Part V: Expenses and Capital

Relative to the 1999-2000 Budget, expenses have decreased slightly in 1999-2000, but increased significantly in the forward years (see Table 17).

Since the 1999-2000 Budget, there have also been a number of Capital Measures committed to the Attorney-General's, Defence, Environment and Heritage, and Immigration and Multicultural Affairs Portfolios (see Table 24).

Table 17: Estimates of Commonwealth General Government Expenses[(a)]

	1999-00 $m		2000-01 $m	
	Budget	MYEFO	Budget	MYEFO
Expenses	**157111**	**156714**	**143776**	**149673**
Real growth on previous year (%)	na	na	*-11.3*	*-7.4*
Per cent of GDP	25.3	25.2	21.6	22.5
	2001-02 $m		2002-03 $m	
	Budget	MYEFO	Budget	MYEFO
Expenses	**148357**	**154939**	**151432**	**158441**
Real growth on previous year (%)	*0.8*	*1.1*	*-0.3*	*-0.2*
Per cent of GDP	21.1	22.0	20.3	21.2

(a) Expenses data on a AAS31 basis.

EXPENSES

Since the 1999-2000 Budget, the expense estimates have decreased slightly in 1999-2000, but increased significantly in the forward years. Increases in expense estimates since the 1999-2000 Budget have largely been driven by policy decisions, primarily due to:

- legislative changes to *The New Tax System* package; and
- Australia's involvement in peacekeeping and aid activities in East Timor.

Revisions to programme specific parameters increase expenses in all years mainly due to:

- higher than expected expenses on the private health insurance rebate. The scheme came into effect on 1 January 1999 and the estimates have been adjusted in line with actual data on spending and membership take-up;
- higher than expected levels of age pension payments;

- increasing Youth Allowance expenses, which are primarily due to higher estimates of student numbers. Youth Allowance is a new programme that was introduced on 1 July 1998 and historical data is still being developed. The uptake of this new allowance was greater than first estimated; and

- the estimates made at Budget for service and war widow pensions, allowances and healthcare were reassessed and based on actual expenditure for the last financial year and the first three months of this financial year. The major contributors to the increase were the assumptions made regarding veterans' mortality rates.

Other variations since the 1999-2000 Budget include:

- the redirection of some Defence capital expenditure to expenses;

- estimated public debt interest expenses increasing since budget time in each year from 2000-01 to 2002-03. However, the increase in anticipated interest expenses has been accompanied by a significant offsetting rise in interest revenue (this is the result of a greater use of swaps transactions in the management of the Commonwealth's debt portfolio);[1] and

- a reduction in the Contingency Reserve estimate.

CONTINGENCY RESERVE

The Contingency Reserve is the means of ensuring that the aggregate estimates are robust and based on the best information available at the time of publication. The major components of the Contingency Reserve for the budget and forward estimates include the following:

- an allowance for the tendency for budget estimates of expenses for existing government policy to be revised upwards in the forward years;

- an allowance for the tendency for estimates of some expenses to be overstated in the budget year;

- commercial-in-confidence and national security-in-confidence items which cannot be disclosed separately;

- minor decisions made late in the Budget process; and

- the effect of economic parameter revisions on the budget and forward estimates received late in the process and hence not able to be allocated to individual agencies.

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1 Swaps are used in the efficient management of the Commonwealth's net debt portfolio. Swap transactions generate interest expenses and interest revenues. Consequently, a larger Commonwealth swaps programme increases both interest expenses and interest revenues.

Table 18: Reconciliation of General Government Expenses Estimates

	1999-00 $m	2000-01 $m	2001-02 $m	2002-03 $m
Expenses at 1999-2000 Budget	**157111**	**143776**	**148357**	**151432**
Changes from 1999-2000 Budget to MYEFO				
Effect of policy decisions (a)	1281	4259	3533	3663
Effect of economic parameter variations				
Unemployment benefits	-395	-362	-294	-304
Prices and wages	161	224	248	335
Interest and exchange rates	-279	-12	0	0
Public debt interest	-429	693	1165	1962
Total economic parameter variations	-943	543	1118	1992
Programme specific parameter variations	719	879	1210	555
Slippage in 1999-2000 Budget decisions	0	0	0	0
Other variations	-1455	216	721	798
Total variations	-397	5897	6582	7008
Expenses at 1999-2000 MYEFO	**156714**	**149673**	**154939**	**158441**
Memorandum items:				
GFS expenses at 1999-2000 Budget	**155748**	**142001**	**147069**	**150439**
Total AAS31 expense variations	-397	5897	6582	7008
less Variations in GFS/AAS31 classification differences	-825	-653	-506	-393
equals Total GFS expense variations	428	6550	7088	7401
GFS expenses at 1999-2000 MYEFO	**156176**	**148551**	**154157**	**157840**

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

Table 19: Expense Measures since the 1999-2000 Budget

	1999-00 $m	2000-01 $m	2001-02 $m	2002-03 $m
AGRICULTURE, FISHERIES AND FORESTRY				
Agriculture, Fisheries and Forestry - Australia				
Commonwealth contribution for trade liberalisation research	0.5	-	-	-
Assistance to the Australian lamb industry	7.9	9.5	1.6	-
Exceptional circumstances assistance - Batlow fruit growers, New South Wales	0.7	0.7	-	-
Exceptional circumstances assistance - Mallee region, Victoria	4.4	4.7	0.4	-
Portfolio total	**13.5**	**14.9**	**2.0**	**0.0**
ATTORNEY-GENERAL'S				
Australian Federal Police				
Revised funding arrangements for the Australian Federal Police (AFP) Reform Programme and AFP Adjustments Scheme (AFPAS)	12.0	18.0	20.0	-
Civilian police for the UN Transitional Administration in East Timor	26.2	-	-	-
Australian Customs Service				
Enhanced border protection	3.1	4.0	3.9	3.9
Portfolio total	**41.3**	**22.0**	**23.9**	**3.9**
COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS				
Department of Communications, Information Technology and the Arts				
Telstra Social Bonus - Trials in Innovative Government Electronic Regional Services (TIGERS)	3.0	2.0	5.0	-
Telstra Social Bonus - NetAlert	2.0	-	1.0	-
Telstra Social Bonus - *Networking the Nation* Local Government Fund	5.0	3.0	15.0	12.0
Telstra Social Bonus - Launceston Broadband Project	3.0	3.0	3.0	3.0
Telstra Social Bonus - Building IT Strengths (BITS)	37.0	10.0	56.0	30.0
Telstra Social Bonus - Connecting Tasmanian Schools	15.0	-	-	-
Telstra Social Bonus - expanded mobile phone coverage	3.0	-	-	-
Telstra Social Bonus - Building Additional Rural Networks (BARN)	10.0	10.0	20.0	20.0
Portfolio total	**78.0**	**28.0**	**100.0**	**65.0**
DEFENCE				
Department of Defence				
East Timor peace enforcement and peacekeeping	710.0	810.0	767.0	615.0
Provision of safe haven to displaced Kosovars*	28.9	-	-	-
Provision of safe haven to internally displaced persons from East Timor	8.0	-	-	-
Portfolio total	**746.9**	**810.0**	**767.0**	**615.0**

Table 19: Expense Measures since the 1999-2000 Budget (continued)

	1999-00 $m	2000-01 $m	2001-02 $m	2002-03 $m
EDUCATION, TRAINING AND YOUTH AFFAIRS				
Department of Education, Training and Youth Affairs				
Youth Pathways Action Plan taskforce	-	-	-	-
Additional funds for higher education staff salaries	42.5	43.3	43.8	44.1
Telstra Social Bonus - Tasmanian Environmental Tourism Employment and Training Initiative	3.2	3.1	3.1	-
Grandfathering of benefits for some ABSTUDY students	-	-	-	-
Portfolio total	**45.7**	**46.4**	**46.9**	**44.1**
ENVIRONMENT AND HERITAGE				
Department of the Environment and Heritage				
Compressed Natural Gas and Liquid Petroleum Gas vehicle conversion	-	15.0	20.0	20.0
Supporting photovoltaics systems	-	4.0	6.0	9.0
Supporting the development and commercialisation of renewable energy	-	4.0	5.0	7.0
Supporting renewable remote power generation	-	66.0	66.0	66.0
Greenhouse Gas Abatement Programme	-	100.0	100.0	100.0
Diesel National Environment Protection Measure (NEPM)	-	10.0	10.0	10.0
Oil recycling	-	15.0	15.0	15.0
Additional funding for heritage initiatives	0.3	-	-	-
Sale of Halon to the United States for essential use	3.5	6.0	-	-
Great Barrier Reef Marine Park Authority				
Funding to offset the reduction in revenue related to the Environment Management Charge (EMC)	0.5	-	-	-
Portfolio total	**4.3**	**220.0**	**222.0**	**227.0**
FAMILY AND COMMUNITY SERVICES				
Department of Family and Community Services				
A New Tax System - pension supplement	1.2	450.3	441.3	738.3
A New Tax System - extend Family Allowance and Family Tax Benefit (FTB) to families with dependent children aged 16-24 years	50.3	54.7	54.8	54.7
Pilot programme to provide free pre-marriage education for couples	0.9	0.1	-	-
A New Tax System - Aged Persons Savings Bonus and Self Funded Retirees Supplementary Bonus	0.7	181.9	0.1	..
Additional resources for Supported Accommodation Assistance Programme	-	15.0	15.0	15.0
Commonwealth-State Disability Agreement - additional funding to address unmet need in State provided disability services	-	50.0	100.0	-
Exceptional circumstances assistance - Batlow fruit growers, New South Wales	0.1	0.1	..	-
Exceptional circumstances assistance - Mallee region, Victoria	0.3	0.4	0.1	-

Table 19: Expense Measures since the 1999-2000 Budget (continued)

	1999-00 $m	2000-01 $m	2001-02 $m	2002-03 $m
FAMILY AND COMMUNITY SERVICES (continued)				
Youth Pathways Action Plan taskforce	-	-	-	-
Flooding in New South Wales and Queensland 1998 - assistance to farmers suffering significant loss	0.1	-	-	-
Introduction of a temporary protection visa subclass	1.2	0.1	0.1	0.1
Portfolio total	**54.8**	**752.6**	**611.4**	**808.1**
FINANCE AND ADMINISTRATION				
Department of Finance and Administration				
Flooding in New South Wales and Queensland 1998 - assistance to farmers suffering significant loss	0.1	-	-	-
Poultry farmers - assistance to those directly affected by Newcastle disease	0.2	-	-	-
GST - implementation and monitoring in the Commonwealth Government sector	4.5	-	-	-
Portfolio total	**4.8**	**0.0**	**0.0**	**0.0**
FOREIGN AFFAIRS AND TRADE				
AusAID				
Australia's contribution to the Heavily Indebted Poor Countries (HIPC) initiative	12.0	11.5	11.5	-
Aid for East Timor	60.0	-	-	-
Portfolio total	**72.0**	**11.5**	**11.5**	**0.0**
HEALTH AND AGED CARE				
Department of Health and Aged Care				
General Practice Memorandum of Understanding**	29.8	62.1	85.2	98.4
Aged Care Residential Care Subsidy Principles 1997 - change to definition of 'homeowner' to ensure protection for people with low value homes	0.6	0.8	0.8	0.8
Exceptional circumstances assistance - Batlow fruit growers, New South Wales	..	..	-	-
Exceptional circumstances assistance - Mallee region, Victoria	0.1	0.1	-	-
Provision of safe haven to displaced Kosovars	17.3	-	-	-
Provision of safe haven to internally displaced persons from East Timor	6.5	-	-	-
Childhood Nutrition Programme	-	-	-	-
Private Health Insurance - reduction in Medicare payment lag times for simpified billing	-	-	-	-
Australia New Zealand Food Authority				
Australia New Zealand Food Authority - additional funding	-	-	-	-
Portfolio total	**54.3**	**63.0**	**86.0**	**99.2**

Table 19: Expense Measures since the 1999-2000 Budget (continued)

	1999-00 $m	2000-01 $m	2001-02 $m	2002-03 $m
IMMIGRATION AND MULTICULTURAL AFFAIRS				
Department of Immigration and Multicultural Affairs				
Enhanced border protection	10.4	30.5	31.1	31.7
Extension of regulation of the migration advice industry	0.5	1.7	1.8	1.3
Provision of safe haven to displaced Kosovars	27.5	-	-	-
Provision of safe haven to internally displaced persons from East Timor	20.8	-	-	-
Introduction of a temporary protection visa subclass	-	-	-	-
Portfolio total	**59.2**	**32.2**	**32.9**	**33.0**
INDUSTRY, SCIENCE AND RESOURCES				
Australian Sports Commission				
Women and the Olympics	0.1	-	-	-
Department of Industry, Science and Resources				
St John's Ambulance - first aid services for the Sydney 2000 Games	0.1	-	-	-
Paralympic torch relay	0.5	-	-	-
Olympic media unit	0.5	0.3	-	-
Schoolchildren attending the Paralympics	1.5	-	-	-
Telstra Social Bonus - Upgrade of the Domain International Athletics Centre, Hobart	0.6	-	-	-
Book industry assistance plan	-	60.0	60.0	60.0
Development of Erythropoietin (EPO) detection test	1.5	-	-	-
Portfolio total	**4.8**	**60.3**	**60.0**	**60.0**
TRANSPORT AND REGIONAL SERVICES				
Department of Transport and Regional Services				
Local Government Financial Assistance Grants	-	911.7	944.9	979.0
Identified Local Road Grants	-	404.6	419.3	434.4
Telstra Social Bonus - Flinders Island Runway	0.2	-	-	-
Geelong Road	-	-	60.0	60.0
The National Highway and Roads of National Importance Programmes	-	30.0	30.0	30.0
Establishment of the Australian Rural Partnerships Foundation	10.7	1.0	0.7	0.7
Alice Springs to Darwin Rail Link	25.0	10.0	30.0	-
Portfolio total	**35.9**	**1357.3**	**1484.9**	**1504.1**
TREASURY				
Department of the Treasury				
A New Tax System - grants to balance State and Territory budgets	-	966.5	238.1	336.6
Assistance for cellar door and mail order sales of wine	-	14.7	15.4	16.1

Table 19: Expense Measures since the 1999-2000 Budget (continued)

	1999-00 $m	2000-01 $m	2001-02 $m	2002-03 $m
TREASURY (continued)				
Australian Competition and Consumer Commission				
Additional funding for retail price monitoring	5.0	-	-	-
Australian Taxation Office				
Funding for the ATO to cover the increased cost of administering the GST	60.0	60.0	60.0	60.0
Conversion of Diesel Fuel Credit Scheme to Diesel and Alternative Fuels Grants Scheme	-	-261.8	-294.0	-314.0
Maintain the current price relativities between diesel and CNG and other alternative transport fuels	-	9.0	12.0	18.0
Portfolio total	**65.0**	**788.4**	**31.5**	**116.7**
VETERANS' AFFAIRS				
Department of Veterans' Affairs				
A New Tax System - pension supplement	-	50.0	49.0	82.0
General Practice Memorandum of Understanding**	1.1	2.6	3.8	5.1
Portfolio total	**1.1**	**52.6**	**52.8**	**87.1**
Total Expense Measures**	**1281.4**	**4259.2**	**3532.8**	**3663.2**

* In addition to this, the Department of Defence spent $7 million in 1998-99 by reprogramming within the global budget. Total Defence expenditure for the measure is $35.9 million.

** This total includes the impact on expenses of the General Practice Memorandum of Understanding which was included in 'Other variations' in the Contingency Reserve at Budget.

Table 20: Changes to General Government Expenses by Function since the 1999-2000 Budget[(a)]

	1999-00 $m		2000-01 $m		2001-02 $m		2002-03 $m	
	Budget	MYEFO	Budget	MYEFO	Budget	MYEFO	Budget	MYEFO
Legislative and executive affairs	490	514	395	391	490	475	389	374
Financial and fiscal affairs	4129	4517	4308	4548	3810	4579	3439	4494
Foreign economic aid	2052	2089	2292	2316	2367	2393	2152	2169
General research	1498	1500	1532	1546	1525	1519	1505	1478
General services	700	658	699	622	702	621	710	597
Government superannuation benefits	4521	5018	4473	4906	4425	4882	4571	4753
Defence	9867	9765	10175	10273	10574	10696	10857	11059
Public order and safety	1148	1182	1113	1077	1087	1056	1082	1015
Education	10559	10647	10851	10903	11085	11194	11230	11317
Health (b)	26257	23694	27333	24881	28662	26167	30041	27645
Social security and welfare (b)	56149	58426	61769	64715	62650	65118	65155	67590
Housing and community amenities	1625	1676	1771	1866	1859	1957	1502	1600
Recreation and culture	1509	1471	1491	1434	1301	1260	1270	1203
Fuel and energy	86	41	59	31	49	25	46	23
Agriculture, forestry and fishing	1588	1558	1367	1375	1157	1143	1119	1082
Mining and mineral resources, other than fuels, manufacturing and construction	955	925	916	869	1046	1002	870	831
Transport and communication	1873	1947	1943	1964	1952	2102	1668	1865
Total other economic affairs	3473	3203	2924	2968	2980	3010	3035	3065
Tourism and area promotion	147	150	143	145	141	144	126	128
Labour and employment affairs	2939	2692	2399	2435	2453	2469	2526	2555
Other economic affairs, nec	387	362	383	389	386	398	383	382
Total other purposes	27820	27765	7645	11302	8533	12340	7560	11580
Public debt interest	8491	8049	7291	7211	6253	7851	6069	8013
General purpose inter-government transactions	19267	19646	287	4058	2219	4456	1430	3535
Natural disaster relief	62	70	68	33	61	33	61	33
Contingency reserve	780	84	710	1675	2103	3400	3231	4702
Asset sales	33	33	10	10	0	0	0	0
Total general government expenses	**157111**	**156714**	**143776**	**149673**	**148357**	**154939**	**151432**	**158441**
less GFS/AAS31 classification differences	1363	538	1775	1122	1288	783	993	601
Total GFS general government expenses	**155748**	**156176**	**142001**	**148551**	**147069**	**154157**	**150439**	**157840**

(a) All data in this table are produced on a AAS31 basis unless otherwise specified. Direct comparisons with cash outlays by function in previous budget documents is not possible because of the move to the accrual expense concept.

(b) There has been a reclassification from 1 July 1999 of subsidies paid to aged care facilities (nursing homes), from Health to the Social Security and Welfare function as a result of unifying the nursing homes and hostels systems under reforms of the Residential Aged Care System.

Table 21: Changes to General Government Expenses by Economic Type since the 1999-2000 Budget[(a)]

	1999-00 $m		2000-01 $m		2001-02 $m		2002-03 $m	
	Budget	MYEFO	Budget	MYEFO	Budget	MYEFO	Budget	MYEFO
Expenses								
Goods and services								
Employees	15016	16127	14843	15975	14912	16081	15002	15837
Suppliers	13670	13343	12198	13308	12073	13060	11700	12438
Depreciation and amortisation	2477	2575	2776	2875	2956	3216	3169	3497
Net write down of assets	1431	938	1341	888	1277	923	1294	927
Net foreign exchange losses	2	21	2	-11	2	0	2	0
Net losses from the sale of assets	43	29	15	3	24	11	13	1
Other goods and services expenses	5246	5340	4913	5710	5046	6009	5292	6232
Total goods and services	**37885**	**38371**	**36089**	**38747**	**36289**	**39300**	**36472**	**38933**
Subsidies benefits and grants								
Personal benefits	61939	61924	68851	69236	71682	71622	75956	76160
Subsidies	3824	3782	4215	4230	4540	4572	4734	4757
Grants	44602	44247	26607	28847	28724	31283	27760	30272
Total subsidies benefits and grants	**110366**	**109954**	**99674**	**102313**	**104945**	**107477**	**108449**	**111189**
Interest and other								
Interest and other financing costs	8860	8389	8012	8612	7122	8161	6511	8318
Total interest and other	**8860**	**8389**	**8012**	**8612**	**7122**	**8161**	**6511**	**8318**
Total general government expenses	**157111**	**156714**	**143776**	**149673**	**148357**	**154939**	**151432**	**158441**
less GFS/AAS31 classification differences	1363	538	1775	1122	1288	783	993	601
Total GFS general government expenses	**155748**	**156176**	**142001**	**148551**	**147069**	**154157**	**150439**	**157840**

(a) All data in this table are produced on a AAS31 basis unless otherwise specified.

Table 22: Changes to General Government Expenses by Agency since the 1999-2000 Budget[(a)]

	1999-00 $m		2000-01 $m		2001-02 $m		2002-03 $m	
	Budget	MYEFO	Budget	MYEFO	Budget	MYEFO	Budget	MYEFO
Department of Agriculture, Fisheries and Forestry	1288	1401	957	1164	914	1150	889	1119
Australian Wool Research and Promotion Organisation	123	123	121	121	127	127	129	129
Grains Research and Development Corporation	102	104	93	108	92	99	91	91
Attorney-General's Department	397	441	409	412	398	400	383	386
Australian Federal Police	324	365	309	328	287	308	288	290
Family Court of Australia	115	120	114	116	116	117	118	120
Australian Customs Service	534	552	532	562	535	565	542	573
Department of Communications, Information Technology and the Arts	654	689	651	636	532	591	384	410
Australian Broadcasting Corporation	661	661	685	684	716	715	736	735
Australia Council	77	78	75	76	68	68	70	70
National Gallery of Australia	27	27	28	28	29	29	29	29
National Library of Australia	51	51	50	50	51	51	50	50
Special Broadcasting Service Corporation	122	128	125	127	126	129	126	130
Department of Defence	12078	12303	12332	12958	12672	13448	13101	13770
Defence Housing Authority	243	246	246	243	246	248	246	248
Department of Education, Training and Youth Affairs	11002	11066	11239	11218	11505	11467	11686	11643
Department of Employment, Workplace Relations and Small Business	2158	1764	1660	1658	1690	1689	1740	1739
Comcare Australia	157	150	169	136	178	137	187	133
Department of Environment and Heritage	749	777	799	1024	710	945	352	582
Department of Family and Community Services	50139	49842	55161	55365	55984	55550	58464	57745
Centrelink	1761	1684	1787	1678	1697	1639	1698	1642
Department of Finance and Administration	3328	4169	3307	3859	3316	3774	3312	3686
Australian Electoral Commission	164	177	84	96	185	184	84	95
Office of Asset Sales and IT Outsourcing	33	33	10	10	0	0	0	0
Department of Foreign Affairs and Trade	768	824	752	802	755	805	772	816
AusAID	1153	1169	1426	1437	1499	1510	1267	1279
Australian Trade Commission	331	332	322	324	322	328	168	175
Department of Health and Aged Care	23914	24319	25213	25671	26649	27126	27988	28536

Table 22: Changes to General Government Expenses by Agency since the 1999-2000 Budget[(a)] (continued)

	1999-00 $m		2000-01 $m		2001-02 $m		2002-03 $m	
	Budget	MYEFO	Budget	MYEFO	Budget	MYEFO	Budget	MYEFO
Health Insurance Commission	12074	12279	12723	13004	13419	13747	14221	14596
Department of Immigration and Multicultural Affairs	515	662	530	637	528	636	531	652
Department of Industry, Science and Resources	1101	1064	1036	960	1104	1034	1058	997
Australian Nuclear Science and Technology Organisation	114	115	115	115	122	122	116	115
Australian Sports Commission	118	118	97	95	92	90	96	95
Australian Tourist Commission	132	134	134	137	132	136	118	121
Commonwealth Scientific and Industrial Research Organisation	756	765	755	768	766	778	779	792
Joint House Department	7	7	7	7	7	7	7	7
Department of Prime Minister and Cabinet	71	98	66	67	63	63	64	64
Aboriginal and Torres Strait Islander Commission	1064	1071	1095	1099	1127	1141	1157	1181
Department of Transport and Regional Services	2628	2747	1462	2850	1427	2941	1153	2684
National Capital Authority	22	27	20	25	20	24	19	25
Australian Maritime Safety Authority	71	71	73	73	75	75	76	76
Civil Aviation Safety Authority	94	98	83	86	80	83	82	84
Department of the Treasury	27084	18738	8442	1719	8964	3130	7693	2262
Australian Bureau of Statistics	268	261	293	288	377	375	286	285
Australian Taxation Office	2846	2492	2751	3171	2517	3122	2514	3138
Australian Office of Financial Management	0	8503	0	8365	0	7910	0	8056
Australian Securities and Investment Commission	139	139	136	136	142	143	142	142
Department of Veterans' Affairs	7500	7622	8038	8271	8007	8280	8121	8525
Australian War Memorial	23	23	24	24	24	24	25	25
Whole of Government and Inter Agency amounts (b)	-11969	-13914	-12761	-13110	-12036	-12123	-11729	-11701
Total general government expenses	**157111**	**156714**	**143776**	**149673**	**148357**	**154939**	**151432**	**158441**
less GFS/AAS31 classification differences	1363	538	1775	1122	1288	783	993	601
Total GFS general government expenses	**155748**	**156176**	**142001**	**148551**	**147069**	**154157**	**150439**	**157840**

(a) All data in this table are produced on a AAS31 basis unless otherwise specified.
(b) The Whole of Government portfolio includes elimination entries for transactions between agencies within the general government sector. These transactions will include grant payments, supply payments, superannuation payments and monies appropriated from the Official Public Account.

CAPITAL

Capital in this section is defined as net capital investment, the capital component used in the calculation of the fiscal balance. This is defined as:

- purchases of capital equipment
- less any proceeds from their sale and any reduction in the value of capital equipment as measured by depreciation
- plus net investment in other non-financial assets, including inventories.

Net capital investment is also equal to the change in non-financial assets held by the government, adjusted for revaluations.

Changes in Net Capital Investment

Table 23 provides a reconciliation of the MYEFO net capital investment estimates with those at the 1999-2000 Budget, showing the effect of policy decisions and parameter and other variations.

New capital decisions since Budget include:

- the establishment of a 24-hour-a-day National Surveillance Centre by the Australian Customs Service to assist the national coastal surveillance effort;
- additional fit-out and accommodation expenditure by the Department of Immigration and Multicultural Affairs to enhance its immigration compliance activities overseas;
- capital improvements to enhance tourism infrastructure and environmental protection in the Kakadu and Uluru Kata-Tjuta National Parks; and
- capital expenditure incurred in support of peacekeeping operations in East Timor.

The redirection of some defence spending from capital to operating expenses accounts for a substantial proportion of parameter and other variations in net capital investment since budget time.

A Broader View of Capital

A broader accounting view of capital is the maintenance of net assets. As owner, the Government is responsible for ensuring that agencies have access to new capital when additional investment is required to deliver outputs efficiently and competitively, having regard to the cost of capital. Agencies are responsible for ensuring that the value of the Government's investment is maintained in accordance with Government policies. Normally, this requires each agency to ensure that revenues cover all expenses, including depreciation.

Since budget time, additional equity funding has been provided to the Australian Federal Police to enable it to extinguish accumulated liabilities under the present Australian Federal Police Adjustment Scheme (AFPAS) and the Cessation Payment Scheme. However, this has no impact on net capital investment.

Table 23: Reconciliation of General Government Net Capital Investment Estimates[(a)]

	1999-00 $m	2000-01 $m	2001-02 $m	2002-03 $m
Increase in non-financial assets at Budget	**1368**	**900**	**873**	**1004**
Changes between 1999-2000 Budget and MYEFO				
Effect of policy decisions	145	255	110	26
Effect of economic parameter and other variations	-467	-752	-755	-655
Total variations	**-322**	**-498**	**-645**	**-629**
Increase in non-financial assets at MYEFO	**1047**	**403**	**227**	**375**
Memorandum items:				
GFS net capital investment at Budget	**1555**	**1205**	**1408**	**1180**
Total variations AAS31	-322	-498	-645	-629
less variations in GFS/AAS31 classification differences	8	-63	-64	68
equals GFS net capital investment variations	-330	-435	-581	-696
GFS net capital investment at MYEFO	**1225**	**770**	**827**	**484**

(a) Net capital investment is defined as the purchase of property, plant, equipment and intangibles and net investment in other non-financial assets less proceeds from their sale and depreciation. Capital policy decisions as shown above do not include capital measures that fall outside this definition, for example equity injections to reduce an agency's balance sheet liabilities.

Table 24: Capital Measures since the 1999-2000 Budget

	1999-00 $m	2000-01 $m	2001-02 $m	2002-03 $m
ATTORNEY-GENERAL'S				
Australian Customs Service				
Enhanced border protection	2.9	-0.8	-0.8	-0.8
Portfolio total	**2.9**	**-0.8**	**-0.8**	**-0.8**
ENVIRONMENT AND HERITAGE				
National Parks and Wildlife				
Capital improvements - Kakadu and Uluru Kata-Tjuta National Parks	6.3	-	-	-
Portfolio total	**6.3**	**0.0**	**0.0**	**0.0**
IMMIGRATION AND MULTICULTURAL AFFAIRS				
Department of Immigration and Multicultural Affairs				
Enhanced border protection	1.2	-0.3	-0.3	-0.3
Portfolio total	**1.2**	**-0.3**	**-0.3**	**-0.3**
DEFENCE				
Department of Defence				
East Timor peace enforcement and peacekeeping	135.0	256.0	111.0	27.0
Portfolio total	**135.0**	**256.0**	**111.0**	**27.0**
Total capital measures	**145.4**	**254.9**	**109.9**	**25.9**

Table 25: Net Capital Investment by Portfolio[(a)]

	1999-00 $m		2000-01 $m		2001-02 $m		2002-03 $m	
	Budget	MYEFO	Budget	MYEFO	Budget	MYEFO	Budget	MYEFO
Agriculture, Fisheries and Forestry	-12	-12	-2	-2	1	1	1	1
Attorney-General's	39	106	-7	-8	-21	-22	-22	-24
Communications, Information Technology and the Arts	122	112	-92	-90	1	1	0	-3
Defence	1287	717	1146	382	855	52	1159	435
Education, Training and Youth Affairs	-5	0	0	0	1	1	0	0
Employment, Workplace Relations and Small Business	7	26	-1	6	-1	-1	3	-1
Environment and Heritage	-4	-3	-13	-13	-5	-5	-4	-4
Family and Community Services	0	33	-35	1	-39	-2	-25	-16
Finance and Administration	-181	-213	-254	-339	-115	-176	5	3
Foreign Affairs and Trade	1	4	1	0	2	2	-6	-6
Health and Aged Care	-26	-39	-9	-3	-10	-10	-11	-11
Immigration and Multicultural Affairs	-6	5	-5	-4	-4	9	-3	4
Industry, Science and Resources	-3	-18	87	112	112	119	84	83
Parliament	-4	-4	-4	-4	-4	-4	-4	-4
Prime Minister and Cabinet	0	0	-1	-1	-1	-1	-1	-1
Transport and Regional Services	-4	14	-16	-10	-22	-17	-21	-15
Treasury	160	144	-28	-28	-46	-33	-116	-91
Veterans' Affairs	22	22	2	3	-2	-2	-2	-1
Whole of Government	-24	154	133	403	173	317	-33	28
Total increase in general government non-financial assets	**1368**	**1047**	**900**	**403**	**873**	**227**	**1004**	**375**
less GFS/AAS31 classification differences	-187	-178	-305	-367	-535	-600	-176	-109
GFS net capital investment at MYEFO	**1555**	**1225**	**1205**	**770**	**1408**	**827**	**1180**	**484**

(a) All data in this table are produced on a AAS31 basis unless otherwise specified.