

STATEMENT 6: EXPENSES AND NET CAPITAL INVESTMENT

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STATEMENT 6: EXPENSES AND NET CAPITAL INVESTMENT

Introduction

Statement 6 presents the 2001-02 Budget year and forward estimates of general government expenses and net capital investment on a Government Finance Statistics (GFS) accrual accounting basis. The Statement this year includes information on the allocation of Commonwealth funds to the various functions of government.

The GFS framework is a specialised statistical system designed to support economic analysis of the public sector. The framework allows comprehensive assessments to be made of the economic impact of government.

The functional classification system brings together expenses and net capital investment directed towards like objectives or purposes. It facilitates presentation of information on the basic purposes of government activities and of the resources devoted by the Commonwealth to those purposes.

Expenses represent the full costs of an activity, as opposed to the direct cash costs. Recording estimated expenses is in accord with international practice in government budgeting and consistent with worldwide private sector practices.

Part I provides information on trends in expenses whilst Part II presents trends in net capital investment estimates. Expense and net capital investment measures by portfolio are listed, in Appendices A and B, with estimates of Commonwealth general government expenses by function and sub-function, and by economic type in Appendix C.

Further information on portfolios' and agencies' expenses, capital movements, major outputs and administered items may be found in the respective Portfolio Budget Statements.

Part I: General government expenses

OVERVIEW

Expenses are estimated to increase by 0.7 per cent in real terms between 2000-01 and 2001-02, with an increase of 1.1 per cent in 2002-03, 1.3 per cent in 2003-04 and 0.9 per cent in 2004-05. These increases are largely due to policy decisions and economic parameter variations.

Table 1: Estimates of Commonwealth general government expenses

	2000-01		2001-02	2002-03	2003-04	2004-05
	MYEFO(a)	Revised	Estimate	Projection	Projection	Projection
Total expenses (\$b)	152.9	157.6	160.9	166.8	173.1	179.0
Real growth on previous year (%) (b)			0.7	1.1	1.3	0.9
Per cent of GDP	22.7	23.4	22.9	22.4	21.9	21.4

(a) As published in the *Mid-Year Economic and Fiscal Outlook 2000-01* on a GFS basis. The corresponding estimates reported in the 2000-01 Budget were on an Australian Accounting Standard No. 31 (AAS31) basis.

(b) Real growth is calculated using the non-farm gross domestic product (GDP) deflator.

RECONCILIATION OF EXPENSES SINCE THE 2000-01 BUDGET

Table 2 provides a reconciliation of the 2001-02 Budget, *Mid-Year Economic and Fiscal Outlook* (MYEFO) 2000-2001 and 2000-01 Budget expenses estimates, showing the effect of policy decisions and economic parameter and other variations since the estimates were published in the 2000-01 Budget.

Table 2: Reconciliation of Commonwealth general government expense estimates

	2000-01 \$m	2001-02 \$m	2002-03 \$m	2003-04 \$m
Expenses at 2000-01 Budget	150,279	156,485	160,089	165,455
Changes from 2000-01 Budget to MYEFO				
Effect of policy decisions(a)	596	321	254	297
Effect of economic parameter variations				
Unemployment benefits	-96	-129	-141	-145
Prices and wages	1	279	282	296
Interest and exchange rates	97	85	86	86
Total economic parameter variations	2	235	227	237
Public debt interest	-290	-292	-513	-772
Programme specific parameter variations	1,127	725	691	735
Slippage in 1999-2000 Budget decisions	-8	5	7	2
Defence weapons platforms reclassification	1,023	1,172	949	727
Other variations	139	-507	1,298	1,898
Total variations	2,589	1,659	2,913	3,124
Expenses at 2000-01 MYEFO	152,869	158,144	163,001	168,579
Changes from MYEFO to 2001-02 Budget				
Effect of policy decisions(a)(b)	1,467	2,767	3,303	4,569
Effect of economic parameter variations				
Unemployment benefits	108	968	976	907
Prices and wages	508	49	192	252
Interest and exchange rates	-55	175	236	279
Total economic parameter variations	560	1,192	1,404	1,438
Public debt interest	-80	-111	-137	-183
Programme specific parameter variations	553	983	1,983	2,574
Slippage in 1999-2000 Budget decisions	-46	-23	3	2
Other variations(c)	2,251	-2,077	-2,743	-3,863
Total variations	4,705	2,731	3,812	4,538
Expenses at 2001-02 Budget	157,573	160,875	166,813	173,117

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

(b) Includes additional defence expenditure announced in the December 2000 Defence White Paper (\$507 million in 2001-02, increasing to over \$2 billion in 2004-05). Provision for this expenditure was largely made in the Contingency Reserve at the 2000-01 MYEFO. The impact of this expenditure on the fiscal balance estimates is offset by a corresponding negative 'Other variations'.

(c) Includes the impact of the removal of additional Defence White Paper funding from the Contingency Reserve. Adjusting for this effect, other variations since the 2000-01 MYEFO reduce expenses by \$1.5 billion in 2001-02 and by around \$2.2 billion in 2003-04.

Policy decisions

The effect of decisions taken since the 2000-01 MYEFO has been to increase estimated expenses across all years. The increase is largely due to:

- the *Australians Working Together Package* of measures to build a more effective welfare system by providing new welfare services, incentives and obligations, at a gross cost of \$1.7 billion over four years;
- a decision to exempt superannuation assets from the Social Security means test for those aged over 55 but under pension age, at a cost of around \$400 million over four years;
- enhancements to quarantine and inspection arrangements in response to foot and mouth disease and other quarantine risks, totalling around \$600 million over five years;
- the Government's decision to extend the operation of the Natural Heritage Trust (NHT) by five years to 2006-07 with an additional allocation of over \$1 billion;
- an increase in budget balancing assistance payments of around \$670 million for the three years from 2000-01, largely as a result of lower goods and services tax (GST) revenue following the decision to allow full input tax credits for motor vehicles purchased by business from 23 May 2001;
- funding of \$1.6 billion over five years for the *Roads to Recovery* and *Roads to Outer Metropolitan Areas Packages*;
- additional funding of \$5.1 billion over four years to enhance Australia's military capabilities, as announced in the Defence White Paper; and
- the *Backing Australia's Ability — An Innovation Action Plan for the Future Package* of measures.

Offsetting these increases are:

- a package to prevent fraud and abuse of the social welfare system providing savings of \$143 million over the Budget and forward years; and
- \$104 million in savings from improving the use of cholesterol lowering medicines on the Pharmaceutical Benefits Scheme (PBS).

Parameter and other variations

Parameter and other variations since the 2000-01 MYEFO have increased estimated expenses across the Budget and forward years. The primary drivers include:

- increases in estimated unemployment benefit expenses due to an upward revision to the forecast number of unemployment benefit recipients in 2001-02;
- strong growth in estimated PBS expenses, driven by the increased use of newer and more expensive drugs;
- higher budget balancing assistance payments to the States and Territories due to lower than previously anticipated collections of GST revenue (see Box 1 in *Statement 2* for further information);
- indexation of expenses on schools, higher education and vocational and other education; and
- increases in interest expenses related to the Commonwealth's public sector superannuation, following a review.

These increases in expenses are partially offset by the regular draw down of the conservative bias allowance.

EXPENSES BY FUNCTION

Table 3 sets out the estimates of Commonwealth general government expenses by function for the period 2000-01 to 2004-05. As previously mentioned, expenses are estimated to increase in real terms from 2000-01 to 2001-02 and over the forward years.

Table 3: Estimates of Commonwealth general government expenses by function

	Estimates		Projections		
	2000-01	2001-02	2002-03	2003-04	2004-05
	\$m	\$m	\$m	\$m	\$m
General public services	9,402	9,449	9,217	9,410	9,685
Defence	11,599	12,212	13,072	13,725	14,407
Public order and safety	1,592	1,693	1,677	1,669	1,661
Education	10,998	11,474	12,076	12,694	13,215
Health(a)	25,162	26,812	28,545	30,002	31,655
Social security and welfare(a)	67,688	68,198	70,739	73,108	75,374
Housing and community amenities(b)	1,811	1,934	1,766	1,681	1,598
Recreation and culture(b)	2,150	1,957	1,892	1,973	1,956
Fuel and energy	2,729	2,987	3,066	3,128	3,166
Agriculture, forestry and fishing(b)	1,924	1,733	1,725	1,726	1,579
Mining and mineral resources (other than fuels); manufacturing and construction	881	1,062	1,054	1,058	995
Transport and communication	1,959	2,530	2,238	2,008	1,750
Other economic affairs	3,312	3,414	3,520	3,534	3,619
Other purposes(b)	16,367	15,419	16,226	17,402	18,300
Total expenses	157,573	160,875	166,813	173,117	178,959

(a) Expenses for assistance to the aged have been reclassified from *Health* to *Social security and welfare*.

(b) The estimates for the extension of the NHT, whilst formally in *Contingency Reserve* expenses, have been allocated to the *Housing and community amenities*, *Recreation and culture* and *Agriculture, forestry and fishing* functions.

Major movements within the estimates of expenses by function include increases in the following functions:

- *Defence*, due to the additional funding commitment identified in the Government's White Paper;
- *Health*, due to a steady increase in the use of medical and pharmaceutical services over the period, increasing costs for the provision of medical services, and a drift toward the use of newer and more expensive drugs under the PBS;
- *Social security and welfare*, largely due to the Government's *Australians Working Together* initiatives; and
- *Education* in Budget and forward years, due to the effects of indexation on the funding for schools, the introduction of a new funding arrangement for non-government schools announced in the 1999-2000 Budget, and initiatives from the *Backing Australia's Ability Package*.

These effects have been partially offset by decreases in expenses for the following functions:

- *General public services* in 2002-03, following the one-off additional funding provided to the Australian Taxation Office (ATO) to meet the start-up costs of administering *The New Tax System*;
- *Agriculture, forestry and fishing*, in 2001-02 as a result of the Commonwealth's divestment of its interest in the Australian Wool Research and Promotion Organisation (AWRAP) to Australian wool growers, a planned reduction in the wool levy from 1 July 2001 and cessation of programmes funded by the *Agriculture — Advancing Australia Package* in 2003-04; and
- *Transport and communications* from 2002-03, mainly due to the conclusion of the Upgrade of the Mainline Interstate Rail Track Programme in 2001-02. However, the Government will provide an equity injection for the Australian Rail Track Corporation subject to a business case being agreed.

Estimates presented in Table 3 above are more fully explained by individual functions later in this part of the Statement.

GENERAL PUBLIC SERVICES

Table 4: Summary of expenses

	2000-01	2001-02	2002-03	2003-04	2004-05
	\$m	\$m	\$m	\$m	\$m
Legislative and executive affairs	695	786	687	686	788
Financial and fiscal affairs	3,066	2,937	2,609	2,581	2,652
Foreign economic aid	2,021	1,996	2,118	2,102	2,132
General research	1,568	1,641	1,784	1,950	2,072
General services	575	531	530	539	537
Government superannuation benefits	1,477	1,558	1,488	1,553	1,505
Total general public services	9,402	9,449	9,217	9,410	9,685

This function includes expenses from the following portfolios:

- Attorney-General's;
- Education, Training and Youth Affairs;
- Finance and Administration;
- Foreign Affairs and Trade;
- Health and Aged Care;
- Industry, Science and Resources;
- Parliamentary Departments; and
- Treasury.

Nature of expenses and major trends

General public services include expenses on activities concerned with the organisation and operation of government. The function covers legislative and executive affairs, financial and fiscal affairs, foreign economic aid, general research, general services and government superannuation benefits.

The increase in expenses over the forward years is largely due to the recently announced *Backing Australia's Ability — An Innovation Action Plan for the Future*, which provides increased support for research and innovation.

The increase is partially offset by a fall in expenses following the one-off additional funding provided to the ATO to meet the start-up costs of administering *The New Tax System*.

Legislative and executive affairs

Expenses under this sub-function cover: support services for Senators and Members; the funding of elections; drafting of Bills by the Office of Parliamentary Counsel; and expenses of the Department of the Prime Minister and Cabinet (including support services for former Governors-General and the Prime Minister's official residences), the Commonwealth Ombudsman, the Office of the Official Secretary to the Governor-General and the Public Service and Merit Protection Commission.

Expenses for the Parliamentary Departments' component of this sub-function are expected to remain stable from 2001-02 to 2004-05.

The higher estimates in 2001-02 and 2004-05 reflect the expenses of the Australian Electoral Commission in relation to the cost of Federal elections expected in these years.

The Department of Prime Minister and Cabinet's expenses decline in 2002-03 and 2003-04 reflecting the conclusion of the Commonwealth Heads of Government Meeting, and the current Partnership Against Domestic Violence Programme, respectively.

Financial and fiscal affairs

These expenses are related to the collection of taxes, including customs duties, management of public funds and public debt, monetary and fiscal policy, and formulation and review of government budgets. They exclude expenses related to the collection of licenses, fees and fines that are associated with a specific function, and interest payments classified to the *Public debt interest* sub-function.

Expenses are projected to decrease in 2002-03, mainly following the one-off additional funding provided to the ATO to meet the start-up costs of administering *The New Tax System* (\$324 million over 2000-01 and 2001-02). Expenses over the remainder of the forward years are projected to be relatively steady.

Foreign economic aid

Foreign economic aid expenses include both aid and non-aid components. The overseas aid component covers expenses for which the primary purpose is to fund concessional and non-concessional assistance to other countries. The Foreign Affairs non-aid component covers expenses used for the conduct of foreign and international trade relations (excluding trade promotion activities), contributions to international organisations such as the United Nations (UN) not resulting in the recognition of a financial asset, including for its peacekeeping operations, and the operations of the foreign service.

The fall in expenses in 2001-02 arises from a one-off increase in contributions to the UN in 2000-01.

The increase in *Foreign economic aid* between 2001-02 and 2002-03 results from expected commitments to be made by the Commonwealth to the Global Environment Facility. The Facility is designed to meet growing environmental concerns in developing countries, such as the conservation of biological diversity, ozone layer depletion and the protection of international waters. The smaller variations in expenses in 2003-04 and 2004-05 result from a revision to the accounting treatment applied to payments to the International Development Association and Asian Development Fund, and indexation of the aid budget by movements in non-farm GDP, respectively.

General research

The *General research* sub-function covers expenses associated with scientific knowledge and its application. This includes the expenses incurred by Commonwealth research authorities such as the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and the Australian Nuclear Science and Technology Organisation (ANSTO). Also included are elements of the national research infrastructure and general research programmes, including grants for higher education research, both directly and through the Australian Research Council, and contributions to Cooperative Research Centres.

General research expenses increase by \$1.2 billion cumulated over the next four years, which represents an average annual real growth of 4.9 per cent. This increase is primarily attributable to *Backing Australia's Ability — An Innovation Action Plan for the Future* — a plan announced in January 2001 to foster research and enhance the commercialisation and diffusion of applied research to improve business productivity. The major components of the increase in research expenses, as a result of *Backing Australia's Ability*, are an additional:

- \$460 million for competitive research grants administered by the Australian Research Council;
- \$233 million for Project Specific Research Infrastructure;
- \$105 million for Major National Research Facilities; and
- \$112 million for Cooperative Research Centres.

The balance of the increase in this sub-function is due to increases in the expenses of CSIRO and ANSTO of \$183 million and \$39 million, respectively, over the next four years. These increases maintain expenses in real terms. They reflect the impact of price adjustments negotiated under triennial funding agreements and efforts to increase revenues from commercial sources.

Programmes supporting research in specific sectors are generally included under the relevant function, for example health research is included in the *Health* function.

General services

The *General services* sub-function covers expenses relating to the administrative processes of government not classified elsewhere including the provision of real property, centralised employee compensation (provided by Comcare) and centralised insurance arrangements for Commonwealth departments and agencies.

Comcare's expenses relate to the management of occupational health and safety, compensation claims management and rehabilitation. Annual premiums collected are expected to cover the full cost of all compensation liabilities expected to be incurred in that premium year for the full life of each claim. Expenses increase marginally in real terms over the forward years to reflect a small increase in expected workers' compensation claim costs.

The Department of Finance and Administration's management of Australian real property owned by the Commonwealth for non-defence purposes is included in the *General services* sub-function. The fall in expenses in 2001-02 reflects the decline in expenses of the Department of Finance and Administration arising from reduced interest on borrowings, reduced operating lease costs and some one-off payments in 2000-01. Estimates from 2001-02 onward are fairly stable.

This sub-function also covers expenses relating to the provision of services and infrastructure to Christmas Island and Cocos (Keeling) Island in the Indian Ocean Territories. These expenses are relatively stable over the forward years with the small increase reflecting adjustments for price changes.

Government superannuation benefits

This *Government superannuation benefits* sub-function covers the Commonwealth's superannuation schemes for its employees, military personnel and Senators and Members of Parliament. The expenses include the accruing liability in relation to current year employment and the administration of the schemes.

The major Commonwealth civilian superannuation schemes are the Public Sector Superannuation Scheme (PSS) and the Commonwealth Superannuation Scheme (CSS), and the Parliamentary Contributory Superannuation Scheme for Parliamentarians. The Military Superannuation and Benefits Scheme and the Defence Force Retirement and Death Benefits Scheme cover military personnel. The movement in expenses between 2000-01 and 2001-02 represents an increase in superannuation costs in line with general growth in Commonwealth employee costs.

Expenses under this sub-function are estimated to decline in 2002-03 based on the assumed start date for the closure of the PSS to new entrants and the introduction of choice for existing contributors to Commonwealth civilian schemes who may elect to transfer to private sector superannuation arrangements.

This sub-function does not include the nominal interest on the unfunded liabilities of the superannuation schemes. These expenses are included under the *Other purposes* function, *Nominal superannuation interest* sub-function.

DEFENCE

Table 5: Summary of expenses

	2000-01	2001-02	2002-03	2003-04	2004-05
	\$m	\$m	\$m	\$m	\$m
Defence	11,599	12,212	13,072	13,725	14,407
Total defence	11,599	12,212	13,072	13,725	14,407

This function includes expenses from the following portfolio:

- Defence

Nature of expenses and major trends

Expenses in this function are within the Defence portfolio and support the specific portfolio outcome of 'The defence of Australia and its National Interests'. Real growth of 3.8 per cent from 2000-01 to 2001-02 reflects the provision of the first phase of the additional funding commitment identified in the Government's White Paper: *Defence 2000 — Our Future Defence Force*. In 2001-02 and the three forward years there is a projected average real growth of 3.3 per cent per annum associated with further capability enhancements arising from the White Paper commitment. This commitment is projected to average approximately 3 per cent per annum in real growth over the next decade.

The main contribution to real growth is employee expenses that average an increase of 1.3 per cent per annum over the period, largely due to increasing per capita salary costs and the flow-on effect of increased superannuation.

The Defence Capability Plan for the development of the armed forces over this period provides for an additional two permanent army battalion groups, maintenance of an air combat capability comparable with any in the region and maintenance of a naval fleet capable of securing our maritime approaches and beyond. The real growth in resourcing will allow Defence to commence implementation of the Capability Plan by investing in: an initial four Airborne Early Warning and Control Aircraft with the possibility of acquiring a further three later in the decade; an increase in the number of battalions at high readiness from four to six, the introduction of two extra squadrons of Armed Reconnaissance Helicopters by 2004-05; and an upgrade of the ANZAC ships to provide a reasonable level of anti-ship missile defences. In addition, all six Collins class submarines will be brought to a high level of capability through major improvements to both the platform and combat systems.

Defence

The *Defence* function covers expenses on personnel and related benefits, military equipment and technology, stores and Defence administration.

The main components of these expenses are:

- personnel costs, which include the payments of salaries and allowances to Defence military and civilian staff (totaling \$5.5 billion in 2001-02). Expenses related to the accruing superannuation liability in relation to current year employment for staff are shown in the *General public services* function, *Government superannuation benefits* sub-function;
- a capital acquisition programme that complements the priorities of the Defence Capability Plan. Broadly, these acquisitions are intended to deliver a capability to protect our regional interests, ensure the defence of Australia, promote stability in the immediate region and contribute to the maintenance of stability in the broader Asia Pacific region;
- the acquisition of stores, including ammunition and fuel, required to maintain the operations of the Australian Defence Force (ADF); and
- the development of bases, airfields, communications, training and other facilities including housing for eligible ADF personnel and their families, largely through payment of rent to the Defence Housing Authority.

PUBLIC ORDER AND SAFETY

Table 6: Summary of expenses

	2000-01	2001-02	2002-03	2003-04	2004-05
	\$m	\$m	\$m	\$m	\$m
Courts and legal services	481	515	555	563	569
Other public order and safety	1,111	1,178	1,122	1,106	1,092
Total public order and safety	1,592	1,693	1,677	1,669	1,661

This function includes expenses from the following portfolio:

- Attorney-General's.

Nature of expenses and major trends

Expenses for *Public order and safety* support the administration of the Federal legal system and the provision of legal services, including legal aid, to the community. *Public order and safety* expenses also include law enforcement activities and the protection of Commonwealth property. Expenses are forecast to remain relatively constant from 2001-02 to 2004-05.

Expenses increase in 2001-02 as a result of the expansion of the activities of the Australian Customs Service (ACS) to combat the introduction and spread of foot and mouth disease in Australia.

Courts and legal services

Expenses under this sub-function include payments for the Federal courts and tribunals. They also include expenses for the administration of bankruptcies by the Insolvency and Trustee Service Australia, and operational expenses of the Australian Government Solicitor, the Office of the Director of Public Prosecutions and the Commonwealth's contribution to funding for State legal aid commissions.

An increase in expenses between 2001-02 and 2002-03 reflects additional funds for the Native Title Tribunal and the Federal Court to improve the processing of native title claims, the anticipated implementation of the Administrative Review Tribunal and accrued expenses for legal aid including Expensive Commonwealth Criminal Cases.

Expenses for the *Courts and legal services* sub-function remain steady from 2002-03 to 2004-05.

Other public order and safety

This sub-function incorporates all other expenses on public order and safety activities.

Included under this sub-function are the operations of the Australian Security Intelligence Organisation, the Australian Secret Intelligence Service, the Office of National Assessments, and the operations of the Office of the Inspector-General of Intelligence and Security. These agencies collect and assess information relevant to protect Australia against threats to its national interests and provide security at overseas posts, counter-terrorist training and equipment.

Other activities which are part of this sub-function are the Australian Federal Police, the Bureau of Criminal Intelligence, the Australian Institute of Criminology, the National Crime Authority and the Australian Transaction Reports and Analysis Centre.

Other public order and safety also incorporates the Coastwatch unit of the ACS which is responsible for the aerial surveillance of Australian Coastal and Fishing Zone areas to enable detection of smuggling, illegal entry, unauthorised fishing and quarantine breaches.

Expenses increase in 2001-02 as a result of the expansion of the activities of the ACS to combat the introduction and spread of foot and mouth disease in Australia. This expanded activity will enable the increased inspection of passengers, cargo and mail at Australia's borders.

The decline in expenses between 2001-02 and 2002-03 is a result of deferred funding for both crime prevention and for CrimTrac, an initiative that will enable the establishment of a range of national databases to enhance police capacity.

Expenses between 2002-03 and 2003-04 remain relatively stable. A decline in expenses is expected in 2004-05 due primarily to the completion of a programme related to the Continued Australian Police Presence in The United Nations Transitional Administration in East Timor.

EDUCATION

Table 7: Summary of expenses

	2000-01	2001-02	2002-03	2003-04	2004-05
	\$m	\$m	\$m	\$m	\$m
Higher education	3,823	3,888	4,035	4,141	4,233
Vocational and other education	1,157	1,238	1,296	1,366	1,397
Non-government schools	3,359	3,605	3,886	4,217	4,484
Government schools	1,949	2,039	2,122	2,226	2,344
<i>Schools</i>	<i>5,307</i>	<i>5,645</i>	<i>6,008</i>	<i>6,444</i>	<i>6,828</i>
Student assistance	558	549	564	583	595
General administration	43	41	41	42	43
School education - specific funding	109	114	133	119	119
Total education	10,998	11,474	12,076	12,694	13,215

This function includes expenses from the following portfolios:

- Education, Training and Youth Affairs;
- Family and Community Services;
- Immigration and Multicultural Affairs; and
- Veteran's Affairs.

Nature of expenses and major trends

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

Expenses under this function also include the ABSTUDY scheme, Assistance for Isolated Children, income support for students aged twenty-five years and over through Austudy and departmental costs associated with the *Education* function within the Education, Training and Youth Affairs portfolio.

Total expenses under the *Education* function are estimated to increase by 15.2 per cent in nominal terms over the period from 2001-02 to 2004-05; that is by over \$0.5 billion or 4.8 per cent annually on average. The major drivers of this growth are:

- indexation of Commonwealth Government spending on schools (both government and non-government), vocational education and training and higher education (further explained under individual sub-functions);

- the effect of previously announced decisions, in particular the introduction of a new funding arrangement for non-government schools announced in the 1999-2000 Budget context (which provided an additional \$800 million over a five year period from 2000-01 to 2004-05);
- the effect of new decisions, contained in *Backing Australia's Ability — An Innovation Action Plan for the Future* (of which approximately \$505 million over a five-year period from 2000-01 to 2004-05 relates to the *Education* function); and
- growth funding under the Australian National Training Authority Agreement (\$231 million over three years from 2001-02).

Higher education

Higher education funding rises by about 8.9 per cent from 2001-02 to 2004-05. This primarily reflects indexation of Commonwealth funding, using a Cost Adjustment Factor that takes account of movement in both salary (Safety Net Adjustment) and non-salary (CPI) costs, and increased funding arising from measures in *Backing Australia's Ability*. This package commences in 2001-02, and includes additional funding for research and training infrastructure in universities, funding for 2,000 additional targeted university places and a new loans scheme for postgraduates.

Vocational and other education

The Commonwealth's funding for vocational education and training is primarily provided to the States and Territories through the Australian National Training Authority under the Commonwealth, State and Territory Australian National Training Authority Agreement.

Growth in this sub-function (averaging about 4.1 per cent per annum) is driven by additional funding associated with a proposed new Australian National Training Authority Agreement. The additional funding will be available to those States and Territories that endorse the proposed agreement, including a requirement that States and Territories match additional Commonwealth funding on a dollar-for-dollar basis. Growth in this sub-function is also driven by indexation of Commonwealth funding to the Authority to maintain real base funding levels over time. The indexation takes account of movement in both salary (Safety Net Adjustment) and non-salary (CPI) costs. *Australians Working Together*, announced in the 2001-02 Budget, also contributes to growth in this sub-function. It provides for additional vocational education and training places, including around 5,200 additional places for people with disabilities.

Schools

Commonwealth specific purpose grants represent about 12 per cent of total spending on government schools with the balance being met by State and Territory governments from their own revenue sources. The Commonwealth provides about 40 per cent of

total support for non-government schools with the balance being met by other governments (17 per cent) and private sources (43 per cent).

Commonwealth targeted programmes for government and non-government schools are grouped into two priority areas:

- improving learning outcomes for educationally disadvantaged students. For example, the Strategic Assistance for Improving Student Outcomes Programme aims to improve learning outcomes for educationally disadvantaged students, particularly in literacy and numeracy, and the educational participation and outcomes of students with disabilities; and
- improving outcomes in specific targeted teaching and learning areas. For example, the Languages Other Than English Programme seeks to help schools and school communities to improve the learning outcomes of students who are learning languages other than English.

The other major element within the sub-function is the Indigenous Education Strategic Initiatives Programme which provides supplementary funding assistance to pre-schools, government and non-government school systems, vocational education and training authorities and independent indigenous education providers to improve educational outcomes for indigenous people.

Expenses under the *Schools* sub-function rise by more than 6 per cent a year in nominal terms over the period to 2004-05, reflecting primarily the impact of new needs-based funding arrangements (based on the socio-economic status of the school community) for non-government schools recurrent funding announced in the 1999-2000 Budget context, and the effects of indexation arrangements for both government and non-government schools. Since 1993, government and non-government schools' funding has been indexed by a sector-specific index, the Average Government Schools Recurrent Cost Index, which is based on the year-on-year change in the recurrent cost of educating a child in a government school. Additional funding of \$184 million over the period from 2001-02 to 2005-06 has been provided to foster scientific, mathematical and technological skills and innovation in government schools, as part of *Backing Australia's Ability*.

Student assistance

Expenses under the *Student assistance* sub-function include payments for Austudy (income support for students aged twenty-five years and over), the Student Financial Supplement Scheme (a voluntary loan scheme which gives some tertiary students the option of borrowing money to help cover expenses while studying), ABSTUDY (assistance to Aboriginal and Torres Strait Islander full-time secondary and tertiary students and some primary school students), and the Assistance to Isolated Children programme (assistance to the families of students who do not have reasonable daily access to an appropriate government school).

The one-off reduction in expenses in 2001-02 relative to 2000-01 is due to an adjustment to the Student Financial Supplement Scheme of \$15 million reflecting a change in the method by which the expenses associated with the scheme are estimated to more accurately reflect the financial transactions of the scheme. Expenses rise from 2002-03 as a result of indexation.

General administration

Expenses under this sub-function consist almost entirely of departmental expenses associated with the administration of the Department of Education, Training and Youth Affairs. Expenses are relatively stable over the forward years.

School education — specific funding

Expenses under this sub-function consist of programmes that target specific initiatives or are designed specifically for the benefit of certain groups, such as grants to primary school libraries and text book subsidies under the Book Industry Assistance Plan, information for indigenous students and/or their parents on career and education options and activities aimed at improving access, participation and outcomes for indigenous school and pre-school students.

The majority of expenses arise from the Quality Outcomes Programme, which seeks to improve student learning outcomes in schools, for example through the National School Drug Education Strategy, civics and citizenship education, and training to enhance the professional role of principals and teachers. The rise in expenses in 2002-03 is a consequence of a delayed start-up for the Quality Teacher Programme contained in the 1999-2000 Budget.

HEALTH

Table 8: Summary of expenses

	2000-01	2001-02	2002-03	2003-04	2004-05
	\$m	\$m	\$m	\$m	\$m
Medical services and benefits	10,375	10,884	11,590	12,110	12,717
Hospital services	1,270	1,315	1,332	1,258	1,261
Health care agreements	6,341	6,691	7,090	7,474	7,921
<i>Hospital services & health care agreements</i>	<i>7,611</i>	<i>8,006</i>	<i>8,422</i>	<i>8,732</i>	<i>9,182</i>
Pharmaceutical services and benefits	4,729	5,085	5,610	6,149	6,675
Aboriginal and Torres Strait Islander health	179	203	226	252	259
Health services	484	509	520	534	601
Other health services	770	986	1,025	1,055	1,040
<i>Other health services</i>	<i>1,254</i>	<i>1,495</i>	<i>1,544</i>	<i>1,589</i>	<i>1,641</i>
General administration	953	1,078	1,091	1,105	1,112
Health assistance to the aged (a)	61	62	61	65	69
Total health	25,162	26,812	28,545	30,002	31,655

(a) Expenses for assistance to the aged have been reclassified from *Health* to *Social security and welfare*.

This function includes expenses from the following portfolios:

- Health and Aged Care; and
- Veterans' Affairs.

Nature of expenses and major trends

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

Health function expenses are expected to total around \$27 billion in 2001-02 and grow on average by around 3.6 per cent per annum in real terms over the forward years. This growth reflects a steady per capita increase in use of medical and pharmaceutical services over the period, increasing costs for the provision of medical services, and a drift toward the use of newer and more expensive drugs under the Pharmaceutical Benefits Scheme (PBS). It also reflects increased funding from major Government initiatives including the *Regional Health Package* announced in the 2000-01 Budget, and the *Health and Medical Research Boost* in response to the Wills Review announced in the 1999-2000 Budget.

Medical services and benefits

This sub-function includes Medicare Benefits Schedule (MBS) rebates for general practitioner (GP) and specialist attendances (\$7.7 billion in 2001-02) and the 30 per cent Private Health Insurance Rebate (\$1.9 billion in 2001-02). It also includes

funding (\$0.9 billion in 2001-02) for the provision of health services to veterans and their dependants by the Department of Veterans' Affairs (DVA). Commonwealth programmes under this sub-function are intended to provide high quality health outcomes for people by enabling access to timely and appropriate health care services at reasonable cost (or, in the case of eligible veterans and their dependants, no cost).

Expenses for this sub-function are forecast to increase from \$10.9 billion in 2001-02 to \$12.7 billion in 2004-05 or just over 2.9 per cent per annum in real terms. This growth is largely explained by the increasing costs of medical services funded through Medicare, increasing per capita utilisation of medical services and general population growth. Measures announced in the 2001-02 Budget, in response to the MBS Relative Value Study, increase expenses by \$645 million (\$613 million in this function) over the Budget and forward years. In combination with other measures affecting GPs announced in this Budget, these initiatives will increase the income of a full-time GP by an average of around \$13,900 per annum.

The underlying growth in veteran expenditure in this sub-function is largely driven by the ageing of the veteran population and the resultant increase in demand for specialist and dental services as well as rehabilitation and surgical aids. This growth is masked to some extent in 2000-01 and 2001-02 by the gradual increase in flow-on savings as a result of the 2000-01 *Veterans' home care* measure which peak in 2002-03 and plateau thereafter.

Health care agreements

To support free public hospital care under Medicare, the Commonwealth will provide \$6.7 billion in 2001-02 to the States and Territories under the Australian Health Care Agreements (AHCA). The current Agreements cover the period 1 July 1998 to 30 June 2003, and focus on increasing public patient access and improving the efficiency and effectiveness of service delivery. AHCA funding is forecast to grow by around 3.4 per cent per annum in real terms as a result of expected movements in the cost of medical services, growth in hospital utilisation, and expected population changes. Ongoing adjustments to funding resulting from movements in these cost drivers are incorporated in the current Agreements with the States and Territories.

Hospital services

The *Hospital services* sub-function includes funding for the provision of in-hospital treatment to eligible veterans and their dependants, and grants to public and not-for profit hospitals to ease the costs of transition to new FBT arrangements (announced in the 2000-01 Budget). Expenses are forecast to be relatively stable over the Budget and forward years.

The moderate increase in expenses under this sub-function in 2001-02 is explained by a one-off payment by DVA of around \$27 million to eliminate accumulated liabilities against a hospital as well as an increase in projected demand for hospital services driven by the ageing and increased frailty of the veteran population. The decline from 2002-03 to 2003-04 reflects the cessation of the FBT transitional arrangements.

Pharmaceutical services and benefits

Expenses for this sub-function include the PBS administered by the Department of Health and Aged Care (DHAC), and the Repatriation Pharmaceutical Benefits Scheme (RPBS) administered by DVA. Under these schemes, the Commonwealth provides assistance towards the cost of a wide range of pharmaceuticals.

Expenses for this sub-function are forecast to grow from \$5.1 billion to \$6.7 billion over the forward years or an average of around 6.6 per cent per annum in real terms. This strong growth is driven primarily by the increased availability and utilisation of newer and more expensive drugs. While these factors have been evident for some time their impact has become more pronounced in recent years, and is expected to continue to be significant over the forward years. This growth has been driven by increases in expenses for the following five categories of drugs in particular: musculo-skeletal (mainly arthritis); antineoplastics (cancer and chemotherapy); blood and blood forming organs (mainly anti-stroke); cardiovascular; and central nervous system.

Significant patient demand for new classes of drugs is also a major contributor to increasing expenses for this sub-function. Recent examples include Celebrex, a drug for the treatment of arthritis and Zyban, an anti-smoking drug. The introduction of new classes of drugs has exacerbated the general trend towards the use of newer and more expensive drugs.

A number of initiatives have been implemented to reduce growth in expenses for this sub-function. Changes to the package size and unit price of Celebrex are estimated to reduce expenses by around \$20 million per annum. The Government has also decided to clarify and improve the wording of the prescribing conditions for cholesterol-lowering drugs (statins), which is estimated to save \$104 million over four years.

Aboriginal and Torres Strait Islander health

The Commonwealth funds a network of community controlled primary health care services for Aboriginal and Torres Strait Islander people. Commonwealth funding also supports a range of specialist services including mental and sexual health, and hearing services. The Commonwealth also works with State and Territory Governments and other stakeholders in the planning and funding of Aboriginal and Torres Strait Islander specific health services.

Building on increases to funding announced in the 1999-2000 Budget, the Commonwealth is providing additional resources for Aboriginal and Torres Strait Islander primary health care initiatives in this Budget. An additional \$20 million will be provided on an ongoing basis from 2003-04, taking total Commonwealth funding in this area to \$259 million in 2004-05.

Health services

Expenses under the *Health services* sub-function include funding for the provision of blood and blood products through the Australian Red Cross Blood Service (ARCBS) and Commonwealth Serum Laboratories Limited, population health programmes, and development of Mental Health Care strategies.

The increase in funding from 2001-02 reflects increased funding to the ARCBS, spending on the Q Fever vaccination programme and an increase in funding for the Victorian Cytology Service. The increasing expenses across the forward years are due in part to new spending on mental health initiatives announced as part of the response to the MBS Relative Value Study. Increases in expenses are in part offset by savings resulting from clarifying the funding arrangements for the provision of methadone to private patients.

Other health services

Expenses under the *Other health services* sub-function include medical research grants administered by the National Health and Medical Research Council (NHMRC), and funding for promotion of public health under the Public Health Outcome Funding Agreements between the Commonwealth and the States and Territories.

The increase in expenses for this sub-function is largely due to increased funding for health and medical research through the NHMRC. The increase arises from the Government's response to the Wills Review contained in the 1999-2000 Budget, in which the Government committed an additional \$600 million over six years to health and medical research.

General administration — health

Expenses under this sub-function include programmes to support training and education of health workers and the development of acute and primary care strategies administered by DHAC, as well as part of the general departmental expenses of DHAC, DVA, and the Health Insurance Commission (HIC).

The HIC operates under a purchaser-provider relationship with DHAC, DVA and other client agencies. It is responsible for the management of Medicare and other payments to the public, and collates and publishes data on the MBS, PBS and RPBS. The HIC also has a monitoring and enforcement role, for example ensuring that providers of services are billing Medicare correctly, or that pharmaceuticals are being prescribed in accordance with PBS criteria.

Expenses under this sub-function increase significantly from 2000-01 to 2001-02 largely reflecting the stepping-up of funding under the *Regional Health Package* announced in the 2000-01 Budget, and new spending on nurse education and after-hours medical services in the 2001-02 Budget.

Health assistance to the aged

Expenses under this sub-function include the Community Nursing Programme and Community Care Seeding Grants administered by DVA. The Community Nursing Programme provides support for veterans, war widow(er)s and their dependants in improving their health and in regaining and maintaining an optimal level of independence in their homes. The growth in expenses reflects increasing demand due to the frailty of the veteran population, and the trend towards shorter hospital stays.

Expenses previously reported against this sub-function for residential aged care subsidies for DVA and DHAC are reported under the *Assistance to the aged* sub-function in the *Social security and welfare* function.

SOCIAL SECURITY AND WELFARE

Table 9: Summary of expenses

	2000-01	2001-02	2002-03	2003-04	2004-05
	\$m	\$m	\$m	\$m	\$m
Assistance to the aged(a)	25,489	24,078	25,503	26,838	28,112
Assistance to veterans and dependants	5,566	5,426	5,516	5,588	5,571
Assistance to people with disabilities	7,322	7,834	8,143	8,632	9,033
Assistance to families with children	17,788	18,730	19,247	19,761	20,323
Assistance to the unemployed	5,762	5,983	5,901	5,746	5,730
Assistance to the sick	94	93	93	95	97
<i>Assistance to the unemployed and sick</i>	<i>5,856</i>	<i>6,077</i>	<i>5,993</i>	<i>5,841</i>	<i>5,827</i>
Common Youth Allowance	2,097	2,259	2,324	2,389	2,422
Other welfare programmes	282	314	354	384	403
Aboriginal advancement nec	1,181	1,299	1,347	1,393	1,428
General administration	2,107	2,182	2,313	2,283	2,255
Total social security and welfare	67,688	68,198	70,739	73,108	75,374

(a) Expenses for assistance to the aged have been reclassified from *Health* to *Social security and welfare*.

This function includes expenses from the following portfolios:

- Attorney-General's;
- Family and Community Services;
- Health and Aged Care;
- Immigration and Multicultural Affairs;
- Prime Minister and Cabinet;
- Reconciliation, Aboriginal and Torres Strait Islander Affairs; and
- Veterans' Affairs.

Nature of expenses and major trends

Social security and welfare expenses primarily support the promotion of a fair and cohesive society while improving the capacity of families, communities and individuals to support themselves. The function includes services to the aged, assistance to people with disabilities, a variety of assistance to families with children, income support and compensation for veterans and their dependants, and advancement programmes for reconciliation and more generally for Aboriginal and Torres Strait Islander people.

Priorities within the *Social security and welfare* function have moved away from universal provision of benefits to developing an approach to welfare assistance that

emphasises prevention, early intervention, and mutual obligation in the provision of assistance to recipients.

The *Australians Working Together Package* announced in this Budget continues the move to a more active system tailored to addressing individual circumstances and maintaining participation in work, education and training.

Social security and welfare expenses are expected to total around \$68 billion in 2001-02 and grow moderately (around 3.5 per cent per annum) over the forward years. The major factors contributing to this growth are assistance to the aged, assistance to veterans and their dependants, assistance to families with children and assistance to people with disabilities. Growth in these expense categories is due primarily to the indexation of payments, such as maintaining the single rate of age pension and disability pension at 25 per cent of MTAW. To a lesser extent, growth is also driven by demographic and social factors that are altering the age, family and community profile and affecting demand-driven programmes.

Assistance to the aged

Expenses within this sub-function provide income support for aged people and their dependants as well as funding for residential aged care, community care for older Australians, support for carers and flexible care services for older Australians who live in regional, rural or remote areas.

The main contributor to growth in this sub-function is the Age Pension, with smaller growth in residential and community care expenses. The substantial annual growth in Age Pension is primarily due to the Government's commitment to maintain the single pension rates to at least 25 per cent of MTAW and, to a lesser extent, increases in recipient numbers. The estimates for 2000-01 include the *Acknowledging older Australians — one-off payment to the aged* measure announced in this Budget. The estimates for 2000-01 and 2001-02 also include the one-off Aged Persons Savings Bonus and Self-Funded Retirees Supplementary Bonus paid in those years. These payments were provided to help maintain the value of older Australians' investments following the introduction of *The New Tax System* in July 2000. The combination of these payments in 2000-01 drives the higher expenses in that year. The growth in residential care expenses is driven by the ageing of the population and associated costs of providing appropriate care for older Australians in a range of care settings.

Assistance to veterans and dependants

The expenses in this sub-function 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 main contributors to expenses in this sub-function are the Service Pension, War Widows Pension and the Disability Pension administered by the Department of Veterans' Affairs.

Expenses for this sub-function exhibit small growth over the forward years to 2003-04 and a subsequent decline in expenses from 2004-05 onwards. This is consistent with

the increase in War Widows and Disability Pensions expenses which more than offset the fall in Service Pension expenses in the short term, as more widows become eligible due to increased mortality of the veteran population and as Disability Pension recipients move to higher rates of disability due to ageing and increased frailty. In 2004-05 this trend is reversed as the effects of higher expected rates of mortality impact on expenses.

The higher expenses in 2000-01 are driven by the inclusion of measures announced in this Budget, in particular, *Make a one-off payment of \$25,000 to those former PoWs and, civilian internees and detainees of the Japanese or their surviving widows/ers and Acknowledging older Australians — one-off payment to the aged* measures.

For other significant expenses on veterans see the *Health* function.

Assistance to people with disabilities

Expenses under this sub-function provide means-tested income support to people with disabilities as well as partners, parents and other carers of people with disabilities, assistance with employment-related transport costs, and services which increase the independence and employment opportunities of people with disabilities. This sub-function includes payments such as the Disability Support Pension, the Wife Disability Support Pension, disability employment assistance and contributions to the States under the Commonwealth State Disability Agreement.

The expenses in this sub-function grow steadily over the Budget and forward years due largely to Disability Support Pension expenses increasing moderately. This is driven largely by increases in the number of recipients and indexation to 25 per cent of MTAW. This pension payment has historically experienced strong growth in the number of recipients, which continues at a moderate level across the forward years, in line with the ageing of the population, as the incidence of disability increases with age.

Assistance to families with children

Expenses under this sub-function ensure that families with children receive financial assistance towards the support of their children. The majority of these expenses are paid through the Family Tax Benefit Parts A and B, Parenting Payments and Child Care Benefit.

Family Tax Benefit Parts A and B provide means-tested financial assistance to families with the cost of raising children while the Parenting Payment provides means-tested financial assistance for people who are primary carers of children. The Child Care Benefit payment provides assistance with the cost of child care for long day care, family day care, occasional care, outside school hours care, vacation care and registered care.

The \$0.9 billion (5.3 per cent) growth in expenses from 2000-01 to 2001-02 is due to indexation of Family Tax Benefit and Child Care Benefits by the CPI. The growth in later years (2001-02 onwards) is driven by increasing Parenting Payment (Single)

expenses. These expenses are increasing due to indexation of the payment in line with the 25 per cent of MTAW commitment, and growth in new claims for this payment, which is partially offset by the expected impact of the *Helping parents return to work* measure in *Australians Working Together*.

Assistance to the unemployed and the sick

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 major payments made under this sub-function are Newstart Allowance, Partner Allowance Benefit, Mature Age Allowance and Sickness Allowance.

Expenses increase in 2001-02 relative to 2000-01 due to changes in the forecast number of unemployment beneficiaries, consistent with forecast economic conditions. These increases are partially offset by the impact of previous Budget measures reducing unemployment benefit expenses (for example *Introduction of a preparing for work agreement* and the *Compliance strategy* from the 2000-01 Budget).

Expenses fall from 2002-03 onwards, as the weaker labour market conditions in 2001-02 are expected to be temporary, with labour demand expected to strengthen in 2002-03, reducing the number of unemployment recipients. The full reduction in expenses associated with this trend is not evident in the estimates, as they are partly offset by increases in payment rates in line with the CPI and growth in recipients of Mature Age Allowance and Partner Allowance Benefit.

Expenses in 2003-04 and 2004-05 are also affected by changes in payment structure due to the *Australians Working Together Package*. The consolidation of payments for income support recipients over 50 years old results in some people moving from Partner Allowance Pension (located in the *Assistance to the aged* sub-function) to Newstart Allowance.

Common youth allowance

Expenses under this sub-function relate to the Youth Allowance, which is designed to provide income support payments to students under twenty-five years of age and unemployed people under twenty-one years of age and requires recipients to engage in education, training, job search or other activities that contribute to society.

The increase in expense growth for this sub-function in 2001-02 is driven primarily by indexation of the Youth Allowance by the CPI as well as forecasts of youth unemployment for 2001-02. Unemployment numbers are estimated to increase marginally in 2001-02 and decline from 2002-03 onwards, consistent with current economic forecasts.

The small growth in Youth Allowance expenses over the forward years is again due to indexation as well as changes in the composition of the student population. As more students over time meet employment and income criteria they move in to the 'independent' category, which does not require parental means testing, increasing the

average rate of payment. The forecasts of the number of students receiving payments, on average, are relatively flat over the forward years.

Other welfare programmes

The major expenses for this sub-function relate to Special Benefit payments, Widow B Pension and Emergency Relief payments. Widow B 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. The Emergency Relief Programme provides grants to non-government community welfare agencies for distribution as short-term emergency assistance to people in financial crisis.

Increases in 2001-02 and across the forward years are due to increased expenses for Special Benefit, which provides income support payments to those in severe financial need who do not satisfy eligibility requirements for other payments. The number of Special Benefit recipients is expected to increase strongly over the forward years, as residency requirements are tightened for other payments and as the number of temporary protection visa holders increases.

This increase is partially offset by the trend in expenses for Widow B Pension, which was closed to new claims in 1997, as existing recipients become eligible for other payments such as Age Pension.

Aboriginal advancement (nec)

A wide range of programmes targeting economic, social and cultural outcomes for indigenous people are delivered within this sub-function. Many of the programmes are intended to supplement, support or accelerate the delivery of services to indigenous people where prime responsibility for service delivery rests within Commonwealth agencies and/or State, Territory and local governments.

The majority of expenses relate to programmes delivered by the Aboriginal and Torres Strait Islander Commission, in particular the Community Development Employment Projects scheme (\$466 million in 2001-02) and the Community Housing and Infrastructure Programme (\$230 million in 2001-02).

Expenses are expected to increase over the Budget and forward years. Measures announced in the 2001-02 Budget targeting housing, native title and FBT supplementation for Aboriginal and Torres Strait Islander organisations are a driver for much of the increase in the forward years. Growth within the Community Development Employment Projects Scheme of 550 participants per annum, together with the addition of 1,500 participant places provided in the 2000-01 Budget, contributes to approximately half of the increased expenses within this sub-function.

For other significant expenses on Aboriginal programmes see the following sub-functions: *Schools, Aboriginal and Torres Strait Islander health, Housing, and Labour market assistance to jobseekers.*

General administration

Expenses within this sub-function consists almost entirely of administration costs associated with the *Social security and welfare* function spread across agencies, mainly Centrelink, Family and Community Services, and a proportion of the Health and Aged Care and Veterans' Affairs portfolios.

The Government's *Australians Working Together Package* announced in this Budget will be implemented predominantly through the Department of Family and Community Services and Centrelink over the 2001-02 and 2002-03 period. The increased expenses in those years are related to one-off implementation costs.

HOUSING AND COMMUNITY AMENITIES

Table 10: Summary of expenses

	2000-01	2001-02	2002-03	2003-04	2004-05
	\$m	\$m	\$m	\$m	\$m
Housing	1,292	1,383	1,302	1,214	1,209
Urban and regional development	67	88	71	58	27
Environment and protection (a)	452	463	392	409	362
Total housing and community amenities	1,811	1,934	1,766	1,681	1,598

(a) Estimates for the extension of the NHT, whilst formally in *Contingency Reserve* expenses, have been allocated to relevant sub-functions in Statement 6.

This function includes expenses from the following portfolios:

- Agriculture, Fisheries and Forestry;
- Defence;
- Environment and Heritage;
- Family and Community Services;
- Industry, Science and Resources;
- Transport and Regional Services;
- Treasury; and
- Veterans' Affairs.

Nature of expenses and major trends

Housing and community amenities expenses support the Commonwealth's housing policies, regional development and environmental protection.

Total expenses are projected to peak at \$1.9 billion in 2001-02, reflecting the one-off increase in grants under the First Home Owners Scheme in the *Housing* sub-function. The *Environment protection* sub-function also contributes to the high level of total expenses in 2001-02 due to NHT expenses in this year and the peak in expenses for the *Measures for a Better Environment Package*.

The contraction in expenses from this peak in the forward years results from the completion of several programmes within the sub-functions, such as the Flood Recovery Programme under the *Urban and regional development* sub-function.

Housing

This sub-function includes grants under the Commonwealth State Housing Agreements (CSHA) as well as the operations of the Defence Housing Authority (DHA). For 2001-02 this sub-function will include the additional component of the grant paid to first homeowners who purchase or build a new dwelling. The CSHA, in conjunction with contributions from the States, assists in the expansion and maintenance of the public rental housing stock by State governments. The DHA provides housing services for members of the Australian Defence Force and their families to meet operational requirements.

Expenses on *Housing* are projected to increase in 2001-02 as a result of the Government's decision to temporarily increase the First Home Owners Scheme grants from \$7,000 per eligible recipient to \$14,000 per eligible recipient if they purchase or build a new dwelling. The increased grant is available until 31 December 2001. Expenses in 2003-04 and onwards are projected to decline moderately overall due to the lapsing agreements for GST compensation to the States for the net increase in public housing costs as a result of taxation reform.

Urban and regional development

This sub-function covers programmes that aim to support sustainable economic development of communities. It also includes the Federal Flood Mitigation Programme and the Flood Recovery Fund.

Expenses increase in 2001-02 from 2000-01 mainly due to additional expenses of \$11 million for the Regional Solutions Programme and \$8 million for the Rural Transaction Centre Programme. The Regional Solutions Programme will provide targeted support to regional, rural and remote areas experiencing high unemployment and social and economic dislocation. Under the Rural Transaction Centre Programme, assistance is available to communities to establish centres that provide access to basic transaction services such as banking, postal services, Medicare Easyclaim facilities, telephone and fax. The \$10 million Flood Recovery Fund, established in 2000-01, was extended into 2001-02 to provide assistance to communities in the flood affected regions of north-eastern New South Wales.

Expenses decline in 2002-03 onwards mainly due to the completion of a number of programmes including the Flood Recovery Fund, the *Structural Adjustment Package* for the South-West Forests Region of Western Australia and the clean-up of the Maralinga nuclear test site in 2001-02, and the Regional Solutions Programme and the Rural Transaction Centres Programme in 2003-04.

Environment protection

This sub-function includes funding for the environment primarily provided through the *Measures for a Better Environment Package*, which commenced in 2000-01, and through the NHT. Programmes within the *Environment protection* sub-function are

administered by the Department of Agriculture, Fisheries and Forestry, the Department of the Environment and Heritage and the Australian Greenhouse Office and provide for the sustainable management of the environment including greenhouse gas abatement, protection of the marine environment and promotion of sustainable development of environmental resources.

The investment of \$250 million from the second partial sale of Telstra extended the operation of the NHT an additional year to 2001-02. Examples of major programmes funded through the NHT include the Bushcare programme which is addressing the decline in the quality and extent of vegetation cover and the Coasts and Clean Seas programme which is targeting waterways and the marine environment as well as the implementation of the Government's *Ocean Policy*.

Expenses in 2002-03 show a decline from 2001-02 before increasing again reflecting the Government's decision to further extend the operation of the NHT by five years to 2006-07. The current estimates for this sub-function allocate \$49 million in 2002-03 and \$114 million in 2003-04 to 2006-07 for NHT-related expenditure. This increase in expenditure is partially offset by the conclusion of the *Measures for a Better Environment Package* at the end of 2003-04.

For other significant expenses on conservation and sustainable use and repair of Australia's natural environment see the *National estate and parks* and *Natural resources development* sub-functions.

RECREATION AND CULTURE

Table 11: Summary of expenses

	2000-01	2001-02	2002-03	2003-04	2004-05
	\$m	\$m	\$m	\$m	\$m
Broadcasting	935	975	994	1,009	1,033
Arts and cultural heritage	834	685	629	619	603
Sport and recreation	209	141	144	204	178
National estate and parks(a)	172	155	126	140	141
Total recreation and culture	2,150	1,957	1,892	1,973	1,956

(a) Estimates for the extension of the NHT, whilst formally in *Contingency Reserve* expenses, have been allocated to relevant sub-functions in Statement 6.

This function includes expenses from the following portfolios:

- Communication, Information Technology and the Arts;
- Environment and Heritage;
- Industry, Science and Resources; and
- Veterans' Affairs.

Nature of expenses and major trends

Recreation and culture expenses support public broadcasting, the regulatory framework for Australia's broadcasting sector, cultural institutions, funding for the arts and the film industry, assistance to sport and recreation activities, and the protection of the natural environment. Expenses are expected to decline in 2001-02, due mainly to falling expenses in the *Arts and cultural heritage* and *Sport and recreation* sub-functions, and then remain relatively stable over the forward years.

Broadcasting

The majority of expenses on broadcasting fund the Australian Broadcasting Corporation (ABC) and the Special Broadcasting Service (SBS). The ABC (\$745 million in 2001-02) provides domestic and overseas radio services and a national television network. The SBS (\$133 million in 2001-02) provides a multilingual radio network and a multicultural television service. The Australian Broadcasting Authority (\$16 million in 2001-02) issues radio and television broadcast licences, and formulates and monitors broadcast standards.

Expenses in the *Broadcasting* sub-function are essentially stable, largely as a result of three-year funding agreements with the ABC and SBS, which began in 2000-01.

Arts and cultural heritage

The most significant component of this sub-function is the funding provided for the collecting institutions such as the National Library of Australia, the National Gallery of Australia, the Australian National Maritime Museum, the National Museum of Australia and the Australian War Memorial.

The Government also provides direct financial support for a wide range of arts, cultural and heritage organisations. These include the Australia Council, the Australian National Opera, the Symphony Orchestras, the Australian Film, Television and Radio School, the Office of Australian War Graves, the Australian Film Finance Corporation Limited, the Australian Film Commission and Film Australia Pty Limited.

The level of expenses for the *Arts and cultural heritage* sub-function will decline in 2001-02 following the cessation of the Federation Fund expenditure. The slight decline in funding over the forward years reflects the conclusion of a number of small arts and cultural support programmes.

Sport and recreation

The Commonwealth provides financial assistance to encourage community interest and participation in sport and recreational activities and to facilitate preparation by Australian athletes for major sporting events such as the Olympic Games, Paralympic Games and Commonwealth Games. The Australian Sports Commission, which incorporates the Australian Institute of Sport, promotes and facilitates the pursuit of excellence in sport, sports development and participation.

Funding for *Backing Australia's Sporting Ability — A More Active Australia* will maintain expenses at above pre-Olympic levels. The increased base funding will promote continued achievement in high performance sport, greater grass roots participation in sport for all ages, excellence in sport management and new anti-drugs research and increased drug testing. Expenses are higher in 2003-04 and 2004-05 due to assistance being provided for the redevelopment of the Melbourne Cricket Ground for the 2006 Commonwealth Games.

Expenses in 2000-01 were higher due to the additional one-off funding associated with the 2000 Sydney Olympic and Paralympic Games.

National estate and parks

This sub-function covers funding provided for the management and protection of national parks and world heritage areas including Uluru-Kata Tjuta and Kakadu National Parks and the Great Barrier Reef. These activities are delivered by agencies within the Environment and Heritage portfolio, which include the Director of National Parks, the Great Barrier Reef Marine Park Authority and the Australian Heritage Commission. The NHT has provided additional funding for programmes addressing the management and protection of national wetlands and reserve systems and world

heritage areas above and beyond funds committed on an ongoing basis by the Government for these activities.

Expenses in 2002-03 reflect the reduction in NHT funding from 2001-02 levels. Expenses increase again in 2003-04 reflecting the Government's decision to allocate additional funding of over \$1 billion to extend the operation of the NHT by five years to 2006-07. The current estimates for this sub-function allocate \$10 million in 2002-03 and \$23 million in each year from 2003-04 to 2006-07 for NHT-related expenditure.

For other significant expenses on conservation and sustainable use and repair of Australia's natural environment see the *Environment protection* and *Natural resources development* sub-functions.

FUEL AND ENERGY

Table 12: Summary of expenses

	2000-01	2001-02	2002-03	2003-04	2004-05
	\$m	\$m	\$m	\$m	\$m
Fuel and energy	2,729	2,987	3,066	3,128	3,166
Total fuel and energy	2,729	2,987	3,066	3,128	3,166

This function includes expenses from the following portfolios:

- Environment and Heritage;
- Industry, Science and Resources; and
- Treasury.

Nature of expenses and major trends

This function includes expenses on the Diesel Fuel Rebate Scheme, the Diesel and Alternative Fuels Grant Scheme and the Fuels Sales Grants Scheme as administered by the ATO. This function also includes a large portion of funding from the *Measures for a Better Environment Package*.

Total expenses are projected to increase from 2001-02 to 2004-05 by \$179 million. This represents an average rate of growth of 1.6 per cent per annum in real terms, and primarily reflects increased demand for diesel and alternative fuels, leading to additional rebate payments.

Fuel and energy

The Diesel Fuel Rebate Scheme provides a rebate to off-road users of diesel fuel. Recipients of the grants include the farming and mining industries, rail and shipping and remote power generation units that use diesel. The Diesel and Alternative Fuels Grants Scheme pays grants for the business related, on-road users of diesel and alternative fuels. The Fuel Sales Grants Scheme is a tiered grant scheme paid to distributors and retailers of petrol and diesel in non-metropolitan and remote regions. The grant scheme was introduced to address the difference in fuel prices between city and regional areas.

Also included in this function is a large portion of funding from the *Measures for a Better Environment Package* that commenced in 2000-01. This funding covers programmes administered by the Australian Greenhouse Office, including the Renewable Energy Commercialisation Programme, the Alternative Fuels Conversion Programme, and the Renewable Remote Power Generation Programme and is forecast to peak in 2001-02. These programmes are designed to assist in meeting national

environmental objectives through promoting energy efficiency initiatives that will benefit industry and the community, including research into and development of the use of alternative fuels and renewable energy as well as energy conservation.

AGRICULTURE, FORESTRY AND FISHING

Table 13: Summary of expenses

	2000-01	2001-02	2002-03	2003-04	2004-05
	\$m	\$m	\$m	\$m	\$m
Wool industry	183	70	72	78	79
Grains industry	112	111	112	112	112
Dairy industry	294	271	274	274	256
Cattle, sheep and pig industry	131	103	102	101	94
Fishing, horticulture and other agriculture	144	119	125	129	136
General assistance not allocated to specific industries	296	342	333	339	339
Rural assistance	303	190	130	139	30
Natural resources development (a)	360	407	461	436	413
General administration	101	119	116	119	121
Total agriculture, forestry and fishing	1,924	1,733	1,725	1,726	1,579

(a) Estimates for the extension of the NHT, whilst formally in *Contingency Reserve* expenses, have been allocated to relevant sub-functions in *Statement 6*.

This function includes expenses from the following portfolios:

- Agriculture, Fisheries and Forestry; and
- Environment and Heritage.

Nature of expenses and major trends

Agriculture, forestry and fishing expenses support forestry, fishing, land and water resources management, quarantine services and contributions to research and development. Approximately half of the expenses in this function are funded by levies and charges collected by the Government on behalf of industry.

Expenses are projected to peak at approximately \$1.9 billion in 2000-01 and then decline progressively over the forward years primarily due to declining expenses within the *Wool industry* and *Rural assistance* sub-functions.

Wool industry

This sub-function consists of payments to Australian Wool Services Ltd for research and development, commercial branding and technical assistance activities. These expenses are funded by a wool levy on producers, with a matching Government contribution for research and development of up to 0.5 per cent of the gross value of wool production per annum.

The change in expenses from 2000-01 to 2001-02 is a result of the Commonwealth's divestment of its interest in the Australian Wool Research and Promotion Organisation (AWRAP) to Australian wool growers (forming Australian Wool Service

Ltd) in 2000-01 and a planned reduction in the wool levy from 1 July 2001. Expenses gradually increase from 2001-02 due to a projected rise in production and the subsequent increase in Government contributions for research and development.

Grains industry

Expenses in this sub-function predominantly relate to Government support of the wheat industry. The wheat levy funds the commercial and regulatory activities of the Australian Wheat Board (International) Ltd, the Wheat Export Authority and the Grains Research and Development Corporation (GRDC). The Government also provides a matching contribution for research and development to the GRDC of up to 0.5 per cent of the gross value of wheat production per annum.

Expenses are forecast to remain relatively stable over the forward years.

Dairy industry

The Government supports dairy industry promotion, administration, market support, and research and development. The bulk of the expenses in this sub-function relate to levy-funded grants paid to the Australian Dairy Corporation (ADC) for the \$1.78 billion *Dairy Structural Adjustment Package*.

Expenses peak in 2000-01 due to residual payments of levies to the ADC associated with the Commonwealth Domestic Market Support Scheme which concluded on 30 June 2000. Expenses are forecast to remain relatively stable over the forward years.

Cattle, sheep and pig industry

Expenses in this sub-function consist of contributions to the meat, livestock, lamb and pork industries, through Meat and Livestock Australia and Australian Pork Limited, for market promotion, research and development, and the control of cattle diseases. These 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 meat and livestock production per annum.

The decrease in expenses from 2000-01 to 2001-02 is mainly the result of the Commonwealth's divestment of its interest in the Australian Pork Corporation and the Pig Research and Development Corporation to the Australian pork industry forming Australian Pork Limited. Expenses gradually decrease from 2001-02 due to the completion of a number of animal disease and industry development programmes.

Fishing, horticulture and other agriculture

This sub-function includes expenses associated with the Australian Fisheries Management Authority (AFMA), the Fisheries Research and Development Corporation, the Grape and Wine Research and Development Corporation, and

Horticulture Australia Limited. AFMA recovers costs attributable to the industry while the Government funds community service obligations and fisheries research.

Industry levies fund the activities of the Fisheries Research and Development Corporation, the Grape and Wine Research and Development Corporation and Horticulture Australia Limited. The Government provides a matching contribution for research and development activities in these industries.

The decrease in expenses from 2000-01 to 2001-02 is primarily driven by the Commonwealth's divestment of the Australian Horticultural Corporation, the Horticultural Research and Development Corporation and the Australian Dried Fruits Board to the Australian horticultural industry forming Horticulture Australia Limited. Expenses also decline from 2000-01 to 2001-02 due to the conclusion of the Queensland East Coast Trawl Restructure Programme. Research, development and promotional expenses gradually increase from 2001-02, funded by a projected rise in production-driven levy collections.

General assistance not allocated to specific industries

The expenses in this sub-function predominately relate to the operations of the Australian Quarantine and Inspection Service (AQIS). AQIS conducts inspection services for the export and import of animals, animal products, plant and plant products, and the quarantine surveillance of arriving vessels, persons and goods.

The increase in expenses from 2000-01 to 2001-02 reflects the recent Government decision to implement a heightened quarantine inspection regime against foot and mouth disease and other quarantine risks. Expenses are relatively stable over the forward years.

Rural assistance

This sub-function includes expenses for Government support of rural producers and rural industry adjustment initiatives. The key expense in this sub-function are the *Agriculture — Advancing Australia* (AAA) programmes, complemented by rural industry assistance programmes, which provide funding to address specific events adversely affecting farmers. These programmes provide assistance to farmers through a variety of means such as income support, interest rate subsidies, grants for structural adjustment, financial counseling, training and innovation grants.

Expenses peak in 2000-01 because of the level of exceptional circumstance assistance to rural communities in addition to the *Flood Assistance* and *Sugar Industry Assistance Packages*. Further declines in the forward years for this sub-function are expected with the conclusion of the AAA programmes in 2003-04.

Natural resources development

Expenses in this sub-function include water, land and forest management programmes, which are administered by the Department of Agriculture, Fisheries and Forestry and largely funded through the NHT, such as the National Landcare Programme, Murray-Darling Basin 2001 and the Farm Forestry Programme.

The increase in expenses from 2000-01 for this sub-function also reflects the \$700 million in funding provided over seven years for the National Action Plan for Dry Land Salinity and Water Quality.

The investment of \$250 million from the second partial sale of Telstra extended the life of the NHT an additional year to 2001-02. The maintenance of high levels of funding across the forward years reflects the Government's decision to allocate additional funding of over \$1 billion to further extend the operation of the NHT by five years to 2006-07. The current estimates for this sub-function allocate \$41 million in 2002-03 and \$96 million in each year from 2003-04 to 2006-07 for NHT-related expenditure.

The decrease in expenses in 2004-05 reflects the funding profile for the National Action Plan for Dry Land Salinity and Water Quality.

General administration

This sub-function comprises expenses relating to the administration of relevant programmes in the Department of Agriculture, Fisheries and Forestry. The increase in expenses from 2000-01 reflects an expansion of services delivered to industry including the National Action Plan for Dry Land Salinity and Water Quality and enhanced quarantine capabilities. Expenses remain relatively stable over the forward years.

MINING AND MINERAL RESOURCES

Table 14: Summary of expenses

	2000-01	2001-02	2002-03	2003-04	2004-05
	\$m	\$m	\$m	\$m	\$m
Mining and mineral resources other than fuel; manufacturing and construction	881	1,062	1,054	1,058	995
Total mining and mineral resources	881	1,062	1,054	1,058	995

This function includes expenses from the following portfolios:

- Foreign Affairs and Trade; and
- Industry, Science and Resources.

Nature of expenses and major trends

Expenses under this function relate to the mining, manufacturing and export sectors, and are designed to improve the efficiency and competitiveness of Australian industries. 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.

Expenses increase by 19 per cent in real terms in 2001-02 reflecting the commencement of major funding under the Textile Clothing and Footwear Strategic Investment Programme. Expenses are then stable until 2004-05 when there is a real reduction of 8 per cent due to the conclusion of the Pharmaceutical Industry Investment Programme.

All activities relating to mineral fuels, and manufacturing relating to the production of fuel and energy, are classified to the *Fuel and energy* function.

Mining and mineral resources (other than fuel), manufacturing and construction

The main drivers of change in these expenses are as follows:

- The *Textile Clothing and Footwear (TCF) post 2000 Development Package* is designed to promote investment and innovation in the industry and the development of sustainable jobs. Payments to firms under the major element of the package, the TCF Strategic Investment Programme, will increase from \$10 million in 2000-01 to around \$140 million a year from 2001-02 to 2005-06.
- The Pharmaceutical Industry Investment Programme is a competitive grants programme designed to promote greater investment in pharmaceutical research and development in Australia. This is a five year \$300 million programme operating from 1999-2000 to 2003-04.

TRANSPORT AND COMMUNICATION

Table 15: Summary of expenses

	2000-01	2001-02	2002-03	2003-04	2004-05
	\$m	\$m	\$m	\$m	\$m
Communication	252	453	396	256	159
Rail transport	156	135	6	9	0
Air transport	151	156	130	125	104
Road transport	1,067	1,460	1,409	1,319	1,183
Sea transport	193	182	159	161	163
Other transport and communication	139	145	140	138	141
Total transport and communication	1,959	2,530	2,238	2,008	1,750

This function includes expenses from the following portfolios:

- Communication, Information Technology and the Arts; and
- Transport and Regional Services.

Nature of expenses and major trends

Transport and communication expenses support the infrastructure and regulatory framework for Australia's transport and communications sectors. Expenses are expected to peak in 2001-02 and then decline over the forward years due mainly to falling expenses in the *Communication*, *Road transport*, and *Rail transport* sub-functions.

Communication

This sub-function includes grants from the Telstra Social Bonus programmes and the operations of the Australian Communications Authority. Grants from the Telstra Social Bonus programmes flow from the two sales of Telstra shares in 1996 and 1998. Funding of \$250 million was allocated to these programmes over five years from 1997-98 and a further \$670 million over five years was allocated in 1999-2000. About half of the total of \$920 million will have been committed to projects by the end of 2000-01. These programmes are designed to improve telecommunications service standards and broaden access to telephone and internet services in rural, regional and remote Australia. The Australian Communications Authority is responsible for telecommunications planning and regulation (apart from competition regulation) and radiocommunications spectrum planning and allocation.

Communication expenses are forecast to increase in 2001-02, largely due to increased expenses through Telstra Social Bonus programmes. In the years following 2001-02, expenses on *Communication* are forecast to decline due to the conclusion of the Regional Telecommunications Infrastructure Fund and a number of Telstra Social Bonus programmes. This is partially offset by funding for new programmes announced as part of *Backing Australia's Ability* initiatives to improve innovation in

information technology and through the Government's response to the Telecommunications Service Inquiry (Besley Report) which will further strengthen telecommunications performance in Australia, particularly in rural and regional areas.

Rail transport

Expenses decline mainly due to the conclusion of the Upgrade of the Mainline Interstate Rail Track Programme in 2001-02. However, the Government will provide an equity injection for the Australian Rail Track Corporation for rail track initiatives subject to a business case being agreed. The decline in expenses is also due to the initial funding for the Alice Springs to Darwin Railway in 2000-01 and 2001-02. Further funding of \$26 million for the Alice Springs to Darwin Railway will be provided over the period 2002-03 to 2006-07.

Air transport

This sub-function includes the operations of the Civil Aviation Safety Authority, the provision of aviation infrastructure, and the implementation of environmental standards.

Funding declines from 2001-02 onwards mainly due to the completion of the Sydney Airport Noise Amelioration Programme in 2001-02 and the conclusion of the Adelaide Airport Noise Amelioration Programme in 2003-04.

Air safety operations will be strengthened through additional funding of \$24 million from 2001-02 to 2004-05 to the Civil Aviation Safety Authority. A pricing subsidy for the provision of location-specific air traffic control tower services will be continued in 2001-02 and 2002-03 to support affordable transport access in regional Australia.

Road transport

The Government funds the National Highway System and contributes to the capital cost of State/Territory roads that have been identified to be of national importance.

Expenses increase in 2001-02 mainly due to the provision of significant additional funding for local roads and for outer metropolitan roads. Special assistance of \$1.2 billion over five years is being provided directly to local councils through the Roads to Recovery Programme for the construction, upgrade and maintenance of local roads. Funding of \$440 million over four years will also be provided through the National Highway and Roads of National Importance Programme to improve road infrastructure in outer metropolitan areas.

Expenses decrease in 2002-03 mainly due to completion of the Road Safety Black Spot Programme in 2001-02. The completion of a number of large projects funded by the National Highway and Roads of National Importance Programme and the Federation Fund in 2002-03 result in a fall in expenses in 2003-04. The decrease in expenses

in 2004-05 is mainly due to the conclusion of the Roads to Recovery Programme in that year.

The Government also provides local road grants to local government through Financial Assistance Grants (see the *General purpose inter-government transactions* sub-function).

Sea transport

The key components of this sub-function include the Tasmanian Freight Equalisation Scheme, the Bass Strait Passenger Vehicle Equalisation Scheme and funding for the Australian Maritime Safety Authority. The slight increase over the forward years reflects price indexation.

Expenses fall after 2001-02 following final Commonwealth contributions from the Federation Fund for the development of marine facilities in Jervis Bay, Western Australia.

Additional funding of \$4 million over four years will be provided to improve the Australian Maritime Safety Authority's capability to respond to search and rescue incidents.

Other transport and communication

This sub-function covers expenses relating to the administration of relevant programmes in the Transport and Regional Services and the Communications, Information Technology and the Arts portfolio. Expenses are relatively stable over the four years.

OTHER ECONOMIC AFFAIRS

Table 16: Summary of expenses

	2000-01	2001-02	2002-03	2003-04	2004-05
	\$m	\$m	\$m	\$m	\$m
Tourism and area promotion	130	129	112	114	116
Vocational and industry training	391	413	440	441	459
Labour market assistance to job seekers and industry	1,508	1,605	1,718	1,773	1,820
Industrial relations	166	185	181	140	141
Immigration	680	642	652	652	665
<i>Total labour and employment affairs</i>	<i>2,745</i>	<i>2,845</i>	<i>2,992</i>	<i>3,007</i>	<i>3,086</i>
Other economic affairs nec	438	440	415	413	417
Total other economic affairs	3,312	3,414	3,520	3,534	3,619

This function includes expenses from the following portfolios:

- Education, Training and Youth Affairs;
- Employment, Workplace Relation and Small Business;
- Environment and Heritage;
- Immigration and Multicultural Affairs;
- Industry, Science and Resources;
- Treasury; and
- Veterans' Affairs.

Nature of expenses and major trends

The *Other economic affairs* function includes expenses on tourism and area promotion, labour market assistance, immigration and other economic affairs not elsewhere classified (nec). Expenses are projected to increase over the Budget and forward years due mainly to increases in the *Labour and employment affairs* sub-function relating to labour market assistance to job seekers and industry. Growth in this area is mainly attributable to additional activity under the Job Network programme, the *Dairy Structural Adjustment Package* and the Government's *Australians Working Together* initiatives.

Tourism and area promotion

Commonwealth expenses contribute to tourism research and analysis, policy development, international tourism marketing and funding for specific tourism

programmes and projects. The decline in expenses is due to the completion in 2001-02 of the Australian Tourist Commission's four-year marketing and promotions campaign to maintain visitor numbers through the Asian economic crisis.

Labour and employment affairs

Vocational and industry training

Expenses largely cover wage subsidies and incentive payments to employers, and allowances to apprentices and trainees. Expenses also cover pre-apprenticeship and traineeship training for people who are disadvantaged in the labour market.

The increase in expenses of 4.2 per cent in real terms in 2001-02 and 3.9 per cent in real terms in 2002-03 is driven by a higher number of incentive payments to employers for completions of apprenticeships/traineeships, reflecting the strong rise in apprenticeship/traineeship commencements in 1997-98 and 1998-99. The increase in commencements was due in part to the introduction of the New Apprenticeship System from 1 January 1998, and the introduction of new flexibilities such as user choice in training providers. Growth over subsequent years is driven by estimated increases in New Apprentices commencements and the take-up by employers of incentive payments.

Expenses on vocational education and training (mainly relating to the national Technical and Further Education system) are recorded under the *Education* function.

Labour market assistance to job seekers and industry

The majority of expenses under this sub-function covers programmes aimed at helping people gain employment. This includes expenses under the following programmes: Job Network, Work for the Dole, Regional Assistance, Indigenous Employment, Area Consultative Committees and Return to Work.

The sub-function includes programmes to assist young people make the transition into employment, including language, literacy and numeracy, *Jobs Pathway Programme*, Green Corps, the *Job Placement, Employment and Training Programme* and Career Counseling. It also includes expenses incurred in New Apprentice Centres that provide information on New Apprenticeships options to job seekers and employers.

Overall expenses are expected to increase, in real terms, by 5.0 per cent in 2001-02 and 4.4 per cent in 2002-03. This growth is mainly attributable to additional activity under the Job Network programme and the *Dairy Structural Adjustment Package*. The *Australians Working Together* initiatives announced in this Budget, including *Helping people find jobs*, *A fair go for mature age workers* and *Promoting self reliance for indigenous people*, will add to this sub-function a net \$12 million in 2001-02, \$68 million in 2002-03, \$74 million in 2003-04 and \$83 million in 2004-05.

Measures announced in this Budget as part of the Government's initial response to the Prime Minister's Youth Pathways Action Plan Taskforce Report, *Footprints to the*

Future, provide increased funding for the *Jobs Pathway Programme* and the *Job Placement Employment and Training Programme*. These contribute \$64 million to this sub-function over four years from 2001-02.

Industrial relations

The *Industrial relations* sub-function includes expenses associated with improving the industrial framework and its operation. These include the costs of advice by the Department of Employment, Workplace Relations and Small Business, and the operations of the Australian Industrial Relations Commission and the Australian Industrial Registry. The sub-function also includes levy-funded arrangements for employee entitlements in the stevedoring and coal mining industries, and expenses incurred by the National Occupational Health and Safety Commission.

The higher level of expenses in 2001-02 and 2002-03 reflects the estimated costs of the Employee Entitlement Support Scheme, which was introduced in 2000-01 to assist people who suffer a loss of employee entitlements due to employer insolvency. Funding is to be reviewed in 2002-03.

Immigration

The *Immigration* sub-function covers a significant proportion of the expenses incurred by the Department of Immigration and Multicultural Affairs (DIMA) in administering Australia's immigration programme. This includes the management of the Migration and Humanitarian Programmes, temporary entry programmes, and the enforcement of immigration law and citizenship programmes.

The decrease in expenses from 2000-01 to 2001-02 is predominantly due to the carryover of expenses from 1999-2000 to 2000-01, the completion of the Safehaven programme in 2000-01 and savings identified from the pricing review of DIMA's departmental outputs. The increase in expenses from 2001-02 to 2002-03 is due mainly to the commencement of operations of the Darwin and Brisbane detention centres.

Other expenses incurred by DIMA associated with migrant settlement and foreign aid are reported under the *Vocational and other education*, *Other welfare programmes* and *Foreign economic aid* sub-functions.

Other economic affairs (nec)

This sub-function covers economic services provided by the Commonwealth which are not included in other function classifications. Expenses mainly comprise the operational costs of a number of advisory and regulatory agencies, including the Productivity Commission, the Australian Competition and Consumer Commission, the Australian Securities and Investments Commission (ASIC), Standards Australia, Australian Surveying and Land Information Group, Australian Government Analytical Laboratories, IP Australia, the National Competition Council, the Bureau of Meteorology, and the Ionospheric Prediction Service.

Expenses in this sub-function increase between 2000-01 and 2001-02 as a result of the additional funding the Government has provided to the Australian Securities and Investments Commission (ASIC). These funds were provided to implement financial sector regulatory reform, to continue transitional funding for the regulation of managed investment schemes prior to a review of the *Managed Investments Act 1998*, scheduled to occur during 2001-02.

Expenses are projected to be steady over the forward years. The expenses include additional funding of \$67 million over four years to allow the Australian Competition and Consumer Commission to maintain service delivery standards and improve service delivery in priority areas such as e-commerce and regional and rural issues.

OTHER PURPOSES

Table 17: Summary of expenses

	2000-01	2001-02	2002-03	2003-04	2004-05
	\$m	\$m	\$m	\$m	\$m
Interest on Commonwealth behalf	5,619	5,061	4,849	4,366	3,996
Interest on behalf of States and Territories	53	38	32	20	11
Interest received on Commonwealth stock	0	0	0	0	0
<i>Public debt interest</i>	<i>5,672</i>	<i>5,098</i>	<i>4,880</i>	<i>4,386</i>	<i>4,007</i>
Nominal Superannuation Interest	4,480	4,287	4,454	4,609	4,594
General revenue assistance - States & Territories	3,432	3,174	2,294	1,699	1,208
General capital assistance - States & Territories	0	0	0	0	0
Debt assistance	0	0	0	0	0
Local government assistance	1,330	1,374	1,425	1,475	1,528
Revenue assistance to the States & Territories	139	148	151	155	159
Assistance to other governments	494	285	262	238	232
<i>General purpose inter-government transactions</i>	<i>5,395</i>	<i>4,981</i>	<i>4,132</i>	<i>3,567</i>	<i>3,127</i>
Natural disaster relief	116	101	81	81	81
Contingency reserve(a)	670	919	2,680	4,541	6,274
Asset sales	34	33	0	218	218
Total other purposes	16,367	15,419	16,226	17,402	18,300
<i>Memorandum item:</i>					
Natural Heritage Trust Extension(a)	0.0	0.0	100.0	233.0	233.0

(a) The estimates for the extension of the NHT, whilst formally in Contingency Reserve expenses, have been allocated to the *Housing and community amenities*, *Recreation and culture* and *Agriculture, forestry and fishing* functions in Statement 6.

This function includes expenses from the following portfolios:

- Finance and Administration;
- Industry, Science and Resources;
- Transport and Regional Services; and
- Treasury.

Nature of expenses and major trends

The *Other purposes* function includes expenses incurred in the servicing of public debt interest, and assistance to the States, the Northern Territory, the Australian Capital Territory and local government. The function also includes items classified to natural disaster relief, the Contingency Reserve, and costs of asset sales.

The decrease in expenses from 2000-01 to 2001-02 is largely due to reductions in interest expenses on the Commonwealth's public debt.

The increase in expenses over the forward years is largely due to growth in the *Contingency Reserve* sub-function expenses. The increase in the Contingency Reserve from 2002-03 over the forward years is largely due to growth in the conservative bias allowance — an allowance that compensates for the trend in expenses on existing Commonwealth programmes to be underestimated by agencies in the forward years.

This increase is partially offset by reductions in interest expenses on the Commonwealth's public debt, due to projected reductions in the volume of public debt, and by reductions in the Budget Balancing Assistance (BBA) payments to the States to ensure their budgets are no worse off as a result of tax reform. The reductions reflect projected increases to GST revenue that goes to the States and Territories.

Public debt interest

This sub-function includes expenses relating to the cost of servicing the stock of Commonwealth debt incurred to meet budget financing and other borrowing requirements. All expenses relating to public debt interest are expenses of the Australian Office of Financial Management, which is responsible for managing and reporting on the Commonwealth's net debt portfolio. This sub-function does not include interest on instalment purchase of buildings, overpayment of tax, and other interest not associated with borrowings, which are included in the function relevant to the associated borrowings.

Expenses on public debt interest are governed by the volume of outstanding Commonwealth debt, and the average cost of debt service (the net effect of interest and exchange rate movements), which is in turn influenced by the mix of debt instruments and the term structure of the debt. The balance of influence of these factors on total public debt interest expenses will vary over time.

Public debt interest expenses also include interest expenses on debt issued by the Commonwealth on behalf of the State and Territory governments. Since 1990 the State and Territory governments have been borrowing on their own behalf. These interest expenses are offset by payments from the State and Territory governments. Interest expenses on debt issued by the Commonwealth on behalf of the State and Territory governments is projected to decline as the debt is extinguished.

Expenses in this sub-function are forecast to decrease over 2001-02 and the forward years, due largely to projected reductions in the volume of Commonwealth debt on issue.

Nominal superannuation interest

The *Nominal superannuation interest* sub-function includes expenses relating to the cost of the accumulated unfunded liability of the superannuation schemes provided by the Government for its civilian and defence personnel — including the PSS, the CSS, the Military Superannuation and Benefits Scheme and the Defence Force Retirement and Death Benefits Scheme. The interest expense reflects the cost of not fully funding the

superannuation liability. The Government is viewed as compulsorily borrowing the funds and incurs a nominal interest expense.

Nominal superannuation interest expenses are estimated to increase over time in line with increases in the unfunded liability of the superannuation schemes. Year-by-year fluctuations reflect the nominal interest rate assumptions in the particular years.

Superannuation expenses relating to current year employment in relation to these schemes are included in the *General public services* function, *Government superannuation benefits* sub-function.

General purpose inter-government transactions

This sub-function includes grants and advances to the States and Territories and local government authorities, which are not classifiable to other functions. Detailed information on the Commonwealth's financial relations with State, Territory and local governments is provided in *Budget Paper No. 3, Federal Financial Relations 2001-02*.

General revenue assistance to the States and Territories comprises payments made by the Commonwealth to the State and Territory governments. These include BBA paid to ensure that State and Territory budgets are no worse off as a result of taxation reform, and National Competition Payments which are paid subject to satisfactory progress with the implementation of specified National Competition Policy and related reforms.

The Government provides assistance to local government authorities through general purpose Financial Assistance Grants and identified local road grants. The increase in expenses for this sub-function each year reflects the application of an escalation factor determined by the Treasurer in light of the underlying movements in the CPI and population.

Revenue assistance to the States and Territories includes payments to compensate the States and Territories for the loss of companies' fees and fines that are now collected by the Commonwealth.

Assistance to other governments consists primarily of the payment of Offshore Petroleum Royalties/Fees to Western Australia for administration of petroleum exploration and production leases within Commonwealth jurisdiction. This payment drops from 2000-01 to 2001-02 and has a slight decline thereafter, due to the forecast reduction in world oil prices from 2001-02 and a gradual decline in petroleum production on the North West Shelf.

The Commonwealth's estimates do not include GST payments to the States and Territories, as accrued GST revenues and associated payments to the States and Territories are treated as a state tax.

This sub-function also includes compensation to the Australian Capital Territory for municipal expenditure arising from Canberra's status as the National Capital.

Expenses for *General purpose inter-government transactions* are projected to decrease in 2001-02 and the forward years largely due to projected increases in GST revenue causing corresponding decreases in Budget Balancing Assistance.

Natural disaster relief

This sub-function comprises expenses of the Finance and Administration portfolio associated with natural disaster relief.

Under the Natural Disaster Relief Arrangements (NDRA), the Commonwealth reimburses part of the States' expenses on restoration payments and payments for other eligible disaster relief measures where the expenses exceed 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.

Commonwealth assistance towards natural disaster relief reflects the unpredictability of these events in terms of incidence and severity. Increases in expenses for 2000-01 and 2001-02 were driven by severe flooding in New South Wales and Queensland in November 2000. The forward estimates are based on a broad average of annual net payments over recent years.

Drought assistance is included within the *Agriculture, forestry and fishing* function, *General assistance not allocated to specific industries* sub-function.

Contingency Reserve

The Contingency Reserve is an allowance, included in aggregate expenses figuring, to reflect anticipated events that cannot be assigned to individual programmes in the preparation of the Commonwealth Budget. 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 is not appropriated in the Budget. Allowances that are included in the reserve can only be drawn upon once they have been appropriated by Parliament.

The Contingency Reserve makes allowance in the Budget and forward years for anticipated events including 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 the estimates of administered expenses for some specific agencies or functions to be overstated in the Budget year;
- commercial-in-confidence and national security-in-confidence items that cannot be disclosed separately;

- decisions made late in the budget process, of which by far the largest is:
 - the Government's decision to allocate additional funding of over \$1 billion to further extend the operation of the NHT by five years to 2006-07. Current estimates of allocations to individual functions are:
 - : *Housing and community amenities* of \$49 million in 2002-03 and \$114 million in each year from 2003-04 to 2006-07;
 - : *Recreation and culture* of \$10 million in 2002-03 and \$23 million in each year from 2003-04 to 2006-07; and
 - : *Agriculture, forestry and fishing* of \$41 million in 2002-03 and \$96 million in each year from 2003-04 to 2006-07;
 - The estimates for the extension of the NHT, whilst formally in *Contingency Reserve* expenses, have been allocated to the individual functions according to this estimated allocation; and
- the effect of economic parameter revisions for the Budget and forward estimates received late in the process and hence not able to be allocated to individual agencies or functions.

The increase in the Contingency Reserve largely reflects the conservative bias allowance that is based on the trend for expenses on existing Commonwealth programmes to be underestimated by agencies in the forward years.

Asset sales

The *Asset sales* sub-function includes expenses associated with the Government's major asset sales and the administration costs of the Office of Asset Sales and Commercial Support (previously known as the Office of Asset Sales and Information Technology Outsourcing). Estimates for the forward years are not included until resources required for specific sales are decided.

The estimates for 2000-01 and 2001-02 reflect funding for a range of previously announced sales including Kingsford Smith Airport in Sydney and Essendon Airport in Melbourne. The costs in the later years relate to the assumed timing of the proposed sale of Telstra.

Part II: General government net capital investment

OVERVIEW

In 2001-02, forecast net capital investment has fallen by \$856 million since the 2000-01 MYEFO, largely reflecting delays in property sales of \$362 million from 2000-01 into 2001-02 and a reallocation of capital expenditure to expenses by the Department of Defence. New policy decisions since the 2000-01 MYEFO have led to a reduction in estimated net capital investment of \$136 million in 2001-02.

Net capital investment estimates for the period from 2000-01 to 2004-05 are provided in Table 18.

Net capital investment reflects the change in the balance sheet value of non-financial assets (for example: property, plant and equipment), excluding investment in specialist military equipment which is disclosed as an expense.

Table 18: Estimates of total Commonwealth general government net capital investment

	2000-01		2001-02	2002-03	2003-04	2004-05
	MYEFO(a)	Revised	Estimate	Projection	Projection	Projection
Total net capital investment (\$m)	-3,646	-1,968	-1,201	-364	-266	-236
Real growth on previous year(%) ^(b)			-40	-70	-29	-13
Per cent of GDP	-0.5	-0.3	-0.2	0.0	0.0	0.0

(a) As published in the 2000-01 MYEFO on a GFS basis. The corresponding estimates reported in the 2000-01 Budget were on an Australian Accounting Standard No. 31 (AAS31) basis.

(b) Real growth is calculated using the non-farm gross domestic product (GDP) deflator.

Net capital investment is expected to decrease by around \$1.2 billion in 2001-02 and fall by a further \$866 million over the forward years, largely reflecting the Department of Defence's ongoing property sales programme.

The change in estimated net capital investment from 2000-01 to 2001-02 largely reflects the sale of telecommunications spectrum licenses by the Australian Communications Authority in 2000-01 partly offset by a slippage of Defence property sales from 2000-01 to 2001-02.

RECONCILIATION OF NET CAPITAL INVESTMENT SINCE THE 2000-01 BUDGET

Table 19 provides a reconciliation of the 2001-02 Budget, 2000-01 MYEFO and 2000-01 Budget net capital investment estimates, showing the effect of policy decisions and economic parameter and other variations since the estimates were published in the 2000-01 Budget.

Table 19: Reconciliation of Commonwealth general government net capital investment

	2000-01 \$m	2001-02 \$m	2002-03 \$m	2003-04 \$m
Change in net capital investment at 2000-01 Budget	-2,240	1,013	574	1,125
Changes between 2000-01 Budget and MYEFO				
Effect of policy decisions	1	6	0	0
Effect of economic parameter and other variations	-1,407	-1,364	-854	-805
Total variations	-1,406	-1,359	-854	-805
Change in net capital investment at 2000-01 MYEFO	-3,646	-346	-280	320
Changes between MYEFO and 2001-02 Budget				
Effect of policy decisions	18	-136	-111	-33
Effect of economic parameter and other variations	1,661	-720	27	-554
Total variations	1,678	-856	-84	-587
Change in net capital investment at 2001-02 Budget	-1,968	-1,201	-364	-266

Policy decisions

Policy decisions since the 2000-01 MYEFO affecting net capital investment estimates include:¹

- \$98 million to fund the Health Insurance Commission's (HIC) modernisation of its claims and payments business, ensuring the efficient operation of all government health programmes administered by the HIC;
- a \$50 million loan to the Commonwealth Scientific and Industrial Research Organisation (CSIRO) to facilitate the commercialisation of new production technology for the light metals sector, in partnership with the Australian Magnesium Corporation;
- a loan to the Australian Broadcasting Corporation (ABC) to fund construction of a new building in Perth at a total cost of \$29 million. The building will accommodate the ABC's head office in Western Australia and television facilities;
- the investment of \$43 million by the National Gallery of Australia on building refurbishment and enhancement;

1 In the calculation of net capital investment, proceeds from the sale of non-financial assets are subtracted from the purchases of non-financial assets. Consequently, an increase in the proceeds from the sale of non-financial assets reduces net capital investment and increases the fiscal balance.

- \$16 million in 2001-02 to Centrelink for the development of software to support *Australians Working Together*;
- the Department of Finance and Administration construction of new chancery facilities in Colombo and New Delhi at a cost of \$25 million;
- \$36 million to the Department of Foreign Affairs and Trade to fund the replacement of the existing diplomatic communications network with the proposed Secure Australian Telecommunications and Information Network;
- \$12 million over the Budget and forward years to the Civil Aviation Safety Authority for the development of new systems to implement updated regulations that will improve aviation safety; and
- \$6 million in 2001-02 to the Australian Customs Service for infrastructure changes to support risk mitigation of foot and mouth disease in Australia.

These new policy initiatives will be offset in 2001-02 by an expansion of the Department of Defence's property sales programme, which will increase sales revenue in 2001-02. This additional sales revenue will be offset, in part, by rental supplementation for those properties leased back by Defence.

Parameter and other variations

Since the 2000-01 MYEFO, parameter and other variations have led to a reduction in estimated net capital investment of around \$720 million in 2001-02. Variations in the Budget and forward years are largely due to:

- slippage in the Department of Defence's Pre-existing Property Sales Programme, which will increase sales revenue in 2001-02;
- a reallocation of capital expenditure to expenses in Defence;
- an extension in the Defence Housing Authority's Sale and Leaseback Programme;
- the removal of the capital conservative bias allowance;² and
- lower than estimated proceeds from the sale of telecommunications spectrum licenses in 2000-01.

2 An adjustment had previously been made in the Contingency Reserve to reflect an initial conservative bias in agencies' forward net capital investment. However, with the bedding down of the accrual budgeting framework, agencies have now developed robust asset replacement strategies that remove the need for this adjustment.

NET CAPITAL INVESTMENT BY FUNCTION

Table 20 provides estimates of Commonwealth general government net capital investment by function for the period 2000-01 to 2004-05.

Table 20: Estimates of Commonwealth net capital investment by function

	Estimates		Projections		
	2000-01 \$m	2001-02 \$m	2002-03 \$m	2003-04 \$m	2004-05 \$m
General public services	-80	-28	14	40	-86
Defence	-403	-1,097	-510	-193	-399
Public order and safety	59	19	-2	-9	-4
Education	0	0	-3	0	6
Health	35	26	45	48	12
Social security and welfare	19	45	8	-5	3
Housing and community amenities	-189	-130	-79	-79	6
Recreation and culture	-106	108	58	-2	-10
Fuel and energy	3	0	0	0	0
Agriculture, forestry and fishing	-5	-2	-3	-3	-4
Mining and mineral resources (other than fuels); manufacturing and construction	31	-2	3	-3	3
Transport and communications	-1,345	16	6	6	5
Other economic affairs	-5	15	-19	-17	-8
Other purposes	17	-169	118	-48	238
Net capital investment	-1,968	-1,201	-364	-266	-236

The movement in net capital investment from 2000-01 to 2001-02 largely reflects the sale of telecommunications spectrum by the Australian Communications Authority in 2000-01 (*Transport and communications*) and a re-phasing and acceleration of Defence's property sale programme in 2001-02 (*Defence*). Other contributors to movements in net capital investment include:

- a number of largely offsetting movements in the *General public services* function including:
 - ANSTO's investment in a new nuclear reactor at Lucas Heights; investment by the Australian Taxation Office in IT infrastructure; and by Department of Foreign Affairs and Trade in an updated secure communications system; CSIRO's investment in the commercialisation of new magnesium production technology for the light metals sector; and the ABS's fitout for its new headquarters;
 - offset by property sales by the Department of Finance and Administration and the CSIRO;
- *Public order and safety*, the purchase of border related technologies such as x-ray equipment and software by the Australian Customs Service in 2000-01 and the

establishment of the CrimTrac DNA database by the Attorney-General's Department;

- *Social security and welfare and Health*, the investment in IT infrastructure by Centrelink, the Department of Veterans' Affairs and the Health Insurance Commission;
- *Recreation and culture*, the construction of additional purpose-built facilities at the ABC headquarters at Ultimo, NSW, the National Museum of Australia, and the ongoing digital TV conversion programme at the ABC and SBS, offset, in 2000-01, by the sale of FM radio licenses by the Australian Broadcasting Authority;
- *Mining and mineral resources*, a \$30 million licence agreement between the Department of Industry, Science and Resources and the Syntroleum Corporation boosted investment in 2000-01; and
- *Other purposes*, further telecommunications spectrum and FM radio license sales in the forward years.

Appendix A: Expense Measures

Table A1: Expense measures since the 2000-01 MYEFO

	2001-02 \$m	2002-03 \$m	2003-04 \$m	2004-05 \$m
AGRICULTURE, FISHERIES AND FORESTRY				
<i>Department of Agriculture, Fisheries and Forestry</i>				
Additional assistance to dairy farmers	-	-	-	-
Agricultural Development Partnerships	3.7	6.6	7.7	8.4
Australia's response to Foot and Mouth Disease and other quarantine risks	61.9	73.5	73.5	73.5
Backing Australia's Ability - New Industries Development Programme Mark II	5.1	5.2	5.2	5.2
Commonwealth contribution to the Murray Darling Basin Commission	-	-	-	-
Commonwealth Flood Assistance Package for central and northern New South Wales and southern Queensland	29.5	-	-	-
Continuation of Nairn funding for quarantine activities	5.3	13.8	13.8	13.8
Exceptional Circumstances - Western Australia	6.1	4.1	-	-
Flood assistance for dairy farmers in northern New South Wales	-	-	-	-
National Food Industry Strategy	1.5	-	-	-
Pricing review of the Department of Agriculture, Fisheries and Forestry	7.0	-	-	-
Rural Financial Counselling Services	5.8	5.8	5.8	-
Savings from Farmbis - Skilling Farmers for the Future programme	-6.7	-12.4	-13.5	-8.4
Portfolio total	119.2	96.6	92.5	92.5
ATTORNEY-GENERAL'S				
<i>Attorney General's Department</i>				
Additional resourcing for Native Title	5.5	5.1	3.3	2.0
Diplomatic guarding	7.8	8.0	-	-
Improving security within the Australian intelligence community	0.7	0.6	0.6	0.6
Pricing review of the Attorney-General's Department	-1.0	-1.0	-1.0	-1.0
Pro Bono secretariat	0.3	0.3	0.3	0.3
Protection of the National Information Infrastructure	0.6	-	-	-
<i>Australian Customs Service</i>				
Australia's response to Foot and Mouth Disease and other quarantine risks	53.7	56.5	59.4	62.5
<i>Australian Federal Police</i>				
Australian Federal Police Reform Programme Stage 2	28.3	28.7	28.2	25.3
Back-capture of DNA samples from federal prisoners	-	-	-	-
Payment for Australian Federal Police East Timor Peacekeepers	3.1	-	-	-
Protection of the National Information Infrastructure	0.2	-	-	-

Table A1: Expense measures since the 2000-01 MYEFO (continued)

	2001-02 \$m	2002-03 \$m	2003-04 \$m	2004-05 \$m
ATTORNEY-GENERAL'S (continued)				
<i>Australian Security Intelligence Organisation</i>				
Improving security within the Australian intelligence community	2.5	1.8	1.9	1.9
Protection of the National Information Infrastructure	0.6	-	-	-
<i>Federal Court of Australia</i>				
Additional resourcing for Native Title	5.3	4.6	4.1	3.0
<i>National Native Title Tribunal</i>				
Additional resourcing for Native Title	6.0	10.5	10.3	8.9
Portfolio total	113.5	115.1	107.0	103.4
COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS				
<i>Australia Council</i>				
Renewed support to the Regional Arts Fund, Young and Emerging Artists Initiative, and the Major Festivals Initiative	4.5	2.5	2.6	-
Reprioritisation of expenditure - Australia Council	-1.5	-1.5	-1.5	-1.5
<i>Australian Broadcasting Corporation</i>				
Australian Broadcasting Corporation - additional funding	17.8	17.8	17.8	17.8
<i>Australian Communications Authority</i>				
Radiocommunications licensing arrangements	-0.7	-0.7	-0.7	-0.7
<i>Department of Communications, Information Technology and the Arts</i>				
Additional funding for the National Council for the Centenary of Federation for promoting Federation Fund projects	-	-	-	-
Australian Film Finance Corporation - continuation of funding	-	-	-	-
Australia's response to Foot and Mouth Disease and other quarantine risks	20.0	13.2	8.0	8.2
Backing Australia's Ability - Innovation Access Programme	1.0	3.0	3.0	3.0
Backing Australia's Ability - National Innovation Awareness Strategy	0.7	1.2	1.2	0.6
Backing Australia's Ability - World Class Centres of Excellence	4.5	8.8	12.0	17.7
Department of Communications, Information Technology and the Arts - reallocation of surplus funds	-	-5.0	-5.0	-5.0
Digital interference subsidy	10.0	-	-	-
Maintenance of the base funding of elements of the Cultural Development Programme	7.4	5.7	4.9	1.4
Pricing review of the Department of Communications, Information Technology and the Arts	-	-	-	-
Savings from the National Transmission Network residual pool	-2.0	-2.0	-2.0	-2.0

Table A1: Expense measures since the 2000-01 MYEFO (continued)

	2001-02 \$m	2002-03 \$m	2003-04 \$m	2004-05 \$m
COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS (continued)				
Telecommunications Service Inquiry response - Contribution to a national Online Technical Assistance Programme	0.4	1.8	3.8	-
Telecommunications Service Inquiry response - extend mobile phone coverage to communities of less than 500 people	4.5	17.1	19.9	-
Telecommunications Service Inquiry response - Extend mobile phone coverage to communities of more than 500 people	15.5	12.2	10.0	-
Telecommunications Service Inquiry response - Funding consumer representation and research	-	0.9	0.9	0.9
Telecommunications Service Inquiry response - Improving community awareness	6.7	0.2	-	-
Telecommunications Service Inquiry response - Improving Services for Aboriginal and Torres Strait Islander Communities	0.4	-	-	-
Telecommunications Service Inquiry response - National Communications Fund	0.7	13.4	25.4	12.7
Telecommunications Service Inquiry response - Savings from the Telstra Social Bonus	nfp	nfp	nfp	nfp
Portfolio total	89.9	88.6	100.3	53.1
DEFENCE				
<i>Department of Defence</i>				
Defence and surplus East Timor funds	100.0	70.0	-	-
Defence Capital Investment Programme	-	-	-	-
Defence White Paper	507.0	1039.4	1464.7	2042.1
Enhancement of the Australian Defence Force Cadets	-	-	-	-
Improving security within the Australian Intelligence Community	-	-	-	-
Protection of the National Information Infrastructure	0.5	-	-	-
Supplementation for commercial rents	16.0	16.0	16.0	16.0
Portfolio total	623.5	1125.4	1480.7	2058.1
EDUCATION, TRAINING AND YOUTH AFFAIRS				
<i>Australians Working Together</i>				
A better deal for people with disabilities - Better access to education and training	-	7.3	14.6	15.0
A fair go for mature age workers - More assistance	0.2	1.6	4.9	7.4
Getting people the right help - Improved information technology	0.3	-	-	-
Helping parents return to work	1.2	7.7	18.0	22.4
Helping people to find jobs - Better employment services	-	1.7	3.4	3.5
Promoting self-reliance for indigenous people - Increased educational and training assistance	0.2	3.5	4.3	2.2

Table A1: Expense measures since the 2000-01 MYEFO (continued)

	2001-02 \$m	2002-03 \$m	2003-04 \$m	2004-05 \$m
EDUCATION, TRAINING AND YOUTH AFFAIRS (continued)				
<i>Department of Education, Training and Youth Affairs</i>				
Adjustment to Department of Education, Training and Youth Affairs resourcing	-2.1	-2.2	-2.2	-2.3
Backing Australia's Ability - 2,000 additional targeted university places	13.9	24.8	33.4	40.3
Backing Australia's Ability - Additional funding for project-specific research infrastructure	26.8	47.7	68.7	89.3
Backing Australia's Ability - Additional funding for systemic research and research training infrastructure in universities	26.3	53.2	54.4	55.5
Backing Australia's Ability - Double funding for national competitive research grants	19.2	92.5	142.8	205.4
Backing Australia's Ability - Fostering scientific, mathematical and technological skills and innovation in government schools	33.1	34.9	36.8	38.7
Backing Australia's Ability - Online curriculum content	4.5	7.2	7.4	7.5
Backing Australia's Ability - Postgraduate Education Loan Scheme	0.7	0.4	0.4	0.4
Career and Transitions pilots - enhancing young peoples' transition from school to further education or work	-	-	-	-
Expand the geographic coverage of enterprise and career education foundation work-placement coordinators	1.2	2.7	3.1	2.6
Fringe Benefits Tax supplementation for Aboriginal and Torres Strait Islander organisations	1.0	0.8	0.8	0.8
Higher Education places for regional Universities and campuses	4.3	7.8	10.5	12.6
Improving schooling outcomes	-	-	-	-
Income-contingent loans for bridging courses for overseas trained professionals	-	-2.1	-2.1	-2.2
Increase in the permanent migrant intake	11.2	14.7	18.4	22.4
Innovative and collaborative pilots for youth-related programmes	-	-	-	-
Job Placement, Employment and Training Programme - Employment support for homeless young people	4.2	4.0	4.1	4.5
Jobs Pathway Programme - support for the transition from school to work	12.1	10.9	11.2	12.6
The Mentor Marketplace	-	-	-	-
Training for Innovation - growth funding for the Australian National Training Authority Agreement	50.0	76.5	104.1	-
Portfolio total	208.4	395.6	536.9	538.6

Table A1: Expense measures since the 2000-01 MYEFO (continued)

	2001-02 \$m	2002-03 \$m	2003-04 \$m	2004-05 \$m
EMPLOYMENT, WORKPLACE RELATIONS AND SMALL BUSINESS				
<i>Australians Working Together</i>				
A Fair Go for Mature Age Workers - More encouragement to participate	0.4	0.4	-	-
Getting people the right help - Improved information technology	0.4	-	-	-
Getting people the right help - Personal Support Programme	-	-29.1	-28.0	-26.7
Helping people to find jobs - Better employment services	7.9	55.6	55.8	57.7
Helping people to find jobs - Training credits	0.3	36.4	36.7	37.5
Promoting self-reliance for indigenous people - Better support to get a job	2.6	4.6	9.7	14.2
<i>Department of Employment, Workplace Relations and Small Business</i>				
Development and enhancement of the Business Entry Point internet site	8.2	8.4	8.5	8.7
Expansion of the Dairy Regional Assistance Programme	10.0	10.0	-	-
Pricing review of the Department of Employment, Workplace Relations and Small Business	-8.2	-8.4	-8.5	-8.7
<i>Equal Opportunity for Women in the Workplace Agency</i>				
Equal Opportunity for Women in the Workplace Agency on-line services	1.1	0.9	0.7	0.4
<i>National Occupational Health and Safety Commission</i>				
Relocation of the National Occupational Health and Safety Commission	-1.2	-1.1	-0.8	-0.1
Portfolio total	21.5	77.7	74.1	83.0
ENVIRONMENT AND HERITAGE				
<i>Australian Greenhouse Office</i>				
Domestic greenhouse policy development	-	-	-	-
Greenhouse international policy and reporting, and greenhouse sinks	-	-	-	-
Pricing review of the Australian Greenhouse Office	-0.7	-0.6	-	-
<i>Department of the Environment and Heritage</i>				
Administration of the fuel quality legislation	-	-	-	-
Conservation of rural and regional historic hotels	5.0	-	-	-
Goondiwindi Serpentine Water Park	5.0	-	-	-
Greenhouse Gas Abatement Programme	-	-	-	-
National Pollutant Inventory	1.2	1.3	1.3	1.3
Natural Heritage Trust extension (a)	-	100.0	233.0	233.0
Pricing review of the Australian Antarctic Division	-	-	-	-
Pricing review of the Bureau of Meteorology	-	-	-	-
Queensland East Coast Trawl Restructure Programme	-	-	-	-
Sydney Harbour Federation Trust	-	-	-	-
Wildlife programmes and biodiversity conservation responsibilities	0.8	0.7	0.7	0.6

Table A1: Expense measures since the 2000-01 MYEFO (continued)

	2001-02 \$m	2002-03 \$m	2003-04 \$m	2004-05 \$m
ENVIRONMENT AND HERITAGE (continued)				
<i>Great Barrier Reef Marine Park Authority</i>				
Funding to offset the reduction in revenue related to the Environmental Management Charge	0.5	0.6	0.3	0.3
Management of aquaculture impacts	0.5	0.5	0.4	0.4
Townsville Aquarium - Reef Headquarters	1.8	0.5	0.5	0.5
Portfolio total	14.1	103.0	236.2	236.1
FAMILY AND COMMUNITY SERVICES				
<i>Australians Working Together</i>				
A Fair Go for Mature Age Workers - More encouragement to participate	1.7	17.6	40.4	42.0
A Fair Go for Mature Age Workers - More assistance	0.3	2.4	10.9	16.2
Helping people find jobs - Mutual obligation requirements	3.0	10.6	7.3	7.2
Helping parents return to work	5.7	50.8	64.5	69.6
Getting people the right help - Personal Support Programme	2.7	36.8	45.7	60.5
Getting people the right help - Better assessments	0.2	10.1	10.6	10.7
Getting people the right help - Improved information technology	2.9	16.5	15.0	15.0
A better deal for people with disabilities - Better assessment	2.3	34.1	14.3	13.9
A better deal for people with disabilities - Better access to employment assistance	0.7	13.2	20.3	22.8
A better deal for people with disabilities - Quality assurance of employment assistance	3.2	4.7	5.3	5.3
Promoting self-reliance for indigenous people - Community Participation Agreements and capacity building	-	0.5	0.6	0.6
Promoting self-reliance for indigenous people - Remote area servicing	0.6	2.0	2.9	3.7
Help to participate - Working Credit	8.9	125.6	176.8	189.0
Help to participate - Literacy and Numeracy Training Supplement	0.8	5.8	6.8	7.0
More child care places	2.3	5.4	4.2	4.4
Community and Business Engagement	9.0	7.7	2.6	2.7
Planning for the Future	1.0	1.0	2.0	1.0
<i>Department of Family and Community Services</i>				
Acknowledging Older Australians - exempt superannuation from Social Security Means Test for people aged between 55 and Age Pension age	88.8	88.2	89.9	91.7
Acknowledging Older Australians - Extend eligibility for the Commonwealth Seniors Health Card	1.5	-	-	-
Acknowledging Older Australians - One-off payment to the aged	10.1	-	-	-
Acknowledging Older Australians - telephone allowance to Commonwealth Seniors Health Card holders	30.5	23.8	24.5	24.9

Table A1: Expense measures since the 2000-01 MYEFO (continued)

	2001-02 \$m	2002-03 \$m	2003-04 \$m	2004-05 \$m
FAMILY AND COMMUNITY SERVICES (continued)				
Compliance package - detection	-19.3	-37.9	-35.1	-33.4
Compliance package - prevention	0.8	-2.6	-0.3	-0.3
Compliance package - research and development	-3.7	-10.2	-1.1	-
Department of Family and Community Services pricing review of services delivered through Non-Government Organisations	-	-	-	-
Exceptional Circumstances - Western Australia	0.4	0.4	0.1	-
Expanding the supply of healthy Indigenous housing	3.0	23.0	24.5	24.5
Family homelessness and early intervention pilots	1.2	2.3	1.3	-
Family Tax Benefit shared care and Child Support Agency liability	2.6	0.2	-	-
Further simplification of international payments	-0.3	-6.1	-6.6	-7.3
Increase in the permanent migrant intake	11.7	29.9	60.4	94.5
Introduce discretion for parents who have shared care to waive eligibility for Family Tax Benefit	1.1	0.6	0.6	0.6
National research and education strategy to prevent problem gambling	2.2	5.0	0.6	0.6
New and revised international social security agreements	4.1	3.4	2.5	2.6
New social security arrangements between Australia and New Zealand	-22.9	-57.3	-164.9	-269.5
Provide Health Care Cards to foster children	0.4	-	-	-
Restore War Widows pensions relinquished upon remarriage prior to 1984	-5.6	-23.8	-26.0	-27.7
Supplementation for employment assistance and other services	2.7	-	-	-
The Mentor Marketplace	-	0.9	1.5	2.3
Transition to Independent Living Allowance	-	1.0	2.6	2.6
Portfolio total	154.5	385.5	404.9	377.9
FINANCE AND ADMINISTRATION				
<i>Department of Finance and Administration</i>				
Early payout of AvSuper superannuation liabilities	-4.0	-5.0	-	-
Establishing a private financing unit	2.0	1.9	1.9	1.9
Indexation of Commonwealth superannuation benefits	30.0	30.0	30.0	30.0
Information Technology upgrade in electorate offices	4.0	3.0	3.0	3.0
Mapping of the Australian Antarctic Territory extended continental shelf	11.8	0.8	0.1	0.1
<i>Office of Asset Sales and Commercial Support</i>				
Continuation of Office of Asset Sales and Commercial Support resourcing for the asset sales programme	5.8	-	-	-
Deferral of the further sale of the Commonwealth's shareholding of Telstra Corporation - sale costs	-218.0	-218.0	218.0	-
Sale of Kingsford Smith Airport - sale costs	16.5	-	-	-
Scoping study for the future ownership of Sydney Airports Corporation Limited	-	-	-	-
Portfolio total	-152.0	-187.3	253.0	35.0

Table A1: Expense measures since the 2000-01 MYEFO (continued)

	2001-02 \$m	2002-03 \$m	2003-04 \$m	2004-05 \$m
FOREIGN AFFAIRS AND TRADE				
<i>Australian Agency for International Development</i>				
Commitment to Polio Eradication	2.5	2.5	2.5	2.5
<i>Australian Secret Intelligence Service</i>				
Improving security within the Australian intelligence community	0.9	0.7	0.7	0.8
<i>Australian Trade Commission</i>				
Opening of Australian Consulate-General in Chicago	0.8	0.7	0.7	0.7
<i>Department of Foreign Affairs and Trade</i>				
Opening of Australian Consulate-General in Chicago	3.1	2.4	2.5	2.7
Portfolio total	7.3	6.3	6.4	6.7
HEALTH AND AGED CARE				
<i>Australian Radiation Protection and Nuclear Safety Agency</i>				
Strategy on electromagnetic public health issues	-	-	-	-
<i>Department of Health and Aged Care</i>				
Acknowledging Older Australians - exempt superannuation from Social Security Means Test for people aged between 55 and Age Pension age	9.7	10.6	11.6	12.6
Acknowledging Older Australians - Extend eligibility for the Commonwealth Seniors Health Care Card	22.5	24.7	27.0	29.3
Additional Practice Nurses for rural Australia and other areas of need	15.1	27.8	29.6	31.8
After hours/emergency primary medical care	8.8	10.4	11.6	12.6
Alcohol Education and Rehabilitation Foundation	10.4	24.1	40.1	41.1
Better targeting of medical workforce reform	-	-6.1	-6.2	-6.4
Carers information and support	-	-	-	-
Cervical screening incentives for general practitioners	5.1	15.6	23.1	27.7
Clarifying the funding arrangements for the provision of methadone to private patients	-21.8	-22.3	-22.7	-23.2
Dementia Education and Support Programme	-	-	-	-
Electronic commerce for Medicare claiming	-	-	-	-
Ensuring Quality Care for Older Australians - Checks of aged care homes	5.0	5.0	-	-
Ensuring Quality Care for Older Australians - Community Visitors Scheme and the Residential Aged Care Advocacy Services Programme	0.6	1.5	1.6	1.6
Ensuring Quality Care for Older Australians - Complaints Resolution Scheme	0.7	1.0	1.0	1.1
Ensuring Quality Care for Older Australians - Information management for quality care	0.6	2.4	2.3	2.3
Ensuring Quality Care for Older Australians - Quality Care Communication Strategy	0.5	1.5	-	-
Exceptional Circumstances - Western Australia	0.2	0.1	-	-
Fringe Benefits Tax supplementation for Aboriginal and Torres Strait Islander organisations	4.6	3.6	3.7	3.8

Table A1: Expense measures since the 2000-01 MYEFO (continued)

	2001-02 \$m	2002-03 \$m	2003-04 \$m	2004-05 \$m
HEALTH AND AGED CARE (continued)				
Funding for the Office of the Gene Technology Regulator	7.9	8.0	-	-
Greater scrutiny of aged care homes' funding claims	-10.7	-16.4	-16.8	-17.2
Health and Other Services (Compensation) Act 1995 review implementation	-5.2	-6.5	-6.7	-6.8
HealthConnect: A Health Information Network for Australia - Development Phase	8.3	7.5	-	-
Hospital Innovation	3.7	3.7	-	-
Hospital safety initiatives	6.2	6.6	6.6	6.6
Improved primary health care for Aboriginal and Torres Strait Islander communities	-	-	19.7	20.5
Improving the use of cholesterol lowering medicines on the Pharmaceutical Benefits Scheme	-18.8	-23.9	-26.6	-29.0
Increase in the permanent migrant intake	4.2	12.4	20.6	28.9
Increases in patient funding for general practitioner services	49.3	82.6	82.6	86.1
Increasing care and diversity for older Australians - culturally appropriate (ethnic) care	1.5	1.5	1.5	1.6
Increasing care and diversity for older Australians - Day Therapy Centres	0.3	1.3	1.4	1.3
Increasing care and diversity for older Australians - Extended aged care at home	0.3	1.6	-	-
Increasing care and diversity for older Australians - Safe at Home Pilot	0.3	0.3	0.3	0.3
Increasing care and diversity for older Australians - The Continence Aids Assistance Scheme	0.7	3.0	3.1	4.1
Integrated National Diabetes Programme	9.3	12.5	12.6	15.4
Investment to upgrade the Health Insurance Commission technical infrastructure to improve service	-	2.0	-13.0	-19.7
Mental Health - More Options, Better Services	4.1	24.4	39.7	51.5
National Immunisation Strategy	-	-	-	-
National Rural and Remote Health Support Programme	-	-	-	-
New Medicare items for Domiciliary Medication Management Review	1.8	4.3	5.5	6.5
Pricing review of the Department of Health and Aged Care	-	-2.0	-4.0	-6.0
Proactive GP management of asthma - the 3+ Visit Plan	7.5	12.2	13.9	14.2
Provide full access to the Repatriation Pharmaceutical Benefits Scheme for British, Commonwealth and Allied Veterans aged 70 years and over with World War II qualifying service	-12.1	-25.3	-25.8	-27.2
Provide Health Care Cards to Foster children	0.4	0.8	1.4	1.5
Quality Use of Medicines Package - Consumer education	2.0	4.0	4.2	4.4

Table A1: Expense measures since the 2000-01 MYEFO (continued)

	2001-02 \$m	2002-03 \$m	2003-04 \$m	2004-05 \$m
HEALTH AND AGED CARE (continued)				
Quality Use of Medicines Package - Enhancement of the National Prescribing Service	-8.6	-8.0	-8.0	-8.0
Quality Use of Medicines Package - National Medicines Disposal Programme	1.3	1.3	1.3	1.3
Reduction in wholesalers' remuneration under the Pharmaceutical Benefits Scheme	nfp	nfp	nfp	nfp
Replacement of speech processors for children with cochlear implants	-	-	-	-
Restore War Widows pensions relinquished upon remarriage prior to 1984	-2.3	-10.4	-12.7	-14.1
Restructuring rural and urban fringe aged care homes	5.0	-	-	-
Rural Nursing Scholarships	1.8	2.9	4.1	4.2
Safety of Australia's blood supply	2.0	-	-	-
Strategy on electromagnetic public health issues	-	-	-	-
The National Childhood Pneumococcal Vaccination Programme	7.4	7.4	4.2	4.2
Westmead Childrens Hospital	-	-	-	-
Portfolio total	129.5	207.8	231.9	258.8
IMMIGRATION AND MULTICULTURAL AFFAIRS				
<i>Department of Immigration and Multicultural Affairs</i>				
Backing Australia's Ability - attracting information and communication technology workers	0.3	0.3	0.3	0.3
Citizenship - media campaign	2.0	-	-	-
Extension of Living in Harmony Programme	2.5	-	-	-
Funding for the New Agenda for Multicultural Australia	1.0	1.0	-	-
Increase in the permanent migrant intake	2.1	3.9	3.9	3.9
New social security arrangements between Australia and New Zealand	8.4	7.9	7.7	7.4
Onshore processing of students in points tested categories	0.8	0.8	0.8	0.9
Pricing Review of the Department of Immigration and Multicultural Affairs	-6.2	-12.8	-11.6	-12.9
Reform of Independent Executive visa arrangements	0.8	1.2	1.2	1.2
Strategy to strengthen Australia's immigration services to priority areas - extension of Electronic Travel Authority arrangements	-	-0.2	-0.2	-0.2
Strategy to strengthen Australia's immigration services to priority areas - increased Australia-based representation in Brasilia	0.7	0.3	0.3	0.3
Unauthorised boat arrivals - review of processing and detention arrangements	24.9	32.8	40.8	49.2
Portfolio total	37.3	35.2	43.2	50.1

Table A1: Expense measures since the 2000-01 MYEFO (continued)

	2001-02 \$m	2002-03 \$m	2003-04 \$m	2004-05 \$m
INDUSTRY, SCIENCE AND RESOURCES				
<i>Australian Nuclear Science and Technology Organisation</i>				
Pricing review of the Australian Nuclear Science Technology Organisation	8.4	9.3	9.4	8.9
<i>Australian Sports Commission</i>				
Backing Australia's Sporting Ability - a more active Australia	36.5	38.8	38.8	40.1
<i>Department of Industry, Science and Resources</i>				
Assistance for the Melbourne 2006 Commonwealth Games	-	-	60.0	30.0
Backing Australia's Ability - 175 per cent premium rate - R&D tax concession	1.0	2.8	3.3	3.5
Backing Australia's Ability - Biotechnology Innovation Fund	5.0	5.0	10.0	-
Backing Australia's Ability - business advice on regulatory environment	-	-	-	-
Backing Australia's Ability - expansion of the COMET Program	10.0	10.0	10.0	10.0
Backing Australia's Ability - expansion of the Cooperative Research Centres Programme	-	-	55.0	57.0
Backing Australia's Ability - improvements to the management awareness of intellectual property	-	-	-	-
Backing Australia's Ability - Innovation Access Programme	-	16.6	19.2	24.3
Backing Australia's Ability - major national research facilities	5.0	20.0	30.0	50.0
Backing Australia's Ability - monitoring Venture Capital Investments	-	-	-	-
Backing Australia's Ability - National Innovation Awareness Strategy	4.3	5.8	5.8	6.4
Backing Australia's Ability - Pre-seed Fund	6.4	16.9	21.8	21.8
Backing Australia's Ability - R&D Start	-	33.9	102.6	159.7
Backing Australia's Ability - rebate for small companies	-	0.2	0.1	0.1
Backing Australia's Ability - World Class Centres of Excellence	1.5	3.8	5.0	6.2
Backing Australia's Sporting Ability - a more active Australia	1.9	1.9	1.9	1.9
Commonwealth contribution to the Bradman Memorial Fund	-	-	-	-
Commonwealth support of the Prime Minister's XI vs the Aboriginal and Torres Strait Islander Commission Chairman's XI cricket match	-	-	-	-
Commonwealth support for the 2001 Goodwill Games				
Continued resourcing for the Australian Building Codes Board	-	-	-	-
Continued Support for National Recreation Safety Organisations	0.4	0.4	0.4	0.4

Table A1: Expense measures since the 2000-01 MYEFO (continued)

	2001-02 \$m	2002-03 \$m	2003-04 \$m	2004-05 \$m
INDUSTRY, SCIENCE AND RESOURCES (continued)				
Corporatisation of the Snowy Mountains				
Hydro-Electric Authority and environmental flows into the Snowy and Murray Rivers	-	7.5	7.5	7.5
Facilitation of small and medium enterprises -				
Supplier access to major projects	-	-	-	-
Support for training of automotive industry employees and the development of industry relevant technology	4.0	4.0	-	-
Government response to Productivity				
Commission's report on general tariffs	-	5.0	4.7	4.0
The Indigenous Communities / Mining Industry				
Regional Partnership Programme	-	-	-	-
<i>National Standards Commission</i>				
Pricing review of the National Standards Commission	2.2	2.4	2.4	2.5
Portfolio total	86.5	184.3	387.9	434.3
PARLIAMENTARY DEPARTMENTS				
<i>Department of the House of Representatives</i>				
Additional funding for the Citizenship Visits Programme	0.1	..	..	-
Additional two Members in Parliament	0.5	0.4	0.4	0.4
<i>Department of the Senate</i>				
Additional funding for the Citizenship Visits Programme	0.1	..	..	-
Portfolio total	0.6	0.4	0.4	0.4
PRIME MINISTER AND CABINET				
<i>Department of the Prime Minister and Cabinet</i>				
Informed choices for Australian women	1.0	1.5	1.5	1.5
National initiative to combat sexual assault	2.1	4.8	4.8	4.8
Women's Development Programme	1.4	1.4	1.4	1.4
Women's National Leadership Initiative	0.6	0.6	0.6	0.6
<i>Office of National Assessments</i>				
Improving security within the Australian intelligence community	-	-	-	-
<i>Office of the Commonwealth Ombudsman</i>				
Enhanced complaint management for the New Tax System	-	-	-	-
Portfolio total	5.1	8.4	8.4	8.4
RECONCILIATION AND ABORIGINAL AND TORRES STRAIT ISLANDER AFFAIRS				
<i>Aboriginal and Torres Strait Islander Commission</i>				
Additional resourcing for Native Title	2.9	4.7	6.1	3.7
Fringe Benefits Tax supplementation for Aboriginal and Torres Strait Islander organisations	7.1	5.7	5.8	6.0
Improvement of major infrastructure in the Torres Strait	-5.0	-5.1	-5.2	-
Pricing Review of the Aboriginal and Torres Strait Islander Affairs Commission	-1.5	-1.0	-0.7	-

Table A1: Expense measures since the 2000-01 MYEFO (continued)

	2001-02 \$m	2002-03 \$m	2003-04 \$m	2004-05 \$m
RECONCILIATION AND ABORIGINAL AND TORRES STRAIT ISLANDER AFFAIRS (continued)				
<i>Australians Working Together</i>				
Promoting self reliance for Indigenous people - Community Participation Agreements and capacity building	1.0	4.5	10.0	15.0
<i>Department of Reconciliation and Aboriginal and Torres Strait Islander Affairs</i>				
Extension of support for Community Housing Infrastructure Programme and Native Title claimants	-	-	-	-
Separated Indigenous families - Government response to 'Bringing Them Home'	-	-	-	-
<i>Torres Strait Regional Authority</i>				
Improvement of major infrastructure in the Torres Strait	5.0	5.1	5.2	-
Portfolio total	9.5	13.9	21.2	24.7
TRANSPORT AND REGIONAL SERVICES				
<i>Australian Maritime Safety Authority</i>				
Improvements in search and rescue arrangements	1.2	1.1	0.7	0.7
<i>Civil Aviation Safety Authority</i>				
Aviation industry compliance	5.7	5.7	5.7	7.1
<i>Department of Transport and Regional Services</i>				
Airservices Australia - extension of location specific pricing subsidy	7.0	7.0	-	-
Alice Springs - Darwin Railway	-	5.1	8.9	-
Australia's response to Foot and Mouth Disease and other quarantine risks	19.4	-	-	-
Commonwealth Flood Assistance Package for central and northern New South Wales and southern Queensland	-	-	-	-
Construction of a new Scoreby Freeway	5.3	14.4	13.3	7.0
East Coast Very High Speed Train Scoping Study	15.0	5.0	-	-
Federal Flood Mitigation Programme	0.8	10.0	10.0	10.0
Flood Recovery Fund	-	-	-	-
Newcastle Structural Adjustment Fund	-	-	-	-
Roads in outer metropolitan areas	50.0	100.0	125.0	125.0
Roads to Recovery Programme	300.0	300.0	300.0	150.0
Roads to Recovery Programme funding for the Indian Ocean Territories and unincorporated areas	2.2	2.2	2.2	2.1
Savings from the Upgrade of Mainline Interstate Railway Track Programme	-111.0	-	-	-
Telecommunications Service Inquiry response - extend mobile phone coverage to communities of less than 500 people	-	-	-	-
Upgrade of Canberra Airport	-	-	-	-
Portfolio total	295.5	450.4	465.7	301.8

Table A1: Expense measures since the 2000-01 MYEFO (continued)

	2001-02 \$m	2002-03 \$m	2003-04 \$m	2004-05 \$m
TREASURY				
<i>Australian Competition and Consumer Commission</i>				
Pricing Review of the Australian Competition and Consumer Commission	21.4	16.6	11.8	17.0
<i>Australian Securities and Investments Commission</i>				
ASIC supplementary funding for HIH investigations	2.5	2.5	-	-
Financial Services Reform Implementation	2.6	-	-	-
Managed Investment	2.9	-	-	-
Superannuation Complaints Tribunal	0.7	0.7	0.7	0.7
<i>Australian Taxation Office</i>				
Backing Australia's Ability - 175 per cent premium rate - R&D tax concession	-	-	-	-
Education campaign and other information initiatives for choice of superannuation fund and related measures				
Simplification of Business Activity Statements	38.0	-	-	-
<i>Department of the Treasury</i>				
Additional funding for the First Home Owners Scheme	90.0	-	-	-
Consumer Information Programme	-	-	-	-
Renewed Funding of Axiss Australia	3.8	3.8	3.8	-
Funding for secretariat support to the fuel tax inquiry	4.0	-	-	-
GST - Allowing entities with substituted accounting periods to lodge GST returns quarterly	80.0	5.0	5.0	5.0
GST - Allowing full input tax credits for motor vehicles	570.0	80.0	-	-
GST - Flexible administration of GST errors	-	-	-	-
GST - GDP-adjusted method for calculating GST remittances	140.0	5.0	15.0	15.0
HIH Policyholder Hardship Assistance	nfp	nfp	nfp	nfp
Information and implementation of 1 July 2001 tax changes	5.0	-	-	-
<i>National Competition Council</i>				
Continued funding for legal matters relation to Part IIIA of the Trade Practices Act 1974	0.3	0.3	0.3	0.3
National Competition Policy communication and education	0.2	0.2	0.2	0.2
Portfolio total	961.4	114.1	36.8	38.2

Table A1: Expense measures since the 2000-01 MYEFO (continued)

	2001-02 \$m	2002-03 \$m	2003-04 \$m	2004-05 \$m
VETERANS' AFFAIRS				
<i>Department of Veterans' Affairs</i>				
Acknowledging Older Australians - One-off payment to the aged	-	-	-	-
Australian Memorials in London and Crete	4.1	2.1	0.1	0.1
Cervical screening incentives for general practitioners	0.1	0.1	0.1	0.1
Greater scrutiny of aged care homes' funding claims	-2.0	-2.7	-2.7	-2.8
Improving the use of cholesterol lowering medicines on the Pharmaceutical Benefits Scheme	-1.1	-1.3	-1.5	-1.7
Maintain Rural and Remote Service Delivery arrangements	0.5	0.5	0.5	0.5
Make a one-off payment of \$25,000 to those former PoWs, civilian detainees of the Japanese or their surviving widows/ers	-	-	-	-
Mental Health - More Options, Better Services	0.1	0.1	0.2	0.2
Output Pricing Review - reduction in treatment population	-0.3	-1.9	-3.6	-5.6
Output Pricing Review - review of efficient delivery of outputs	2.4	-2.5	-7.0	-7.0
Proactive GP management of asthma - the 3+ Visit Plan	0.1	0.2	0.2	0.2
Provide full access to the Repatriation Pharmaceutical Benefits Scheme for British, Commonwealth and Allied Veterans aged 70 years and over with World War II qualifying service	19.5	33.1	31.6	30.2
Quality Use of Medicines Package - Enhancement of the National Prescribing Service	-1.1	-1.1	-1.1	-1.1
Reduce overpayments and improve debt recovery	-0.7	-1.4	-1.3	-1.3
Residential Care Development Scheme	6.0	-	-	-
Restore war widows pensions relinquished upon remarriage prior to 1984	14.3	56.9	66.4	71.6
Portfolio total	41.9	82.1	81.9	83.4
Total expense measures	2767.4	3303.0	4569.3	4784.4

Table A2: Expense measures up to the 2000-01 MYEFO

	2001-02 \$m	2002-03 \$m	2003-04 \$m	2004-05 \$m
AGRICULTURE, FISHERIES AND FORESTRY				
<i>Department of Agriculture, Fisheries and Forestry</i>				
Creation of a single pork industry company	-	-	-	-
Exceptional Circumstances assistance for farmers in Tasmania - Central Highlands	1.0	-	-	-
Exceptional Circumstances assistance for farmers in Tasmania - Southern Midlands	-	-	-	-
Exceptional Circumstances assistance in Monaro B and C, and East Gippsland	-	-	-	-
Forest and Wood Products Industry Action Agenda	-	-	-	-
Inland Marketing Corporation	-	-	-	-
National Action Plan for dryland salinity and water quality(a)	65.0	150.0	190.0	170.0
Sugar Industry Assistance Package	17.0	-	-	-
West 2000 Plus	-	-	-	-
Wool Industry - Changes in Wool Levy Arrangements	-32.2	-33.0	-32.1	-
Wool Industry - Establishment of Australian Wool				
Portfolio total	50.8	117.0	157.9	170.0
ATTORNEY-GENERAL'S				
<i>Attorney General's Department</i>				
Protective security for Diplomatic and Consular missions	-	-	-	-
<i>Australian Customs Service</i>				
Storage of imported handguns prior to sale	0.4	0.4	0.4	0.4
<i>Department of the House of Representatives</i>				
Citizenship Visits Programme	-	-	-	-
<i>Department of the Senate</i>				
Citizenship Visits Programme	-	-	-	-
<i>High Court of Australia</i>				
Additional funding for the High Court	0.1	0.1	0.1	0.1
<i>National Native Title Tribunal</i>				
Increased National Native Title Tribunal workload in the Northern Territory and Queensland	-	-	-	-
Portfolio total	0.5	0.5	0.5	0.5
COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS				
<i>Australian Broadcasting Corporation</i>				
Strengthening Radio Australia's shortwave and Internet services to the Asia-Pacific region	2.8	2.9	0.2	0.2
<i>Australian Communications Authority</i>				
Advice and promotion of the third generation mobile phone and datacasting spectrum auctions	-	-	-	-
<i>Department of Communications, Information Technology and the Arts</i>				
Additional funding for the Centre for Quantum Computer Technology	-	-	-	-
Centenary of Federation	-	-	-	-
St John's Cathedral Completion Fund	-	-	-	-
Portfolio total	2.8	2.9	0.2	0.2

Table A2: Expense measures up to the 2000-01 MYEFO (continued)

	2001-02 \$m	2002-03 \$m	2003-04 \$m	2004-05 \$m
DEFENCE				
<i>Department of Defence</i>				
Acquisition of the Australian Submarine Corporation	-	-	-	-
Additional funding for the Centre for Quantum Computer Technology	-	-	-	-
Portfolio total	-	-	-	-
EDUCATION, TRAINING AND YOUTH AFFAIRS				
<i>Department of Education, Training and Youth Affairs</i>				
Additional funding for the Centre for Quantum Computer Technology	-	-	-	-
Education Services for Overseas Students Assurance Fund	-	-	-	-
Eligibility of distance education students at non-government schools for General Recurrent Grant Funding	-	-	-	-
Establishment grants for new non-government schools	1.4	1.5	1.6	1.7
Funding for students with disabilities attending non-government schools	4.1	4.3	4.6	4.8
Portfolio total	5.5	5.8	6.2	6.5
EMPLOYMENT, WORKPLACE RELATIONS AND SMALL BUSINESS				
<i>Department of Employment, Workplace Relations and Small Business</i>				
Regional Solutions Programme	-10.0	-12.0	-	-
Portfolio total	-10.0	-12.0	-	-
ENVIRONMENT AND HERITAGE				
<i>Department of the Environment and Heritage</i>				
National Action Plan for dryland salinity and water quality	-	-	-	-
Portfolio total	-	-	-	-
FAMILY AND COMMUNITY SERVICES				
<i>Department of Family and Community Services</i>				
A ceiling on the rate of Australian pension paid under International Social Security Agreements	-0.3	-0.4	-0.4	-0.4
Aged Persons Savings Bonus 'Top-Up'	-	-	-	-
Ex Gratia payments and savings provisions for Department of Veterans' Affairs pensioners receiving Family Tax Benefit A and Child Care Benefit	0.5	0.5	0.5	0.6
Exceptional Circumstances assistance for farmers in Tasmania - Central Highlands	0.1	..	-	-
Exceptional Circumstances assistance for farmers in Tasmania - Southern Midlands	-	-	-	-
Exceptional Circumstances assistance in Monaro B and C, and East Gippsland	-	-	-	-
Increase the maximum rate of Rent Assistance to 10%	33.5	34.0	34.7	35.3
Social Security Agreement with Germany	0.4	1.4	0.3	0.3
Portfolio total	34.1	35.5	35.1	35.7

Table A2: Expense measures up to the 2000-01 MYEFO (continued)

	2001-02 \$m	2002-03 \$m	2003-04 \$m	2004-05 \$m
FINANCE AND ADMINISTRATION				
<i>Department of Finance and Administration</i>				
Commonwealth Property Strategic Alliance	-	-	-	-
Contribution to Childers Memorial Fund	-	-	-	-
Sugar Industry Assistance Package	0.1	-	-	-
<i>Office of Asset Sales and Information Technology</i>				
<i>Outsourcing</i>				
Australian Submarine Corporation - acquisition, restructuring and sale	-	-	-	-
Extension of Information Technology Outsourcing Initiative	-	-	-	-
Sale costs - Divestment of Commonwealth interest in Australian Technology Group Limited	-	-	-	-
Sale costs - Essendon Airport Limited	-	-	-	-
Wool Industry - Establishment of Australian Wool Services Ltd	-	-	-	-
Portfolio total	0.1	-	-	-
FOREIGN AFFAIRS AND TRADE				
<i>Australian Agency for International Development</i>				
Increase the contribution to the United Nations Relief and Works Agency	1.0	1.0	1.0	1.0
<i>Department of Foreign Affairs and Trade</i>				
Continuation of Export Market Development Grants scheme	-	-	-	-
Solomon Islands: International Peace Monitoring Team	-	-	-	-
Portfolio total	1.0	1.0	1.0	1.0
HEALTH AND AGED CARE				
<i>Department of Health and Aged Care</i>				
Establishment of the Office of the Commissioner for Complaints	-	-	-	-
Exceptional Circumstances assistance for farmers in Tasmania - Central Highlands	..	-	-	-
Exceptional Circumstances assistance for farmers in Tasmania - Southern Midlands	-	-	-	-
Exceptional Circumstances assistance in Monaro B and C, and East Gippsland	-	-	-	-
Increased Medicare Rebate for Other Medical Practitioners	8.5	9.3	9.9	-
Introduction of Parity Pricing by Australian Hearing Services	8.5	8.9	8.9	8.9
List celecoxib on the Pharmaceutical Benefits Scheme	49.6	63.0	65.5	65.5
Measles, mumps and rubella vaccine for young adults	-	-	-	-
Modified Clawback Arrangements under the Australian Health Care Agreements	-	-	-	-
New Community Pharmacy Agreement	-3.0	-3.3	-12.3	2.3
Prevention of Q Fever in Meat and Agricultural Workers	3.0	0.5	-	-
Research Bio21	-	-	-	-
Subsidy of Medical Foods	2.7	2.7	2.8	-
Portfolio total	69.3	81.0	74.9	76.7

Table A2: Expense measures up to the 2000-01 MYEFO (continued)

	2001-02 \$m	2002-03 \$m	2003-04 \$m	2004-05 \$m
INDUSTRY, SCIENCE AND RESOURCES				
<i>Australian Sports Drug Agency</i>				
Tough on Drugs in Sport - blood tests as part of our anti-doping programme	-	-	-	-
<i>Department of Industry, Science and Resources</i>				
Additional funding for the Centre for Quantum Computer Technology	-	-	-	-
Assistance for the Sydney Paralympic Organising Committee	-	-	-	-
Commonwealth Contribution to Olympic Aid	-	-	-	-
Investment Incentive for IBM Australia	-	-	-	-
Olympic and Paralympic Games goods and services tax Liability Payments	-	-	-	-
Paralympic Games Entry Fees	-	-	-	-
Payment of Gas Royalty Commitment to Western Australia	-18.5	-21.3	-21.6	-26.4
Reduction in funding for the Textiles, Clothing and Footwear Strategic Investment Programme	-	-	-	-
School Children Attending the Paralympic Games	-	-	-	-
Portfolio total	-18.5	-21.3	-21.6	-26.4
TRANSPORT AND REGIONAL SERVICES				
<i>Department of Transport and Regional Services</i>				
Inland Marketing Corporation	-	-	-	-
Regional Solutions Programme	25.0	25.0	25.1	-
Special Structural Adjustment Package for the South West Forests Region of Western Australia	-	-	-	-
Portfolio total	25.0	25.0	25.1	-
TREASURY				
<i>Australian Securities and Investments Commission</i>				
Superannuation Complaints Tribunal	-	-	-	-
<i>Australian Taxation Office</i>				
Additional fuels sales grants in remote areas	5.0	5.0	5.0	-
Additional funding for the ATO to cover the increased costs of administering the GST	141.0	-	-	-
Extension of Diesel and Alternative Fuels Sales Grants Scheme	17.3	17.7	18.0	-
<i>Department of the Treasury</i>				
Inquiry into charitable and related organisations	-	-	-	-
Portfolio total	163.3	22.7	23.0	-
VETERANS' AFFAIRS				
<i>Department of Veterans' Affairs</i>				
New Community Pharmacy Agreement	-2.9	-4.1	-5.2	-6.4
Portfolio total	-2.9	-4.1	-5.2	-6.4
Total expense measures	321.1	254.1	297.1	257.8

(a) All funding for this measure, including funding for the Agriculture, fisheries and Forestry portfolio, is listed under the Environment and Heritage portfolio.

Appendix B: Net Capital Investment Measures

Table B1: Net capital investment measures since the 2000-01 MYEFO

	2001-02 \$m	2002-03 \$m	2003-04 \$m	2004-05 \$m
AGRICULTURE, FISHERIES AND FORESTRY				
<i>Department of Agriculture, Fisheries and Forestry</i>				
Pricing review of the Department of Agriculture, Fisheries and Forestry	-	-	-	-
Portfolio total	-	-	-	-
ATTORNEY-GENERAL'S				
<i>Attorney General's Department</i>				
Improving security within the Australian intelligence community	-	-	-	-
Protection of the National Information Infrastructure	-	-	-	-
<i>Australian Customs Service</i>				
Australia's response to Foot and Mouth Disease and other quarantine risks	5.8	-0.9	-0.9	-0.9
<i>Australian Federal Police</i>				
Protection of the National Information Infrastructure	-	-	-	-
<i>Australian Security Intelligence Organisation</i>				
Improving security within the Australian intelligence community	1.3	0.1	-	-
Protection of the National Information Infrastructure	-	-	-	-
Portfolio total	7.1	-0.8	-0.9	-0.9
COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS				
<i>Australian Broadcasting Corporation</i>				
Australian Broadcasting Commission - East Perth building works	16.0	-0.4	-0.4	-0.4
<i>Department of Communications, Information Technology and the Arts</i>				
Deferral of the further sale of the Commonwealth's shareholding of Telstra Corporation	-	-	-	-
<i>National Gallery of Australia</i>				
National Gallery of Australia Building refurbishment and enhancement	4.8	30.0	7.9	0.2
Portfolio total	20.8	29.6	7.5	-0.2

**Table B1: Net capital investment measures since the 2000-01 MYEFO
(continued)**

	2001-02 \$m	2002-03 \$m	2003-04 \$m	2004-05 \$m
CROSS PORTFOLIO				
Revision to the Capital Use Charge	-	-	-	-
Portfolio total	-	-	-	-
DEFENCE				
<i>Department of Defence</i>				
Defence asset sales	-263.2	-213.7	-109.9	-147.8
Improving security within the Australian intelligence community	-	-	-	-
Protection of the National Information Infrastructure	0.1	-	-	-
Portfolio total	-263.1	-213.7	-109.9	-147.8
EMPLOYMENT, WORKPLACE RELATIONS AND SMALL BUSINESS				
<i>Equal Opportunity for Women in the Workplace Agency</i>				
Equal Opportunity for Women in the Workplace Agency on-line Services	0.7	0.5	-	-
Portfolio total	0.7	0.5	-	-
ENVIRONMENT AND HERITAGE				
<i>Great Barrier Reef Marine Park Authority</i>				
Townsville Aquarium - Reef Headquarters	3.1	-	-	-
Portfolio total	3.1	-	-	-
FAMILY AND COMMUNITY SERVICES				
<i>Department of Family and Community Services</i>				
Help to Participate	5.8	-0.6	-0.6	-0.6
Helping Parents Return to Work	10.0	-0.3	-1.1	-1.1
Portfolio total	15.8	-0.9	-1.7	-1.7
FINANCE AND ADMINISTRATION				
<i>Department of Finance and Administration</i>				
Construction of new chancery facilities in Colombo and New Delhi	2.0	7.7	11.5	3.4
<i>Office of Asset Sales and Commercial Support</i>				
Sale of Sydney Airports Corporation Limited	-	-	-	-
Portfolio total	2.0	7.7	11.5	3.4
FOREIGN AFFAIRS AND TRADE				
<i>Australian Secret Intelligence Service</i>				
Improving security within the Australian intelligence community	2.0	2.1	2.1	2.1
<i>Department of Foreign Affairs and Trade</i>				
Replacement of Secure Diplomatic Communications Network	16.0	14.0	5.9	-
Portfolio total	18.0	16.1	8.0	2.1

**Table B1: Net capital investment measures since the 2000-01 MYEFO
(continued)**

	2001-02 \$m	2002-03 \$m	2003-04 \$m	2004-05 \$m
CROSS PORTFOLIO				
Revision to the Capital Use Charge	-	-	-	-
Portfolio total	-	-	-	-
DEFENCE				
<i>Department of Defence</i>				
Defence asset sales	-263.2	-213.7	-109.9	-147.8
Improving security within the Australian intelligence community	-	-	-	-
Protection of the National Information Infrastructure	0.1	-	-	-
Portfolio total	-263.1	-213.7	-109.9	-147.8
EMPLOYMENT, WORKPLACE RELATIONS AND SMALL BUSINESS				
<i>Equal Opportunity for Women in the Workplace Agency</i>				
Equal Opportunity for Women in the Workplace Agency on-line Services	0.7	0.5	-	-
Portfolio total	0.7	0.5	-	-
ENVIRONMENT AND HERITAGE				
<i>Great Barrier Reef Marine Park Authority</i>				
Townsville Aquarium - Reef Headquarters	3.1	-	-	-
Portfolio total	3.1	-	-	-
FAMILY AND COMMUNITY SERVICES				
<i>Department of Family and Community Services</i>				
Help to Participate	5.8	-0.6	-0.6	-0.6
Helping Parents Return to Work	10.0	-0.3	-1.1	-1.1
Portfolio total	15.8	-0.9	-1.7	-1.7
FINANCE AND ADMINISTRATION				
<i>Department of Finance and Administration</i>				
Construction of new chancery facilities in Colombo and New Delhi	2.0	7.7	11.5	3.4
<i>Office of Asset Sales and Commercial Support</i>				
Sale of Sydney Airports Corporation Limited	-	-	-	-
Portfolio total	2.0	7.7	11.5	3.4
FOREIGN AFFAIRS AND TRADE				
<i>Australian Secret Intelligence Service</i>				
Improving security within the Australian intelligence community	2.0	2.1	2.1	2.1
<i>Department of Foreign Affairs and Trade</i>				
Replacement of Secure Diplomatic Communications Network	16.0	14.0	5.9	-
Portfolio total	18.0	16.1	8.0	2.1

**Table B1: Net capital investment measures since the 2000-01 MYEFO
(continued)**

	2001-02 \$m	2002-03 \$m	2003-04 \$m	2004-05 \$m
HEALTH AND AGED CARE				
<i>Department of Health and Aged Care</i>				
HealthConnect - a health information network for Australia - development phase	0.2	-	-	-
<i>Health Insurance Commission</i>				
Investment to upgrade the Health Insurance Commission technical infrastructure to improve service	15.0	32.0	52.0	14.1
Portfolio total	15.2	32.0	52.0	14.1
IMMIGRATION AND MULTICULTURAL AFFAIRS				
<i>Department of Immigration and Multicultural Affairs</i>				
New social security arrangements between Australia and New Zealand	0.8	-0.2	-0.7	-0.7
Unauthorised boat arrivals - review of processing and detention arrangements	0.7	-1.4	-1.4	-1.4
Portfolio total	1.5	-1.5	-2.1	-2.1
INDUSTRY, SCIENCE AND RESOURCES				
<i>Commonwealth Scientific and Industrial Research Organisation</i>				
Support for the commercialisation of production technology in the light metals sector	32.8	17.1	-0.4	-0.8
Portfolio total	32.8	17.1	-0.4	-0.8
PRIME MINISTER AND CABINET				
<i>Office of National Assessments</i>				
Improving security within the Australian intelligence community	0.4	0.1	0.1	0.1
Portfolio total	0.4	0.1	0.1	0.1
TRANSPORT AND REGIONAL SERVICES				
<i>Australian Maritime Safety Authority</i>				
Improvements in Search and Rescue Arrangements	1.7	-	-	-
<i>Civil Aviation Safety Authority</i>				
Aviation industry compliance	3.3	3.3	3.3	1.9
<i>Department of Transport and Regional Services</i>				
Australian Rail Track Corporation - equity funding	-	-	-	-
<i>National Capital Authority</i>				
Commonwealth Place	5.0	-	-	-
Portfolio total	10.0	3.3	3.3	1.9
TREASURY				
<i>Australian Bureau of Statistics</i>				
Fitout of the Australian Bureau of Statistics new national office building	-	-	-	-
Portfolio total	-	-	-	-

**Table B1: Net capital investment measures since the 2000-01 MYEFO
(continued)**

	2001-02 \$m	2002-03 \$m	2003-04 \$m	2004-05 \$m
VETERANS' AFFAIRS				
<i>Department of Veterans' Affairs</i>				
Output Pricing Review - Conversion of Loan to Equity	-0.3	-0.1	-	-
Output Pricing Review - Review of efficient delivery of Outputs	-	-	-	-
Reduce overpayments and improve debt recovery	-	-	-	-0.1
Portfolio total	-0.3	-0.1	-	-0.1
Total capital measures	-135.8	-110.7	-32.5	-131.8

Table B2: Net capital investment measures up to the 2000-01 MYEFO

	2001-02 \$m	2002-03 \$m	2003-04 \$m	2004-05 \$m
ATTORNEY-GENERAL'S				
<i>High Court of Australia</i>				
Additional funding for the High Court	-	-	-	-
Portfolio total	-	-	-	-
DEFENCE				
<i>Department of Defence</i>				
Loan to the Defence Housing Authority	-	-	-	-
Portfolio total	-	-	-	-
FINANCE AND ADMINISTRATION				
<i>Office of Asset Sales and Information Technology</i>				
Outsourcing				
Sale of shares in Essendon Airport Limited	-	-	-	-
Portfolio total	-	-	-	-
INDUSTRY, SCIENCE AND RESOURCES				
<i>Department of Industry, Science and Resources</i>				
Divestment of Commonwealth interest in Australian Technology Group Limited	-	-	-	-
Portfolio total	-	-	-	-
TRANSPORT AND REGIONAL SERVICES				
<i>National Capital Authority</i>				
National Emergency Services Memorial	0.9	-	-	-
Reconciliation Place	4.8	-	-	-
Portfolio total	5.7	-	-	-
Total capital measures	5.7	-	-	-

Appendix C: Expenses Statistics

Table C1: Estimates of Commonwealth general government expenses by function and sub-function

	Estimates		Projections		
	2000-01 \$m	2001-02 \$m	2002-03 \$m	2003-04 \$m	2004-05 \$m
General public services					
Legislative and executive affairs	695	786	687	686	788
Financial and fiscal affairs	3,066	2,937	2,609	2,581	2,652
Foreign economic aid	2,021	1,996	2,118	2,102	2,132
General research	1,568	1,641	1,784	1,950	2,072
General services	575	531	530	539	537
Government superannuation benefits	1,477	1,558	1,488	1,553	1,505
Total general public services	9,402	9,449	9,217	9,410	9,685
Defence	11,599	12,212	13,072	13,725	14,407
Public order and safety					
Courts and legal services	481	515	555	563	569
Other Public order and safety	1,111	1,178	1,122	1,106	1,092
Total public order and safety	1,592	1,693	1,677	1,669	1,661
Education					
Higher education	3,823	3,888	4,035	4,141	4,233
Vocational and other education	1,157	1,238	1,296	1,366	1,397
Non-government schools	3,359	3,605	3,886	4,217	4,484
Government schools	1,949	2,039	2,122	2,226	2,344
<i>Schools</i>	<i>5,307</i>	<i>5,645</i>	<i>6,008</i>	<i>6,444</i>	<i>6,828</i>
Student assistance	558	549	564	583	595
General administration	43	41	41	42	43
School education - specific funding	109	114	133	119	119
Total education	10,998	11,474	12,076	12,694	13,215
Health					
Medical services and benefits	10,375	10,884	11,590	12,110	12,717
Hospital services	1,270	1,315	1,332	1,258	1,261
Health care agreements	6,341	6,691	7,090	7,474	7,921
<i>Hospital services and health care agreements</i>	<i>7,611</i>	<i>8,006</i>	<i>8,422</i>	<i>8,732</i>	<i>9,182</i>
Pharmaceutical services and benefits	4,729	5,085	5,610	6,149	6,675
Aboriginal and Torres Strait Islander health	179	203	226	252	259
Health services	484	509	520	534	601
Other health services	770	986	1,025	1,055	1,040
<i>Other health services</i>	<i>1,254</i>	<i>1,495</i>	<i>1,544</i>	<i>1,589</i>	<i>1,641</i>
General administration	953	1,078	1,091	1,105	1,112
Health assistance to the aged (a)	61	62	61	65	69
Total health	25,162	26,812	28,545	30,002	31,655
Social security and welfare					
Assistance to the aged (a)	25,489	24,078	25,503	26,838	28,112
Assistance to veterans and dependants	5,566	5,426	5,516	5,588	5,571
Assistance to people with disabilities	7,322	7,834	8,143	8,632	9,033
Assistance to families with children	17,788	18,730	19,247	19,761	20,323
Assistance to the unemployed	5,762	5,983	5,901	5,746	5,730
Assistance to the sick	94	93	93	95	97

Table C1: Estimates of Commonwealth general government expenses by function and sub-function (continued)

	Estimates		Projections		
	2000-01 \$m	2001-02 \$m	2002-03 \$m	2003-04 \$m	2004-05 \$m
Social security and welfare (continued)					
<i>Assistance to the unemployed and the sick</i>	5,856	6,077	5,993	5,841	5,827
Common youth allowance	2,097	2,259	2,324	2,389	2,422
Other welfare programmes	282	314	354	384	403
Aboriginal advancement nec	1,181	1,299	1,347	1,393	1,428
General administration	2,107	2,182	2,313	2,283	2,255
Total social security and welfare	67,688	68,198	70,739	73,108	75,374
Housing and community amenities					
Housing	1,292	1,383	1,302	1,214	1,209
Urban and regional development	67	88	71	58	27
Environment protection(b)	452	463	392	409	362
Total housing and community amenities	1,811	1,934	1,766	1,681	1,598
Recreation and culture					
Broadcasting	935	975	994	1,009	1,033
Arts and cultural heritage	834	685	629	619	603
Sport and recreation	209	141	144	204	178
National estate and parks(b)	172	155	126	140	141
Total recreation and culture	2,150	1,957	1,892	1,973	1,956
Fuel and energy	2,729	2,987	3,066	3,128	3,166
Agriculture, forestry and fishing					
Wool industry	183	70	72	78	79
Grains industry	112	111	112	112	112
Dairy industry	294	271	274	274	256
Cattle, sheep and pig industry	131	103	102	101	94
Fishing, horticulture and other agriculture	144	119	125	129	136
General assistance not allocated to specific industries	296	342	333	339	339
Rural assistance	303	190	130	139	30
Natural resources development(b)	360	407	461	436	413
General administration	101	119	116	119	121
Total agriculture, forestry and fishing	1,924	1,733	1,725	1,726	1,579
Mining and mineral resources (other than fuels), manufacturing and construction	881	1,062	1,054	1,058	995
Transport and communication					
Communication	252	453	396	256	159
Rail transport	156	135	6	9	0
Air transport	151	156	130	125	104
Road transport	1,067	1,460	1,409	1,319	1,183
Sea transport	193	182	159	161	163
Other transport and communication	139	145	140	138	141
Total transport and communication	1,959	2,530	2,238	2,008	1,750

Table C1: Estimates of Commonwealth general government expenses by function and sub-function (continued)

	Estimates		Projections		
	2000-01		2002-03		
	\$m	\$m	\$m	\$m	\$m
Other economic affairs					
Tourism and area promotion	130	129	112	114	116
Vocational and Industry training	391	413	440	441	459
Labour market assistance to job seekers and industry	1,508	1,605	1,718	1,773	1,820
Industrial relations	166	185	181	140	141
Immigration	680	642	652	652	665
<i>Total Labour and Employment Affairs</i>	<i>2,745</i>	<i>2,845</i>	<i>2,992</i>	<i>3,007</i>	<i>3,086</i>
Other Economic Affairs nec	438	440	415	413	417
Total other economic affairs	3,312	3,414	3,520	3,534	3,619
Other purposes					
Interest on Commonwealth behalf	5,619	5,061	4,849	4,366	3,996
Interest on behalf of States and Territories	53	38	32	20	11
Interest received on Commonwealth stock	0	0	0	0	0
<i>Public debt interest</i>	<i>5,672</i>	<i>5,098</i>	<i>4,880</i>	<i>4,386</i>	<i>4,007</i>
Nominal Superannuation Interest	4,480	4,287	4,454	4,609	4,594
General revenue assistance - States and Territories	3,432	3,174	2,294	1,699	1,208
General capital assistance - States and Territories	0	0	0	0	0
Debt assistance	0	0	0	0	0
Local government assistance	1,330	1,374	1,425	1,475	1,528
Revenue assistance to the States and Territories	139	148	151	155	159
Assistance to other governments	494	285	262	238	232
<i>General purpose inter-government transactions</i>	<i>5,395</i>	<i>4,981</i>	<i>4,132</i>	<i>3,567</i>	<i>3,127</i>
Natural disaster relief	116	101	81	81	81
Contingency reserve(b)	670	919	2,680	4,541	6,274
Asset sales	34	33	0	218	218
Total other purposes	16,367	15,419	16,226	17,402	18,300
Total expenses	157,573	160,875	166,813	173,117	178,959

- (a) Expenses for assistance to the aged have been reclassified from *Health* to *Social security and welfare*.
(b) The estimates for the extension of the NHT, whilst formally in *Contingency Reserve* expenses, have been allocated to the *Housing and community amenities*, *Recreation and culture* and *Agriculture, forestry and fishing* functions in *Statement 6*.

Table C2: Estimates of Commonwealth general government expenses by economic type

	2000-01	2001-02	2002-03	2003-04	2004-05
	\$m	\$m	\$m	\$m	\$m
GFS expenses					
Gross operating expenses					
Depreciation	1,418	1,441	1,513	1,578	1,581
Superannuation	1,477	1,558	1,488	1,553	1,505
Salaries and wages	9,038	9,380	9,357	9,489	9,856
Payments for supply of goods and services	34,143	35,721	37,190	38,998	40,657
Other operating expenses	1,892	2,077	2,217	2,271	2,184
Total gross operating expenses	47,968	50,177	51,765	53,890	55,782
Other expenses					
Nominal superannuation interest expense	4,480	4,287	4,454	4,609	4,594
Other interest expenses	5,984	5,385	5,169	4,674	4,292
Other property expenses	0	0	0	0	0
Total other expenses	10,464	9,672	9,623	9,283	8,885
Current transfers					
Grant expenses	31,601	32,398	32,857	33,562	34,060
Subsidy expenses	3,579	3,902	4,102	4,186	4,257
Personal benefit payments in cash	61,036	61,412	65,450	69,354	73,117
Other current transfers	0	0	0	0	0
Total current transfers	96,216	97,713	102,409	107,102	111,433
Capital transfers	2,925	3,314	3,017	2,842	2,858
Total GFS expenses	157,573	160,875	166,813	173,117	178,959