

Attachment E

**SUPPLEMENTARY EXPENSE AND CAPITAL TABLES AND THE
CONTINGENCY RESERVE**

Expenses

Table 19 shows estimates of Australian Government general government sector expenses by function for 2004-05 and the forward years.

Table 19: Estimates of Australian Government general government expenses by function

	Estimates				Projections									
	2004-05		2005-06		2006-07		2007-08							
	Budget	MYEFO	Change on Budget	Budget	MYEFO	Change on Budget	Budget	MYEFO	Change on Budget	Budget	MYEFO	Change on Budget	Budget	MYEFO
	\$m	\$m	%	\$m	\$m	%	\$m	\$m	%	\$m	\$m	%	\$m	\$m
General public services														
Legislative and executive affairs	865	863	0	746	744	0	771	776	1	891	897	1	891	897
Financial and fiscal affairs	3,445	3,695	7	3,493	3,824	9	3,583	3,912	9	3,519	3,823	9	3,519	3,823
Foreign affairs and economic aid	2,465	2,524	2	2,322	2,339	1	2,249	2,261	1	2,375	2,423	2	2,375	2,423
General research	2,202	2,200	0	2,394	2,311	-3	2,478	2,443	-1	2,621	2,506	-4	2,621	2,506
General services	674	680	1	618	629	2	727	729	0	741	743	0	741	743
Government superannuation benefits	2,213	2,442	10	2,162	2,219	3	2,101	2,267	8	2,160	2,289	6	2,160	2,289
Defence	14,425	14,349	-1	14,569	14,518	0	15,384	15,157	-1	16,423	16,258	-1	16,423	16,258
Public order and safety	2,727	2,928	7	2,560	2,788	9	2,528	2,782	10	2,485	2,762	11	2,485	2,762
Education	14,221	14,628	3	15,024	15,508	3	15,800	16,390	4	16,400	17,029	4	16,400	17,029
Health	34,986	35,720	2	36,194	37,520	4	37,763	39,211	4	39,657	41,168	4	39,657	41,168
Social security and welfare	82,678	82,200	-1	86,995	86,592	0	90,824	90,529	0	94,706	94,354	0	94,706	94,354
Housing and community amenities	1,671	1,689	1	1,647	1,717	4	1,624	1,673	3	1,621	1,640	1	1,621	1,640
Recreation and culture	2,342	2,444	4	2,417	2,535	5	2,341	2,479	6	2,352	2,473	5	2,352	2,473
Fuel and energy	3,922	3,953	1	4,001	4,069	2	3,914	4,048	3	4,036	4,201	4	4,036	4,201
Agriculture, fisheries and forestry	2,400	2,402	0	1,811	1,963	8	1,665	1,774	7	1,549	1,645	6	1,549	1,645
Mining, manufacturing and construction	1,830	1,846	1	1,791	1,823	2	1,705	1,770	4	1,705	1,725	1	1,705	1,725
Transport and communication	2,550	2,873	13	2,273	2,637	16	2,437	2,798	15	2,414	2,853	18	2,414	2,853
Other economic affairs														
Tourism and area promotion	175	202	15	174	201	16	163	190	17	165	190	15	165	190
Labour and employment affairs	3,521	3,923	11	3,578	4,021	12	3,649	3,876	6	3,760	4,010	7	3,760	4,010
Other economic affairs nec	816	830	2	803	842	5	795	809	2	804	811	1	804	811

Table 19: Estimates of Australian Government general government expenses by function (continued)

	Estimates						Projections					
	2004-05			2005-06			2006-07			2007-08		
	Budget	MYEFO	Change on Budget	Budget	MYEFO	Change on Budget	Budget	MYEFO	Change on Budget	Budget	MYEFO	Change on Budget
	\$m	\$m	%	\$m	\$m	%	\$m	\$m	%	\$m	\$m	%
Other purposes												
Public debt interest	3,891	3,897	0	3,619	3,585	-1	3,548	3,489	-2	3,593	3,469	-3
Nominal superannuation interest	4,702	4,763	1	5,322	5,107	-4	5,446	5,429	0	5,673	5,714	1
General purpose inter-government transactions	3,269	3,139	-4	3,129	3,661	17	2,204	2,346	6	2,262	2,394	6
Natural disaster relief	97	102	5	97	102	5	97	102	5	91	91	0
Contingency reserve	218	-484	-322	2,887	2,329	-19	6,238	5,124	-18	8,935	7,424	-17
Total expenses	192,306	193,808	1	200,626	203,585	1	210,033	212,363	1	220,939	222,890	1

CONTINGENCY RESERVE

The Contingency Reserve (Other Purposes Function) is an allowance, included in aggregate expenses figuring, to reflect anticipated events that cannot be assigned to individual programmes in the preparation of the Australian Government budget estimates. The reserve is an estimating device used to ensure that the budget estimates are based on the best information available at the time of the MYEFO. It is not a general policy reserve.

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

The Contingency Reserve makes allowance in 2004-05 and the forward years for anticipated events, including the following:

- an allowance for the tendency for estimates of expenses for existing government policy to be revised upwards in the forward years;
- 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 too late for inclusion against individual agency estimates;
- the effect on the budget and forward estimates of economic parameter revisions received late in the process and hence not able to be allocated to individual agencies or functions; and
- provision for events and pressures that are reasonably expected to affect the budget estimates.

The contingency reserve also includes expenses associated with the Government's major asset sales and associated administration costs.