote communities by the Royal Flying Doctor Service; training of medical professionals under the Advanced Specialist Training Post programme and university departments of rural health; innovative delivery of health services to rural and remote communities; and rural health research;
- the provision of a range of hearing services through the Australian Hearing Services Authority and private sector providers, to eligible pensioners and all people under the age of 21 years. Increased consumer choice in hearing services will be available in 1997-98 with the planned introduction of a voucher funding system;
- the Therapeutic Goods Administration (TGA), which is responsible for ensuring the safety and effectiveness of therapeutic goods available in Australia. The TGA currently recovers a large proportion of its costs from the therapeutic goods industry. This will increase to 100 per cent by 1998-99;
- medical assessments of Commonwealth personnel and applicants for Commonwealth income support payments by the Australian Government Health

Service (AGHS). The AGHS is scheduled to become a Commonwealth owned company by 1 July 1997; and

- the development and maintenance of appropriate food standards for Australia and New Zealand by the Australia New Zealand Food Authority.

5.7 General Administration

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Department of Health and Family Services	$m	173.9	192.7	179.4	143.7	148.6
	%		10.8	-6.9	-19.9	3.4
Department of Veterans' Affairs	$m	33.1	35.4	29.6	30.1	30.7
	%		6.9	-16.4	1.7	2.0
TOTAL	$m	207.0	228.2	209.0	173.8	179.3
	%		10.2	-8.4	-16.8	3.2

Outlays under this subfunction comprise part of the general administrative and capital expenses of the Department of Health and Family Services (DHFS) and the Department of Veterans' Affairs.

Department of Health and Family Services

This item comprises a proportion of the operating costs of DHFS. The balance of the operating costs of DHFS is classified under *6. Social Security and Welfare*.

6. Social Security and Welfare

Nature of Outlays

Most social security assistance is provided in the form of benefits paid directly to recipients and/or families who satisfy eligibility criteria. Payments are generally indexed to movements in the Consumer Price Index to maintain their real value.

This function also includes funding for a wide range of welfare services for people with special needs. These services are provided directly or through State and local government authorities and voluntary agencies. They include services to the aged and people with disabilities, a variety of child care services and advancement programmes for Aboriginal and Torres Strait Islander peoples.

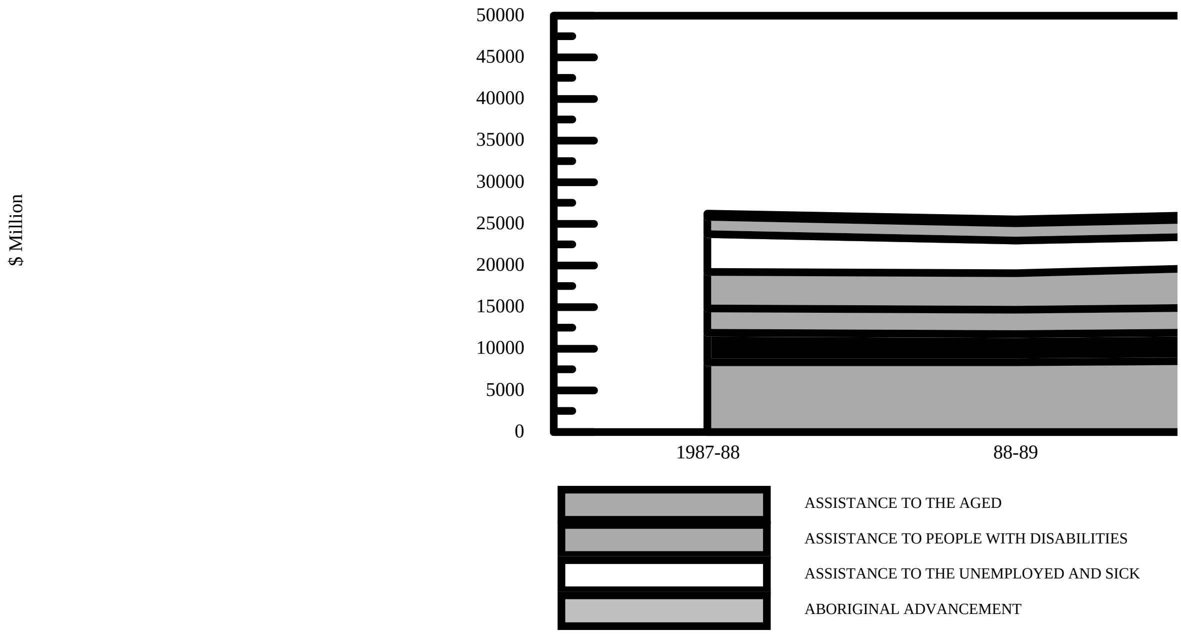
Not included under this function is assistance provided indirectly through the personal income tax system. This assistance includes concessional income tax rebates for pensioners and beneficiaries; dependent spouse rebates, family tax assistance and sole parent rebates which mainly assist low to middle income families; and deductions allowed for gifts to certain welfare bodies which provide indirect assistance to the organisations concerned.

This function includes outlays of the following portfolios:

- Social Security;
- Veterans' Affairs;
- Health and Family Services;
- Treasury;
- Immigration and Multicultural Affairs;

- Transport and Regional Development;
- Employment, Education, Training and Youth Affairs; and
- Prime Minister and Cabinet (Aboriginal and Torres Strait Islander Affairs).

Chart 1. Overview of Commonwealth Outlays on Social Security (1989-90 prices



(a) 'Other' includes Other Welfare Programmes; General Administration and Recoveries and Repayments

Trends in Social Security and Welfare Outlays

Priorities within the Social Security and Welfare function have over time moved away from universal provision of benefits towards means-tested benefits targeted to those most in need. At the same time, measures have been introduced to increase the adequacy of payments and to enhance incentives for self-help.

Policy changes have sought to:

- expand the capacity of people to meet their own needs through strategies to maximise private income and use of assets, such as improved arrangements for the collection of child support payments from the non-custodial parent and deeming income from financial assets;
- direct new spending initiatives towards areas of greatest need - for example, increased assistance to families with children, focusing in particular on low income families;

- improve the targeting of assistance, including the means testing of payments to families and the introduction of a 2 year waiting period for most social security payments for newly arrived immigrants, other than refugees and humanitarian migrants;
- minimise incorrect receipt of entitlements through the introduction of initiatives such as data matching with the Australian Taxation Office and measures to tighten administration of the activity test for receipt of Newstart Allowance;
- encourage sole parents and the unemployed to enter or re-enter the labour market, particularly through the provision of assistance for child care, and the introduction of specific programmes for the long-term unemployed and sole parents; and
- introduce a more active approach for those on Disability Support Pension to improve the workforce attachment of people with disabilities.

The major factors contributing to growth in outlays over the past decade have been the indexation of pensions and benefits; growth in client numbers in demand driven programmes; and changes in outlays resulting from Government policy initiatives.

Of particular interest is the growth in outlays between 1989-90 and 1993-94. Major contributors to this were:

- increases in unemployment outlays, largely as a result of a deterioration in economic conditions; and
- increases in the real level of assistance, such as higher rates of payment and the introduction of supplementary payments, for clients such as families with children, people with disabilities and the aged.

The main outlays expected to contribute to growth over the budget and forward years include assistance to families with children (including the Family Tax Payment component of the Family Tax Initiative), assistance to the aged and Aboriginal advancement programmes.

1997-98 And Forward Estimates

			1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
6.1	Assistance to the Aged	$m	14455.3	14791.9	15588.4	16415.8	17114.8
		%		2.3	5.4	5.3	4.3
6.2	Assistance to Veterans and Dependants	$m	4468.5	4371.7	4349.9	4338.3	4292.9
		%		-2.2	-0.5	-0.3	-1.0
6.3	Assistance to People with Disabilities	$m	5895.0	5798.0	5756.5	6032.1	6149.9
		%		-1.6	-0.7	4.8	2.0
6.4	Assistance to Families with Children	$m	14005.6	14707.6	15076.6	15823.3	16323.0
		%		5.0	2.5	5.0	3.2
6.5	Assistance to the Unemployed and Sick	$m	7326.9	7515.3	7223.6	7014.9	6914.0
		%		2.6	-3.9	-2.9	-1.4
6.6	Other Welfare Programmes	$m	1121.7	852.0	778.4	771.8	770.2
		%		-24.0	-8.6	-0.8	-0.2
6.7	Aboriginal Advancement Programmes nec	$m	974.2	1061.0	1113.9	1138.4	1161.6
		%		8.9	5.0	2.2	2.0
6.8	General Administration	$m	1767.6	1919.2	1697.6	1573.5	1569.0
		%		8.6	-11.5	-7.3	-0.3
6.9	Recoveries and Repayments	$m	-62.1	-78.5	-89.3	-89.3	-89.3
		%		26.4	13.8	-	-
	TOTAL	$m	49952.8	50938.3	51495.7	53018.9	54206.1

%		2.0	1.1	3.0	2.2

6.1 Assistance to the Aged

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Age Pension and Allowances	$m	13258.3	13468.6	14167.1	14884.2	15491.7
	%		1.6	5.2	5.1	4.1
Aged Persons' Hostels	$m	626.1	667.5	685.5	722.5	748.1
	%		6.6	2.7	5.4	3.5
Home and Community Care and	$m	412.0	458.6	509.0	556.4	607.9
Community Aged Care Packages	%		11.3	11.0	9.3	9.3
Partner Pension	$m	159.0	197.1	226.9	252.7	267.1
	%		24.0	15.1	11.4	5.7
TOTAL	$m	14455.3	14791.9	15588.4	16415.8	17114.8
	%		2.3	5.4	5.3	4.3

Outlays provide income support for aged people and their dependants, residential care for those aged people who are unable to live at home but who do not require intensive nursing care, and community care alternatives for those frail aged and younger people with a disability for whom long-term residential accommodation would be inappropriate.

Age Pension and Allowances

Age Pension is payable to women aged 60.5 years and over (increasing to 65 years by 2014) and to men aged 65 years and over, subject to residency requirements and income and assets tests. Pensioners (as well as allowance recipients and some family payment recipients) may also qualify for Rent Assistance if they are renting privately.

Aged Persons' Hostels

The Commonwealth pays subsidies for personal care and respite care for aged or disabled persons in approved residential care facilities. In 1997-98, nursing homes and hostels will be brought together under one set of residential care service arrangements. The expenditures shown here are those related to the lower levels of personal care provided by services currently classified as hostels. Funding for more intensive assistance is shown under the Health Function (see *5.4 Residential Care Subsidies and Domiciliary Care Services*).

Home and Community Care and Community Aged Care Packages

The Commonwealth, in conjunction with the States, funds a range of services for frail aged and younger people with a disability at risk of institutionalisation to enable them to continue to live in their own homes. Funding for Home and Community Care (HACC) is shared with the States (see also *5.4 Residential Care Subsidies and Domiciliary Care Services*). The level of Commonwealth funds made available for the HACC program each year increases by six per cent (in real terms), with some adjustment of this rate for expected changes in the level of user charging. Funding for Community Aged Care Packages is growing at an even higher rate as the number of Packages grows towards the target of ten per thousand people aged 70 and over.

Partner Pension

Partner Pension is paid to partners (of pensioners) born on or before 1 July 1955 who have no recent workforce experience and no dependent children.

6.2 Assistance to Veterans and Dependants

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Disability Pensions and Allowances	$m	1823.2	1841.7	1872.9	1914.0	1934.4
	%		1.0	1.7	2.2	1.1
Service Pensions	$m	2626.1	2511.1	2461.1	2407.7	2347.1
	%		-4.4	-2.0	-2.2	-2.5
Other	$m	19.3	18.9	15.9	16.7	11.4
	%		-2.1	-15.9	5.0	-31.7
TOTAL	$m	4468.5	4371.7	4349.9	4338.3	4292.9
	%		-2.2	-0.5	-0.3	-1.0

Outlays provide income support and compensation, in the form of pensions, to veterans and their dependants for incapacity or death resulting from war or defence service. The number of veterans is declining, resulting in reduced outlays on Service Pensions. However, due to veterans' increased mortality and worsening of their war-caused disabilities, outlays on War Widows' Pensions and on Disability Pensions and Allowances is increasing.

Disability Pensions and Allowances

Disability pensions and allowances are paid to ex-service men and women for service-related incapacities at rates which vary with the level of incapacity. War Widows' Pension is payable to the widow(er)s of veterans, peacekeepers, mariners and defence personnel whose death was service-related (and in certain other limited circumstances). Disability Pension and Allowances and War Widows' Pension are not subject to personal income tax or income and assets tests.

Service Pensions

These are payable to veterans who have qualifying service, and are of qualifying age (60 years for men and 55.5 years for women, increasing to age 60 by 2014), or who are incapacitated for work. Service Pension carries the same rates and range of additional payments as the Age Pension. It also has the same income test as the Age Pension, except that any Disability Pension and related allowances received are not regarded as income for these purposes.

Other

This item includes grants to veterans' associations and to community groups in relation to non-institutional care and hostel accommodation for veterans.

6.3 Assistance to People with Disabilities

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Disability Support Pension	$m	5193.9	5074.9	5032.8	5286.3	5384.5

and Allowances	%		-2.3	-0.8	5.0	1.9
Other Payments to People with Disabilities	$m	40.2	45.7	51.1	57.2	63.8
	%		13.7	11.8	11.9	11.5
Disability and Rehabilitation Services	$m	660.9	677.4	672.5	688.6	701.7
	%		2.5	-0.7	2.4	1.9
TOTAL	$m	5895.0	5798.0	5756.5	6032.1	6149.9
	%		-1.6	-0.7	4.8	2.0

Outlays provide means tested income support to people with disabilities as well as partners and carers of people with disabilities, assistance with labour force related transport costs, and services which increase the independence and employment opportunities for people with disabilities. Payments are made to the States under the Commonwealth State Disability Agreement (CSDA) for accommodation and related services. The current CSDA expires on 30 June 1997 and negotiations are underway for a second agreement.

Disability Support Pension

Eligibility for the Disability Support Pension requires at least a 20 per cent level of medical impairment and a continuing inability to work or undertake educational or vocational training within the following two years. Disability support pensioners are assessed with a view to their undertaking suitable training, rehabilitation or job search (where appropriate), to increase their chances of employment.

Other Payments to People with Disabilities

Mobility Allowance is payable to people with a disability who are in employment, vocational training, a combination of work or training, or voluntary work and who are unable to use public transport without substantial assistance. Disability Wage Supplement provides supplementary assistance to people with a disability working under the Supported Wages System administered by the Department of Health and Family Services.

Disability and Rehabilitation Services

The CSDA delineates the roles and responsibilities of the Commonwealth and the States. The States provide accommodation and support services with funding assistance from the Commonwealth through specific purpose grants. Assistance directed at helping people with a disability to gain employment is provided by the Commonwealth under this agreement through the Disability Services Programme. The Commonwealth Rehabilitation Service provides vocational rehabilitation programmes to people with disabilities who are of working age.

6.4 Assistance to Families with Children

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Family Payments	$m	6305.0	6428.6	6516.7	6706.9	6812.4
	%		2.0	1.4	2.9	1.6
Sole Parent Pensions and Allowances	$m	3010.5	2176.9	-	-	-
	%		-27.7	-100.0	na	na
Parenting Allowance	$m	2258.6	1647.4	-	-	-

	%		-27.1	-100.0	na	na
Parenting Payment	$m	-	1636.8	5741.4	6078.8	6390.4
	%		na	na	5.9	5.1
Family Tax Payment	$m	292.1	573.1	573.1	595.1	573.1
	%		96.2	-	3.8	-3.7
Other Child Payments	$m	239.5	257.0	263.1	288.5	291.1
	%		7.3	2.4	9.7	0.9
Maternity Allowance	$m	196.6	183.7	171.8	218.6	218.0
	%		-6.6	-6.5	27.2	-0.3
Child Care	$m	1086.8	1133.6	1141.8	1235.8	1307.2
	%		4.3	0.7	8.2	5.8
Child Care Cash Rebate -	$m	15.4	12.8	0.9	-	-
HIC Running Costs	%		-16.9	-93.0	-100.0	na
Other	$m	601.2	657.7	667.8	699.6	730.9
	%		9.4	1.5	4.8	4.5
TOTAL	$m	14005.6	14707.6	15076.6	15823.3	16323.0
	%		5.0	2.5	5.0	3.2

Outlays under this subfunction are mainly to ensure that families with children receive financial assistance towards the support of their children. This assistance is tailored to various groups, in particular, children in low income families. Assistance is also provided to sole parents in recognition of the difficulties they face in combining responsibility for dependent children with paid employment and of the additional cost of children in sole parent families.

Family Payment

Family Payment (FP) is a non-taxable means tested payment to families with children under the age of 16 years and certain full-time dependent students aged 16-18 years. FP has two components: minimum rate and above minimum rate FP. Minimum rate FP is payable to families with taxable incomes up to around $66,000 (for those with one child).

Above minimum rate FP is an additional amount paid to low income families. A higher rate is payable for each child aged 13-15 years. Rates may also be higher for recipients who receive Rent Assistance and/or Guardian Allowance.

The **Sole Parent Pension** is a means tested payment to sole parents with a child under 16 years of age, or aged 16 to 24 years and eligible for a Child Disability Allowance (CDA). Sole parents are also eligible for Guardian Allowance. Sole Parent Pension will be amalgamated into a new Parenting Payment. (See Parenting Allowance below.)

The **Parenting Allowance** is paid to spouses who care for children aged under 16 years of age at home. The Parenting Allowance has two payment components: a non-taxable component (basic Parenting Allowance) based on the claimant's personal income only, and a taxable component (additional Parenting Allowance) based on the income and assets of each partner.

The Government has decided in this Budget to introduce a new **Parenting Payment** in place of Sole Parent Pension and Parenting Allowance. This is to be introduced from March 1998 and will establish a single income support payment for those with child rearing responsibilities.

Family Tax Payment (FTP). The Family Tax Initiative commenced on 1 January 1997. It provides additional assistance to families with children through tax concessions

(Family Tax Assistance), or fortnightly cash payments (FTP) to low income families.

FTP is paid as a non-taxable payment to families with dependent children up to the age of 16 years and dependent secondary students up to 18 years. It is available as an extra fortnightly cash payment to all families whose taxable incomes entitle them to above minimum rate Family Payment.

Other Child Payments cover outlays on Child Disability Allowance and Double Orphan Pension. (Double Orphan Pension is paid to a person who has care of a child whose parents have both died, and in certain other limited circumstances.) These payments are made fortnightly with Family Payment. Neither is means tested or taxable.

Maternity Allowance is a non-taxable lump sum amount paid on the birth of a child to families who meet the eligibility requirements for minimum rate FP. From 1 January 1998 Maternity Allowance will be paid in two instalments, one upon the birth of a child, and a further instalment at 18 months, receipt of which will be linked to immunisation of the child.

Child Care

The main forms of Commonwealth assistance for child care are:

- income tested Childcare Assistance to eligible families using approved services including non-profit community based, private and employer sponsored services. To ensure assistance is targeted to working parents, Childcare Assistance for non work related care will be limited to 20 hours per week per child, from January 1998;
- a Childcare Cash Rebate to families using formal or informal child care for work-related purposes; and
- operational subsidies paid to support family day care services, occasional care and community based long day care centres. These subsidies will no longer be paid to community based long day care centres after June 1997. Capital subsidies paid to non-profit community based services are reducing in line with the completion of the joint National Child Care Strategy. Child care is provided for sole parents participating in the Jobs, Education and Training (JET) programme. Funding is also provided to assist other special needs groups.

Child Care - Outlays by Funding Type

	1996-97 Budget $m	1997-98 Estimate $m	1998-99 Estimate $m	1999-00 Estimate $m	2000-01 Estimate $m
Childcare Assistance	718.8	765.4	801.7	891.2	956.2
Childcare Cash Rebate	131.0	145.5	145.2	153.5	167.6
Operational Subsidies	143.4	98.1	89.8	97.7	99.2
JET - Sole Parents	9.8	11.4	11.3	11.3	11.5
Capital Funding	15.3	28.0	18.7	12.2	2.2
Other (a)	68.5	85.2	75.1	69.9	70.5
TOTAL	1,086.8	1,133.6	1,141.8	1,235.8	1,307.2

(a) Mainly Special Services, Supplementary Services, Programme Support, Accreditation and innovative service strategy.

Other

Outlays provide for the Child Support Agency (CSA) in the Australian Taxation Office and include expected payments from the Child Support Trust Account to parents with custody of children. Child Support payments collected from non custodial parents are paid into this Trust Account but are classified as revenue.

Funding is also included for the Australian Institute of Family Studies for research into matters affecting family well-being.

6.5 Assistance to the Unemployed and Sick

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Newstart Allowance	$m	6087.5	7012.8	6719.4	6516.9	6417.1
	%		15.2	-4.2	-3.0	-1.5
Job Search Allowance	$m	726.0	-	-	-	-
	%		-100.0	na	na	na
Sickness Allowance	$m	156.1	135.9	134.0	132.9	129.6
	%		-12.9	-1.4	-0.8	-2.5
Partner Allowance	$m	357.3	366.7	370.2	365.1	367.2
	%		2.6	1.0	-1.4	0.6
TOTAL	$m	7326.9	7515.3	7223.6	7014.9	6914.0
	%		2.6	-3.9	-2.9	-1.4

Income support is provided to persons who are unemployed or unable to work because of temporary incapacity and who have limited alternative means of support. The decline in outlays from 1998-99 is based on lower expected client numbers as a result of an anticipated improvement in economic conditions.

From September 1996, **Job Search Allowance** and **Newstart Allowance (NSA)** were merged into one payment, called Newstart Allowance. The merged NSA is available to men and women below Age Pension age who are unemployed and who are capable of undertaking, and actively seeking, work. Partners of recipients are required to test their eligibility for a payment in their own right. The aim of NSA is to support and require active job search or participation in appropriate training or other job preparation activities.

Other payments classified under Newstart Allowance are the **Mature Age Allowance** and the **Youth Training Allowance**. The Mature Age Allowance allows unemployed people aged 60 to Age Pension age, who have no recent workforce experience, to transfer to an allowance with no job search requirements. Youth Training Allowance is paid to young unemployed people under the age of 18 years, but above minimum school leaving age, who are undertaking approved education, training or job search activities.

Sickness Allowance (SA) is paid to people who are employed (or studying full-time) and have suffered a loss of income due to temporary illness or incapacity. SA payments are generally limited to 12 months.

Partner Allowance is paid to partners of income support allowance recipients who were born on or before 1 July 1955, who have no dependent children aged under 16 years and have no recent workforce experience.

6.6 Other Welfare Programmes

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate

Special Benefit	$m	137.9	110.3	93.0	94.6	94.9
	%		-20.0	-15.7	1.7	0.3
Other Assistance to Widows	$m	408.5	286.4	257.1	251.1	241.7
	%		-29.9	-10.2	-2.3	-3.7
Accommodation Assistance	$m	196.9	196.8	193.8	191.8	195.1
	%		-0.1	-1.5	-1.0	1.7
Asylum Seeker Assistance	$m	14.0	11.8	3.8	3.9	4.0
	%		-15.7	-67.8	2.6	2.6
Migrant Settlement Support	$m	54.2	59.3	59.8	60.7	61.6
	%		9.4	0.8	1.5	1.5
Communication Allowances and	$m	21.2	25.5	25.6	25.6	25.7
Postal Concessions	%		20.3	0.4	-	0.4
Other	$m	289.0	161.8	145.2	144.1	147.4
	%		-44.0	-10.3	-0.8	2.3
TOTAL	$m	1121.7	852.0	778.4	771.8	770.2
	%		-24.0	-8.6	-0.8	-0.2

This subfunction comprises a number of related programme elements with the following objectives:

- income support to people in special circumstances;
- income supplements and/or concessions for people facing certain additional costs;
- increased access to accommodation for low income earners and the homeless through the provision of recurrent and capital funds in conjunction with the States and Territories; and
- emergency relief funds paid through charitable agencies for people who are in financial crisis.

Special Benefit

This item comprises Special Benefit and Disaster Relief Payment. Special Benefit is paid to people who are unable to earn a sufficient livelihood for themselves and their dependants, who are ineligible for any other pension or allowance and who can prove hardship. Disaster Relief Payment is a one-off payment available to victims of declared major disasters.

Other Assistance to Widows

This item comprises the Class B Widow Pension, the Bereavement Allowance and the Widow Allowance. Class B Widow Pension is payable to previously married women who do not have dependent children and who were aged 50 years or more, or were sole parent pensioners aged 45 years or more, at 1 July 1987.

Bereavement Allowance is payable to recently widowed persons who do not have dependent children. Widow Allowance is payable to women 50 years or over who become widowed, divorced or separated after reaching 40, and who have no recent workforce experience.

Accommodation Assistance

Accommodation Assistance comprises a number of programmes targeted at those in short-term housing crisis. The Supported Accommodation Assistance Programme (SAAP), in conjunction with the States, funds transitional support services for those who are homeless as a result of a crisis.

The Crisis Accommodation Programme (CAP) provides for the purchase, construction, renovation or leasing of dwellings to provide transitional accommodation for SAAP clients. CAP is funded under the Commonwealth-State Housing Agreement (see *7. Housing and Community Amenities)*.

The Emergency Relief Programme provides grants to non-government community welfare agencies for distribution as short-term emergency assistance to people in financial crisis.

Asylum Seeker Assistance

Assistance is provided to destitute onshore refugee applicants awaiting a primary decision from six months after initial lodgement of their application.

Migrant Settlement Support

The Government provides settlement support for migrants including assistance to relevant community organisations for provision of services, on-arrival accommodation, translator and interpreter services, funding for migrant resource centres, maintenance of unattached humanitarian children and assistance to voluntary agencies under the Community Refugee Settlement Scheme.

Other

Included under this heading is reimbursement to the Australian National Railways Commission for concessional passenger fares for eligible pensioners and beneficiaries (see *12.4 Rail Transport*). Also included are wage 'top-up' payments for apprentices and trainees employed under the new industrial arrangements which provide for the wage to be paid only for productive time. The top-up payments ensure that apprentice and trainee incomes are at guaranteed levels.

6.7 Aboriginal Advancement NEC

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Aboriginal and Torres Strait Islander	$m	813.6	882.6	922.8	948.4	974.6
Commission	%		8.5	4.6	2.8	2.8
Torres Strait Regional Authority	$m	31.7	34.3	34.5	35.7	36.9
	%		8.2	0.6	3.5	3.4
Indigenous Land Corporation	$m	47.1	48.3	49.2	50.5	51.6
	%		2.5	1.9	2.6	2.2
Aboriginal Hostels Limited	$m	28.0	28.4	28.6	28.9	29.3
	%		1.4	0.7	1.0	1.4
Aboriginals Benefit Trust Account	$m	27.3	33.5	33.5	33.5	33.5
	%		22.7	-	-	-
Australian Institute of Aboriginal &	$m	5.6	5.7	5.8	5.8	5.9
Torres Strait Islander Studies	%		1.8	1.8	-	1.7
National Native Title Tribunal	$m	16.1	23.8	21.9	22.3	22.5
	%		47.8	-8.0	1.8	0.9
Other	$m	4.9	4.6	17.6	13.2	7.3
			-6.1	na	-25.0	-44.7
TOTAL	$m	974.2	1061.0	1113.9	1138.4	1161.6
	%		8.9	5.0	2.2	2.0

This subfunction mainly covers programmes funded through a number of indigenous agencies, the largest of which is the Aboriginal and Torres Strait Islander Commission (ATSIC). Many of the programmes are intended to supplement, support or accelerate the delivery of services where prime responsibility rests with other Commonwealth agencies and/or State, Territory and local governments.

For other significant outlays on Aboriginal programmes (see *4. Education*, *5. Health*, *7. Housing and Community Amenities* and *13B. Labour and Employment Affairs).*

Aboriginal and Torres Strait Islander Commission

ATSIC and Torres Strait Regional Authority (TSRA) each receive a significant part of their funding through a largely discretionary global allocation which the Government has guaranteed until 2000-01. The Government has required that ATSIC maintain average allocations for housing and infrastructure at a level at least equivalent in real terms to its 1995-96 allocation ($210 million). Additional funding is provided outside the global allocation for the Community Development Employment Projects (CDEP) Scheme and Native Title Claims Assistance.

ATSIC's Economic Programme aims to increase the economic empowerment and relative economic status of Aboriginal and Torres Strait Islander peoples by providing opportunities for employment, acquisition of productive assets, income generation and the development of commercial skills.

The major sub-programme is CDEP. Under CDEP, members of indigenous communities agree to forgo their entitlement to unemployment benefits in return for the opportunity to engage in paid employment in community managed projects. The projects are funded for the equivalent of the benefits forgone, plus loadings for oncosts and support, including capital needs.

ATSIC's Social and Cultural Programme aims to enable Aboriginal and Torres Strait Islander peoples to lead independent and healthy lives with full recognition of their cultural heritage and rights to land. The programme incorporates policies and programmes in the areas of community housing and infrastructure, housing loans, legal services, cultural development and the administration of native title, land rights and heritage protection legislation. (For other Aboriginal housing assistance see *7. Housing and Community Amenities.)*

The **Torres Strait Regional Authority** delivers programmes in the Torres Strait region which, prior to 1994-95, were delivered by ATSIC. As with ATSIC, the major activities are community housing and infrastructure projects and CDEPs.

The **Land Fund and the Indigenous Land Corporation** were established to provide a secure and ongoing source of funds to the Indigenous Land Corporation for the purpose of assisting indigenous people to acquire land and to manage and maintain it in a sustainable way in order to provide economic, social and cultural benefits for future generations. Allocations to the Land Fund are to be maintained in real terms until 2003-04, by which time the fund should be self-sustaining. The Fund is a trust fund, administered by ATSIC, within the Commonwealth Public Account and moneys must be invested in accordance with s62B of the *Audit Act 1901*.

Aboriginal Hostels Limited (AHL) aims to assist Aboriginal and Torres Strait Islander people to satisfy their health, employment, training, education and aged care needs by providing a low-cost, temporary accommodation service through a network of hostels. These hostels may be either owned and operated directly by AHL or funded through grants to other organisations.

The **Aboriginals Benefit Trust Account (ABTA)** is established under the *Aboriginal Land Rights (NT) Act 1976* to receive the equivalent of royalty moneys received from mining operations on Aboriginal land in the Northern Territory. Payments are made from the fund for the benefit of Aboriginal people directly affected by mining operations, for other Aboriginal groups in the Northern Territory and to cover the administrative costs of Northern Territory land councils.

The **Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS)** is funded to undertake and promote Aboriginal and Torres Strait Islander studies, to conduct and assist relevant research and the publication of results, to maintain a cultural resource collection and to encourage community understanding of Aboriginal and Torres Strait Islander societies.

The **National Native Title Tribunal (NNTT)** is established under the *Native Title Act 1993* to receive, register, accept and notify native title claims, identify parties whose interests may be affected and to mediate between the parties in relation to claims, compensation issues and negotiations over proposed future acts.

Other includes outlays for activities of the Aboriginal Reconciliation Unit within the Department of Prime Minister and Cabinet, and financial assistance to the States, pursuant to the *Native Title Act 1993*, for 'past act' compensation and the administration of State native title regimes.

6.8 General Administration

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Social Security Portfolio	$m	1470.9	1589.9	1383.2	1270.8	1263.9
	%		8.1	-13.0	-8.1	-0.5
Department of Veterans' Affairs	$m	194.7	184.5	175.1	169.2	169.1
	%		-5.2	-5.1	-3.4	-0.1
Department of Health and Family	$m	101.9	144.8	139.2	133.5	136.0
Services	%		42.1	-3.9	-4.1	1.9
TOTAL	$m	1767.6	1919.2	1697.6	1573.5	1569.0
	%		8.6	-11.5	-7.3	-0.3

Social Security Portfolio

The great bulk of outlays associated with the Social Security portfolio are for the new Commonwealth Services Delivery Agency (CSDA) which will begin operating from 1 July 1997. The CSDA will become the delivery agency for:

- income support payments currently administered by the Department of Social Security;
- the registration, assessment and referral functions carried out by the Commonwealth Employment Service;
- student assistance payments administered by the Department of Employment, Education, Training and Youth Affairs; and

- Childcare Assistance and the Childcare Cash Rebate administered by the Department of Health and Family Services, the Department of Social Security and the Health Insurance Commission.

The CSDA will simplify service delivery arrangements by providing a one-stop-shop for many Commonwealth services. Unemployed customers, in particular, will benefit from having a single point of access to income support, self-help job search facilities and referral to employment placement services.

Department of Veterans' Affairs

General Administration costs for the Department of Veterans' Affairs (DVA) peaked in 1996-97, mainly reflecting the cumulative impact of DVA's assumption of greater administrative responsibility for a wider range of benefits to the veteran community. It is expected that, as the Department's client base declines and ongoing efficiencies begin to take effect, these costs will fall.

Department of Health and Family Services

This item comprises a proportion of the operating costs of the Department of Health and Family Services (HFS). HFS operating costs include funds for the purchase of services from the Commonwealth Services Delivery Agency, for the delivery of Childcare Assistance and the Childcare Cash Rebate. The balance of the operating costs of HFS is classified under *5. Health.*

6.9 Recoveries and Repayments

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Recoveries and Repayments	$m	-62.1	-78.5	-89.3	-89.3	-89.3
	%		26.4	13.8	-	-
TOTAL	$m	-62.1	-78.5	-89.3	-89.3	-89.3
	%		26.4	13.8	-	-

This item includes payments under the Social Security Agreement between Australia and New Zealand and Miscellaneous Receipts.

7. Housing and Community Amenities

Nature of Outlays

The Housing and Community Amenities function covers outlays, under Housing, to improve the access to appropriate housing for those whose needs are inadequately met through the private rental market or who have difficulty achieving home ownership.

Housing assistance is provided through the Commonwealth-State Housing Agreement (CSHA). This, in conjunction with contributions from the States, assists in funding the expansion and maintenance of the public rental housing stock by State governments.

Eligible former and serving members of the Defence Force who enlisted prior to May

1985 are provided with home purchase assistance in the form of a home loan interest subsidy.

Excluded from this function is housing assistance for income support recipients who rent privately which is paid through Rent Assistance and transitional support which is provided to those who are homeless as a result of crisis (see *6. Social Security and Welfare)*.

Community Amenities includes outlays on general promotion and assistance for urban and regional planning and development and on promotion of national environmental objectives.

Additional funding for the conservation, sustainable use and repair of Australia's natural environment will be provided through the Natural Heritage Trust. Funding for this purpose is also provided through *8.4 National Estate and Parks* and *10.7 Natural Resources Development and Management*.

This function includes outlays of the Social Security, Environment, Sport and Territories, Transport and Regional Development, Veterans' Affairs, Industry, Science and Tourism, and Treasury portfolios.

Chart 1. Overview of Commonwealth Outlays on Housing and Community Amenities (1989-90 prices)

$ Million

Trends in Housing and Community Amenities Outlays

There has been a real decrease in outlays on Housing and Community Amenities over the last decade, mainly reflecting:

- lower real outlays under the CSHA, especially in 1996-97, when some States chose to reduce their funding for public housing as part of their State Fiscal Contributions;

- changes in the level of assistance for home ownership (provided through the First Home Owners Scheme and included in Other & Administration), with outlays peaking in the mid-1980s and phasing out by 1995-96; and
- increasing outlays for environmental protection.

Outlays were high in 1992-93 due to funding for a short-term programme to improve the social and economic infrastructure of local government areas with above-average unemployment.

Outlays on environmental protection will increase as a result of new programmes to be introduced under the Natural Heritage Trust.

1997-98 And Forward Estimates

			1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
7.1	Housing Assistance to Other Governments	$m	804.1	850.4	836.1	821.7	818.1
		%		5.8	-1.7	-1.7	-0.4
7.2	Defence Service Homes	$m	31.2	24.9	25.1	24.5	24.6
		%		-20.2	0.8	-2.4	0.4
7.3	Urban and Regional Development	$m	-19.4	35.1	5.2	-1.9	-4.7
		%		na	-85.2	-136.5	147.4
7.4	Environment Protection	$m	145.3	205.8	210.7	187.5	154.9
		%		41.6	2.4	-11.0	-17.4
7.5	Other Housing and Community Amenities	$m	-115.1	21.8	28.3	26.4	20.4
		%		-118.9	29.8	-6.7	-22.7
7.6	General Administration	$m	17.2	9.3	5.4	4.3	4.3
		%		-45.9	-41.9	-20.4	-
	TOTAL	$m	863.3	1147.3	1111.0	1062.5	1017.5
		%		32.9	-3.2	-4.4	-4.2

7.1 Housing Assistance to other Governments

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Nominated Loan Funds - Repayment of Principal	$m	-20.9	-21.8	-22.7	-23.6	-24.5
	%		4.3	4.1	4.0	3.8
CSHA Loans - Repayment of Principal	$m	-68.2	-70.9	-73.6	-76.3	-79.0
	%		4.0	3.8	3.7	3.5
CSHA Grants to States	$m	885.5	935.4	924.7	914.0	914.0
	%		5.6	-1.1	-1.2	-
Social Housing Subsidy Programme	$m	2.1	2.1	2.1	2.1	2.1
	%		-	-	-	-
Other Grants for Housing	$m	5.5	5.5	5.5	5.5	5.5
	%		-	-	-	-
TOTAL	$m	804.1	850.4	836.1	821.7	818.1
	%		5.8	-1.7	-1.7	-0.4

Nominated Loan Funds and CSHA Loans - Repayment of Principal

All Commonwealth loan funds that were provided for public housing purposes, either in the form of CSHA loans before 1984-85 or as Nominated Loan Council advances before 1989-90, are repayable in equal annual instalments over 53 years. Interest is payable at a concessional rate of 4.5 per cent a year (for further details, see Interest Revenue in *Statement 5*).

Commonwealth-State Housing Agreement Grants to States

Grants under the Commonwealth-State Housing Agreement (CSHA) cover the acquisition, maintenance and upgrade of public housing, rental subsidies for low income tenants in public housing, support for home ownership assistance, and repayments of principal and interest on Commonwealth loans for public housing purposes as well as specific programmes, such as the Aboriginal Rental Housing Programme and the Crisis Accommodation Programme (the latter is excluded from the above table and is reported under *6.6 Other Welfare Programmes*). The Agreement also provides for Commonwealth grants to be supplemented by State contributions.

An interim CSHA runs from 1 July 1996 to the end of the 1998-99 financial year, with the States and Territories being offered Commonwealth funding for the entire period, on the basis of a commitment to continue negotiating on reforms. Funding for years beyond 1998-99 will be negotiated in terms of a new agreement which is expected to reflect the likely direction of longer term reforms.

Major improvements in accountability and efficiency are being implemented in the interim agreement, through an increased focus on consumer outcomes and improved performance measurement and reporting.

7.2 Defence Service Homes

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Home Acquisition Assistance	$m	35.3	26.9	26.0	25.4	25.5
	%		-23.8	-3.3	-2.3	0.4
Defence Service Homes Insurance	$m	-4.1	-2.0	-0.8	-0.8	-0.8
	%		-51.2	-60.0	-	-
TOTAL	$m	31.2	24.9	25.1	24.5	24.6
	%		-20.2	0.8	-2.4	0.4

The Defence Service Homes scheme (DSH) provides home ownership assistance in the form of subsidised low interest loans to eligible former and serving members of the Defence Forces who enlisted prior to May 1985, or who have certain qualifying service. Housing assistance for service personnel who enlisted after May 1985 is classified in *2. Defence*.

Home Acquisition Assistance

Since 1988-89, the mortgage portfolio and the authority to make new loans under the scheme has been owned by the Westpac Banking Corporation. Under the programme, Westpac receives a subsidy to bridge the difference between the concessional interest rate paid by DSH borrowers and an agreed benchmark mortgage rate based on the standard bank interest rate for new owner-occupied housing.

7.3 Urban and Regional Development

In 1996-97 the Commonwealth terminated regional development programmes to eliminate duplication of State and local government activities in this area. Residual administrative costs and other payments made under the programmes, including repayments of loans from State and local governments and receipts from the Albury-

Wodonga Development Corporation, are also included in this item.

7.4 Environment Protection

The Commonwealth has a number of programmes, primarily administered by the Department of the Environment, Sport and Territories, for protection of the environment, including specific measures to monitor and control the impact of pollution. Financial assistance is provided to various international and national bodies concerned with environmental and conservation issues.

Additional funding for the conservation, sustainable use and repair of Australia's natural environment will be provided through the Natural Heritage Trust. Additional funding for this purpose is also provided through *8.4 National Estate and Parks* and *10.7 Natural Resources Development and Management*.

7.5 Other Housing and Community Amenities

The main items in this subfunction are the Housing Loans Insurance Corporation and the Christmas Island Rebuilding Programme.

The Housing Loans Insurance Corporation is currently being restructured, and a new Commonwealth company, Housing Loans Insurance Corporation Limited, will commence operations in late 1996-97. The Christmas Island Rebuilding Programme was implemented in 1992-93 to improve the standard of public housing and to upgrade the Island's infrastructure to the level of comparable communities in the rest of Australia.

7.6 General Administration

Outlays provide for the administration costs for this function across portfolios, mainly Environment, Sports and Territories, and Industry, Science and Tourism.

8. Recreation and Culture

Nature of Outlays

Funding for broadcasting represents the majority of recreation and culture outlays (see Chart 1).

Other activities in this function involving outlays include:

- managing Australia's cultural heritage through national collection institutions;
- direct financial assistance for the arts and other cultural activities including the film and television industries;
- assistance to sport and recreation activities;
- the operations of statutory authorities to manage and protect, amongst other places, the world heritage areas of Uluru-Kata Tjuta and Kakadu National Parks and the
- Great Barrier Reef; and

- joint management and funding arrangements for other world heritage areas in Tasmania and Queensland.

This function includes outlays for major parts of the following portfolios:

- Communications and the Arts; and
- Environment, Sport and Territories,

in addition to minor components of several other portfolios.

Outlays for this function mainly arise from direct outlays by Commonwealth agencies. Other avenues of support include grants programmes, payments to the States (shown in *Budget Paper No. 3*) and taxation expenditures such as concessions on investments in new films under Division 10BA of the *Income Tax Assessment Act 1936*.

Chart 1. Overview of Commonwealth Outlays on Recreation and Culture (1989-90 prices)

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Trends in Recreation and Culture Outlays

Over the period since 1987-88, trends in outlays have been primarily influenced by:

- a peak in Arts and Cultural Heritage outlays in 1987-88, due to increased outlays on Arts and Heritage for the Bicentennial;
- higher outlays since 1990-91 on the National Estate and Parks; and
- the effect of one-off receipts in 1993-94 from the sale of satellite subscription television licences ($199 million), and receipts in 1994-95 from the sale of the Multipoint Distribution Service Licences ($100 million), which were partially offset by expenditure relating to the *Creative Nation* policy statement.

1997-98 and Forward Estimates

			1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
8.1	Broadcasting	$m	735.9	653.6	652.4	661.4	669.3

		%		-11.2	-0.2	1.4	1.2
8.2	Arts and Cultural Heritage	$m	459.6	462.2	422.4	402.4	405.7
		%		0.6	-8.6	-4.7	0.8
8.3	Sport and Recreation	$m	96.1	98.1	151.1	155.0	83.2
		%		2.1	54.0	2.6	-46.3
8.4	National Estate and Parks	$m	102.5	104.7	101.7	101.8	96.4
		%		2.1	-2.9	0.1	-5.3
	TOTAL	$m	1394.0	1318.6	1327.6	1320.7	1254.6
		%		-5.4	0.7	-0.5	-5.0

8.1 Broadcasting

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Australian Broadcasting Corporation	$m	531.2	468.5	471.7	477.7	487.8
	%		-11.8	0.7	1.3	2.1
Special Broadcasting Service	$m	88.1	83.0	79.2	79.9	81.0
	%		-5.8	-4.6	0.9	1.4
National Transmitting Facilities	$m	97.7	83.2	83.6	87.3	83.9
	%		-14.8	0.5	4.4	-3.9
Planning and Regulation	$m	19.0	18.8	18.0	16.6	16.5
	%		-1.1	-4.3	-7.8	-0.6
Sale of Broadcasting Rights	$m	-0.1	-	-	-	-
	%		-100.0	na	na	na
TOTAL	$m	735.9	653.6	652.4	661.4	669.3
	%		-11.2	-0.2	1.4	1.2

The majority of outlays on broadcasting are to fund the operating and capital needs of the Australian Broadcasting Corporation (ABC) and the Special Broadcasting Service (SBS) and national transmitting facilities.

Australian Broadcasting Corporation

The ABC's activities include domestic radio services, a national television network, and overseas broadcasting services. ABC Orchestras are to be transferred to an ABC subsidiary, Symphony Australia Holdings Pty Ltd, and their funding is now reflected under the Arts and Heritage classification. This also reduces the ABC's funding from 1997-98 by the amount being transferred to Symphony Australia (see *Budget Paper No. 2* for more details).

Special Broadcasting Service

The SBS operates a multilingual radio network and a multicultural television service.

National Transmitting Facilities

The National Transmission Agency operates and maintains the transmitting facilities used for the delivery of ABC and SBS radio and television services and some regional commercial services.

Planning and Regulation

The Australian Broadcasting Authority issues radio and television broadcast licences, and formulates and monitors broadcast standards.

8.2 Arts and Cultural Heritage

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
National Collections	$m	108.0	116.5	107.3	103.5	104.2
	%		7.9	-7.9	-3.5	0.7
Assistance to the Film, TV	$m	97.8	84.2	70.2	63.8	64.0
and Multimedia Industries	%		-13.9	-16.6	-9.1	0.3
Arts and Heritage	$m	158.9	164.5	154.3	144.1	145.6
	%		3.5	-6.2	-6.6	1.0
Administration	$m	94.8	97.0	90.7	91.1	91.8
	%		2.3	-6.5	0.4	0.8
TOTAL	$m	459.6	462.2	422.4	402.4	405.7
	%		0.6	-8.6	-4.7	0.8

National Collections

Outlays include funding for the operating and capital costs of collecting institutions such as the National Library of Australia, the National Gallery of Australia, the Australian National Maritime Museum and the Australian War Memorial.

Assistance to the Film, Television and Multimedia Industries

Financial assistance is provided through the Australian Film Finance Corporation Limited, the Australian Film Commission and Film Australia Pty Limited.

Arts and Heritage

Outlays are dominated by funding to the Australia Council and to Symphony Australia Holdings Pty Ltd. Other outlays include funding for the Australian National Opera, Orchestras and the Office of Australian War Graves.

Administration

These outlays fund administrative support for recreation and cultural activities, mainly through the Departments of Communications and the Arts, and Environment, Sport and Territories.

8.3 Sport and Recreation

The Commonwealth provides financial assistance to encourage community interest and participation in sport and recreational activities and to facilitate preparation for the Olympic Games by Australian athletes. The Australian Sports Commission, which incorporates the Australian Institute of Sport, promotes and facilitates the pursuit of excellence in sport, sports development and participation. Outlays increase substantially from 1998-99 due to assistance to be paid to the Sydney Organising Committee for the Olympic Games (refer to *Budget Paper No. 2* for more detail).

8.4 National Estate and Parks

The Commonwealth is involved in the identification and protection of Australia's natural environment through arrangements such as the Register of the National Estate, management of national parks and world heritage listings. The Commonwealth discharges many of its management responsibilities through various statutory authorities and arrangements with the States.

Additional funding for the conservation, sustainable use and repair of Australia's natural environment will be provided through the Natural Heritage Trust which also relates to *7.4 Environment Protection* and *10.7 Natural Resources Development and Management*.

9. Fuel and Energy

Nature of Outlays

Fuel and Energy covers outlays on coal, petroleum, gas, nuclear affairs, electricity and other energy including alternative fuels. It includes price control, research and measures designed to reduce consumption or increase production and support in the form of advances, grants or subsidies. It excludes outlays on the transportation of petroleum and gas which are classified to *12. Transport and Communication* and the disposal of radioactive waste which is classified to *7. Housing and Community Amenities*.

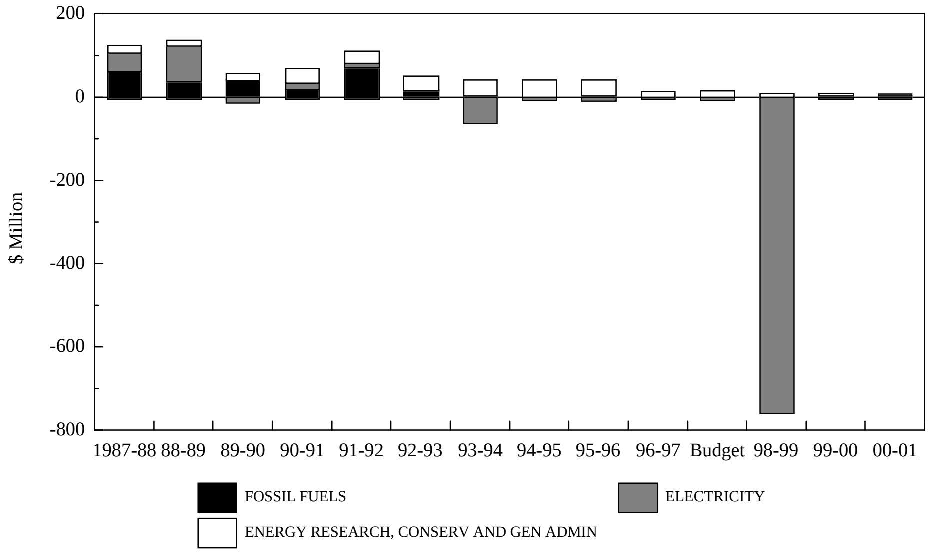
Commonwealth outlays in respect of this function include: payments to support micro-economic reform of electricity power supply; payments to State government departments for administration of petroleum production within the Commonwealth's jurisdiction; funding for Commonwealth outcomes in relation to promoting energy efficiencies for the benefit of industry and the community generally, and for the alternative energy industry specifically (i.e. renewable energy and energy conservation).

Not included under this function are the fuel and energy purchases of government departments and agencies used for operational purposes.

This function includes outlays of the following portfolios:

- Primary Industries and Energy; and
- Environment, Sport and Territories.

Chart 1. Overview of Commonwealth Outlays on Fuel and Energy (1989-90 prices)



Trends in Fuel and Energy Outlays

Fuel and energy outlays have declined significantly since the late 1980s (Chart 1) primarily through reduced Commonwealth involvement in the coal industry and sale of the Gladstone Power Station to Queensland in 1993-94 (leading to a negative outlay in that year).

The negative outlays in 1998-99 reflect the refinancing and repayment of debt to the Commonwealth following the expected corporatisation of the Snowy Mountains Hydro-electric Authority (SMHEA).

1997-98 and Forward Estimates

			1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
9.1	Fossil Fuels	$m	3.5	3.5	3.5	3.5	3.5
		%		-	-	-	-
9.2	Electricity	$m	-2.4	-4.4	-913.8	2.2	2.3
		%		83.3	na	-100.2	4.5
9.3	Energy Research, Conservation and	$m	11.9	13.5	7.3	5.4	2.7
	General Administration	%		13.4	-45.9	-26.0	-50.0
	TOTAL	$m	13.1	12.6	-902.9	11.2	8.5
		%		-3.8	na	-101.2	-24.1

9.1 Fossil Fuels

Outlays provide reimbursement to State government departments for administration of petroleum exploration and production leases within Commonwealth jurisdiction.

9.2 Electricity

Outlays include provision in 1998-99 for the refinancing and repayment by the corporatised Snowy Mountains Scheme of Commonwealth debt assumed by the company at corporatisation expected early in 1998. The debt will correspond to the market value of existing SMHEA borrowings (advances and inscribed stock). New South Wales (NSW) and Victoria will have a majority shareholding consistent with existing entitlements to electricity generated by the Scheme. Detailed corporatisation arrangements are being developed in accordance with principles agreed by the Commonwealth, NSW and Victoria.

The 1997-98 outlays include scheduled repayments of Commonwealth debt by SMHEA and payments to the administration of Christmas and Cocos Islands to cover the shortfall in the costs of electricity supply.

9.3 Energy Research, Conservation And General Administration

Outlays for this classification are expected to fall over the forward years primarily for two reasons. The major factor is the winding up of the Energy Research and Development Corporation. An additional reason is the savings achieved through the rationalisation of the National Energy Efficiency Programme, which funds a programme of cooperative arrangements to facilitate improved energy end use efficiency.

The running costs of the Department of Primary Industries and Energy to support fuel and energy responsibilities comprise the remainder of outlays.

10. Agriculture, Forestry and Fishing

Nature of Outlays

The Agriculture, Forestry and Fishing function covers outlays on: land management; water resources; rural adjustment designed to improve farm productivity, profitability and sustainability; quarantine services; diesel fuel rebates for primary producers; contributions to research and promotion, price support arrangements and subsidies (including where the cost of services provided by departments and agencies is borne by Government in whole or in part); efforts to conserve, extend or rationalise exploitation of forest resources; forest pest and disease control activities; forest firefighting and fire prevention services; freshwater, ocean and coastal fishing and fish farming; and research into fish management and related problems of the fish industry. Outlays on sport fishing are classified to *8. Recreation and Culture*.

A large proportion of outlays in this function correspond to various levies and charges collected by Government on behalf of industry. These industry contributions are classified as revenue, i.e. not offsets within outlays (see Other Taxes, Fees and Fines in *Statement 5*).

Outlays in other functions also assist agricultural industries, e.g. outlays on transport infrastructure and services, and by agencies such as the Commonwealth Scientific and Industrial Research Organisation. In addition, taxation legislation provides concessional treatment of research and development costs, and for the averaging of income from primary production.

This function includes outlays of the following portfolios:

- Administrative Services;
- Environment, Sport and Territories;
- Veterans' Affairs;
- Industry, Science and Tourism;
- Primary Industries and Energy;
- Prime Minister and Cabinet; and
- Treasury.

Chart 1. Overview of Commonwealth Outlays on Agriculture, Forestry and Fishing (1989-90 prices)

$ Million

Trends in Agriculture, Forestry and Fishing Outlays

As shown in Chart 1, the major impact on function outlays over the period between 1987-88 and 1997-98 was the 1990-91 peak in wool outlays associated with the management of the wool stockpile and associated debt. The increase for Natural Resources Development and Management from 1997-98 will result from the commencement of the Natural Heritage Trust.

The increase in real terms in 1994-95 principally reflects additional outlays to the rural sector on exceptional circumstances drought assistance. Outlays are expected to decrease from 1997-98 as the need for drought relief decreases and in 2000-01 as assistance to the dairy industry through the Domestic Market Support Scheme is terminated.

1997-98 and Forward Estimates

			1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
	Specific Industries						
10.1	Wool	$m	123.1	121.5	132.9	149.3	169.1
		%		-1.3	9.4	12.3	13.3
10.2	Grains	$m	149.8	119.8	115.5	76.3	74.7
		%		-20.0	-3.6	-33.9	-2.1
10.3	Dairy	$m	193.9	196.1	200.4	202.8	47.7
		%		1.1	2.2	1.2	-76.5
10.4	Cattle, Sheep and Pig	$m	142.8	142.6	143.2	147.0	147.4
		%		-0.1	0.4	2.7	0.3
10.5	Fishing, Horticulture and Other Agriculture	$m	115.9	126.4	122.6	123.8	121.5
		%		9.1	-3.0	1.0	-1.9
	Sub-total	$m	725.5	706.4	714.6	699.2	560.4
		%		-2.6	1.2	-2.2	-19.9
10.6	General Assistance not Allocated to Specific Industries	$m	891.9	898.9	893.6	900.6	899.7
		%		0.8	-0.6	0.8	-0.1
10.7	Natural Resources Development and Management	$m	89.3	215.9	219.7	195.6	186.9
		%		141.8	1.8	-11.0	-4.4
10.8	General Administration	$m	143.5	127.9	125.1	120.9	120.4
		%		-10.9	-2.2	-3.4	-0.4
	TOTAL	$m	1850.2	1949.1	1953.1	1916.4	1767.4
		%		5.3	0.2	-1.9	-7.8

10.1 Wool Industry

Outlays consist of payments to Wool International to manage the stockpile and repay the wool industry's debt, and to the Australian Wool Research and Promotion Organisation for industry promotion and management of wool research and development. These payments are funded by the wool tax. The Government also provides a matching contribution for research and development up to 0.5 per cent of the Gross Value of Production.

10.2 Grains Industry

Outlays predominantly relate to wheat. The wheat levy funds the trading and value adding activities of the Australian Wheat Board, with the Government providing a matching contribution for research and development of up to 0.5 per cent of the Gross Value of Production. Outlays are expected to decrease in 1999-2000 as the levy contribution for the Wheat Industry Council will cease on 30 June 1999, in line with a restructuring of the wheat industry.

10.3 Dairy Industry

Outlays consist of contributions to the dairy industry for promotion, administration, market support, and research and development. Payments to the Australian Dairy Corporation and the Australian Dairy Research and Development Corporation are funded primarily through dairy levies, with the Government providing a matching contribution for research and development of up to 0.5 per cent of the Gross Value of Production. Outlays are expected to decrease in 2000-01 as assistance through the Domestic Market Support Scheme is terminated.

10.4 Cattle, Sheep and Pig Industries

Outlays are contributions to the meat industry for promotion, research and development and control of cattle diseases. Payments to the Australian Meat and Livestock Corporation and the Australian Pork Corporation for promotion, administrative and operational expenses are funded primarily through industry levies, with the Government providing a matching contribution for research and development of up to 0.5 per cent of the Gross Value of Production.

10.5 Fishing, Horticulture and Other Agriculture

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Fishing Industry	$m	36.4	37.4	39.8	41.1	37.7
	%		2.7	6.4	3.3	-8.3
Horticulture and Other Agricultural Industries	$m	79.5	88.9	82.9	82.7	83.8
	%		11.8	-6.7	-0.2	1.3
TOTAL	$m	115.9	126.4	122.6	123.8	121.5
	%		9.1	-3.0	1.0	-1.9

Fishing Industry

Outlays include funding for fisheries management by the Australian Fisheries Management Authority (AFMA) and for fisheries research. AFMA recovers costs attributable to the industry while the Budget funds community service obligations. The drop in outlays in 2000-01 reflects the expected final payment of a loan to the Northern Prawn Voluntary Adjustment Scheme.

Horticulture and Other Agricultural Industries

Industry levies fully pay for the activities of the Australian Wine and Brandy Corporation. The Australian Horticultural Corporation is funded through industry levies and Government matching grants. The rise in outlays in 1997-98 reflects the restoration of funding to ongoing levels following one-off reductions in 1996-97 associated with surplus cash balances.

10.6 General Assistance not Allocated to Specific Industries

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Rural Adjustment	$m	67.6	36.3	16.1	8.8	-1.3
	%		-46.3	-55.6	-45.3	-114.8
Integrated Rural Policy	$m	-	44.8	46.4	52.5	55.5
	%		na	3.6	13.1	5.7
Quarantine and Inspection Services	$m	180.3	167.5	165.3	149.9	132.6
	%		-7.1	-1.3	-9.3	-11.5
Diesel Fuel Rebate Scheme	$m	611.6	624.4	645.8	668.5	692.1
	%		2.1	3.4	3.5	3.5
Other	$m	32.4	25.9	20.0	20.8	20.8
	%		-20.1	-22.8	4.0	-
TOTAL	$m	891.9	898.9	893.6	900.6	899.7
	%		0.8	-0.6	0.8	-0.1

Rural Adjustment

The Rural Adjustment Scheme provides assistance, through interest subsidies and grants for training and consultancy services, to farmers who are commercially viable in the long term. The reduction in outlays from 1997-98 reflects a winding up of the Scheme, which is to be replaced by the Integrated Rural Policy Package (see below). Further major outlays for drought assistance appear under *6.6 Other Welfare Programmes.* Other minor drought related outlays measures are shown under *4.4 Student Assistance, 8.4 National Estates and Parks,* and *10.7 Natural Resources Development and Management.*

Integrated Rural Policy Package

This classification includes funding for the Integrated Rural Policy Package, to be announced later in the year. The Package aims to promote a self-reliant, productive rural sector supported by targeted Government measures which focus on building the skills and capacity of rural industries and communities to manage effectively in an uncertain environment. Savings which become available as a result of winding up the Rural Adjustment Scheme will be used to fund the Package.

Australian Quarantine and Inspection Service

The Australian Quarantine and Inspection Service (AQIS) conducts inspection services for the export and import of animals, animal products, plants and plant products, and the quarantine surveillance of arriving vessels, persons and goods. The decrease in outlays from 1997-98 reflects the implementation of company quality assurance-based export meat inspection, whereby the inspection function will be performed by company employees under the scrutiny of a Government veterinary officer, rather than by AQIS. This decrease is offset, somewhat, through the provision of funding for the implementation of recommendations of the report, *Australian Quarantine* **-** *A shared responsibility* (Nairn) and the report of the National Task Force on Imported Fish and Fish Products.

Diesel Fuel Rebate Scheme - Primary Production

The Diesel Fuel Rebate Scheme provides for a rebate of excise or customs duty on diesel fuel used for eligible primary production activities. Legislation to revamp the operation of the Scheme was introduced in Parliament in December 1996. The legislation will address overclaiming of the rebate and containment of growth in outlays associated with decisions by the Administrative Appeals Tribunal and the Federal Court to widen eligibility under the Scheme.

Other Programmes

This classification includes outlays for a range of programmes to address issues in the rural sector, including the Rural Communities Access Programme (RCAP), as well as programmes addressing animal diseases and chemical usage. The fall in outlays in 1997-98 principally reflects a reduction in funding to RCAP. The recent review of RCAP and options for service delivery in rural areas will be taken up in the development of the Integrated Rural Policy Package (see above).

10.7 Natural Resources Development and Management

This classification covers water, land and forest management programmes primarily within the Department of Primary Industries and Energy, and includes the Government's contribution towards the Murray-Darling Basin Initiative. Land and water programmes are now integrated within the National Landcare Programme under the *Natural Resource Management (Financial Assistance) Act 1992.*

The significant rise in outlays from 1997-98 reflects additional funding for the conservation, sustainable use and repair of Australia's natural environment to be provided through the Natural Heritage Trust (see also *7.4 Environment Protection* and *8.4 National Estate and Parks).*

10.8 General Administration

This classification comprises running costs for the Department of Primary Industries and Energy.

11. Mining and Mineral Resources, other than Fuels; Manufacturing; and Construction

Nature of Outlays

Outlays under this function provide assistance to the mining, manufacturing and export sectors, and are designed to improve the efficiency and competitiveness of Australian industries. Assistance is provided in the form of grants, subsidies, rebates, bounties, direct project involvement, and the provision of some services either free of charge or at charges less than the costs involved. All activities relating to mineral fuels, and manufacturing relating to the production of fuel and energy, are classified to *9. Fuel and Energy*.

This function includes outlays of the following portfolios:

- Foreign Affairs and Trade;
- Industry, Science and Tourism; and
- Primary Industries and Energy.

Chart 1. Overview of Commonwealth Outlays on Mining and Mineral Resources, Other Than Fuels; Manufacturing; and Construction (1989-90 prices)

$ Million

Trends In Mining And Mineral Resources, Other Than Fuels; Manufacturing; And Construction Outlays

Between 1987-88 and 1994-95 outlays increased over the period as a whole. The major factor contributing to this growth was payments to mining operators under the Diesel Fuel Rebate Scheme (DFRS) as a result of growth in the mining sector and widening coverage of the Scheme, reflecting Administrative Appeals Tribunal and Federal Court rulings.

During this period there were two declines in outlays (1987-88 to 1988-89 and 1991-92 to 1992-93). These were almost entirely due to reductions in assistance to exporters, as revisions to the eligibility criteria for the Export Market Development Grants Scheme (EMDGS) narrowed the coverage of the Scheme.

Between 1994-95 and 1997-98 outlays decreased in most years. This decline is projected to continue throughout the forward estimate period. Major factors contributing to the decline include:

- a move in government policy away from sector specific assistance through the termination of production bounties under the manufacturing subfunction;
- the expiry of some AusIndustry programmes established in 1994-95, under the general assistance classification; and
- the capping of the EMDGS and abolition of several programmes under the assistance to exporters subfunction.

1997-98 and Forward Estimates

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
11.1 Mining and Mineral Resources	$m	941.3	900.4	912.5	983.0	1059.3
	%		-4.3	1.3	7.7	7.8
11.2 Manufacturing	$m	476.9	560.9	470.5	316.4	145.6
	%		17.6	-16.1	-32.8	-54.0
11.3 Assistance to Exporters	$m	258.3	263.7	258.6	232.1	237.7

	%		2.1	-1.9	-10.2	2.4
11.4 Other Industry Assistance	$m	4.4	1.7	-	-	-
	%		-61.4	-100.0	na	na
TOTAL	$m	1680.9	1726.7	1641.6	1531.5	1442.6
	%		2.7	-4.9	-6.7	-5.8

11.1 Mining and mineral resources

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Mining-International Involvement	$m	0.3	0.3	0.2	0.2	0.2
	%		-	-33.3	-	-
Diesel Fuel Rebate Scheme	$m	823.4	812.9	870.3	940.3	1015.8
	%		-1.3	7.1	8.0	8.0
Other Mining and Mineral Resources	$m	117.6	87.2	42.0	42.4	43.3
	%		-25.9	-51.8	1.0	2.1
TOTAL	$m	941.3	900.4	912.5	983.0	1059.3
	%		-4.3	1.3	7.7	7.8

Diesel Fuel Rebate Scheme

Funding under this Scheme provides for a rebate of excise or customs duty on diesel fuel for eligible mining activities. Legislation to revamp the operation of the Scheme was introduced in Parliament in December 1996. The legislation will reduce overclaiming of the rebate, restrict eligibility, and contain growth in outlays associated with decisions by the Administrative Appeals Tribunal and the Federal Court to widen eligibility under the Scheme.

Other Mining and Mineral Resources

Outlays under this classification mainly comprise the operating costs of the Australian Geological Survey Organisation. Construction of the new building will be completed in 1997-98, which causes outlays to fall significantly in the forward years.

11.2 Manufacturing

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Sector Specific Assistance						
Textiles, Clothing and Footwear	$m	35.9	20.4	18.3	5.9	-
	%		-43.2	-10.3	-67.8	-100.0
Shipbuilding (Bounty)	$m	18.2	19.1	22.4	1.0	-
	%		4.9	17.3	-95.5	-100.0
Printing (Bounty)	$m	14.1	3.6	-	-	-
	%		-74.5	-100.0	na	na
Information Technology	$m	57.8	20.9	1.1	-	-
	%		-63.8	-94.7	-100.0	na
Automotive and Engineering	$m	5.1	-	-	-	-
	%		-100.0	na	na	na
Pharmaceutical and Food	$m	147.8	175.1	159.3	120.2	48.6
	%		18.5	-9.0	-24.5	-59.6
Sub-total	$m	278.9	239.1	201.1	127.1	48.6
	%		-14.3	-15.9	-36.8	-61.8
General Assistance						
Industrial Research and Development	$m	68.5	164.3	165.8	107.7	20.0
	%		139.9	0.9	-35.0	-81.4

Industry Services	$m	0.1	-	-	-	-
	%		-100.0	na	na	na
Enterprise Development	$m	30.9	42.6	13.4	4.4	3.3
	%		37.9	-68.5	-67.2	-25.0
Other Assistance to Manufacturing	$m	98.6	114.9	90.2	77.2	73.6
	%		16.5	-21.5	-14.4	-4.7
Sub-total	$m	198.0	321.8	269.4	189.3	96.9
	%		62.5	-16.3	-29.7	-48.8
TOTAL	$m	476.9	560.9	470.5	316.4	145.6
	%		17.6	-16.1	-32.8	-54.0

Sector Specific Assistance

Textiles, Clothing and Footwear

Assistance to the Textile, Clothing and Footwear (TCF) industry is provided through the TCF Development 2000 package. Outlays also include specific assistance to Australian Leather Holdings Limited.

Shipbuilding, Printing and Information Technology

Assistance to the shipbuilding industry and printing industries has been provided through the payment of bounties. The application of the shipbuilding bounty has been extended to 30 June 1999, at an additional cost of up to $30.3 million. The bounty will apply to commitments entered into by 31 December 1997. The proposed termination date for the book printing bounty has been amended to 30 June 1997, which will result in bounty payments in 1997-98 on previous years' production.

Assistance to the information technology industry is provided largely through the computer bounty. The computer bounty will terminate with effect from 1 July 1997.

Pharmaceutical

Assistance to the pharmaceutical industry is provided through the Factor f Scheme. The purpose of the Scheme is to promote the development of the sector by partially compensating pharmaceutical companies for lost activity as a result of price setting arrangements under the Pharmaceutical Benefits Scheme. In return for assistance under the Factor f Scheme, eligible companies are required to meet specified targets on their research and development expenditure and value-added activities.

The current Factor f Scheme ends on 30 June 1999 with the final payments to be made in 1999-2000. A new scheme of assistance to the pharmaceutical industry commences at a reduced level from 1 July 1999.

General Assistance

General assistance is provided through AusIndustry, administered at the Commonwealth level by the Department of Industry, Science and Tourism. AusIndustry provides an entry point for small to medium enterprises accessing different assistance programmes offered by the Commonwealth, States and Territories. It provides assistance through the delivery of advice and referral services, and individual direct management. AusIndustry also provides direct assistance to encourage research and development through grants and commercialisation loans.

Other Assistance to Manufacturing

Outlays consist mainly of administrative costs associated with the Department of Industry, Science and Tourism.

11.3 Assistance To Exporters

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Export Development Scheme	$m	175.2	188.3	143.0	121.2	126.1
	%		7.5	-24.1	-15.2	4.0
Export and Trade Promotion	$m	72.2	106.1	107.2	104.9	103.0
	%		47.0	1.0	-2.1	-1.8
Export Finance Facility	$m	-4.5	-46.9	-6.4	-6.1	-3.3
	%		na	-86.4	-4.7	-45.9
National Interest Export Business	$m	15.4	16.2	14.8	12.2	12.0
	%		5.2	-8.6	-17.6	-1.6
TOTAL	$m	258.3	263.7	258.6	232.1	237.7
	%		2.1	-1.9	-10.2	2.4

Commonwealth assistance to exporters includes direct financial assistance for the development of export markets, information and promotional assistance, finance and insurance services, and the development of trade policy.

Outlays on general assistance to exporters are shown under this subfunction. Export assistance to specific sectors is included under the sub functions which cover those sectors.

Export Development Schemes

The Export Market Development Grants Scheme (EMDGS) administered by the Australian Trade Commission (Austrade) provides financial assistance to Australian companies to secure increased international business and to seek out and develop overseas markets by encouraging increased export promotion. EMDGS outlays are capped. The International Trade Enhancement Scheme and the Innovative Agricultural Marketing Programme, involving loans to exporters, were abolished in the 1996-97 Budget, and loan funds associated with these programmes are returning to the public account.

Export and Trade Promotion

The Commonwealth's funding of Austrade is reflected under this subfunction. Outlays increase in 1997-98 as a result of a one-off reduction in cash balances in 1996-97.

Export Finance Facility

The Export Finance and Insurance Corporation (EFIC) provides loans, insurance and other financial services to support Australian produced exports and overseas investments. Negative outlays in the years shown represent payments to the Government of net interest profits and a capital repayment by EFIC.

National Interest Export Business

EFIC can refer applications for loans, guarantees and contracts of insurance to the Government for consideration on its National Interest Account. EFIC administers the National Interest Account on a fee-for-service basis and on the terms that any revenue is remitted to the Commonwealth and the Commonwealth is liable for the payment of insurance claims or losses incurred through defaults by borrowers.

11.4 Other Industry Assistance

Assistance under this subfunction provides funding for the provision of obligations under the former National Space Program along with funds for a nationally coordinated programme of building regulatory reform across the Commonwealth, States and Territories.

12. Transport and Communication

Nature of Outlays

Transport and Communication outlays support the infrastructure and regulatory framework of Australia's transport and communications sectors. Outlays are provided in the form of grants, specific purpose payments, running costs, loans and advances and are offset by recoveries and repayments. The largest component of outlays relates to specific purpose payments to State governments for the construction and maintenance of the National Highway System and the construction of other roads of national importance.

Outlays relating to cultural activities and the administration of communications programmes of the Communications and the Arts portfolio are included in *8. Recreation and Culture.* Outlays relating to the regional development activities of the Transport and Regional Development portfolio are included in *7. Housing and Community Amenities*.

This function includes outlays of the following portfolios:

- Communications and the Arts; and
- Transport and Regional Development.

Chart 1. Overview of Commonwealth Outlays on Transport and Communication (1989-90 prices)

$ Million

'Land Transport' includes outlays for Road and Rail Transport.
'Other' includes outlays for Sea Transport and Other Transport and Communications.

Trends in Transport and Communication Outlays

Apart from a significant increase in 1992-93, due primarily to *One Nation* initiatives (especially increases in road and rail funding), there has been a general downward trend in total outlays since 1987-88. The reconfiguration of equity injections to and repayment of advances by Telstra and capital repayments by Australia Post have generated significant offsets to outlays within this period. The decline in outlays since 1992-93 also arises from the completion of a number of major transport programmes and from the untying of $350 million a year of specific purpose road grants from 1 January 1994 and the resulting transfer of funds to the function *14B. General Purpose Inter-Government Transactions.* The large fall in outlays in 1996-97 reflects a payment from retained earnings by Telstra to the Commonwealth of $3 billion by 30 June 1997. The payment will ensure that Telstra's capital structure is comparable with that of other international telecommunications companies. The payment to the Commonwealth will not initially impact on the underlying budget deficit but will lead to savings in public debt interest.

1997-98 and Forward Estimates

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
12.1 Communication	$m	-3013.5	120.9	119.4	119.9	120.7
	%		-104.0	-1.2	0.4	0.7
12.2 Air Transport	$m	51.1	238.3	180.5	166.2	88.9
	%		na	-24.3	-7.9	-46.5
12.3 Road Transport	$m	867.4	867.2	855.4	812.5	831.7
	%		-	-1.4	-5.0	2.4
12.4 Rail Transport	$m	364.3	61.8	52.3	84.1	108.4
	%		-83.0	-15.4	60.8	28.9
12.5 Sea Transport	$m	126.4	120.9	119.2	121.0	119.8
	%		-4.4	-1.4	1.5	-1.0
12.6 Other Transport and Communication	$m	81.0	75.7	76.2	75.5	76.4
	%		-6.5	0.7	-0.9	1.2

TOTAL	$m	-1523.3	1484.8	1403.0	1379.2	1346.0
	%		-197.5	-5.5	-1.7	-2.4

12.1 Communication

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Planning and Regulation	$m	74.2	121.9	120.4	120.9	121.7
	%		64.3	-1.2	0.4	0.7
Sale of Communication Rights	$m	-37.7	-1.0	-1.0	-1.0	-1.0
	%		-97.3	-	-	-
Repayment of Advances	$m	-3050.0	-	-	-	-
	%		-100.0	na	na	na
TOTAL	$m	-3013.5	120.9	119.4	119.9	120.7
	%		-104.0	-1.2	0.4	0.7

The Communication subfunction includes the operations of the Australian Telecommunications Authority (AUSTEL) and the Spectrum Management Agency (SMA). Government business enterprises within this subfunction are Australia Post and Telstra.

The above estimates do not include outlays for broadcasting activities, other than for radiocommunications. Broadcasting activities are covered in *8. Recreation and Culture.*

Planning and Regulation

Planning and regulation of the communications industry is currently undertaken by the Department of Communications and the Arts, AUSTEL and the SMA. AUSTEL is responsible for regulation of the telecommunications industry, in particular, the development of commercially sustainable competition. The SMA's key functions are spectrum planning and administration.

As part of the reforms to telecommunications regulation and administration to be implemented from 1 July 1997, AUSTEL and SMA will be amalgamated into an Australian Communications Authority, apart from the competition regulation function of AUSTEL which will be transferred to the Australian Competition and Consumer Commission.

12.2 Air Transport

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Airport Administration and Aviation Policy	$m	61.9	158.0	100.0	79.9	1.8
	%		155.3	-36.7	-20.1	-97.7
Air Safety, Search and Rescue	$m	34.7	30.9	31.3	31.5	31.7
	%		-11.0	1.3	0.6	0.6
Avgas and Avtur Duty Paid	$m	60.0	54.4	54.1	54.8	55.4
	%		-9.3	-0.6	1.3	1.1
Recoveries and Repayments	$m	-105.5	-5.0	-5.0	-	-
	%		-95.3	-	-100.0	na
TOTAL	$m	51.1	238.3	180.5	166.2	88.9
	%		na	-24.3	-7.9	-46.5

This subfunction includes the operations of the Civil Aviation Safety Authority (CASA). Government business enterprises within this subfunction include the Federal

Airports Corporation and Airservices Australia (Airservices).

Airport Administration and Aviation Policy

This item includes the provision of aviation infrastructure, and the regulation and implementation of aviation environmental and security standards and airport building and planning standards. The major outlay within this item relates to the Sydney Airport Noise Amelioration Programme.

Air Safety, Search and Rescue

The development, implementation and enforcement of aviation safety standards is undertaken by CASA. Aviation search and rescue services previously provided by Airservices will be transferred to the Australian Maritime Safety Authority in 1997-98.

Avgas and Avtur Duty Paid

Industry's contribution to aviation safety regulation is made through fees and charges, and customs duty and excise on aviation turbine fuel and aviation gasoline. Airservices receives a component of aviation gasoline duty as a contribution to the recovery of the costs of enroute and terminal navigation services from the general aviation sector. (See also Excise Duty in *Statement 5*.)

Recoveries and Repayments

Loan and capital repayments by air transport government business enterprises are included in this item.

12.3 Road Transport

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Road Grants	$m	803.5	808.7	806.6	773.2	791.6
	%		0.6	-0.3	-4.1	2.4
Interstate Road Transport Charge	$m	20.3	15.3	10.3	-	-
	%		-24.6	-32.7	-100.0	na
Road Safety and Land Transport	$m	42.1	40.4	37.4	38.1	38.9
Research	%		-4.0	-7.4	1.9	2.1
Other	$m	1.6	2.9	1.2	1.2	1.2
	%		81.3	-58.6	-	-
TOTAL	$m	867.4	867.2	855.4	812.5	831.7
	%		-	-1.4	-5.0	2.4

Road Grants

The Commonwealth funds the National Highway System and contributes to the capital cost of some other roads of national importance. For roads more generally, the Commonwealth provides general revenue assistance to the States and to local government (see *14B. General Purpose Inter-Government Transactions*).

Road Safety and Land Transport Research

The major component of this item is a contribution for the remediation of road safety black spots through assistance to State and local governments.

12.4 Rail Transport

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
National Rail Corporation	$m	6.1	-	-	-	-
	%		-100.0	na	na	na
Australian National Railways Commission	$m	372.6	66.8	20.4	21.6	22.8
	%		-82.1	-69.5	5.9	5.6
National Rail Infrastructure Authority	$m	-	-	35.9	63.1	86.2
	%		na	na	75.8	36.6
Other Rail Development	$m	-14.5	-5.1	-4.0	-0.6	-0.6
	%		-64.8	-21.6	-85.0	-
TOTAL	$m	364.3	61.8	52.3	84.1	108.4
	%		-83.0	-15.4	60.8	28.9

National Rail Corporation

The Government has decided, in principle, to sell its shareholding in the National Rail Corporation.

Australian National Railways Commission

The Government has decided to sell the Australian National Railways Commission with the exception of the interstate track.

National Rail Infrastructure Authority

To ensure open access to the interstate rail network for current and potential operators, the Government is negotiating with the States and others over access arrangements, including the possible establishment of a National Rail Infrastructure Authority (NRIA). A Commonwealth contribution to capital expenditure on the mainline track is proposed as part of the establishment of a NRIA.

12.5 Sea Transport

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Tasmanian Equalisation Schemes	$m	48.7	46.1	46.5	46.9	47.3
	%		-5.3	0.9	0.9	0.9
Maritime Services	$m	50.0	70.8	72.7	74.1	72.5
	%		41.6	2.7	1.9	-2.2
Shipping Industry Reform	$m	27.7	4.0	-	-	-
	%		-85.6	-100.0	na	na
TOTAL	$m	126.4	120.9	119.2	121.0	119.8
	%		-4.4	-1.4	1.5	-1.0

This subfunction includes the operations of the Australian Maritime Safety Authority (AMSA). The government business enterprise within this subfunction is ANL Limited.

On 30 November 1995, the then Government announced that ANL Limited would be restructured prior to its sale. ANL Limited has subsequently withdrawn from a number of loss-making businesses including the Europe and trans-Tasman trades. While ANL Limited has improved its operating performance over recent years, it has recorded significant cashflow deficits which have been funded, in part, through asset sales. The Commonwealth has guaranteed ANL Limited's debts and lease liabilities.

Tasmanian Equalisation Schemes

This heading includes both the Tasmanian Freight Equalisation Scheme and the Bass Strait Passenger Vehicle Equalisation Scheme. The Tasmanian Freight Equalisation Scheme assists in alleviating the comparative interstate freight cost disadvantage incurred by shippers of eligible non-bulk goods in transporting such goods to and from Tasmania by sea. The Bass Strait Passenger Vehicle Equalisation Scheme addresses the transport cost disadvantage when travelling with a passenger vehicle across Bass Strait by sea.

Maritime Services

Maritime Services includes funding for AMSA's search and rescue and related activities. Its marine navigation and ship safety activities and capital needs are funded from industry levies. During 1997-98, aviation search and rescue which was previously undertaken by Airservices will be transferred to AMSA.

Shipping Industry Reform

This item includes expenditure under the previous Government's shipping industry reforms. Spending under the *International Shipping (Australian Resident Seafarers) Act 1995* expires in 1996-97 following repeal of that Act by the *Shipping Grants Legislation Act 1996*. Expenditure under the *Ships (Capital Grants) Act 1987* will terminate in 1997-98.

12.6 Other Transport and Communication

Included in this item are the costs of administering relevant programmes in the Transport and Regional Development portfolio.

13. Other Economic Affairs

This category covers regulation of and assistance to the private sector, direct government participation in economic activity and the provision of economic infrastructure. Other Economic Affairs is an aggregate of Tourism and Area Promotion, Labour and Employment Affairs, and other Economic Affairs not elsewhere classified.

13A. Tourism and Area Promotion

Nature of Outlays

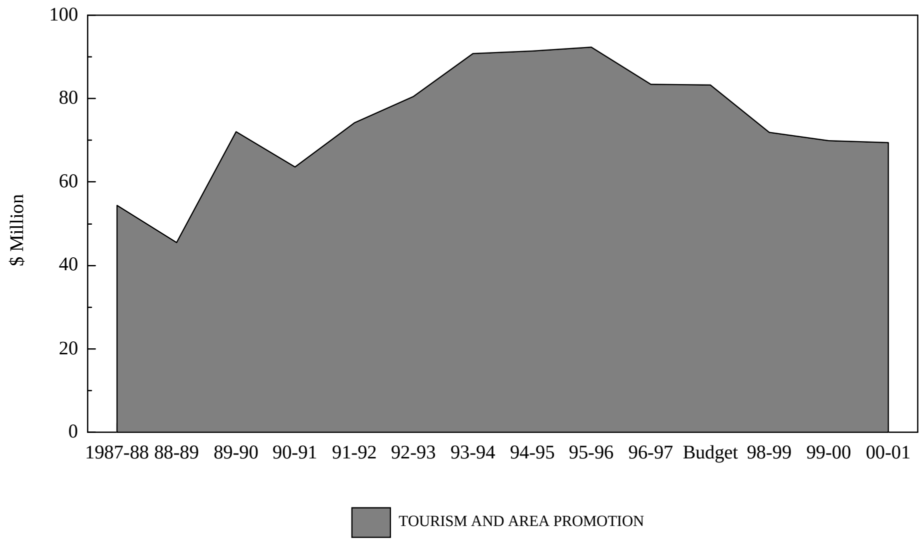
Commonwealth outlays contribute to tourism research and analysis, policy development, international tourism marketing and funding for specific tourism programmes and projects.

This function includes outlays of the following portfolios:

- Industry, Science and Tourism; and
- Transport and Regional Development.

Outlays on National Parks and Wildlife Services are classified to *8. Recreation and Culture.*

Chart 1. Overview of Commonwealth Outlays on Tourism and Area Promotion (1989-90 prices)



Trends in Tourism and Area Promotion

Commonwealth assistance for tourism rose significantly between 1987-88 and 1995-96. The main factors explaining this are significant increases in funding over the period for the Australian Tourist Commission's (ATC) international marketing activities, the establishment of a separate Department of Tourism in 1991 and the introduction of sectoral based tourism programmes in 1993-94.

Outlays fell in 1988-89 and 1990-91 following the expiry of the Tourism Overseas Promotion Scheme and the Tourism Recovery Package.

The overall decline in outlays from 1995-96 will continue into the forward estimates period. Major factors contributing to this decline are the merger of the Department of Tourism with the former Department of Industry, Science and Technology, the end of a number of specialist sectoral based tourism programmes in 1997-98 and a reduction in marketing funds for the ATC.

1997-98 and Forward Estimates

			1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
13A	Tourism	$m	96.7	98.4	87.0	86.7	88.3
		%		1.8	-11.6	-0.3	1.8
	TOTAL	$m	96.7	98.4	87.0	86.7	88.3
		%		1.8	-11.6	-0.4	1.8

13B. Labour and Employment Affairs

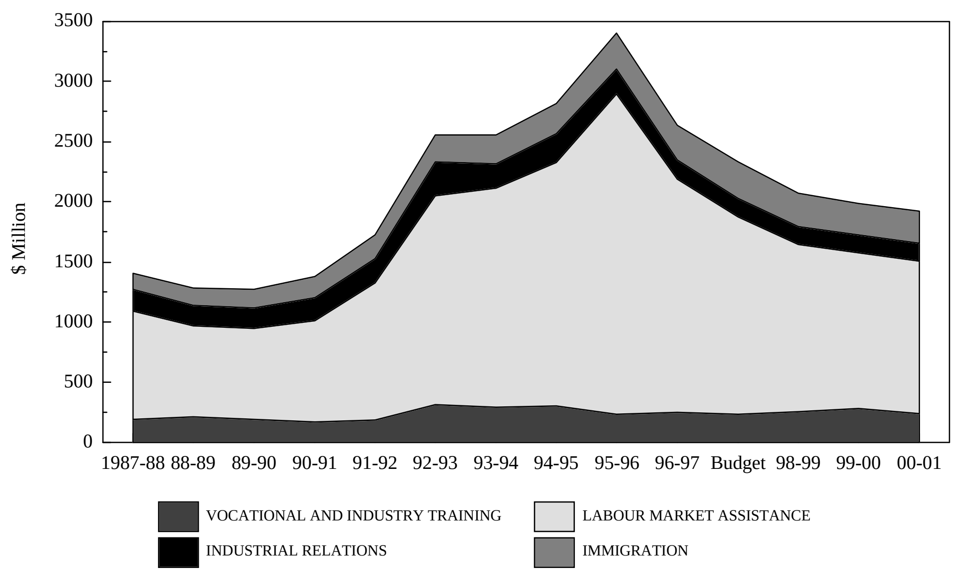
Nature of Outlays

Outlays on Labour and Employment are mainly for training and employment assistance, facilitation of migration and temporary entry into Australia, industrial relations and the operation of associated Commonwealth agencies. Labour and Employment affairs of a particular industry are generally classified to the function which the industry serves.

This function includes outlays of the following portfolios:

- Employment, Education, Training and Youth Affairs;
- Industrial Relations; and
- Immigration and Multicultural Affairs.

Chart 1. Overview of Commonwealth Outlays on Labour and Employment Affairs (1989-90 Prices)



Trends in Labour and Employment Outlays

Chart 1 shows that outlays on Labour and Employment rose between 1989-90 and 1995-96. The increase in expenditure reflects a number of policy initiatives implemented in response to the increase in unemployment at the beginning of the 1990s.

The decline in outlay trends from 1996-97 and over the budget and forward years reflects a reduction and tighter targeting of outlays on labour market assistance to the unemployed, in the light of evaluation evidence that a large proportion of expenditures were not very effective in reducing unemployment. The tighter targeting is being combined with greater emphasis on other strategies for reducing unemployment, including improved economic management, economic settings which encourage small business, structural reform and changed industrial relations arrangements.

1997-98 and Forward estimates

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
13B.1 Vocational and Industry Training	$m	290.6	276.3	311.3	351.3	306.8
	%		-4.9	12.7	12.8	-12.7
13B.2 Labour Market Assistance to	$m	2240.2	1936.3	1681.9	1601.9	1612.9
Jobseekers and Industry	%		-13.6	-13.1	-4.8	0.7
13B.3 Industrial Relations	$m	189.5	186.5	183.8	184.7	185.5
	%		-1.6	-1.4	0.5	0.4
13B.4 Immigration	$m	331.4	356.2	334.7	329.4	339.9
	%		7.5	-6.0	-1.6	3.2
TOTAL	$m	3051.7	2755.2	2511.8	2467.3	2445.0
	%		-9.7	-8.8	-1.8	-0.9

13B.1 Vocational And Industry Training

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Entry Level Training	$m	240.1	223.3	266.3	307.1	264.5
	%		-7.0	19.3	15.3	-13.9
Skills Training	$m	50.5	53.0	45.0	44.2	42.3
	%		5.0	-15.1	-1.8	-4.3
TOTAL	$m	290.6	276.3	311.3	351.3	306.8
	%		-4.9	12.7	12.8	-12.7

Outlays cover support for training in skills aimed at improving the productivity and competitiveness of Australian industry. They relate to the Department of Employment, Education, Training and Youth Affairs (DEETYA). Outlays on vocational education and training (mainly relating to the national Technical and Further Education (TAFE) system) are recorded under *4. Education*.

Entry Level Training

These programmes aim to develop vocational skills and improve access to training by providing wage subsidies and incentive payments to employers and allowances to individuals. They also provide funding for pre-apprenticeship/traineeship training, group training arrangements, and activities to increase links between schools, TAFE and employers.

Skills Training

Outlays under these programmes are directed at furthering the professional development of teachers and trainers in the vocational education sector, increasing the level and quality of skills training undertaken by industry and promoting training reform. They also provide funding for language and literacy training in the workplace, the national network of tripartite Industry Training Advisory Bodies and training reform projects.

13B.2 Labour Market Assistance to Job Seekers and Industry

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Assistance to Job seekers and Industry	$m	2181.6	1886.7	1636.1	1568.8	1586.6
	%		-13.5	-13.3	-4.1	1.1
Aboriginal Employment Assistance	$m	58.6	49.6	45.8	33.1	26.3
	%		-15.4	-7.7	-27.7	-20.5
TOTAL	$m	2240.2	1936.3	1681.9	1601.9	1612.9
	%		-13.6	-13.1	-4.8	0.7

Outlays cover a range of activities to improve the employment prospects of unemployed people, including running costs for the Commonwealth Employment Service (CES) and its case management arm, Employment Assistance Australia (EAA), and the fees provided to Contracted Case Managers which are paid through the Employment Services Regulatory Authority (ESRA).

Assistance to Job seekers and Industry

As announced in the 1996-97 Budget, new arrangements for delivering labour market assistance to job seekers will be introduced during 1997-98. These will incorporate a new Commonwealth Services Delivery Agency (CSDA) to be established on 1 July 1997 within the Social Security portfolio, and a competitive employment services market in which providers will be paid to place job seeker clients in jobs.

The CSDA will deliver income support payments, childcare assistance, student assistance and the registration, assessment and referral services currently provided by the Commonwealth Employment Service (see *6.8 General Administration*). The Department of Employment, Education, Training and Youth Affairs will purchase services on behalf of job seekers from the market and the CSDA.

In the competitive employment services market, the Public Employment Placement Enterprise Limited (a wholly owned Commonwealth company) will compete alongside private and community sector providers to place clients in jobs. Providers will be able to tailor assistance to suit the employment needs of particular clients and their payment will be heavily dependent on placing clients in real jobs. The changes in outlays reflect the new arrangements to apply during 1997-98 when the CES, EAA and ESRA will cease operations and their functions will be largely undertaken by providers in the competitive employment services market, and the CSDA.

Certain labour market programmes such as the New Enterprise Incentives Scheme (NEIS) will continue to be provided to eligible clients and regional assistance programmes will be retained (in addition to assistance provided through the competitive employment services market).

Aboriginal Employment Assistance

The Training for Aboriginals and Torres Strait Islanders programme provides subsidies for work experience and on-the-job training in the public and private sectors and formal training through vocationally oriented courses, with the aim of increasing the level of permanent employment for Aboriginals and Torres Strait Islanders.

The apparent decline in funding over the forward years is due to a portion of Aboriginal Employment Assistance funding being redirected into the employment services market, which will also provide assistance to indigenous Australians.

13B.3 Industrial Relations

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Industrial Relations Development and Advice	$m	62.0	66.3	64.0	64.3	64.7
	%		6.9	-3.5	0.5	0.6
Industrial Relations Conciliation and Arbitration	$m	40.9	40.6	41.0	41.4	41.7
	%		-0.7	1.0	1.0	0.7
Special Industry Services	$m	72.1	67.0	65.0	65.0	65.0
	%		-7.1	-3.0	-	-
Trade Union Training	$m	0.2	-3.1	-	-	-
	%		na	-100.0	na	na
Occupational Health and Safety	$m	14.3	15.6	13.9	13.9	14.1
	%		9.1	-10.9	-	1.4
TOTAL	$m	189.5	186.5	183.8	184.7	185.5
	%		-1.6	-1.4	0.5	0.4

Industrial Relations Development and Advice

Most of the outlays of this subfunction are costs incurred by the Department of Industrial Relations in providing policy advice and assistance on industrial relations matters to departments and agencies and in advising the Government on and promoting and implementing its industrial relations policies.

Industrial Relations Conciliation and Arbitration

This subfunction covers the operation of the Australian Industrial Relations Commission which provides the institutional framework, machinery and resources for the prevention and settlement of industrial disputes and facilitates the making of agreements at the workplace or enterprise level.

Special Industry Services

This subfunction covers special funding and levy arrangements for employee entitlements in the stevedoring and coal mining industries. The reduction in funding under this subfunction from 1996-97 is due to the cessation of Stevedoring Industry levy collections following the discharge of loan obligations. The winding up of the Stevedoring Industry Finance Committee is expected to be completed in 1997-98.

Trade Union Training

This subfunction covers the operation of the Australian Trade Union Training Authority (ATUTA). ATUTA was formally abolished on 5 December 1996 when Schedule 18 of the *Workplace Relations and Other Legislation Amendment Act 1996* was proclaimed. The 1997-98 Budget figure represents receipts from the sale of ATUTA assets expected to be realised in 1997-98.

Occupational Health and Safety

This subfunction covers the operation of the National Occupational Health and Safety Commission which provides a national forum for consultation between employers, unions and State and Commonwealth Governments on occupational health and safety and develops related policies, strategies and standards.

13B.4 Immigration

Outlays on this subfunction cover those activities of the Department of Immigration and Multicultural Affairs (DIMA) concerned with management of the Migration and Humanitarian Programmes, temporary entry, entry facilitation, compliance activity and citizenship. Other DIMA outlays associated with migrant settlement are covered under *4.4 Student Assistance* and *6.6 Other Welfare Programmes*.

The Migration Programme covers settler arrivals entering Australia on the basis of family reunion or contribution to the economic development of Australia. Temporary residence policy seeks to facilitate the entry, for a maximum stay of four years, of people who can contribute to the economic and cultural development of Australia. This allows for the entry of, amongst others, skilled persons, sports men and women, entertainers and working holiday-makers. Other entry of people for short periods is for purposes such as tourism, business and family visits.

Australia also considers applications for refugee status from people in other countries (the Humanitarian Programme) and from people already in Australia. Australia also responds to humanitarian concerns about, and the special needs of, people suffering discrimination or displacement.

People entering Australia whether temporarily or permanently are expected to comply with Australian migration laws. To encourage compliance a range of actions are taken to encourage voluntary compliance, investigate malpractice and, where necessary, to remove unlawful non-citizens who have no claim to remain in Australia.

13C. Other Economic affairs, NEC

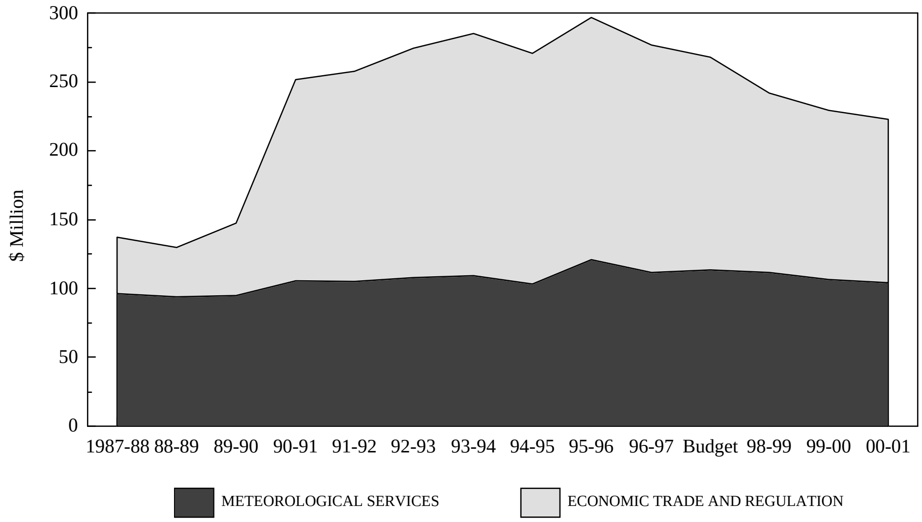
Nature of Outlays

This function covers economic services provided by the Commonwealth which are not included in other function classifications. Outlays mainly comprise the operational costs of a number of advisory or regulatory agencies and various other agencies including the Bureau of Meteorology (BOM).

This function includes outlays of the following portfolios:

- Treasury;
- Administrative Services;
- Industry, Science and Tourism;
- Environment, Sport and Territories; and
- Transport and Regional Development.

Chart 1. Overview of Commonwealth Outlays on Other Economic Affairs, nec (1989-90 Prices)



Trends In Outlays On Other Economic Affairs, NEC

The increase in outlays in 1990-91 reflects the establishment of a national scheme for the regulation of companies, and the securities and futures markets which are administered by the Australian Securities Commission (ASC). The fall in outlays, after 1994-95, is mainly due to reduced plant and equipment spending by the ASC and increased cost recovery of ASC services. Outlays decline from 1996-97 as a result of administrative savings in the ASC and the Industry Commission, and restructuring of the Australian Government Analytical Laboratories.

1997-98 and Forward Estimates

			1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
13C.1	Economic and Trade Regulation	$m	191.8	182.5	157.4	152.4	151.4
		%		-4.8	-13.8	-3.2	-0.7
13C.2	Meteorological Services	$m	129.0	134.6	135.5	132.1	132.4
		%		4.3	0.7	-2.5	0.2
	TOTAL	$m	320.8	317.1	293.0	284.5	283.9
		%		-1.1	-7.6	-2.9	-0.2

13C.1 Economic and Trade Regulation

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Industry Commission	$m	26.3	24.8	19.9	20.1	21.4
	%		-5.7	-19.8	1.0	6.5
Trade Practices and Consumer Affairs	$m	36.3	39.5	39.2	39.2	39.4
	%		8.8	-0.8	-	0.5
Regulation of Companies & Securities	$m	101.4	95.1	80.8	76.8	75.9
	%		-6.2	-15.0	-5.0	-1.2
Other	$m	27.9	23.0	17.6	16.4	14.7
	%		-17.6	-23.5	-6.8	-10.4
TOTAL	$m	191.8	182.5	157.4	152.4	151.4

	%	-4.8	-13.8	-3.2	-0.7

Industry Commission

Pending the passage of legislation to establish the Productivity Commission (PC), the Government has merged the Industry Commission (IC), the Economic Planning Advisory Commission (EPAC) and the Bureau of Industry Economics (BIE) on an administrative basis. Appropriations to the IC and EPAC will be reallocated to the PC upon its commencement. The PC's role is to promote public understanding of productivity issues and its main functions encompass public inquiries commissioned by the Government, research projects, performance monitoring, benchmarking and business regulation review.

Trade Practices and Consumer Affairs

This item provides for the running costs of the Australian Competition and Consumer Commission (ACCC). The ACCC is the major enforcement and consumer protection body responsible for the enforcement of the *Trade Practices Act 1974* and the *Prices Surveillance Act 1983*. Outlays also include the running costs of the Bureau of Consumer Affairs.

Regulation of Companies and Securities

Outlays are dominated by the operating costs of the ASC, which cover the enforcement of national corporate regulation as well as information and registry services. Also included is a grant to the Australian Accounting Research Foundation, and the operating costs of the Australian Accounting Standards Board and the Companies and Securities Advisory Committee.

Other

This item covers the operations of several Commonwealth organisations. It includes the Commonwealth's contribution to the following standards organisations: the National Association of Testing Authorities, Standards Australia and the National Standards Commission. It also includes Commonwealth funding of the Australian Government Analytical Laboratories, the Australian Industrial Property Organisation, Petroleum Products Freight Subsidy Scheme and the National Competition Council.

13C.2 Meteorological Services

This subfunction covers the running costs of the Bureau of Meteorology (BOM) and the Ionospheric Prediction Service (IPS), net of recoveries for services. BOM provides a range of weather and climate data, monitoring, forecasting, and warning information as well as advisory services for the general public and specialist users, such as the aviation industry and the defence force. It also undertakes research into the nature and mechanisms of the Australian and southern hemisphere climate, including greenhouse research. The IPS predicts the state of the ionosphere for users of radio communications systems, including for the defence force and telecommunications organisations.

14. Other Purposes

This category covers outlays on Public Debt Interest (PDI) and outlays to the six States, the NT, the ACT and local government. It also includes items classified to Natural Disaster Relief, the Contingency Reserve, and the Asset Sales functions.

14A. Public Debt Interest

Nature of Outlays

PDI outlays reflect the cost of servicing the stock of Commonwealth debt incurred to meet budget financing and other borrowing requirements. It does not include interest on instalment purchase of buildings, overpayment of tax and other interest not associated with borrowings.

The Commonwealth uses a range of debt instruments to meet this funding task. The main instrument is Treasury Fixed Coupon Bonds. Interest is also incurred in relation to Treasury Indexed Bonds, and floating interest rate instruments in the form of short term securities (5, 13 and 26 week Treasury Notes) and longer term Treasury Adjustable Rate Bonds.

The bulk of outlays for this function relate to the Treasury portfolio, with a very small component coming from the Finance portfolio.

Chart 1. Overview of Commonwealth Outlays on Public Debt Interest (1989-90 Prices)

$ Million

Trends in Public Debt Interest Outlays

Trends in PDI outlays are governed by the volume of outstanding Commonwealth debt, the average cost of debt service (the net effect of interest and exchange rate movements), the mix of debt instruments and the term structure of the debt. The balance of influence of these factors on the growth of total PDI outlays in real terms will vary over time.

During the early 1990s, the falling average cost of debt service (due to falling interest rates) outweighed the rise in the volume of debt, resulting in a fall in PDI outlays.

Volume and cost effects subsequently led to increases in PDI outlays until 1996-97, when lower interest rates dampened the growth in PDI outlays associated with the increased debt volume. PDI outlays are projected to fall in 1997-98 and over the forward estimates period in line with projected reductions in the volume of debt on issue.

Details on the volume of Commonwealth debt on issue in recent years, and as projected over the forward estimates period, are provided in *Statement 6*.

1997-98 and Forward Estimates

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
14A.1 Gross Interest Payments -						
For the Commonwealth	$m	8874.0	8536.9	8674.2	7845.0	7190.6
	%		-3.8	1.6	-9.6	-8.3
For the States	$m	470.2	391.2	319.8	259.0	117.4
	%		-16.8	-18.3	-19.0	-54.7
Sub-total	$m	9344.2	8928.1	8994.0	8104.0	7308.0
	%		-4.5	0.7	-9.9	-9.8
14A.2 Interest Received	$m	-23.0	-8.0	-7.0	-7.0	-2.0
	%		-65.2	-12.5	-	-71.4
TOTAL	$m	9321.2	8920.1	8987.0	8097.0	7306.0
	%		-4.3	0.7	-9.9	-9.8

14A.1 Gross Interest Payments

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
For the Commonwealth -						
Domestic & Overseas Borrowings (a)	$m	9151.8	8711.8	8857.9	8037.5	7383.1
	%		-4.8	1.7	-9.3	-8.1
Other (b)	$m	-277.8	-174.9	-183.7	-192.5	-192.5
	%		-37.0	5.0	4.8	-
Sub-total	$m	8874.0	8536.9	8674.2	7845.0	7190.6
	%		-3.8	1.6	-9.6	-8.3
For the States -						
Borrowings for six States & NT (a)	$m	439.9	362.9	294.5	238.5	101.6
	%		-17.5	-18.8	-19.0	-57.4
Savings Bank Agreements (c)	$m	27.0	25.0	22.0	18.0	15.0
	%		-7.4	-12.0	-18.2	-16.7
Interest on Behalf of the ACT	$m	3.3	3.3	3.3	2.5	0.8
	%		-	-	-24.2	-68.0
Sub-total	$m	470.2	391.2	319.8	259.0	117.4
	%		-16.8	-18.3	-19.0	-54.7
TOTAL	$m	9344.2	8928.1	8994.0	8104.0	7308.0
	%		-4.5	0.7	-9.9	-9.8

(a) Paid under the Commonwealth Inscribed Stock Act 1911 and the Loans Securities Act 1919.
(b) Largely net interest receipts on the Commonwealth's swaps portfolio.
(c) Issued in the past by Queensland to the Commonwealth Savings Bank. Administered as Commonwealth Government security debt under the Financial Agreement Act 1994.

The decrease in PDI from 1996-97 to 1997-98 largely reflects the impact of the reduction in debt associated with the projected headline budget surplus in 1997-98. The State and NT component of PDI is falling progressively as Commonwealth Government securities debt previously raised by the Commonwealth on their behalf are refinanced by the States and the NT on maturity.

14A.2 Interest Received

The main source of interest received is that paid to the Loan Consolidation and Investment Reserve (LCIR), a Commonwealth trust account which receives interest on its investments in Commonwealth securities. Interest paid by the Commonwealth to itself is offset against payments to provide meaningful outlay figures. The decrease in interest receipts from 1996-97 reflects reduced holdings of Commonwealth securities by the LCIR following maturities and the sale of stock from its portfolio.

14B. General Purpose Inter-Government Transactions

Nature of Outlays

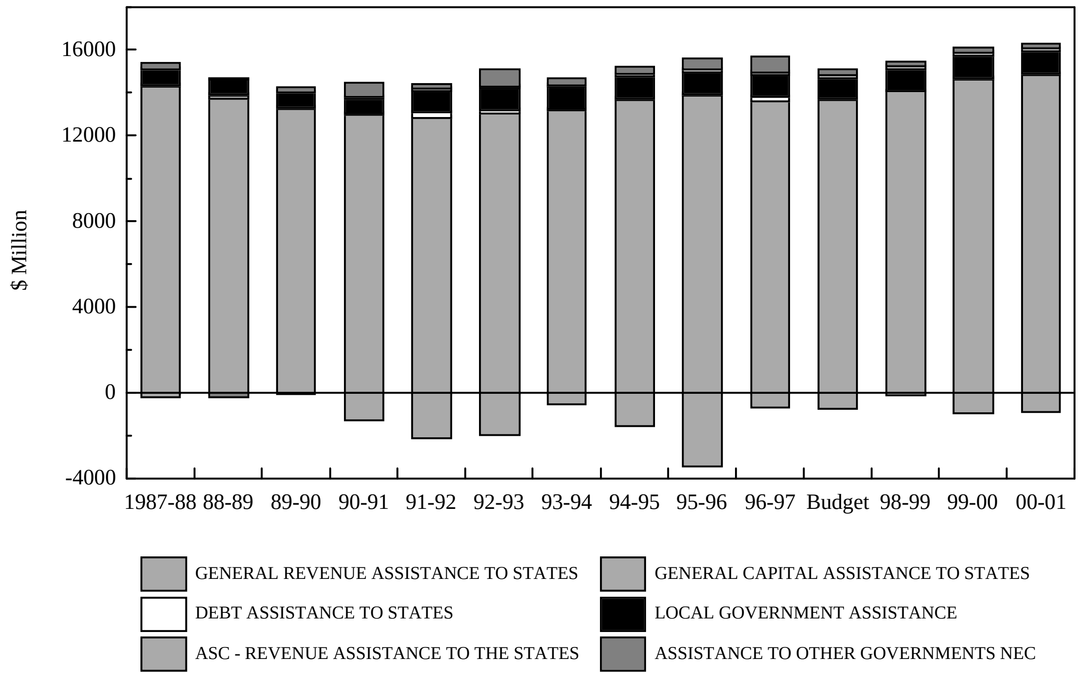
This function covers grants and advances to States and local government authorities which are not classifiable to other functions. General purpose assistance to the States comprises untied assistance that State governments can spend according to their own budgetary priorities. This assistance is predominantly determined at the annual Premiers' Conference.

As local government is a constitutional responsibility of State governments, general purpose assistance for local government is classified by the Commonwealth as a specific purpose payment through State governments. Most specific purpose assistance to the States is classified elsewhere in *Statement 4* under the relevant function. Detailed information is provided in *Budget Paper No. 3.*

This function includes outlays of the following portfolios:

- Treasury;
- Environment, Sport and Territories;
- Primary Industries and Energy;
- Transport and Regional Development; and
- Finance.

Chart 1. Overview of Commonwealth Outlays on General Purpose Inter-Government Transactions (1989-90 Prices)



Trends in General Purpose Inter-Government Transactions Outlays

At the March 1994 Premiers' Conference, it was agreed that Financial Assistance Grants (FAGs) to the States would be maintained in real per capita terms over the next three years. At the 1995 Council of Australian Governments (COAG) meeting, the Commonwealth agreed, as part of the Agreement to Implement the National Competition Policy (NCP) and Related Reforms, to maintain the real per capita guarantee of the FAGs pool on a rolling three year basis, and to provide three tranches of general purpose payments in the form of a series of Competition Payments commencing in 1997-98. The Commonwealth has subsequently extended the real per capita indexation arrangements for FAGs until the end of 1999-2000, conditional upon the States meeting their obligations under the Agreement to Implement the NCP and Related Reforms.

The 1996 Premiers' Conference decided that the States would make State Fiscal Contribution payments to the Commonwealth in the three years to 1998-99 to assist the Commonwealth's deficit reduction programme. The 1997 Premiers' Conference agreed on payments of $627 million in 1997-98 and $313 million in 1998-99. These payments reflect the decision to partially defer scheduled payments from the Australian Capital Territory (ACT) and Tasmania from 1997-98 to 1998-99. The methods of payment include nominated reductions in specific purpose payments, direct payments, or reductions in FAGs.

1997-98 and Forward Estimates

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
14B.1 General Revenue Assistance to the States	$m	15822.3	16203.4	17066.7	18237.7	18897.5
	%		2.4	5.3	6.9	3.6

14B.2 General Purpose Capital Assistance to the States	$m	-747.8	-768.0	-80.0	-1135.9	-993.5
	%		2.7	-89.6	na	-12.5
14B.3 Debt Assistance to the States	$m	233.0	72.7	36.4	91.0	84.3
	%		-68.8	-49.9	150.0	-7.4
14B.4 General Purpose Assistance for Local Government through the States	$m	1216.4	1205.2	1257.9	1304.2	1351.8
	%		-0.9	4.4	3.7	3.6
14B.5 Australian Securities Commission -	$m	130.3	134.4	138.5	142.8	147.3
Revenue Assistance to the States	%		3.1	3.1	3.1	3.2
14B.6 Assistance to Other Governments, nec	$m	785.6	205.1	199.4	207.7	216.1
	%		-73.9	-2.8	4.2	4.0
TOTAL	$m	17439.8	17052.7	18618.9	18847.5	19703.5
	%		-2.2	9.2	1.2	4.5

14B.1 General Revenue Assistance to the States

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Financial Assistance Grants (a)	$m	14959.0	15517.5	16817.5	17761.3	18409.3
	%		3.7	8.4	5.6	3.6
Identified Road Grants to the States (b)	$m	383.4	-	-	-	-
	%		-100.0	na	na	na
Special Revenue Assistance	$m	479.9	470.8	28.8	24.4	25.0
	%		-1.9	-93.9	-15.3	2.5
Competition Payments	$m	-	215.1	220.5	452.0	463.3
	%		na	2.5	105.0	2.5
TOTAL	$m	15822.3	16203.4	17066.7	18237.7	18897.5
	%		2.4	5.3	6.9	3.6

(a) In the absence of State Fiscal Contributions, Financial Assistance Grants would be $15,435.6m in 1996-97, $16,144.0m in 1997-98 and $17,131.0m in 1998-99.
(b) The notional amounts of road grants that are incorporated in the forward estimates of FAGs and distributed among the States on the same basis as FAGs are $391.0m in 1997-98, $405.5m in 1998-99, $420.5m in 1999-00 and $435.8m in 2000-01.

This subfunction covers general revenue assistance which is not required to be spent by the States in a specific area. It comprises Financial Assistance Grants (FAGs), Identified Road Grants (IRGs), Special Revenue Assistance (SRA) and Competition Payments.

Financial Assistance Grants

The 1997-98 Budget and the forward estimates reflect the decisions of the 1997 Premiers' Conference and previous conferences to maintain the level of FAGs in real per capita terms on a three year rolling basis.

The States have agreed to make State Fiscal Contributions to the Commonwealth's deficit reduction programme in 1997-98. The need for the contribution of $313 million in 1998-99 will be reviewed at the 1998 Premiers' Conference in light of developments in the Commonwealth's fiscal position.

Identified Road Grants to the States

From 1997-98, all Identified Road Grants will be included in the FAGs pool and distributed on the same basis as FAGs, as agreed at the 1996 Premiers' Conference (see footnote (b) to Table 14B.1).

Special Revenue Assistance

The majority of Special Revenue Assistance (SRA) in 1997-98 consists of Medicare guarantee payments to New South Wales and Victoria. In line with the agreed arrangements, the Commonwealth funds part of these payments directly, with the remainder being funded from the FAGs pool. These payments extend until the end of 1997-98, when the five year Medicare Agreements with the States expire.

In 1997-98, the ACT will continue to receive SRA in the form of a transitional allowance and an allowance for special fiscal needs. The 1997 Premiers' Conference agreed to additional SRA to the ACT of $10 million in 1997-98 and $5 million in 1998-99, in the form of transitional allowances for education and health. The payments to the ACT are provided directly from the Commonwealth and not funded from the FAGs pool.

Competition Payments

Under the 1995 Agreement to Implement the NCP and Related Reforms, the Commonwealth agreed to provide three tranches of general purpose Competition Payments to the States from 1997-98, conditional upon them meeting their obligations under the Agreement. Actual payments in 1997-98 will be determined after the National Competition Council reports in June 1997. The increase from 1999-2000 reflects the second tranche of an additional $200 million in 1994-95 prices. Payments are indexed to the Consumer Price Index (CPI) and distributed to the States on a per capita basis.

14B.2 General Purpose Capital Assistance to the States

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Capital Grants	$m	52.6	-	-	-	-
	%		-100.0	na	na	na
Sinking Fund Receipts	$m	-57.4	-49.1	-38.0	-37.2	-24.3
	%		-14.5	-22.6	-2.1	-34.7
Accelerated Sinking Fund Receipts	$m	-743.0	-719.0	-42.0	-1098.7	-969.2
	%		-3.2	-94.2	na	-11.8
TOTAL	$m	-747.8	-768.0	-80.0	-1135.9	-993.5
	%		2.7	-89.6	na	-12.5

Capital Grants

The Commonwealth has terminated regional development programmes to eliminate duplication with State and local governments in this area. In 1996-97, remaining general purpose capital grants consisted solely of outlays for contractual commitments existing at that time under the Better Cities Programmes. Residual administrative costs and other payments made under the programmes are included in *7. Housing and Community Amenities*.

Sinking Fund Receipts

The *Financial Agreement Act 1994* requires each of the States and the Northern Territory (NT) to pay minimum contributions each year into a sinking fund, administered on their behalf by the Commonwealth. These contributions are based on their outstanding levels of Commonwealth Government Securities (CGS) at 30 June of the previous year. In addition, the States and NT are required to make accelerated sinking fund contributions each year, as necessary, to supplement their fund balances to enable the redemption of their maturing CGS in that year.

14B.3 Debt Assistance to the States

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Commonwealth Sinking Fund	$m	12.6	10.4	8.3	8.1	4.9
	%		-17.5	-20.2	-2.4	-39.5
Assistance for Debt Redemption	$m	220.4	62.3	28.1	82.9	79.4
	%		-71.7	-54.9	195.0	-4.2
TOTAL	$m	233.0	72.7	36.4	91.0	84.3
	%		-68.8	-49.9	150.0	-7.4

The *Financial Agreement Act 1994* requires the Commonwealth to pay contributions into the State and NT accounts of the sinking fund, administered by the Commonwealth on their behalf. These contributions are based on their outstanding levels of CGS at 30 June of the previous year.

The *Financial Agreement Act 1994* also provides for the Commonwealth to compensate the States and NT for the additional interest costs of replacing maturing CGS with borrowings in their own names, or through their Authorities, rather than by new CGS (which ceased to be issued on their behalf in 1989-90). In addition, assistance for debt redemption compensates the States for the lower Commonwealth sinking fund contributions which have resulted from the post-1989-90 arrangements. Similar assistance is provided in respect of CGS nominally allocated to the ACT. The variability in the estimates reflects the debt maturity profiles over the forward years.

14B.4 General Purpose Assistance for Local Government through the States

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Financial Assistance Grants	$m	842.6	834.8	871.3	903.3	936.3
	%		-0.9	4.4	3.7	3.7
Identified Local Road Grants	$m	373.9	370.4	386.6	400.8	415.5
	%		-0.9	4.4	3.7	3.7
TOTAL	$m	1216.4	1205.2	1257.9	1304.2	1351.8
	%		-0.9	4.4	3.7	3.6

General purpose assistance is provided to local government authorities under the *Local Government (Financial Assistance) Act 1995*. The Act provides for local government financial assistance grants (FAGs) and local government road funds to be increased each year by an escalation factor which is determined by the Treasurer in light of the underlying movement in general purpose payments to the States. This assistance is paid to the States as a specific purpose payment on the condition that the funds are passed on to local government. The decline in outlays in the Budget year results from a Budget measure which is described in Part I of *Budget Paper No. 2*.

Local government FAGs are distributed on an equal per capita basis, whereas untied local government road funding is distributed between the States on the basis of criteria established under the *Australian Land Transport Development Act 1988*. In both cases, the intrastate distribution of these payments to local governments is determined by the State Grants Commissions on the basis of fiscal equalisation.

14B.5 Australian Securities Commission - Revenue Assistance to the States

Following the establishment, on 1 January 1991, of a national scheme of companies, securities and futures regulation administered by the Australian Securities Commission, the Commonwealth compensates the six States and NT through a specific purpose payment for the loss of a State revenue base.

14B.6 Assistance to other Governments, NEC

This subfunction consists of assistance to other levels of Government that is not elsewhere classified. This assistance includes:

- ·payment by the Commonwealth to Western Australia of a portion of Commonwealth royalties obtained from the North West Shelf project, under the provisions of the *Petroleum (Submerged Land) Act 1967*;
- ·a grant from the Commonwealth to the Northern Territory in lieu of royalties on uranium mining due to the Commonwealth's ownership of uranium in the Northern Territory. The grant is payable at the royalty rate of 1.25 per cent of net proceeds of sales; and
- ·compensation to the ACT for municipal expenditure and revenue disabilities (as identified by the Commonwealth Grants Commission) arising from Canberra's status as the National Capital.

Summary of Commonwealth Outlays to Other Governments

Heads of Government agreed at the Special Premiers' Conference in July 1991 to continue a practice used for the first time at the May 1991 Premiers' Conference of disaggregating net payments to the States into 'to' and 'through' payments. This approach distinguishes:

- ·net payments *to* State Governments which are payments made direct to those Governments and excluding those intended to be passed on to local governments, other bodies and individuals; and
- ·net payments *through* State Governments which are to be passed on to local governments, other bodies and individuals.

The table below provides an overview of total Commonwealth assistance 'to' and 'through' the States in 1996-97, 1997-98, and the forward years.

Further information on payments 'to' and 'through' the States can be found in *Budget Paper No. 3.*

Summary of Commonwealth Outlays to Other Governments

	1996-97 Revised $m	1997-98 Budget $m	1998-99 Estimate $m	1999-00 Estimate $m	2000-01 Estimate $m
TO STATES					
General Revenue Grants (a)	15822.3	16203.4	17066.7	18237.7	18897.5
General Capital Grants	52.6	0.0	0.0	0.0	0.0
Total General Purpose Assistance	**15874.9**	**16203.4**	**17066.7**	**18237.7**	**18897.5**
Base Hospital Funding Grants	3945.1	4102.5	4246.5	4398.2	4560.7
Education	1478.0	1508.5	1506.1	1477.8	1510.5
Roads Programmes	823.5	823.7	821.6	773.2	791.6
Housing (a)	893.1	943.0	932.3	921.7	921.7
Accommodation Support Programme	169.8	167.8	166.8	167.1	169.7
Home and Community Care	451.2	476.3	504.8	536.1	579.1
Rural Adjustment	107.5	39.9	19.7	11.6	1.3
Debt Assistance	233.0	72.7	36.4	91.0	84.3
Compensation - Companies Regulation	130.3	134.4	138.5	142.8	147.3

Other	3393.5	2604.4	2409.7	2440.8	2518.5
Total Specific Purpose Payments	**11,624.9**	**10,873.2**	**10,782.4**	**10,960.2**	**11,284.6**
Total 'To' Payments	**27,499.8**	**27,076.5**	**27,849.2**	**29,197.9**	**30,182.1**
THROUGH STATES					
Higher Education	3,682.6	3,480.0	3,272.2	3,178.7	3,169.8
Non-Government Schools	1,985.3	2,112.0	2,251.0	2,391.5	2,487.7
Local Government Financial Assistance	842.6	834.8	871.3	903.3	936.3
Identified Road Grants	373.9	370.4	386.6	400.8	415.5
Other	375.9	405.1	420.3	387.6	359.4
Total 'Through' Payments	**7,260.1**	**7,202.3**	**7,201.4**	**7,261.9**	**7,368.8**
Payments Direct to Local Government	244.4	247.4	249.0	264.3	278.4
TOTAL PAYMENTS	**35,004.3**	**34,526.3**	**35,299.5**	**36,724.1**	**37,829.3**
Repayments					
Accelerated Sinking Fund Receipts	-743.0	-719.0	-42.0	-1,098.7	-969.2
Other	-296.7	-167.7	-155.5	-154.1	-144.6
Total Repayments	-1,039.6	-886.6	-197.4	-1,252.8	-1,113.8
TOTAL OUTLAYS TO/THROUGH OTHER GOVERNMENTS	**33,964.6**	**33,639.6**	**35,102.1**	**35,471.3**	**36,715.5**

(a) The amounts shown are net of State Fiscal Contributions.

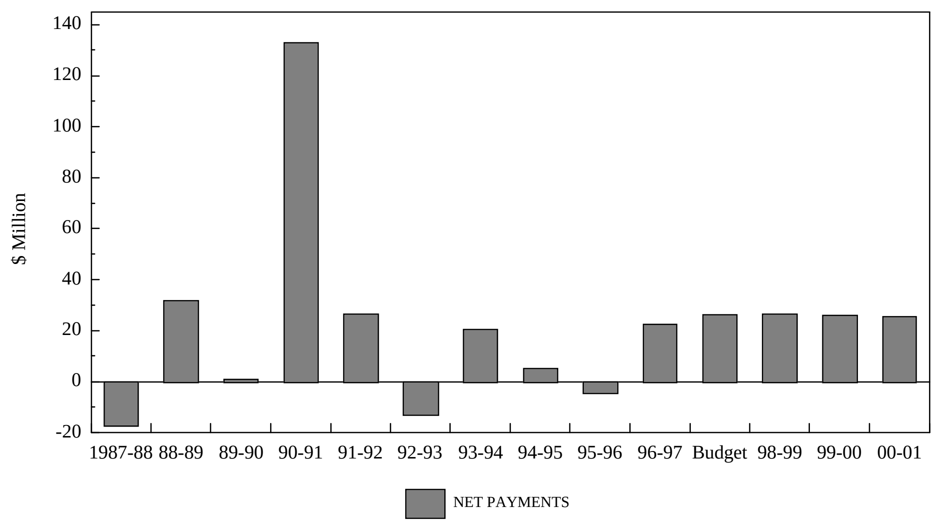
14C. Natural Disaster Relief

Nature of Outlays

The Commonwealth provides assistance for natural disaster relief.

This function relates to outlays of the Finance portfolio.

Chart 1. Overview of Commonwealth Outlays on Natural Disaster Relief (1989-90 Prices)



Trends in Natural Disaster Relief Outlays

Commonwealth assistance towards natural disaster relief in the period reflects the unpredictability of these events in terms of incidence and severity. The 1987-88, 1992-93 and 1995-96 years show net repayments of past Commonwealth loans. Outlays for 1990-91 reflect the severity and extent of flooding in NSW and QLD, a high number of cyclones in QLD and payments associated with the Newcastle earthquake. The forward estimates are based on a broad average of annual net payments over recent years.

1997-98 and Forward Estimates

			1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
14C	Natural Disaster Relief Assistance	$m	25.8	30.8	32.2	32.2	32.2
		%		19.4	4.5	-	-
	TOTAL	$m	25.8	30.8	32.2	32.2	32.2
		%		19.5	4.5	-	-

Under the Natural Disaster Relief Arrangements (NDRA), the Commonwealth reimburses part of the States' outlays on Personal Hardship and Distress payments and payments for other eligible disaster relief measures where the expenditure exceeds certain funding thresholds. A large part of NDRA payments is made as partial reimbursement for the relief of Personal Hardship and Distress and the repair and restoration of essential state and local government assets.

Some payments are made as concessional loans. The proportion is equivalent to the share of total State NDRA payments advanced as loans to individuals and organisations. NDRA payments are offset by repayments made by the States on past Commonwealth loans.

Since 1989-90 the effects of drought have not been eligible for relief. Drought assistance is included within *10.6 General Assistance Not Allocated to Specific Industries*.

14D. Contingency Reserve

Nature of Outlays

The Contingency Reserve is an allowance, included in aggregate outlays figuring, to reflect anticipated events which cannot be assigned to individual programmes at budget time. The Reserve is an estimating device used to ensure that the budget and forward estimates are based on the best information available at the time of the budget. It is not a policy reserve.

While the Reserve ensures that aggregate estimates are as close as possible to expected outcomes, it has no legal status and is not appropriated in the budget. Instead, allowances that are included in the Reserve can only be drawn upon once they have been appropriated by Parliament.

1997-98 and Forward Estimates

	1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate

14D	Contingency Reserve	$m	-155.3	-1247.2	1188.6	2071.1	3036.9
		%		na	na	74.2	46.6
	TOTAL	$m	-155.3	-1247.2	1188.6	2071.1	3036.9
		%		na	na	74.2	46.6

The Contingency Reserve makes allowance in the budget and forward estimates for anticipated events including the following:

- **An allowance in the forward years for changes to forecasts of wage cost parameters.**

- **The established tendency for budget estimates of spending on existing government policy in the forward years to be revised upward.**

  — Forward year estimates, particularly for demand driven appropriations, tend to be conservative and underestimate the growth in outlays. Experience suggests that revision of the forward estimates amounts to around 0.75 per cent outlays in the first year, increasing in each following year.

- **Expected running costs carryovers from 1997-98 into 1998-99.**

  — Departments and agencies have flexibility, under the running costs arrangements, to carry forward funds from the budget year to the following. The estimated running costs outcome for 1996-97 has been adjusted to take account of carryovers into 1997-98. A negative allowance of around 2 per cent of the aggregate running costs budget has been included in the Contingency Reserve in 1997-98 to represent the effect of the expected carryover on total outlays into 1998-99.

- **Commercial-in-confidence items which cannot be disclosed separately.**

- **The effect of economic parameter revisions for the budget and forward estimates received too late to be included in programme estimates.**

- **An allowance for any flow-on effect to unemployment and related payments resulting from the Government's commitment to maintain the single rate of pension at 25 per cent of Male Total Average Weekly Earnings.**

- **The established tendency for estimates of some programme expenditure to be overstated in the budget year.**

  — A small negative allowance has therefore been included.

- **The proposed forward year expenditure for new policy relating to the Federation Fund Trust Account.**

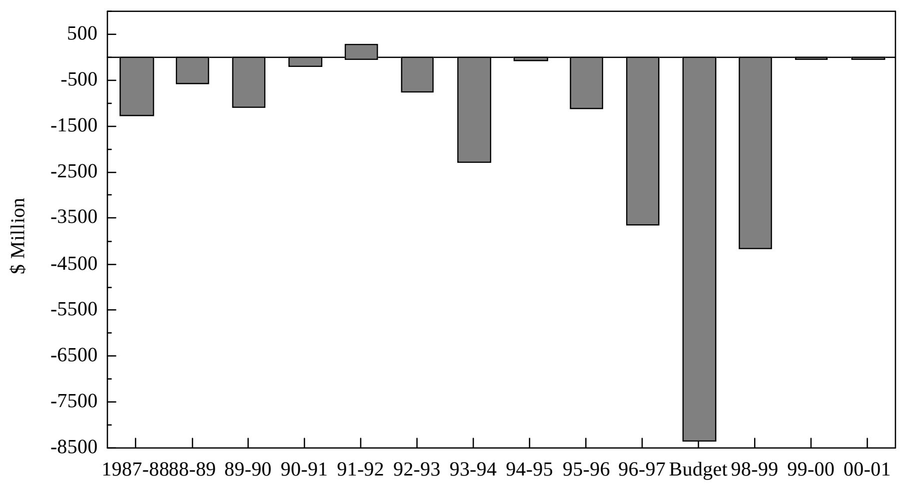
— The expected expenditure from the trust account totals $1 billion with $600 million in outlays expected between 1998-99 and 2000-01 and the balance in the following two years. The Fund will be used to finance a number of major projects of national significance. Refer to *Budget Paper No. 2* for more details. The measure is shown against the Prime Minister and Cabinet portfolio, and is classified against the Contingency Reserve function until the actual type of expenditure is known.

14E. ASSET SALES

Nature of Outlays

This classification records the net proceeds of the Government's programme of major asset sales (proceeds of sales offset by the costs of sale and the running costs of the Office of Asset Sales). Proceeds derived from the normal on-going Property Disposal Programmes of the Departments of Administrative Services and Defence are reported elsewhere (see *1. General Public Services* and *2. Defence*). Asset sales proceeds are recorded as offsets within outlays. Most proceeds of sale are net advances and are not included in underlying outlays.

Chart 1. Overview of Commonwealth Outlays on Asset Sales (1989-90 prices)



1997-98 and Forward Estimates

			1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
14E	Asset Sales	$m	-4200.0	-9830.0	-5010.0	-10.0	-
		%		134.0	-49.0	-99.8	-100.0
	TOTAL	$	-4200.0	-9830.0	-5010.0	-10.0	-

	m				
	%	134.0	-49.0	-99.8	-100.0

Major asset sales previously announced which are expected to be completed in 1996-97 or in the budget and forward years include:

- one-third of the Commonwealth's equity in Telstra;
- the lease of Melbourne, Brisbane and Perth Airports;
- Australian National and National Rail; and
- a number of the business units of the Department of Administrative Services.

New Major Asset Sales

Australian Multimedia Enterprises Limited

The Government has decided that the Commonwealth will divest Australian Multimedia Enterprises Limited by March 1998 with the means of sale to be settled as a part of the sale process.

Australian Defence Industries Limited

In 1997-98, the Government is expected to consider the optimal timing for offering Australian Defence Industries Limited for sale with the means of sale and other sale issues also to be considered.

Auscript

The Government has decided to divest Auscript as soon as possible by trade sale.

National Transmission Network

In light of the recent completion of a scoping study, the Government will shortly consider whether to offer the Network for sale with the means of sale and other sale issues also to be considered.

Phase 2 Airports

The sale of Melbourne, Brisbane and Perth Airports will be concluded in mid-1997, at which time Phase 1 Airport activities, including establishing an appropriate regulatory regime, will be completed. It is expected that the process for addressing the sale of Phase 2 airports will begin early in 1997-98.

Australian National Line Limited

The sale of Australian National Line Limited is a major asset sale previously announced. It is expected to be completed in the budget year or forward years.

Sales Completed after the 1996-97 Budget was presented

Commonwealth Bank of Australia

The Government sold its remaining 50.4 per cent shareholding in the Commonwealth Bank of Australia (CBA) in July 1996, following a public share offer and a buyback of shares by CBA. The 399.1 million shares sold in the public share offer were purchased by investors under an instalment payment arrangement. Final instalments are due to be paid by November 1997.

Commonwealth Funds Management

Commonwealth Funds Management (CFM) was sold in two parts during December 1996. The CFM business was sold to the Commonwealth Bank for $61.6 million. The subsidiary company, Total Risk Management (TRM), was sold to Tower, Perrin, Forster and Crosby Inc for $0.9 million. Proceeds were received in 1996-97.

Avalon Airport Geelong (AAG)

In February 1997, the Government reached agreement with Foxerco Pty Ltd, a company jointly owned by Linfox and Serco, to grant it a long term lease of Avalon Airport (50 years with a 49 year option) and to sell the Commonwealth's shares in Avalon Airport Geelong (AAG). The Government will receive $11 million in net present value terms (over 20 years) based on current revenue projections. Proceeds of $1.5 million from the sale of the shares in AAG, together with initial lease payments, were received in 1996-97.

Newington Armament Depot

The Newingtom Armament Depot site was sold during 1996-97 to the New South Wales Government. Sale proceeds are expected in 1998-99 and 1999-2000.

Current Major Asset Sales

Telstra

The *Telstra (Dilution of Public Ownership) Act 1996* was passed by the Parliament in December 1996 and proclaimed on 1 May 1997.

Planning for the partial sale of Telstra is now underway using private sector advisers including: joint global coordinators and joint lead managers; an independent business adviser (without a selling role); domestic and international legal counsel; and accounting advisers. Other roles in the selling syndicate will be filled later in 1997. It is expected that all Australian stockbroking firms will be asked to sell Telstra shares.

Federal Airports

The sale of the long-term leases over all Federal airports forms an important part of the Government's privatisation programme.

The Government intends to sell long-term leases over the airports in two stages. Expressions of interest for Melbourne, Brisbane and Perth Airports were sought from interested parties in September 1996. The sale process for these Phase 1 airports is now well advanced, with revised bids from a short-list of bidders being lodged in mid-April 1997, and sale completion expected by 1 July 1997. The next round of airport sales is expected to commence in mid-1997.

The leasing of Sydney and Sydney West is to be deferred pending resolution of noise issues at Sydney Airport and an environmental impact study being conducted for a second Sydney airport.

Australian Industry Development Corporation Limited

The Government announced in December 1996 that it would seek expressions of interest in the acquisition of Australian Industry Development Corporation Limited. Expressions of interest were received in January 1997 and it is expected that the sale will be finalised by 30 June 1997.

Australian National

The Government announced its $2 billion rail reform package in November 1996. As a part of this package, the Commonwealth's interests in Australian National and National Rail will be offered for sale. Expressions of interest for Australian National, as a whole or in component parts, were sought in March 1997. Preliminary work is progressing in regard to National Rail.

Department of Administrative Services Businesses

The sale of a number of business units of the Department of Administrative Services (DAS) was announced in August 1996. These were: Asset Services; Works Australia; DAS Interiors; DAS Centre for Environmental Management; DAS Distribution; and DASFLEET (to be either sold or re-financed). The Government subsequently decided to sell Australian Operational Support Services and the commercial arm of the Australian Property Group. The scoping studies for all of the businesses have been completed and expressions of interest have been sought from the market. Sales are expected to be concluded by mid-1997.

Other Sale Activity

MacLeod Repatriation Hospital Site

The former MacLeod Repatriation Hospital is adjacent to the Bundoora-Mont Park psychiatric precinct in Melbourne. Discussions are being held with the Victorian Government regarding possible purchase of the site as part of the proposed redevelopment of this precinct.

Cockatoo Island

There was no progress on the sale during 1996-97 due to ongoing litigation between the Department of Defence and Cockatoo Island Dockyard Pty Ltd, the former manager of the Island. The future disposal of the Island is the portfolio responsibility of the Department of Defence.

SUMMARY OF OUTLAYS MEASURES

Summary of outlays measures in the 1996-97 Mid Year Economic and Fiscal Outlook

	1997-98 $m	1998-99 $m	1999-00 $m	2000-01 $m
ADMINISTRATIVE SERVICES				
Funding for the Menzies Research Centre and the Evatt Foundation	0.2	0.2	0.2	0.2
Total	0.2	0.2	0.2	0.2
COMMUNICATIONS AND THE ARTS				
Regional Telecommunications Infrastructure Fund	50.0	50.0	50.0	50.0
Proceeds from sale of additional Spectrum	nfp	nfp	nfp	nfp
Funding for Radiofrequency Electromagnetic Energy Public Health Issues (a)	0.3	0.3	0.3	0.3
Total	nfp	nfp	nfp	nfp
EMPLOYMENT, EDUCATION, TRAINING AND YOUTH AFFAIRS				
Higher Education Contribution Scheme repayment exemption for those in receipt of Medicare exemption or reduction because of low family income (b)	0.0	0.0	0.0	0.0
Change the age of Independence for AUSTUDY to 25 years	9.0	10.4	11.2	12.1
Drought - Extension of recovery period (a)	2.8	0.4	0.0	0.0
Total	11.8	10.8	11.2	12.1
ENVIRONMENT, SPORT AND TERRITORIES				
Great Barrier Reef Marine Park Authority - Reinstatement of savings related to the Environment Management Charge revenue increase	2.7	0.0	0.0	0.0
Additional funding for Natural Heritage Trust of Australia Reserve	25.0	25.0	25.0	25.0

Total	27.7	25.0	25.0	25.0
HEALTH AND FAMILY SERVICES				
Provision of safety net arrangements in connection with 1996-97 Budget measure limiting Medicare access to new doctors without post graduate qualifications	0.4	5.8	11.3	16.1
Adjust 1996-97 Budget measure reducing Medicare benefits for psychiatry consultations in excess of 50 per patient per year	0.4	0.4	0.4	0.4
Funding for Radiofrequency Electromagnetic Energy Public Health Issues (a)	0.7	0.7	0.7	0.7
Drought - Extension of recovery period (a)	0.4	0.0	0.0	0.0
Total	1.9	6.9	12.4	17.3
IMMIGRATION AND MULTICULTURAL AFFAIRS				
Regionally sponsored migration scheme	0.5	0.5	0.5	0.5
Total	0.5	0.5	0.5	0.5
INDUSTRY, SCIENCE AND TOURISM				
Nuclear Spent Fuel Rods - Repayment of borrowings	3.9	0.0	0.0	0.0
Extension of the operation of the Shipbuilding Bounty to 31 December 1997 (c)	10.0	0.0	0.0	0.0
Amendment of the proposed termination date of the book bounty to 30 June 1997	3.6	0.0	0.0	0.0
Total	17.5	0.0	0.0	0.0
PRIMARY INDUSTRIES AND ENERGY				
Drought - Extension of recovery period (a)	27.3	0.0	0.0	0.0
Total	27.3	0.0	0.0	0.0
SOCIAL SECURITY				
Correction of anomalies in the measure to reduce the maximum Rent Assistance payable to singles in shared accommodation	1.7	1.7	1.8	1.8
Exclude Disability Support Pensioners and Carer Pensioners from the application of sharers' rate from Rent Assistance (d)	5.4	7.0	7.5	13.2
Interim Computer Mainframe Leases (d)	7.4	4.8	0.0	0.0
Modify eligibility of, and payment conditions for, Partners' and Widows' Allowance Recipients and Widows' Pensions (d)	7.6	9.1	10.3	7.4
Application of time limits to the recovery of certain debts (d)	23.6	66.2	68.9	70.1
Tighten Newstart Allowance activity test - delay in implementation	0.8	0.0	0.0	0.0
Drought - extension of recovery period (a)	2.2	0.0	0.0	0.0
Total	48.6	88.8	88.4	92.5
TRANSPORT AND REGIONAL DEVELOPMENT				
Restructure of Australian National Railways Commission (ANRC)	nfp	nfp	nfp	nfp
Total	nfp	nfp	nfp	nfp

(a) Measure affects more than one portfolio.

(b) This measure reduces the headline balance by $15.7 million in 1997-98, $16.0 million in 1998-99, $17.6 million in 1999-00 and $17.6 million in 2000-01.

(c) See also the budget measure 'Extension of application of the Shipbuilding Bounty' under the Industry, Science and Tourism portfolio.

(d) Estimates have been revised since the Mid Year Economic and Fiscal Outlook.

Summary of outlays measures introduced in the Budget and since the 1996-97 Mid Year Economic and Fiscal Outlook

	1997-98 $m	1998-99 $m	1999-00 $m	2000-01 $m
ADMINISTRATIVE SERVICES				
Withdrawal from the direct provision of certain support services	1.5	-8.1	-11.8	-12.0
Sale of the commercial arm of the Domestic Property Group (formerly known as the Australian Property Group) (a) (c)	13.3	8.7	1.5	1.5
Revised funding arrangements for the repair, maintenance and	-46.8	-52.2	-8.2	-29.7

refurbishment of properties remaining in Commonwealth ownership				
Reduction in major capital works	-13.0	0.0	0.0	0.0
Remove preset payments to fire brigades for callouts on Commonwealth properties	-1.7	-14.9	-15.2	-15.5
Restriction to VIP transport (COMCAR) services to Members	9.4	4.1	4.1	4.1
Annual Grants in Aid to community organisations	0.1	0.1	0.1	0.1
Savings in running costs to fund annual Grants in Aid to community organisations	-0.1	-0.1	-0.1	-0.1
Provision of funding to the Australian Electoral Commission for the cost of the election of delegates to the Constitutional Convention	24.0	0.0	0.0	0.0
Efficiencies in Whole of Government Information Technology Infrastructure (a)	0.0	-25.0	-1.8	-2.0
Organisation and conduct of the Constitutional Convention (a)	0.1	0.0	0.0	0.0
Total	-13.2	-87.4	-31.4	-53.6
ATTORNEY-GENERAL'S				
Savings in Attorney-General's portfolio running costs	-26.5	-26.9	-27.4	-27.9
Additional specific savings in Attorney-General's portfolio running costs	0.0	-7.1	-7.2	-7.4
Reform of the provision of legal services provided by the Legal Practice to enhance contestability and competitiveness	14.8	8.5	0.0	0.0
Introduction of full cost recovery for the Office of Film and Literature Classification	0.0	-1.2	-1.2	-1.2
Additional savings from the transfer of the industrial relations jurisdiction to the Federal Court	0.0	-0.4	-1.2	-1.4
Additional funding for the Federal Court and the National Native Title Tribunal for workload increases and amendments to the *Native Title Act 1993*	16.1	14.5	14.8	15.1
Divestment of Auscript (a)	4.2	-0.3	-0.2	0.0
Review of funding arrangements for the Australian Federal Police Adjustment Scheme	0.9	1.0	1.0	1.0
Additional funding to target serious and large scale fraud and related crime against the Commonwealth	6.9	6.7	6.8	0.0
Additional funding for the Protective Security Coordination Centre for diplomatic and consular protection	1.1	0.0	0.0	0.0
Rationalisation of the Australian Protective Service through greater contestability	11.3	1.2	-0.7	-1.7
Revised arrangements for personal security for Senators and Members (other than Ministers), former office holders, their staff, and their families	-1.6	-1.6	-1.6	-1.6
Replacement of security vehicles	0.1	0.1	0.1	0.1
Sydney 2000 Games - Olympics and Paralympics (a)	1.0	10.4	21.6	16.3
Efficiencies in Whole of Government Information Technology Infrastructure (a)	0.0	0.0	-1.4	-3.1
Total	28.3	4.9	3.4	-11.8
COMMUNICATIONS AND THE ARTS				
Grants in support of Centenary of Federation community activities	6.0	0.0	0.0	0.0
Additional funding to the Visions of Australia programme to continue the provision for touring of cultural exhibitions	1.5	1.5	0.0	0.0
Savings from the Cultural Development Programme to absorb the costs of the Visions of Australia programme	-1.5	-1.5	0.0	0.0
Continuation of funding to the Australian Children's Television Foundation	0.8	0.8	0.8	0.8
Funding for development of the National Museum of Australia	7.0	0.0	0.0	0.0
New funding for the Australian Film Finance Corporation	0.0	48.0	48.0	48.0
Continued funding of Film Australia to maintain the National Interest Programme	0.0	6.6	0.0	0.0
Reduction in funding of the Australian Film Commission's Television Production Fund	-5.0	0.0	0.0	0.0
Funding provided to Symphony Australia Holdings Pty Ltd for orchestral services previously performed by the ABC	32.0	32.5	33.1	33.7
Transfer of base funding from the ABC to establish Symphony	-32.0	-32.5	-33.1	-33.7

Australia Holdings Pty Ltd				
Deferral of ABC debt repayments	4.8	-4.8	0.0	0.0
Additional funding to the Australian Broadcasting Corporation (ABC) for the broadcast of English and Tok Pisin language radio services by Radio Australia	4.7	4.8	4.9	5.0
Savings from broadcasting and television capital works to offset additional funding provided to the Australian Broadcasting Corporation (ABC) for Radio Australia services	-3.2	-3.3	-3.4	-3.4
Savings in transmission costs arising from the reduced broadcasting of shortwave radio services by Radio Australia	-1.6	-2.0	-3.1	-4.2
Reduction in Government subsidy as a result of the sale or wind-up of Australia Television	-3.5	-3.5	0.0	0.0
Application of the efficiency dividend to the Special Broadcasting Service	-0.9	-1.6	-2.5	-3.4
Funding for setup costs and new functions of the Australian Communications Authority	3.6	0.9	0.6	0.6
Funding for costs incurred by AUSTEL in 1996-97 to implement telecommunications reform initiatives	0.6	0.0	0.0	0.0
Funding for the Australian Communications Authority to enhance administration of cabler licensing	0.2	0.2	0.2	0.2
Increased efficiency dividend on Communications and the Arts portfolio running costs	-3.1	-3.1	-3.1	-3.2
Efficiencies in Whole of Government Information Technology Infrastructure (a)	0.0	0.0	-1.0	-2.2
Total	10.4	43.0	41.4	38.2
EMPLOYMENT, EDUCATION, TRAINING AND YOUTH AFFAIRS				
Phase out specific funding for Language Australia	-0.5	-1.0	-1.5	-1.5
Improvement and streamlining of Higher Education Contribution Scheme arrangements (d)	1.0	1.6	1.9	2.1
Higher education restructuring and rationalisation package	10.2	7.3	4.3	4.4
Phased abolition of the Higher Education Commonwealth Industry Places Scheme	-5.2	-16.5	-22.7	-23.0
Reduction of National Board of Employment Education and Training administrative budget and removal of Australian Language and Literacy Council funds	-2.9	-2.7	-2.8	-2.8
Increased AUSTUDY for families with two or more tertiary students living away from home	1.6	1.5	1.6	1.6
Improved targeting of ABSTUDY	-5.0	-10.9	-11.2	-11.6
Benchmarking efficiencies in Vocational Education and Training Grants to the States	-10.0	-20.3	-20.7	-21.0
Changes to entry level training employer incentives	-0.9	6.4	16.2	29.5
Work for the Dole Initiative (a)	11.0	3.8	0.0	0.0
Subsume National Skills Shortages Programme into the regional assistance element of Enterprise and Adjustment Programme	-2.1	-2.8	-2.9	-3.0
Savings in Employment, Education, Training and Youth Affairs portfolio running costs	0.0	-15.2	-15.5	-15.8
Labour Market Programme funding adjustment	-30.2	0.0	0.0	0.0
Rental assistance to people living in public housing - Remove double subsidy (a)	-0.1	-0.2	-0.2	-0.2
Efficiencies in Whole of Government Information Technology Infrastructure (a)	0.0	-0.7	-11.6	-11.4
Total	-33.1	-49.7	-65.1	-52.7
ENVIRONMENT SPORT AND TERRITORIES				
Environment, Sport and Territories portfolio savings initiatives	-5.0	-5.7	-4.5	-5.2
Natural Heritage Trust of Australia Reserve (a)	161.9	265.4	272.7	254.9
Willandra Lakes Structural Adjustment Package	2.0	0.0	0.0	0.0
Payment to QLD - Sugar Coast Environment Rescue Package	1.0	2.0	0.0	0.0
Funding for capital works at Orielton Lagoon in Tasmania	0.7	0.0	0.0	0.0
Sydney 2000 Games - Olympics and Paralympics (a)	0.0	50.0	50.0	50.0
Discontinuation of the Save the Bush Programme	-1.5	-1.5	0.0	0.0
Grant to AAP Mawson's Huts Foundation for the restoration effort on	0.3	0.0	0.0	0.0

Mawson's Huts (c)				
Maintain Local Government General Purpose Assistance Grants in real terms - Determination of 1997-98 payments	-14.7	-15.2	-15.8	-16.4
Restoration and management of National Assets Programme in the ACT	5.0	5.1	5.2	5.3
Indian Ocean Territories - Recurrent funding adjustment	3.0	0.0	0.0	0.0
Efficiencies in Whole of Government Information Technology Infrastructure (a)	0.0	0.0	-0.2	-1.9
Total	152.7	300.0	307.4	286.7
FINANCE				
Efficiencies in Whole of Government Information Technology Infrastructure - Additional funding for Office of Government Information Technology	0.0	8.6	4.7	0.0
Divestment of Auscript - Office of Asset Sales - Cost of sale (a)	0.4	0.0	0.0	0.0
Sale of the commercial arm of the Domestic Property Group (formerly known as the Australian Property Group) - Office of Asset Sales - Cost of sale (a)	0.5	0.0	0.0	0.0
Sale of the commercial arm of the Domestic Property Group (formerly known as the Australian Property Group) - Office of Asset Sales - Proceeds of sale (a)	nfp	nfp	nfp	nfp
Office of Asset Sales - Additional running costs in relation to sales/reviews in the 1997-98 Budget	0.3	0.0	0.0	0.0
Efficiencies in Whole of Government Information Technology Infrastructure (a)	0.0	-2.0	-2.3	-2.5
Total	nfp	nfp	nfp	nfp
FOREIGN AFFAIRS AND TRADE				
Closure of Australian diplomatic missions in Copenhagen and Nauru	-1.5	-1.9	-2.0	-2.0
Reduction in Grants and Contributions Programme	-0.9	-1.0	-1.0	-1.0
Reduction in overseas aid	-7.5	-7.7	-7.9	-8.1
Transfer from the overseas aid programme to fund part of the cost of maintaining Radio Australia services	-4.0	-4.1	-4.2	-4.3
Increased cost recovery by Austrade	-2.0	-3.0	-4.1	-5.3
Accelerated recovery of International Trade Enhancement Scheme loan funds	-5.0	-3.0	-1.0	0.0
Sydney 2000 Games - Olympics and Paralympics (a)	0.4	2.6	3.7	2.1
Efficiencies in Whole of Government Information Technology Infrastructure (a)	0.0	-0.1	-1.4	-2.1
Total	-20.5	-18.2	-17.9	-20.7
HEALTH AND FAMILY SERVICES				
National Public Health - Continuation of Public Health Programmes	11.5	22.3	0.0	0.0
Restructure arrangements for funding services related to the provision of methadone	0.0	-1.9	-7.8	-9.6
Development of a National Food Hygiene Standard	0.9	1.7	1.2	0.0
Supplementation of the Australia New Zealand Food Authority funding base	0.7	1.8	1.6	1.3
Comprehensive National Immunisation Strategy (a)(c)	3.3	3.3	3.3	3.4
Funding mechanism for the purchase of essential vaccines including Hepatitis B vaccine	2.6	3.9	3.9	4.0
Hepatitis B Pre-Adolescent Immunisation Delivery Programme	0.2	0.4	0.5	0.5
Strengthening Australia's health and medical research workforce	0.8	1.4	2.3	2.6
Revised process for Medicare Benefits Schedule listing and review	1.5	0.5	-0.5	-3.1
Adjust Medicare benefits when more than one person is treated during a home visit	-2.0	-3.5	-3.7	-3.8
Adjust Medicare benefits for some optometrical consultations (a)	-7.8	-13.9	-14.8	-15.5
National Rural and Remote Health Support Programme	2.0	3.6	5.5	6.3
Pilot study of alternative funding arrangements for rural obstetric services	0.0	0.0	0.0	0.0
Refocusing the General Practice Strategy on outcomes	-34.4	-28.0	-37.9	-39.9
Combine General Practice Evaluation Programmes and adjust to reflect current spending levels	-2.0	-2.0	-2.1	-2.1

Introduction of electronic commerce for Medicare claiming	-0.1	0.1	11.7	16.4
Therapeutic group premiums (a)	-41.4	-157.5	-173.8	-188.7
National Prescriber Service	0.4	-8.1	-8.0	-7.9
Delisting medicine items for less serious medical conditions from the Pharmaceutical Benefits Schedule (a)	-10.9	-29.7	-33.4	-37.6
Public education campaign for private health insurance and Health Insurance Commission restructuring	3.5	0.5	0.3	0.0
Initiatives to stimulate microeconomic reform in management of acute health care and information technology and performance measurement	6.1	11.7	12.7	9.8
Renewal of the National Mental Health Strategy	0.2	7.5	11.8	9.0
Extension of funding for palliative care	14.7	0.0	0.0	0.0
A Planning System to influence the location and supply of new child care places with annual limit of 7,000 new private places for 1998 and 1999 only	-9.7	-41.8	-72.3	-83.1
Improve targeting of Children's Services Programme to work related care (a)	-4.4	-16.0	-25.4	-34.9
Increase supply of Family Day Care places	0.7	1.7	3.3	5.1
Reform of school age care (a)	5.0	5.1	2.5	-1.3
Broadbanding other family and children's services	-3.0	-6.4	-6.6	-6.8
Pay Childcare Assistance fortnightly in arrears	0.0	-32.5	-3.1	-3.2
Revised arrangements for emergency relief funding	0.7	1.9	3.0	9.5
Targeted support for people with dementia and their carers	2.5	2.5	2.6	2.6
Best practice grants for dementia specific facilities	0.6	0.0	0.0	0.0
Residential aged care structural reform - Additional funding for systems development	4.4	0.9	0.2	0.2
Carers' support and information	1.2	2.3	2.3	2.4
Additional accommodation support places for people with disabilities and their families	5.9	11.8	18.0	18.3
Replacement of speech processors for children with cochlear implants	0.6	0.4	0.4	0.5
Funding for National Telephone Typewriter Relay Service	0.0	-7.9	-7.9	-8.0
Support for social and economic micro-simulation modelling	0.1	0.3	0.3	0.3
More Time for Business - Government's Small Business Statement (a)(c)	0.3	0.0	0.0	0.0
Revised arrangements for carers of adults and children with disabilities (a)	-0.3	20.4	22.8	25.7
Extend the period of the income test for the 'low income' Health Care Card from four to eight weeks (a)	0.0	-1.7	-1.8	-1.8
Amendments to migrant two-year waiting period for social security payments (a)(b)(c)	8.1	0.9	2.8	2.8
Introduce a Bonus Plan for persons deferring retirement (a)	0.0	-0.6	-1.7	-2.5
Link treatment benefit eligibility to pension rate (a)	0.0	-0.1	-0.1	-0.1
Work for the Dole Initiative (a)	0.5	0.1	0.0	0.0
Addressing anomalies in entitlements for veterans deployed overseas (a)	-0.1	-0.2	-0.3	-0.4
Efficiencies in Whole of Government Information Technology Infrastructure (a)	0.0	-1.9	-11.0	-10.5
Total	-37.1	-246.7	-299.2	-340.1
IMMIGRATION AND MULTICULTURAL AFFAIRS				
Health assessments, health undertakings and medical reviews	2.3	1.5	1.6	1.6
Enhanced services for business entrants	0.8	0.8	0.9	1.0
Merging of the Migration Internal Review Office and the Immigration Review Tribunal (c)	1.3	0.7	-0.5	-1.3
Extension of the Migration Agents Registration Scheme (c)	0.6	0.0	0.0	0.0
Increased efficiency dividend on Immigration and Multicultural Affairs portfolio running costs	-3.4	-3.5	-3.6	-3.6
Efficiencies in Whole of Government Information Technology Infrastructure (a)	0.0	-0.3	-3.6	-3.6
Total	1.6	-0.8	-5.2	-5.9
INDUSTRIAL RELATIONS				

Referral to the Commonwealth of the Victorian industrial relations system	2.2	2.3	2.3	2.4
Efficiencies in Whole of Government Information Technology Infrastructure (a)	0.0	0.0	-0.4	-0.8
Total	2.2	2.3	1.9	1.6
INDUSTRY, SCIENCE AND TOURISM				
Enhanced assistance to the pharmaceutical industry (c)	0.1	0.2	22.7	49.0
Extension of application of the Shipbuilding Bounty	8.0	21.3	1.0	0.0
Monitoring telecommunications industry development	0.6	0.7	0.8	0.9
Facilitation of small and medium sized enterprises - Supplier access to major projects	0.8	0.6	0.4	0.4
Savings in the Department of Industry, Science and Tourism running costs to fund the 'Facilitation of small and medium sized enterprises - Supplier access to major projects'	-0.8	-0.6	-0.4	-0.4
More Time for Business - Government's Small Business Statement (a)(c)	4.7	8.2	5.1	4.5
Australian Leather Holdings Ltd Package (c)	12.5	12.5	0.0	0.0
Funding for Gene Technology Regulation	1.3	1.1	0.0	0.0
Sydney 2000 Games - Olympics and Paralympics (a)	3.0	0.0	0.0	0.0
Replacement and upgrade of Customs Marine Fleet	5.2	5.0	7.0	8.7
Increased running costs associated with measures to reduce fuel substitution	1.4	1.5	1.6	1.6
Savings in Office of National Tourism running costs	-0.7	-0.3	-0.1	0.0
Savings from Cooperative Research Centres Programme	-1.0	-9.2	0.0	0.0
Increased efficiency dividend on Industry, Science and Tourism portfolio running costs	-2.8	-2.9	-2.9	-2.9
Efficiencies in Whole of Government Information Technology Infrastructure (a)	0.0	0.0	-4.7	-11.0
Total	32.3	38.1	30.5	50.8
PARLIAMENT				
Organisation and conduct of the Constitutional Convention (a)	0.0	0.0	0.0	0.0
Efficiencies in Whole of Government Information Technology Infrastructure (a)	0.0	0.0	-0.6	-1.4
Total	0.0	0.0	-0.6	-1.4
PRIMARY INDUSTRIES AND ENERGY				
NSW Sugar Export Industry - Infrastructure support (c)	1.0	0.0	0.0	0.0
Reallocation of funds from natural resource management programmes	-5.0	-5.1	-5.2	-5.3
Quality Food Australia (c)	0.2	0.0	0.0	0.0
Supermarket to Asia - The Delicatessen	1.0	0.0	0.0	0.0
Integrated Rural Policy Package	44.7	46.3	52.4	55.4
Rural Adjustment Scheme	-46.3	-43.7	-50.3	-55.3
Reallocation of funds from the Rural Communities Access Programme	-2.4	0.0	0.0	0.0
Australian Quarantine and Inspection Service - Implementation of reports into quarantine and imported fish and fish products	15.0	20.2	20.3	20.5
Australian Quarantine and Inspection Service - Implementation of the Review of Export Meat Inspection (redundancies)	13.1	11.1	12.9	7.2
South East Fisheries Adjustment Package	1.5	0.0	0.0	0.0
Fisheries Research and Development Corporation	-3.6	0.0	0.0	0.0
Fisheries Resources Research Fund	-0.2	-0.2	-0.2	-0.2
National Electricity Market reform and corporatisation of the Snowy Mountains Hydro-electric Authority	2.5	0.5	0.0	0.0
Rationalisation of the National Energy Efficiency Programme	-2.8	-2.8	-2.7	-2.7
The Energy Research and Development Corporation	-2.6	-9.0	-11.3	-13.8
Savings in Primary Industries and Energy portfolio running costs	-1.0	0.0	0.0	0.0
Efficiencies in Whole of Government Information Technology Infrastructure (a)	0.0	0.0	-0.9	-1.2
Natural Heritage Trust of Australia Reserve (a)	na	na	na	na
Total	15.1	17.3	15.0	4.6

PRIME MINISTER AND CABINET				
Establishment of the Federation Fund	0.0	100.0	200.0	300.0
Improved integration of young offenders into mainstream community and economic life - Pilot projects	1.0	0.0	0.0	0.0
Operational funding for national women's non-government organisations	0.5	0.5	0.5	0.5
Organisation and conduct of the Constitutional Convention (a)	3.8	0.0	0.0	0.0
Aboriginal and Torres Strait Islander Affairs Agencies funding arrangements - Guaranteed funding with an increased base	15.0	15.2	15.5	15.8
Efficiencies in Whole of Government Information Technology Infrastructure (a)	0.0	0.0	-1.3	-1.7
Total	20.3	115.7	214.7	314.6
SOCIAL SECURITY				
Maintain the single rate of pension at 25 per cent of male total average weekly earnings (a)(c)	57.3	409.2	639.6	942.3
Pay all Department of Social Security payments fortnightly in arrears	0.2	19.7	-100.8	-18.9
Introduce a Bonus Plan for persons deferring retirement (a)	2.4	-16.9	-36.8	-36.0
Simplify and amend date of effect rules for income support payments (a)	0.2	5.5	-23.9	-26.8
Revised arrangements for Financial Information Service and Migrant Liaison Officers	-4.2	-4.3	-4.3	-4.4
Reform of the income and assets test treatment of income streams by the Department of Social Security and the Department of Veterans' Affairs (a)	6.7	-0.9	-6.4	-9.9
Revised arrangements for carers of adults and children with disabilities (a)	-2.8	-23.2	-28.5	-33.5
Amendments to migrant two-year waiting period for social security payments (a)(b)(c)	106.0	59.5	40.3	40.0
Amendments to activity test penalty periods for Newstart Allowance (b)(c)	31.9	30.3	31.8	29.0
Apply consistent hardship rules to waiting periods for Newstart Allowance and related payments	0.5	0.1	9.9	9.6
Work for the Dole Initiative (a)	5.3	0.9	0.0	0.0
Consistently treat lump sums for Social Security recipients as either income over 12 months or as a deemed asset	1.5	-3.7	-6.2	-6.3
Expansion of temporary activity test exemptions in special circumstances	-0.9	-1.3	-1.4	-1.4
Increase Australian Taxation Office Employment Declaration Form matching with Department of Social Security data	-27.9	-27.4	-28.2	-28.9
Apply preclusion periods to high income seasonal or intermittent workers	0.8	-5.0	-5.7	-6.0
Comprehensive National Immunisation Strategy (a)(c)	-11.8	-26.6	9.2	4.6
Continue funding for the Family Service Centre and Retirement Service Centre pilots	1.9	0.0	0.0	0.0
Pay Family Payment above the minimum rate when a child and/or parent/s go overseas for up to eight weeks	4.2	6.8	7.0	7.1
Improvements to the Data-matching Programme and increased review activity	-16.1	-31.6	-39.4	-40.4
Parenting Payment simplification and rationalisation package	4.0	-1.0	-1.8	-2.1
Tightening of the hardship provisions for minimum Family Payment and Maternity Allowance	0.1	-3.5	-3.6	-3.7
Rental assistance to people living in public housing - Remove double subsidy (a)	-21.1	-58.0	-59.7	-61.2
Funding arrangements under the Commonwealth State Housing Agreement	-50.0	-50.0	-50.0	-50.0
Addressing anomalies in entitlements for veterans deployed overseas (a)	-0.3	-0.7	-1.1	-1.6
Reform of school age care (a)	1.1	0.6	0.4	0.4
Improve targeting of Children's Services Programme to work related care (a)	1.5	0.9	0.5	0.6
Extend the period of the income test for the 'low income' Health Care	0.2	0.1	0.0	0.0

Card from four to eight weeks (a)				
Increased efficiency dividend on Department of Social Security running costs	-0.8	-0.8	-0.9	-0.9
Efficiencies in Whole of Government Information Technology Infrastructure (a)	0.0	-5.9	-25.4	-24.8
Total	89.9	272.8	314.6	676.8
TRANSPORT AND REGIONAL DEVELOPMENT				
Funding of Airport Environment Officers and Airport Building Controllers at federal airports subject to sale	1.4	1.4	1.4	1.4
Federal Airports Corporation - Conversion of grant to equity injection for the extension of the runway at Adelaide Airport	-25.0	-3.0	0.0	0.0
Funds for Roads of National Importance in WA	10.0	10.0	10.0	10.0
Rephasing of funding for the National Rail Infrastructure Authority	-15.3	-27.0	-19.0	-18.2
Continuation of funding for the National Road Transport Commission	0.6	1.2	1.2	1.2
Realignment of Tasmanian Freight Equalisation Scheme assistance rates	-3.0	-3.0	-3.0	-3.0
Efficiencies in Whole of Government Information Technology Infrastructure (a)	0.0	0.0	-0.4	-1.0
Total	-31.3	-20.4	-9.8	-9.6
TREASURY				
More Time for Business - Government's Small Business Statement (a)(c)	1.8	0.6	0.3	0.3
Savings in Treasury portfolio running costs	-2.7	-2.7	-2.7	-2.8
Additional special revenue assistance to the ACT in the form of transitional allowances for education and health (c)	10.0	5.0	0.0	0.0
Partial deferral of State fiscal contributions from the ACT and Tasmania (c)	13.5	-13.5	0.0	0.0
Extension of real per capita guarantee on Financial Assistance Grants to the States and Territories (c)	0.0	0.0	202.1	207.2
Australian Bureau of Statistics - Savings in statistical collections	-5.1	-5.2	-5.3	-5.4
Australian Bureau of Statistics - Increased cost recovery on the sale of products and services	-2.0	-2.0	-2.1	-2.1
Tax Law Improvement Project - Extension of administrative funding	1.1	1.9	0.0	0.0
Australian Taxation Office - Savings through efficiencies in corporate support	-10.0	-10.2	-10.3	-10.5
Australian Taxation Office - Savings through rationalisation of income tax withholding arrangements	0.0	-9.1	-11.4	-11.6
Australian Taxation Office - Savings through phasing out the Superannuation Holding Accounts Reserve	-10.0	-4.1	-5.2	-5.3
Australian Taxation Office - Savings through phasing out the community education campaign on superannuation	-3.4	0.0	0.0	0.0
Australian Taxation Office - Savings through alternative methods of data capture and other processing efficiencies	-5.0	-5.1	-5.2	-5.3
Australian Taxation Office - Savings through administrative efficiencies and further rationalisation of activities	0.0	0.0	-9.3	-9.5
Australian Taxation Office - Opting out of the Superannuation Guarantee system	2.4	2.1	1.3	1.3
Australian Taxation Office - Choice of Superannuation Fund	2.0	4.4	3.5	2.4
Taxation rebate for savings	1.0	-1079.0	-2414.0	-3980.0
Australian Competition and Consumer Commission - New regulatory arrangements for telecommunications	3.4	2.1	1.9	1.9
Australian Competition and Consumer Commission - Gas regulation role	1.8	1.5	1.5	1.5
Enhancement of National Competition Council responsibilities	0.8	0.8	0.8	0.8
Efficiencies in Whole of Government Information Technology Infrastructure (a)	0.0	-2.2	-21.5	-22.2
Total	-0.4	-1114.7	-2275.6	-3839.3
VETERANS' AFFAIRS				
Maintain the single rate of pension at 25 per cent of male total average weekly earnings (a)(c)	6.5	41.0	59.9	87.3

Allow maximum lump sum advances to all Department of Veterans' Affairs pensioners	0.2	0.0	0.0	0.0
Introduce a Bonus Plan for persons deferring retirement (a)	1.4	-3.9	-3.9	-3.5
Reform of the income and assets test treatment of income streams by the Department of Social Security and the Department of Veterans' Affairs (a)	0.9	0.2	0.1	0.1
Rental assistance to people living in public housing - Remove double subsidy (a)	-0.0	-0.1	-0.1	-0.1
Simplify and amend date of effect rules for income support payments (a)	3.2	5.7	-1.3	-1.6
Indexation of the lump sum equivalent for the Disability Pension	-0.1	-0.3	-0.4	-0.6
Addressing anomalies in entitlements for veterans deployed overseas (a)	2.5	5.2	7.4	8.9
Extend the five year Refurbishment Programme for the Australian War Graves	0.4	0.5	0.2	0.0
Security and structural works and management at Papua New Guinea War Cemeteries	0.4	0.7	0.6	0.2
Link treatment benefit eligibility to pension rate (a)	0.0	0.2	0.2	0.2
Medication management and treatment awareness	-0.8	-6.5	-6.5	-6.5
Improvement in services in rural and remote areas	0.1	-0.0	-0.1	-0.1
Adjust Medicare benefits for some optometrical consultations (a)	-0.2	-0.3	-0.3	-0.3
Delisting medicine items for less serious medical conditions from the Pharmaceutical Benefits Schedule (a)	-0.6	-1.7	-1.8	-2.0
Therapeutic group premiums (a)	-2.8	-9.4	-10.0	-10.7
Introduce panel diagnosis for certain conditions	-0.5	-2.9	-5.0	-7.1
Supplementation in lieu of an entrance fee for the Australian War Memorial	0.7	0.7	0.7	0.7
Efficiencies in Whole of Government Information Technology Infrastructure (a)	0.0	0.0	-0.0	-0.0
Total	11.3	29.1	39.7	64.9
CROSS PORTFOLIO				
Efficiencies in Whole of Government Information Technology Infrastructure (a)	0.0	-38.1	-89.5	-103.5
Total	0.0	-38.1	-89.5	-103.5

(a) Measure affects more than one portfolio.

(b) Decision arising out of Senate action.

(c) Measures announced between Mid Year Economic and Fiscal Outlook and the Budget.

(d) This measure reduces the headline balance by $1.6 million in 1997-98, $4.5 million in 1998-99, $5.6 million in 1999-2000 and $6.2 million in 2000-01.