

STATEMENT 6: EXPENSES AND NET CAPITAL INVESTMENT

Statement 6 presents estimates of general government expenses and net capital investment on an accrual accounting basis. The statement includes information on the allocation of Australian Government funds to the various functions of government. These functions are based on an international standard classification of functions of government that is incorporated into the Government Finance Framework (GFS) framework.

The first part of this statement provides information on trends in estimated expenses while the second part presents trends in net capital investment estimates. Estimates are on an Australian Government general government sector basis.

Statement 6 focuses on short to medium-term trends in estimated expenses and their underlying determinants.

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

The main trends shown in this statement include:

- general government expenses are forecast to decline by approximately 1.1 percentage point to 23.8 per cent of Gross Domestic Product (GDP) in 2008-09 and then remain roughly steady as a percentage of GDP through to 2011-12;
- in 2008-09, the social security and welfare, health, defence and education functions will together account for an estimated 63.3 per cent of total expenses, with social security and welfare comprising 35 per cent of total expenses;
- in real terms, the strongest growth across the Budget and forward estimates period is expected to occur in the other purposes, defence, education, health and social security and welfare functions; and
- net capital investment is expected to increase in 2008-09 and the out years. The increased net capital investment across the forward estimates is dominated by projected growth in defence capital investment.

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STATEMENT 6: EXPENSES AND NET CAPITAL INVESTMENT

OVERVIEW

Australian Government general government sector expenses are expected to grow slowly in real terms in 2008-09 but decline as a percentage of GDP (Table 1). Expenses are forecast to decrease to 23.8 per cent of GDP in 2008-09, and are expected to remain at or below 24.2 per cent of GDP until 2011-12.

Table 1: Estimates of general government sector expenses

	PEFO(a)	Revised	Estimate	Projections		
	2007-08		2008-09	2009-10	2010-11	2011-12
Total expenses (\$b)	278.3	280.6	292.5	310.5	323.1	339.2
Real growth on previous year (b)(b)	4.1	5.0	0.7	3.5	1.5	2.4
Per cent of GDP	24.8	24.9	23.8	24.2	24.1	24.1

(a) GST inclusive expenses as published in Appendix A of the *Pre-Election Economic and Fiscal Outlook 2007*.

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

GENERAL GOVERNMENT EXPENSES

Reconciliation of expenses since the 2007-08 Budget

Table 2 provides a reconciliation of expense estimates between the 2007-08 Budget, *Mid-Year Economic and Fiscal Outlook 2007-08 (MYEFO)*, *Pre-Election Economic and Fiscal Outlook 2007 (PEFO)*, and the 2008-09 Budget, showing the effect of policy decisions and economic parameter and other variations.

Table 2: Reconciliation of expense estimates

	Estimates		Projections	
	2007-08	2008-09	2009-10	2010-11
	\$m	\$m	\$m	\$m
2007-08 Budget expenses	235,590	247,489	259,652	272,669
Changes between 2007-08 Budget and MYEFO				
Effect of policy decisions(a)	3,503	4,023	3,673	2,908
Effect of parameter and other variations	-3,683	-2,874	-3,964	-6,144
Total variations	-180	1,149	-291	-3,236
2007-08 MYEFO expenses	235,410	248,638	259,361	269,433
Changes between MYEFO and PEFO				
Effect of policy decisions(a)	380	84	1	35
Effect of parameter and other variations	49	-7	-6	-6
Total variations	429	77	-5	29
2007 PEFO expenses (as published)	235,840	248,715	259,356	269,462
Adjustment to recognise GST	42,450	45,485	47,900	50,370
2007 PEFO expenses (includes GST)	278,290	294,200	307,256	319,832
Changes between PEFO and 2008-09 Budget				
Effect of policy decisions(a)	3,120	1,324	4,204	4,533
Effect of economic parameter variations				
Unemployment benefits	7	440	372	461
Prices and wages	-108	1,428	1,884	1,959
Interest and exchange rates	-228	-636	-736	-568
Total economic parameter variations	-329	1,233	1,520	1,852
Public debt interest	21	44	12	3
Program specific parameter variations	387	400	720	1,229
Slippage in 2007-08 Budget decisions	-41	7	10	4
Other variations	-896	-4,738	-3,209	-4,370
Total variations	2,262	-1,730	3,256	3,251
2008-09 Budget expenses	280,551	292,470	310,513	323,083

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

Discussion of the major changes between the PEFO 2007 and the 2008-09 Budget, shown in the above table can be found in Statement 3 (in the section titled 'Variations in expense estimates'). Further information on expense measures can be found in Budget Paper No. 2, *Budget Measures 2008-09*.

The most significant other variation between PEFO 2007 and the 2008-09 Budget in 2008-09 and the forward estimates period reflects the reduction in defence expenses (and corresponding increase in defence net capital investment) due to a change in accounting treatment whereby purchases of defence weapon systems are now classified capital expenditure rather than expenses. The new budget accounting framework is discussed in further detail in Appendix A of Statement 3 and in Statement 9.

Estimated expenses by function

Table 3 sets out the estimates of Australian Government general government sector expenses by function for the period 2007-08 to 2011-12.

Table 3: Estimates of expenses by function

	Estimates		Projections		
	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
General public services	16,631	17,261	17,826	18,876	19,653
Defence(a)	17,366	17,896	19,134	19,772	20,274
Public order and safety	3,788	3,807	3,830	3,895	3,881
Education	18,620	18,764	20,276	20,768	21,800
Health	44,455	46,032	48,071	50,220	52,190
Social security and welfare	97,230	102,439	105,561	109,657	114,077
Housing and community amenities	3,083	3,197	3,273	2,928	2,917
Recreation and culture	2,826	2,907	2,862	2,777	2,736
Fuel and energy	5,103	5,574	5,822	5,939	6,080
Agriculture, forestry and fishing	4,085	3,058	3,099	2,874	3,119
Mining, manufacturing and construction	1,846	1,834	1,762	1,576	1,515
Transport and communication	4,486	4,727	4,994	4,677	5,265
Other economic affairs	6,467	6,770	6,818	6,844	6,791
Other purposes	54,564	58,202	67,184	72,281	78,942
Total expenses	280,551	292,470	310,513	323,083	339,241

(a) Purchases of specialist military equipment are now treated as net capital investment rather than as expenses. See Appendix A of Statement 3 and in Statement 9 for further details.

Major movements within the estimates of expenses by function between 2007-08 and 2008-09, and across the forward estimates, include increases in the following functions:

- **Social security and welfare**, due to the continued effect of the indexation of payments, together with demographic and social factors such as the ageing of the population that affect demand driven programs;
- **Health**, due to continued growth in the use of medical services over the forward estimates period and increasing costs for the provision of medical services;
- **Defence**, the pattern of defence expenditure in 2008-09 and across the forward estimates is affected by a number of factors, including the Government's commitment to maintaining 3 per cent real growth per year on average in underlying funding for Defence departmental expenditure; the affirmation of previous funding decisions, such as for the provision of an additional two battalions for the Australian Army; and savings in the Defence portfolio; and
- **Education**, due to significant measures announced as part of the Government's *Education Revolution*, combined with increased real funding to government and non-government schools.

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

A New Financial Framework for Specific Purpose Payments

The Council of Australian Governments (COAG) has agreed to a new framework for federal financial relations. The new financial framework is based on five key elements:

- A significant rationalisation of the more than 90 existing specific purpose payments (SPPs);
 - combining many of them into five or six new national SPPs: health; early childhood development and schools; vocational education and training; disabilities services; and affordable housing;
 - converting some SPPs into general revenue assistance, where there are no compelling national objectives associated with the payment; and
 - some existing SPPs becoming National Partnership project payments where they support national objectives and provide a financial contribution to the States to deliver specific projects.
- Greater flexibility for the States to direct their resources to areas where they will produce the best results;
 - rather than the Australian Government dictating how things should be done, there will be a rigorous focus on the achievement of outcomes – that is, what the States deliver to the people of Australia, not how they deliver it;
- Greater funding certainty for the States. The new national agreements will be ongoing, with periodic reviews to ensure the maintenance of funding adequacy and the relevance of objectives;
- Enhanced government accountability through simpler, standardised and more transparent performance reporting by all jurisdictions, with a new focus on the achievement of outcomes, value for money and timely public reporting; and
- The provision of new incentive payments to drive reforms. The Australian Government will provide National Partnership payments to States to facilitate or reward reforms of national importance.

Implementing this new framework will allow both levels of government to work together in a more cooperative manner to improve outcomes for the community. These reforms will provide the platform for a new era of economic and social reform to increase the productive capacity of the economy and deliver a higher quality of service to Australians.

General public services

Table 4: Summary of expenses

	Estimates		Projections		
	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
Legislative and executive affairs	987	792	813	963	842
Financial and fiscal affairs	5,849	5,701	5,877	5,988	6,523
Foreign affairs and economic aid	3,791	4,736	4,945	5,532	5,898
General research	2,522	2,411	2,535	2,579	2,507
General services	706	724	731	734	735
Government superannuation benefits	2,777	2,896	2,925	3,079	3,149
Total general public services	16,631	17,261	17,826	18,876	19,653

Nature of expenses and major trends

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

Total expenses within the legislative and executive affairs sub-function tend to fluctuate over the Budget and forward estimates due to factors such as the timing of federal general elections. The Asia Pacific Economic Cooperation conference hosted by Australia in 2007 has also boosted estimated expenses in 2007-08.

The trend increase in expenses in the financial and fiscal affairs sub-function over the Budget and forward estimates reflects growth in three areas. First, it partly reflects the growth over time in the Australian Taxation Office's (ATO) penalty remission expenses associated with the growth of the tax base, which relates to the ATO's power to remit tax penalties in full or in part. Second, it reflects the commencement of other new ATO measures, specifically those focused on strengthening the ATO's compliance and enforcement activities, to improve compliance with taxation law. Third, the expenses in this sub-function rise across the forward years due to increased investment expenses as financial assets accumulate in the Future Fund, administered by the Future Fund Management Agency.

The increase in expenses in the foreign affairs and economic aid sub-function over the Budget and forward estimates is due primarily to the Government's commitment to raise the level of Australia's Official Development Assistance to 0.50 per cent of Gross National Income (GNI) by 2015-16. In the 2008-09 Budget, Official Development Assistance expenditure has been set at 0.32 per cent of forecast GNI for 2008-09,

0.35 per cent in 2009-10, 0.37 per cent in 2010-11 and 0.38 per cent in 2011-12. Fluctuations within the foreign affairs and economic aid sub-function over the Budget and forward years also reflect the timing of Australia's contributions to multilateral development banks, which can see large variations from year-to-year.

Box 1: Foreign Affairs

Table 4.1: Trends in major components of the foreign affairs sub-function

	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
Official Development Assistance					
Aid to East Asia Region	723	750	735	785	792
Aid to PNG & Pacific Region	693	814	827	877	868
Multilateral Replenishments	151	223	0	114	75
Aid to South Asia Africa & Other Regions	312	440	564	682	461
Emergency Humanitarian & Refugee Aid	241	319	378	364	367
UN Commonwealth and Other International Organisations	155	175	261	237	255
NGO Volunteer and Community Programs	84	95	90	91	92
Other Official Development Assistance(a)	175	308	697	1,043	1,650
Sub-total of Official Development Assistance(b)(c)	2,534	3,124	3,552	4,193	4,560
Payments to International Organisations	214	259	249	250	250
Passport Services	175	182	183	189	196
Consular Services	54	53	62	62	63
Other	814	1,119	899	839	830
Total	3,791	4,736	4,945	5,532	5,898

(a) Other includes, amongst other items, the provision available for future aid spending in the Official Development Assistance (ODA) Contingency Reserve in the Budget and forward years. The ODA Contingency Reserve represents the difference between the amount of ODA already committed by Australia and the Government's target levels of ODA (0.32 per cent of Gross National Income in 2008-09).

(b) The difference between these figures and the Government's ODA target is due primarily to the way multilateral replenishments are recognised. In accrual terms, multilateral replenishments are recognised as an expense when the pledge is made. ODA is recorded on a cash basis, and contributions to the multilateral replenishments are recognised at the time of payment.

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

Expenses in the general research sub-function incorporate expenses incurred by the Commonwealth Scientific and Industrial Research Organisation and the Australian Nuclear Science and Technology Organisation. The reduction in estimated expenses in 2008-09 partly reflects the profile of funding for the Cooperative Research Centres and the National Collaborative Research Infrastructure Strategy.

Expenses are projected to increase from 2008-09 to 2010-11, which reflects 2007-08 Budget decisions providing increased funding to the Commonwealth Scientific and Industrial Research Organisation to expand the National Research Flagship initiative.

Expenses under the general research sub-function also increase over the forward estimates due to the impact of a new measure which increases funding to the Australian Research Council to establish the *Future Fellowships Program*. For further details on this measure refer to Budget Paper No. 2, *Budget Measures 2008-09*, Innovation, Industry, Science and Research portfolio.

Expenses in the general research function are expected to decrease in 2011-12 due to the scheduled cessation of a number of programs in 2011 including the *National Collaborative Research Infrastructure Strategy*.

Medical research functions carried out by agencies such as the National Health and Medical Research Council are classified against the health function in this statement. For further information on medical research refer to the health function.

The rise in expenses across the Budget and forward estimates period for the government superannuation benefits sub-function largely reflects the growth in military superannuation benefits due to growth in the schemes' salary base over time.

Box 2: General Research

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

	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
Core Research - Delivery of new technologies	612	621	652	686	681
National Research Flagships	328	333	349	367	404
Discovery - Funding individual researchers and projects	318	336	403	440	491
Linking researchers and industry	260	267	273	278	284
Research Infrastructure Block	222	226	224	220	223
Grants - Higher Education					
Science and Technology Solutions - Nuclear related scientific and technical advice and services	215	215	217	219	211
Cooperative Research Centres	212	183	199	154	157
National Collaborative Research Infrastructure Strategy(a)	121	103	105	108	0
Other	235	127	113	108	56
Total	2,522	2,411	2,535	2,579	2,507

(a) This program terminates in 2010-11.

Defence

Table 5: Summary of expenses

	Estimates		Projections		
	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
Defence(a)	17,366	17,896	19,134	19,772	20,274
Total defence	17,366	17,896	19,134	19,772	20,274

(a) Purchases of specialist military equipment are now treated as net capital investment rather than as expenses. See Appendix A of Statement 3 and in Statement 9 for further details.

Nature of expenses and major trends

Agencies covered by the defence function include the Department of Defence (Defence) and the Defence Materiel Organisation (DMO). (The Department of Veterans' Affairs falls within the Defence portfolio, but it reports independently of the portfolio and is not part of the defence functional classification.) Defence supports operations overseas and the delivery of navy, army, air and intelligence capabilities and strategic policy advice in the defence of Australia and its national interests. The DMO ensures that Defence capabilities are supported through efficient and effective acquisition and through-life support of materiel.

The defence function records the majority of expenditure by the Defence portfolio, except for the Department of Veterans' Affairs, and except for superannuation payments to retired military personnel and housing assistance provided through Defence Housing Australia, which is reported in the housing and community amenities function.¹

Total annual expenses for the defence function are estimated to rise by \$2.4 billion over the period 2008-09 to 2011-12. In addition, real growth in total defence function expenses and net capital investment in the period 2007-08 to 2011-12 is projected to be 5.1 per cent (see Box 3).

Investment spending in the defence function, reported separately later in this statement, is proportionately larger than for other functions, primarily on account of acquisitions of military equipment and the construction of facilities and accommodation. Box 3 shows defence function expenses and net capital investment (the total of which is the impact of defence spending on the fiscal balance). Large defence capital projects may involve lumpy expenditures. This is particularly the case in 2008-09 when the acquisitions of the new Headquarters Joint Operations Command and single living accommodation project are recorded in fiscal balance terms (boosting net capital investment in that year by around \$500 million).

1 This statement provides information on expenditure by function in accrual terms. More detailed information on defence expenditure and funding is provided in the Defence Portfolio Budget Statements 2008-09.

Measured in terms of the impact on fiscal balance, Box 3 shows the projected average real rate of growth in defence spending over the four years to 2011-12 is around 5 per cent per annum. The real growth in defence funding over this period is similar, but can diverge from accrual expenditure measures in some years.²

Box 3: Defence

Table 5.1: Trends in major components of defence spending

	2007-08	2008-09	2009-10	2010-11	2011-12	Average Annual Growth(a)
	\$m	\$m	\$m	\$m	\$m	(%)
Expenses	17,366	17,896	19,134	19,772	20,274	3.9
Net Capital Investment	1,407	2,855	3,794	4,525	5,193	38.6
Total Defence spending	18,773	20,751	22,928	24,297	25,467	7.9
Nominal Growth (percentage)	5.5	10.5	10.5	6.0	4.8	7.9
Real Growth (percentage, using non-farm GDP)	1.5	3.9	9.2	4.7	2.6	5.1
Real Growth (percentage, using CPI)	2.2	6.8	7.7	3.4	2.3	5.0

(a) Over the period 2007-08 to 2011-12.

The Government has extended its 3 per cent real growth commitment from 2015-16 to 2017-18. This will provide a sound long-term funding base for the forthcoming Defence White Paper.

The growth of the total budget may experience significant annual fluctuations, including as a result of slippage in expenditure from one year to the next year (or to later years), and in response to supplementary funding decisions (in particular, to support overseas operations). Moreover, fluctuations in the non-farm Gross Domestic Product (GDP) deflator can themselves result in variations in the nominal growth rate of total defence function expenses.

In nominal terms, defence function expenses plus net capital investment is forecast to increase by \$2.0 billion from 2007-08 to 2008-09 (see Box 3). This growth partly reflects the impact of exceptionally strong forecast growth in the non-farm GDP deflator. In 2008-09, this deflator is forecast to grow by 6 ¼ per cent, well above forecast Consumer Price Index (CPI) growth of 3 ½ per cent. This difference arises because of very rapid growth in forecast prices for Australia's non-farm commodity exports, principally coal and iron ore.

2 Total departmental funding appropriated to the Department of Defence is estimated to grow on average by 4.0 per cent per annum in real terms over the four years from 2007-08. The real increase in appropriated funding in 2008-09 is 0.8 per cent measured relative to the non-farm GDP deflator, and 3.6 per cent measured relative to the Consumer Price Index. The difference between the 2008-09 real growth rate of appropriated funding and the 2008-09 growth rate of 3.9 per cent in Box 3 principally reflects the fact that funding for the Defence Joint Operations Command and single living accommodation project will be appropriated over a period of 30 years, while the accrual expenditure is recognised in 2008-09.

Statement 6: Expenses and Net Capital Investment

As indicated, defence capital spending has been more volatile than recurrent expenditure. Variations in the annual rates of growth in defence function spending reflect, in part, the capacity of Defence and DMO to complete spending their overall capital budgets, particularly for military equipment. For example, in this budget an amount in excess of \$1 billion has been rephased from 2008-09 into future years since the *Mid-Year Economic and Fiscal Outlook 2007-08* to reflect changes in the timing of expected payments for military equipment.

In 2008-09, funding in excess of \$1 billion is being provided through the operations reserve for Defence overseas operations in Iraq, Afghanistan, East Timor and the Solomon Islands. This new reserve will be drawn from internal resources and funding arising from strong non-farm GDP indexation received by Defence in 2008-09. (For further information on the operations reserve see *Establishment of 2008-09 Defence operations reserve to fund overseas operations*, Budget Paper No. 2, *Budget Measures 2008-09*, Defence portfolio.) Operational funding will continue to be provided on a 'no win, no loss' basis.

The Budget also provides for a number of new measures, including the Defence Family Health Support Package, the implementation of the Australia-United States Defence Trade Cooperation Treaty and intelligence support measures. The cost of these measures, and some other minor proposals, will be funded from within Defence's existing resources. For further details on these measures, refer to Budget Paper No. 2, *Budget Measures 2008-09*, Defence portfolio.

The Department of Defence has commenced a major internal program to drive savings and efficiencies in its expenditure. These savings are intended to provide it with the capacity to meet longer-term cost pressures and to create the scope to fund new high priority initiatives that may arise from the forthcoming Defence White Paper. Of the total savings to be made in 2008-09:

- \$191 million in general savings will be returned to the Budget, with this amount being allocated back to Defence in future years, together with \$25 million in additional funding; and
- \$210 million in further savings will be retained by Defence in the operations reserve created for 2008-09.

Public order and safety

Table 6: Summary of expenses

	Estimates		Projections		
	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
Courts and legal services	919	937	926	926	937
Other public order and safety	2,869	2,870	2,903	2,969	2,944
Total public order and safety	3,788	3,807	3,830	3,895	3,881

Nature of expenses and major trends

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

Projected expenses for the courts and legal services sub-function over the Budget and forward estimates period reflect offsetting influences, with growth in funding for the courts continuing but with some tailing off in the expenses for other programs. For example, expenses associated with the *Northern Territory Night Patrol Program* administered by the Attorney-General's Department are provided for 2007-08 and 2008-09 only, with future funding subject to consideration in the 2009-10 Budget (following an evaluation of the Northern Territory Emergency Response). There is also a projected reduction in expenses across the forward years associated with the gradual winding down of the Operation Wickenby investigations into large-scale money-laundering, tax fraud and associated crimes.

Expenses for the other public order and safety sub-function are projected to grow moderately in nominal terms over the Budget and forward estimates period. This is a result of reduced expenditure in some elements of the sub-function being offset by increased expenditure in others. In particular, the Attorney-General's Department's expenditure in relation to this sub-function will decrease following the conclusion of security-related activities for the 2007 Asia-Pacific Economic Cooperation forum, and the cessation of public awareness campaigns relating to anti-money laundering and the national security hotline. These reductions are offset by a significant increase in resourcing for the Australian Federal Police (AFP) and moderate increases for the security and intelligence agencies. The additional AFP funding will allow an increase in investigative coverage of high impact criminal matters, including transnational crime and organised criminal activity.

Education

Table 7: Summary of expenses

	Estimates		Projections		
	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
Higher education	6,333	6,018	6,974	7,001	7,365
Vocational and other education	1,640	1,654	1,735	1,784	1,826
Non-government schools	6,392	6,406	6,812	7,265	7,723
Government schools	3,126	3,138	3,324	3,397	3,546
<i>Schools</i>	9,518	9,545	10,137	10,662	11,269
Student assistance	486	485	479	481	484
General administration	22	26	44	64	77
School education - specific funding	620	1,036	908	776	778
Total education	18,620	18,764	20,276	20,768	21,800

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 primary and secondary schools.

Total expenses under the education function are estimated to increase by 7.8 per cent in real terms from 2008-09 to 2011-12, or 2.5 per cent annually on average. The major reasons for this growth are the measures announced as part of the Government's *Education Revolution* and indexation of funding provided to schools. Higher education expenses decrease between 2007-08 and 2008-09 due to the one-off impact of funding of \$500 million being provided to Australian universities to contribute towards capital investment primarily in teaching and research facilities. For further information on measures announced in the 2008-09 Budget, refer to Budget Paper No. 2, *Budget Measures 2008-09* under the Education, Employment and Workplace Relations portfolio.

Expenses relating to higher education continue to grow over the forward years from 2008-09. The growth in expenses under the Commonwealth Grants Scheme (CGS) reflect both the indexation of grants with reference to the Higher Education Indexation Factor, and the increase in higher education student numbers funded through the CGS as a result of new measures, such as the phasing out of full fee paying places at universities. Other new measures which impact on higher education include the increase in Commonwealth higher education scholarship places from 44,000 to 88,000 places over four years, which will increase total funding for learning scholarships by 75.4 per cent in real terms by 2011-12, or 20.6 per cent annually on average, and the reduction of the maximum student contribution for commencing students studying maths and science. Expenses increase markedly between 2008-09 and 2009-10 due to the one-off impact of the reallocation of \$304 million in funding for disbursements from the Higher Education Endowment Fund (to be incorporated into the new Education Investment Fund). Total higher education expenses are expected to rise by

approximately 13.5 per cent in real terms from 2008-09 to 2011-12, or 4.3 per cent annually on average.

Box 4: Higher Education

Table 7.1: Trends in major components of the higher education sub-function

	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
Commonwealth Grants Scheme	3,777	3,922	4,226	4,481	4,745
Research Training	598	698	755	793	832
Institutional Grants Scheme	322	311	318	324	330
Higher Education Loan Programs	257	254	258	252	240
National Institutes - Higher Education	181	174	178	182	184
Learning Scholarships	122	146	177	223	276
Higher Education Endowment Fund(a)	5	0	608	304	307
Higher Education Special Projects	613	30	6	0	0
Other	459	482	448	443	452
Total	6,333	6,018	6,974	7,001	7,365

Vocational and other education expenses are estimated to increase by 2.4 per cent in real terms from 2008-09 to 2011-12, or 0.8 per cent annually on average. The increase in expenses for vocational and other education sub-function are mainly been driven by budget measure *Skilling Australia for the Future* which will deliver up to 630,000 additional funding places over five years. Also, contributing to the vocational and other education expenses is the impact of increased migration places in the skilled, family and humanitarian categories. In addition a new measure, *School Grants for On-The-Job Training*, will increase expenses in this sub-function.

Box 5: Vocational and Other Education

Table 7.2: Trends in major components of the vocational and other education sub-function

	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
Vocational Education and Training	1,288	1,314	1,335	1,357	1,384
Adult Migration English Program	182	198	211	221	228
Careers Transitions and Partnerships	118	126	142	144	146
Other	52	17	46	62	68
Total	1,640	1,654	1,735	1,784	1,826

Total expenses for the government and non-government schools sub-functions are expected to rise by 9.5 per cent in real terms from 2008-09 to 2011-12, or 3.1 per cent annually on average. The increase in the spending in the government and non-government schools sub-function secures the Government's commitment to deliver at least \$42 billion to Australian schools over the Budget and forward estimates period.

Statement 6: Expenses and Net Capital Investment

Expenses related to the school education — specific funding sub-function show a large increase in 2008-09 as a result of the introduction of new *Education Revolution* measures in the 2008-09 Budget. These measures include *Trade Training Centres in Schools*; the *Digital Education Revolution*; and the *National Asian Languages and Studies in Schools* program. Funding of this sub-function declines in 2010-11 — primarily reflecting the funding profile for the *Digital Education Revolution* which provides higher levels of funding in the early years of the program, but declines after 2009-10. Overall, funding is estimated to increase by 12.5 per cent in real terms from 2007-08 to 2011-12.

The Government will establish an Education Investment Fund in 2008-09. This fund will provide for future investments in higher and vocational education infrastructure. A provision for financing such projects has been incorporated into the Contingency Reserve. These projects will be determined through the budget process according to rigorous evaluation criteria, and in line with prevailing macroeconomic conditions.

Health

Table 8: Summary of expenses

	Estimates		Projections		
	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
Medical services and benefits(a)	18,948	19,785	20,705	21,731	22,749
Hospital services(b)	11,745	11,710	12,289	12,939	13,348
Pharmaceutical services and benefits	8,698	8,908	9,247	9,677	10,153
Aboriginal and Torres Strait Islander health	520	560	600	586	611
Health services	1,626	1,876	1,932	1,920	1,889
Other health services	1,961	2,120	2,225	2,290	2,365
<i>Other health services</i>	3,587	3,995	4,157	4,210	4,254
General administration	855	962	951	948	936
Health assistance to the aged	102	112	121	128	138
Total health	44,455	46,032	48,071	50,220	52,190

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

(b) This sub-function now includes health care agreements, due to the new framework for federal financial relations. Further details are provided in page 6-6, titled 'A New Financial Framework for Specific Purpose Payments'.

Nature of expenses and major trends

The health function includes expenses relating to: medical services funded through Medicare and the Private Health Insurance Rebate (medical services and benefits sub-function); provision of in-hospital services to eligible veterans and their dependants and funding under Australian Health Care Agreements between the Australian Government and the States and Territories (hospital services sub-function); and the Pharmaceutical Benefits and Repatriation Pharmaceutical Benefits Schemes (pharmaceutical services and benefits sub-function).

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

Expenses related to health are likely to be a major contributor to the growth in Australian Government spending in future decades.

Total expenses for this function are estimated to increase by 5.2 per cent in real terms over the forward years, or on average by around 1.7 per cent per annum in real terms.

Medical services and benefits funded through Medicare and the Private Health Insurance Rebate are the main contributors to health function expenses and are estimated to increase by 6.7 per cent in real terms over the forward years, or by around 2.2 per cent per annum on average in real terms. This category makes up around 43 per cent of total health expenses in 2008-09 and across the forward estimates period. Medicare expenditure is primarily driven by growth in both the number of services provided by general practitioners (GPs) and a shift by GPs to enhanced primary care services, such as managed care and team care services for patients with chronic

diseases, which have a higher Medicare rebate. Major components of the Medical services and benefits sub-function are outlined in further detail below in Box 6.

Box 6: Medical Services and benefits

Table 8.1: Trends in major components of the Medical Services and benefits sub-function

	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
Medicare Benefits Schedule(a)	12,818	13,689	14,590	15,553	16,476
Private Health Insurance(b)	3,719	3,614	3,635	3,650	3,664
Veterans' Medical Benefits(c)	1,205	1,233	1,261	1,297	1,321
Primary Care Practice Incentives	324	309	293	301	309
Medical Indemnity	118	128	137	147	156
Other	763	810	787	784	823
TOTAL	18,948	19,785	20,705	21,731	22,749

(a) For a detailed discussion of the Medicare Benefits Schedule, refer to Outcome 3 of the Health and Ageing Portfolio Budget Statement 2008-09.

(b) The financial impact of projected premium growth on the forward estimates for the Private Health Insurance Rebate has been allocated to the Contingency Reserve, due to commercial sensitivities. The decrease in estimated expenses from 2007-08 to 2008-09 reflects the expected impact of the measure *Personal income tax – increasing the Medicare levy surcharge thresholds* (see Budget Paper No. 2, *Budget Measures 2008-09* for further details).

(c) Veterans' Medical Benefits are covered under Outcome 2 of the Department of Veterans' Affairs (Defence portfolio) Portfolio Budget Statement 2008-09.

The trend in the estimated expenses for the hospital services sub-function is driven by funding growth determined in the Australian Health Care Agreements, which were to expire on 1 July 2008, but have been extended by 12 months as agreed by the Council of Australian Governments in March 2008. Estimated expenses in 2007-08 and 2008-09 are similar because of a \$500 million supplementary funding injection provided by the Government to the State and Territory governments in 2007-08. Further information about this payment is provided in Budget Paper No. 2 *Budget Measures 2008-09* (see the measure *COAG – Additional funding for public hospitals*). This function also includes expenses relating to services to veterans, which are projected to remain relatively stable, with an ageing and increasingly frail veteran community requiring more hospital services, but this being offset by declining client numbers in the veteran community.

Expenses in the health services sub-function are largely comprised of population health programs and the provision of blood and blood products, which is one of the main drivers of growth. The costs for blood and blood products are estimated to grow at an average of 5.5 per cent annually in real terms over the forward estimates period due to an increased demand for blood and specific blood products. Expenses in this sub-function are expected to increase significantly between 2007-08 and 2008-09 as a result of the implementation of a number of new measures, including \$290 million over three years for the *Commonwealth Dental Health Program* and \$209 million over four years for the *National Cancer Plan*.

The *Intergenerational Report 2007*, released on 2 April 2007, projected spending on pharmaceutical benefits to grow faster than other Australian Government health spending, such as on hospitals, medical benefits and other areas. Savings from the introduction of the *Pharmaceutical Benefits Scheme Reform* package, which was announced at the *Mid-Year Economic and Fiscal Outlook 2006-07*, were expected to slow growth of the pharmaceutical services and benefits sub-function. However, new high cost drug listings on the Pharmaceutical Benefits Scheme, combined with amendments to the reform package, have increased estimated growth to 1.9 per cent annually in real terms over the forward estimates. Major components of the pharmaceutical services and benefits sub-function are outlined in further detail below in Box 7.

Box 7: Pharmaceutical services and benefits

Table 8.2: Trends in major components of the pharmaceutical services and benefits sub-function

	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
Pharmaceutical Benefits (concessional)(a)	4,812	4,921	5,180	5,510	5,811
Pharmaceutical Benefits (general)(a)	1,223	1,271	1,328	1,402	1,468
Pharmaceutical Benefits (highly specialised drugs)(a)	662	717	770	826	884
Repatriation Pharmaceutical Benefits Scheme(b)	471	462	443	426	410
Essential Vaccines(c)	541	264	215	165	165
Other(d)	989	1,274	1,311	1,347	1,415
TOTAL	8,698	8,908	9,247	9,677	10,153

(a) For a detailed discussion of the Pharmaceutical Benefits Scheme, refer to Outcome 2 of the Health and Ageing Portfolio Budget Statement 2008-09.

(b) Repatriation Pharmaceutical Benefits are covered under Outcome 2 of the Department of Veterans' Affairs (Defence portfolio) Portfolio Budget Statement 2008-09.

(c) The sharp drop in expenses from 2008-09 is due to the conclusion of the national human papillomavirus catch up program.

(d) The increase in estimated expenses is due primarily to the inclusion of the Life Saving Drugs Program in this sub-function (previously included in other health services).

Expenses in the Aboriginal and Torres Strait Islander health sub-function reflect the implementation of the Northern Territory Emergency Response and other indigenous health initiatives focusing on preventative health and drug and alcohol services.

Expenses in the general administration sub-function consist largely of health education and training services. The expected growth in expenses from 2007-08 to 2008-09 is due to increases in expenditure to develop the capacity of the health workforce, and new measures, including *GP Super Clinics*, which will provide funding of \$275.2 million for 31 facilities that will offer a range of primary care and allied health services.

The Government will establish a Health and Hospitals Fund in 2008-09. This fund will provide for future investments in health infrastructure priorities. A provision for financing such projects has been incorporated into the Contingency Reserve from 2009-10 onwards. These projects will be determined through the budget process according to rigorous evaluation criteria, and in line with prevailing macroeconomic conditions.

Social security and welfare

Table 9: Summary of expenses

	Estimates		Projections		
	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
Assistance to the aged	35,667	37,704	39,930	42,309	44,794
Assistance to veterans and dependants	6,422	6,460	6,434	6,409	6,285
Assistance to people with disabilities	14,354	14,709	15,485	16,236	16,949
Assistance to families with children	28,245	30,171	30,678	31,167	32,203
Assistance to the unemployed	4,273	5,033	5,259	5,740	6,081
Assistance to the sick	85	88	90	92	94
<i>Assistance to the unemployed and sick</i>	4,358	5,121	5,349	5,832	6,176
Common youth allowance	2,101	2,136	2,144	2,180	2,194
Other welfare programmes	2,024	1,919	1,947	1,928	1,954
Aboriginal advancement nec	1,775	1,844	1,599	1,582	1,494
General administration	2,285	2,376	1,995	2,014	2,028
Total social security and welfare	97,230	102,439	105,561	109,657	114,077

Nature of expenses and major trends

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

Social security and welfare function expenses are estimated to total around \$102 billion in 2008-09 and grow at an average annual rate of 1.1 per cent over the forward estimates period. The sub-functions contributing most to the growth over the forward estimates are: assistance to the aged, which is expected to grow at an average annual rate of 3.3 per cent in real terms over the forward estimate period and assistance to people with disabilities (average annual real growth of 2.3 per cent over the forward estimates period). The major components of the assistance to the aged sub-function are outlined below in Box 8.

The main driver of growth in the majority of the sub-functions is the indexation of personal benefits and income support payments, including maintaining the single rate of age and disability pensions at a minimum of 25 per cent of Male Total Average Weekly Earnings. The growth also reflects demographic and social factors such as the ageing of the population.

Box 8: Assistance to the Aged**Table 9.1: Trends in major components of the assistance to the aged sub-function**

	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
Age Pension	25,519	26,688	28,256	30,475	32,681
Residential Care	6,176	6,826	7,292	7,303	7,443
Community Care	1,722	1,920	2,086	2,260	2,366
Widow Allowance(a)	490	458	466	452	457
Partner Allowance - Pension(a)	346	274	233	173	131
Flexible Aged Care	332	410	480	562	646
Compensation for extension of fringe benefits to pensioners	206	220	227	235	240
Wife Pension (Age)(a)	163	138	130	116	108
Veterans' Home Care	98	101	104	107	107
Other	614	669	656	628	615
Total	35,667	37,704	39,930	42,309	44,794

(a) These payments are closed to new recipients.

The increase in projected expenses in the assistance to people with disabilities sub-function is primarily due to the indexation of the Disability Support Pension, the Carer Allowance and Carer Payment programs, with Disability Support Pension expenses being the most significant component to this sub-function.

Expenses relating to the assistance to families with children sub-function are expected to remain constant in real terms over the forward estimates. This is attributed to a reduction in real growth for Parenting Payment and Family Tax Benefit (FTB) programs. The reduction in expenses for Parenting Payment is due to increased participation in the workforce by recipients. FTB expenditure is expected to decrease over the forward estimates in real terms due to the recent measure *Better Targeting and Delivery of Family Tax Benefit – \$150,000 income test on primary earner for FTB B* which tightens means testing of FTB B and a decrease in recipients primarily driven by higher incomes. Further information on this measure is presented in Budget Paper No. 2, *Budget Measures 2008-09* under the Families, Housing, Community Services and Indigenous Affairs portfolio. The Child Care Tax Rebate will be more than doubled across the forward estimates as a result of the Government's commitment to making child care more available and affordable through the recent measure *Early Childhood – Child Care Tax Rebate – increase from 30 per cent to 50 per cent*. Further information on this measure is presented under the Education, Employment and Workplace Relations portfolio in Budget Paper No. 2, *Budget Measures 2008-09*.

The major components of the assistance to families with children sub-function are outlined below in Box 9.

Box 9: Assistance to Families with Children**Table 9.2: Trends in major components of the assistance to families with children sub-function**

	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
Family Tax Benefit - A	12,442	13,389	13,894	14,114	14,575
Family Tax Benefit - B	3,874	4,402	4,457	4,494	4,590
Parenting Payment - Single	4,374	4,129	3,926	3,897	3,927
Parenting Payment - Partnered	1,039	949	903	881	837
Child Care Benefit	1,875	1,908	1,960	2,011	2,059
Baby Bonus(a)	1,225	1,404	1,448	1,507	1,554
<i>Child Support (Registration and Collection) Act 1988</i>	1,173	1,202	1,249	1,298	1,326
Supported Accommodation Assistance Program	186	189	193	197	201
Grants to Family Support Organisations	144	186	193	196	199
Support for Child Care	262	316	307	298	301
Child Care Tax Rebate	461	861	956	1,048	1,137
Other	1,190	1,238	1,193	1,226	1,499
Total	28,245	30,171	30,678	31,167	32,203

(a) The increase in estimated expenses from 2007-08 to 2008-09 is primarily due to the increase in the baby bonus from \$4,258 to \$5,000 in 2008-09.

The decline in estimated expenses between 2008-09 and 2009-10 in the Aboriginal Advancement sub-function is due to funding for the Northern Territory Emergency Response provided for 2008-09 only, with future funding to be determined prior to the 2009-10 Budget, based on an evaluation of the Emergency Response. Provision has been made in the Contingency Reserve for ongoing costs associated with the Emergency Response. This provision is included in the other purposes function.

The main driver of the assistance to the unemployed sub-function is the Newstart Allowance program. Expected increases in expenses over the Budget and forward estimates period are primarily the result of projected increases in Newstart Allowance recipients in line with forecast economic parameters.

Housing and community amenities

Table 10: Summary of expenses

	Estimates		Projections		
	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
Housing	1,695	1,856	1,974	2,000	2,092
Urban and regional development	205	213	147	177	86
Environment protection	1,184	1,128	1,153	751	740
Total housing and community amenities	3,083	3,197	3,273	2,928	2,917

Nature of expenses and major trends

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

Housing sub-function expenses will grow over the forward estimates with growth from 2007-08 due primarily to new measures to address housing affordability including, the *National Rental Affordability Scheme*, *Homes for the Homeless* and the *Housing Affordability Fund*. Further information on these measures is presented in Budget Paper No. 2, *Budget Measures 2008-09* under the Families, Housing, Community Services and Indigenous Affairs portfolio.

Housing sub-function expenses will also grow over the forward estimates period due to the Department of Defence's increasing demand for housing provided by DHA. This is primarily in support of the personnel to be assigned to the Headquarters Joint Operation Command to be located in Bungendore, New South Wales, increased Australian Defence Force (ADF) numbers (primarily in the Army) and in response to changes to the geographical location of ADF personnel. DHA expenditure is also forecast to grow moderately due to the replacement of expiring leases and the on-going upgrade and maintenance of DHA housing.

The urban and regional development sub-function comprises of expenditure relating to regional development programs and the natural disaster mitigation program. The decline in estimated expenses from 2008-09 reflects: the winding-up of the Regional Partnerships and Sustainable Regions programs from 2007-08; the profile of expenditure under the *Better Regions* program (which assists local communities deliver local infrastructure and other regional and community projects); and a more cost effective approach to the administration of the regional programs.

Expenses under the environment protection sub-function are projected to decrease after 2009-10 reflecting the completion of two significant water management programs, Water Smart Australia and Raising National Water Standards.

Other significant expenses relating to water conservation programs are allocated to the natural resources development sub-function of the agriculture, forestry and fishing function.

Recreation and culture

Table 11: Summary of expenses

	Estimates		Projections		
	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
Broadcasting	1,332	1,361	1,430	1,398	1,386
Arts and cultural heritage	938	1,034	1,007	973	967
Sport and recreation	388	339	277	246	221
National estate and parks	167	173	149	160	162
Total recreation and culture	2,826	2,907	2,862	2,777	2,736

Nature of expenses and major trends

Recreation and culture function 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 management and protection of national parks and other world heritage areas. This function also includes expenses relating to the protection and preservation of historic sites and buildings, including war graves.

The profile of expenses relating to the sports and recreation sub-function primarily reflects the impact on expenses of higher expenditure in 2007-08. Expenses in 2007-08 have been boosted by funding to support World Youth Day and to support a number of sport infrastructure projects, which do not flow through to the forward years. Commonwealth support for these infrastructure projects is mainly delivered in the form of grants, which are recorded as expenses.

The most significant development in broadcasting over the period 2008-09 to 2011-12 is likely to be Australia's digital television switchover. The Government has established a Digital Television Switchover Taskforce, which is responsible for coordinating and overseeing Australia's transition from analogue to digital television by 31 December 2013. Additionally, an Industry Advisory Group has been established, bringing together broadcasters, retailers, manufacturers, antenna technicians, public and commercial housing agencies, as well as government departments.

Box 10: Broadcasting

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

	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
ABC Television	545	556	566	576	575
ABC Radio	293	299	305	310	310
SBS Television	143	148	168	174	170
ABC Analogue Transmission and Distribution	87	91	93	95	97
ABC Digital Transmission and Distribution	75	84	85	87	89
SBS Digital Transmission and Distribution	55	57	58	60	60
Other	134	126	155	96	85
Total	1,332	1,361	1,430	1,398	1,386

The arts and cultural heritage sub-function includes all Government arts expenditure. The most significant development in this area is the creation of two new agencies on 1 July 2008. Screen Australia will be established following the merger of the three film bodies, Film Australia Limited, the Australian Film Commission and Film Finance Corporation Australia. The National Film and Sound Archive will also be established as a separate agency, independent from Screen Australia.

Fuel and energy

Table 12: Summary of expenses

	Estimates		Projections		
	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
Fuel and energy	5,103	5,574	5,822	5,939	6,080
Total fuel and energy	5,103	5,574	5,822	5,939	6,080

Nature of expenses and major trends

This function comprises a wide range of fuel and energy expenses administered across a number of portfolios. It includes expenses for Fuel Tax Credits and the Energy Grants (Cleaner Fuels) Scheme, which are administered by the Australian Taxation Office (ATO). It also includes some expenses of the Department of Environment, Water, Heritage and the Arts, including the fuel and energy aspects of measures related to the Climate Change Strategy and to the whole-of-government *Securing Australia's Energy Future* initiative.

Fuel and energy function expenses are expected to increase in 2008-09 reflecting increased expenditure in relation to several greenhouse related programs, including the Low Emissions Technology Demonstration Fund (LETDF), the Renewable Remote Power Generation program, and the *Solar Cities* program. This is due to the Government's election commitment to increase funding to the *Solar Cities* program and the rephasing across the Budget and forward years of funding in the LETDF. The rephasing of the LETDF was undertaken to better reflect the expected grant payment profile for the six announced projects under the program. Future projects otherwise funded under the LETDF will be funded through the National Clean Coal Fund and the Renewable Energy Fund.

Expenses related to the fuel and energy function reflect significant growth due to the phased implementation of the Fuel Tax Credits measure over a six year period from 2006-07. From 1 July 2008 eligibility for entitlements expands to include a 50 per cent credit for 'off-road' business use of excisable fuels in newly eligible activities and a full credit for all fuels used in currently eligible activities. Fuel Tax Credits expenses are expected to be \$4,754 million in 2008-09 rising to \$5,380 million in 2011-12, the last year of the phased implementation.

Additionally, the fuel and energy function includes expenses for programs relating to the production or use of alternative fuels including ethanol and biodiesel, which are administered by the Department of Resources Energy and Tourism (DRET) and the Australian Taxation Office. Expenses are projected to increase for alternative fuels programs from 2008-09 onward due to higher funding in support of climate change and innovation initiatives, including: the Energy Innovation Fund, the Renewable Energy Fund and National Clean Coal Initiative, all of which are administered by DRET.

Statement 6: Expenses and Net Capital Investment

This function also includes expenses relating to the Liquefied Petroleum Gas vehicle purchase and conversion rebate scheme, and a continuation of company tax compensation payments to New South Wales and Victoria following the decision not to sell the Snowy Hydro Limited.

Agriculture, forestry and fishing

Table 13: Summary of expenses

	Estimates		Projections		
	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
Wool industry	53	54	55	55	55
Grains industry	113	110	144	115	122
Dairy industry	59	53	42	44	45
Cattle, sheep and pig industry	165	174	163	163	163
Fishing, horticulture and other agriculture	347	260	207	202	206
General assistance not allocated to specific industries	483	116	114	129	134
Rural assistance	1,511	996	72	71	62
Natural resources development	823	783	1,797	1,604	1,837
General administration	532	512	504	492	495
Total agriculture, forestry and fishing	4,085	3,058	3,099	2,874	3,119

Nature of expenses and major trends

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

Expenses within this function are expected to decrease by around 5.4 per cent in real terms between 2008-09 and 2011-12, primarily because of the decrease in expenditure on drought-related measures within the rural assistance sub-function. This reflects an assumed return to normal seasonal conditions in Australia and a consequent cessation of drought assistance outlays. The decrease in the expenses related to the general assistance (not allocated to specific industries) sub-function from 2007-08 is due to the cessation of assistance for the equine influenza outbreak. There is also a decrease in projected expenses in the fishing, horticulture and other agriculture sub-function after 2007-08 and 2008-09, which is attributable to the conclusion of the Tasmanian Community Forest Agreement and the Securing our Fishing Future package.

The overall decrease in agriculture, fishing and forestry expenses is partially offset by the expected significant increase in expenditure in the natural resources development sub-function. This sub-function includes government expenditure on water resource management, including expenditure in rural areas under the new national plan for water, *Water for the Future*. The increase in expenses from 2009-10 reflects the anticipated increase in activity under the national plan, particularly in relation to the Sustainable Rural Water Use and Infrastructure and the Restoring the Balance in the Murray-Darling Basin programs, to improve water infrastructure and address water over-allocation in the Murray Darling Basin.

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

Mining, manufacturing and construction

Table 14: Summary of expenses

	Estimates		Projections		
	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
Mining, manufacturing and construction	1,846	1,834	1,762	1,576	1,515
Total mining, manufacturing and construction	1,846	1,834	1,762	1,576	1,515

Nature of expenses and major trends

Expenses under this function relate to the manufacturing and export sectors, and are designed to assist the efficiency and competitiveness of Australian industries. Major expenses include programs specific to the automotive and textiles, clothing and footwear industries. These expenses also include Australian Government assistance to exporters through direct financial assistance for the development of export markets, information and promotional assistance, finance and insurance services, trade policy, programs providing research and development assistance grants, and strategic investment incentives.

Total expenses are projected to decrease due to a downward trend in projected expenses for the Automotive Competitiveness and Investment Scheme, the termination of the Pharmaceuticals Partnerships Program and the termination of the Commercial Ready program (refer to Budget Paper No. 2, *Budget Measures 2008-09*). This decrease is partially offset by an estimated increase in expenses relating to the Research and Development Tax Concession Scheme.

Box 11: Mining and mineral resources (other than fuels) manufacturing and construction

Table 14.1: Trends in major components of the mining and mineral resources (other than fuels) manufacturing and construction sub-function

	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
Research and Development Tax Concession Scheme	343	395	454	523	595
Automotive Competitiveness and Investment Scheme	550	511	449	349	305
Commercial Ready Program	210	154	39	9	1
Trade Facilitation	190	199	200	197	215
Export Market Development Grants Scheme	157	150	200	150	150
Textile Clothing and Footwear Strategic Investment Program	114	100	100	104	24
Other	282	325	320	244	225
Total	1,846	1,834	1,762	1,576	1,515

Transport and communication

Table 15: Summary of expenses

	Estimates		Projections		
	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
Communication	567	522	458	410	385
Rail transport(a)	180	187	51	9	6
Air transport	161	172	167	166	161
Road transport(a)	3,079	3,421	3,895	3,665	4,294
Sea transport	318	256	260	267	271
Other transport and communication	181	170	162	159	147
Total transport and communication	4,486	4,727	4,994	4,677	5,265

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

Nature of expenses and major trends

Transport and communication function expenses support the infrastructure and regulatory framework for Australia's transport and communication sectors. Expenses within this function are expected to increase by around 3.3 per cent in real terms from 2008-09 to 2011-12. The primary driver of the increase is expenses relating to the road transport sub-function, which are expected to increase by 16.5 per cent in real terms over this period.

The decline in estimated expenses in the communication sub-function between 2007-08 and 2011-12 primarily reflects the conclusion of the Connect Australia Package which consists of four components: Broadband Connect, Clever Networks, Mobile Connect and Backing Indigenous Ability.

The decline in the communication sub-function expenses does not take account of the proposed investment in the National Broadband Network (NBN). The Government has indicated it will provide up to \$4.7 billion to establish the NBN. A request for proposal to build and operate the NBN was issued on 11 April 2008 with the outcome of this process expected in late 2008. Provision for the NBN has been included in the Contingency Reserve. Further information can be found in the measure, *National Broadband Network – establishment and implementation*, detailed under the Broadband, Communications and Digital Economy portfolio in Budget Paper No. 2, *Budget Measures 2008-09*.

The decrease in estimated expenses in the rail transport sub-function from 2009-10 is due to the allocation of land transport infrastructure funding between road and rail projects not yet being finalised (until funding is allocated it is classified under the road transport sub-function which makes up the overarching majority of land transport infrastructure expenditure). Funding currently allocated to 2009-10 in the rail transport sub-function comprises expenditure associated with works on the mainline rail track at Wodonga, Victoria and a scoping study into a future inland rail corridor.

The increased level of estimated expenses in the air transport sub-function in 2008-09 is mainly due to aviation security funding including equipment trials for the screening of liquids, aerosols and gels carried on board aircraft flying international routes.

The increase in estimated expenses in the road transport sub-function from 2007-08 to 2011-12 is due primarily to an increase in investment in the National Land Transport Network. A five year program of land transport infrastructure investment will provide total funding of \$22.7 billion over 2009-10 to 2013-14, including \$16.8 billion for projects on the National Network and \$2.3 billion for the Strategic Regional Program, Roads to Recovery Program and Black Spot Program. It also includes funding for identified local road grants reported in the local government assistance sub-function. Major components of the road transport sub-function are outlined in further detail in Box 12 below.

The decrease in estimated expenses in the sea transport sub-function from 2007-08 to 2008-09 is a result of the merger of the Australian Maritime College (AMC) and the University of Tasmania. The Government gifted the AMC's assets (valued at \$61.4 million) to the University to facilitate integration of the AMC into the University from 1 January 2008 providing a one-off increase in expenses in 2007-08. This sub-function is dominated by expenses related to the Tasmanian Freight Equalisation Scheme and the Bass Strait Passenger Vehicle Equalisation Scheme.

Box 12: Road transport

Table 15.1: Trends in major components of the road transport sub-function

	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
National Network Program	2,431	2,553	3,167	3,081	3,633
Strategic Regional Program	101	190	145	25	75
Roads to Recovery Program	436	490	350	350	350
Black Spot Program	41	51	60	60	60
Heavy Vehicle Safety and Productivity Plan	0	10	20	20	20
Other non-Auslink road	6	30	59	45	70
Other(a)	64	99	94	85	87
Total(b)	3,079	3,421	3,895	3,665	4,294

(a) Includes keys2drive, Interstate Road Transport Fees, Seatbelts on regional school buses and OECD Road Transport - Contribution.

(b) See Outcome 1 of the Infrastructure, Transport, Regional Services and Local Government Portfolio Budget Statements 2008-09.

The Government will establish a Building Australia Fund in 2008-09. This fund will provide for future investments in critical economic infrastructure in the areas of roads, rail, ports and broadband. A provision for financing such projects has been incorporated into the Contingency Reserve from 2009-10 onwards. These projects will be determined through the budget process according to rigorous evaluation criteria, and in line with prevailing macroeconomic conditions.

Other economic affairs

Table 16: Summary of expenses

	Estimates		Projections		
	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
Tourism and area promotion	193	184	182	182	180
Vocational and industry training	1,146	1,161	1,350	1,585	1,592
Labour market assistance to job seekers and industry	2,093	2,196	2,100	1,966	1,899
Industrial relations	594	582	526	504	502
Immigration	1,126	1,198	1,189	1,200	1,230
<i>Total labour and employment affairs</i>	4,958	5,137	5,166	5,256	5,223
Other economic affairs nec	1,315	1,449	1,470	1,407	1,387
Total other economic affairs	6,467	6,770	6,818	6,844	6,791

Nature of expenses and major trends

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

Total expenses for the other economic affairs function are estimated to remain relatively stable over the period 2007-08 to 2011-12. This reflects lower growth in expenditure in the labour market assistance to job seekers and industry and industrial relations sub-functions, offset by expected growth in the vocational and industry training function as a result of measures in this Budget.

Expenses in the tourism and area promotion sub-function are expected to decrease slightly from 2007-08 mainly due to administrative savings in the Australian Tourism Development Program and departmental savings by Tourism Australia. For further details on both measures, refer to Budget Paper No. 2, *Budget Measures 2008-09*, Resources, Energy and Tourism Portfolio.

The growth in estimated expenses in the vocational and industry training sub-function is mainly due to the introduction of the Government's election commitment measure, *Skilling Australia for the Future*. The measure will provide an additional 85,000 apprenticeship places over five years. Further information on this measure is presented in Budget Paper No. 2, *Budget Measures 2008-09* under the Education, Employment and Workplace Relations portfolio.

Estimated expenses for labour market assistance to job seekers and industry are projected to decline over the period 2008-09 to 2011-12 as a result of lower costs arising from the *Employment Services for 2009-10 to 2011-12* measure, which streamlines and refocuses employment services arrangements. Further information regarding this measure is presented in Budget Paper No. 2, *Budget Measures 2008-09* under the Education, Employment and Workplace Relations portfolio.

The implementation of the Government's workplace relations reforms will reduce expenses under the industrial relations sub-function. This results from lower

administrative costs associated with the rationalisation of the award system, and the transition from Australian Workplace Agreements to the new system.

The growth in expenses in the immigration sub-function between 2007-08 and 2008-09 is mainly due to new measures announced in the 2008-09 Budget to increase migration places in the skilled, family and humanitarian categories, and increase support to newly arrived migrants in the areas of language and work skills training. The impact from these new measures on expenses will gradually tail off in future years while expenses relating to short-term visas for international students and tourists are expected to continue to increase during the same period.

Other purposes

Table 17: Summary of expenses

	Estimates		Projections		
	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
Interest on Commonwealth Government's behalf	3,538	3,451	3,400	3,249	3,142
Interest on behalf of States and Territories	0	0	0	0	0
Interest received on Commonwealth Government stock	0	0	0	0	0
<i>Public debt interest</i>	3,538	3,451	3,400	3,249	3,142
Nominal superannuation interest	6,210	6,508	6,598	6,817	7,039
General revenue assistance - States and Territories	42,753	45,066	48,354	50,975	53,765
General capital assistance - States and Territories	0	0	0	0	0
Debt assistance	0	0	0	0	0
Local government assistance	1,795	1,876	1,952	2,033	2,101
Revenue assistance to the States and Territories	174	0	0	0	0
Assistance to other governments	771	757	751	736	686
<i>General purpose inter-government transactions</i>	45,493	47,700	51,057	53,744	56,552
Natural disaster relief	99	93	92	92	92
Contingency reserve(a)	-776	451	6,036	8,379	12,117
Total other purposes	54,564	58,202	67,184	72,281	78,942

(a) Asset sale related expenses are treated as a component of the Contingency Reserve.

Nature of expenses and major trends

The other purposes function includes expenses incurred in the servicing of public debt interest, and assistance to the state, territory and local governments. The function also includes items classified to natural disaster relief, costs of asset sales, the Contingency Reserve (which is an allowance included in aggregate expenses to reflect anticipated events that cannot be assigned to individual programs), and expenses related to nominal interest on unfunded liabilities for government superannuation benefits.

The most significant expenses in the other purposes function relate to general revenue assistance paid to State and Territory governments. Virtually all of these expenses comprise payments of Goods and Services Tax (GST) revenue grants to the states and territories, which are provided on an 'untied' basis. The forecast growth in these expenses reflects expected growth in GST revenue over time. More detailed information on these expenses is provided in Budget Paper No.3 *Australia's Federal Relations 2008-09*.

Payments to State and Territory governments that are tied to specific purposes (for example, health and education) are reported under their relevant functions earlier in this statement. More detailed information is also provided in Budget Paper No. 3 *Australia's Federal Relations 2008-09* and in the Portfolio Budget Statements of the corresponding portfolios with responsibilities in these areas.

The assistance to other governments' expense encompasses transfers and payments to the States and Territories, of which around 96 per cent is to Western Australia for offshore petroleum royalties, and the balance being for compensation for National Capital Influences in the Australian Capital Territory and assistance to other governments through the Attorney-General's Department. These expenses are expected to fluctuate across the forward years due mainly to a combination of a decrease in estimated oil production volume and estimated increase in price, on which the royalty payments are based.

Estimated expenses relating to the local government assistance sub-function steadily increase across the Budget and forward estimates period due to forecast population increases and changes in the Consumer Price Index (local government funding provided by the Commonwealth is linked to population and inflation). A significant component of local government assistance is categorised under other expense functions (refer to Budget Paper No. 3, *Australia's Federal Relations 2008-09* for more information on Australian Government assistance to local governments).

Of the other major items, nominal superannuation interest expenses are projected to grow over time reflecting the growth in the Government's superannuation liability.

The increase in expenses in the Contingency Reserve sub-function from 2008-09 over the forward years is largely due to the conservative bias allowance – an allowance that compensates for the trend in expenses on existing Australian Government programs to be underestimated by agencies in the forward years. The nature of the Contingency Reserve is discussed in more detail at Appendix B.

GENERAL GOVERNMENT NET CAPITAL INVESTMENT

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

Australian Government general government net capital investment is expected to increase in 2008-09, primarily reflecting growth in defence net capital investment. Estimates of net capital investment, net of non-financial asset sales and depreciation, remain significantly positive over the forward estimates period to 2011-12 (Table 18).

Table 18: Estimates of total net capital investment

	2007-08		2008-09	2009-10	2010-11	2011-12
	PEFO(a)	Revised	Estimate	Projections		
Total net capital investment (\$m)	1,597	2,837	3,872	4,050	4,462	5,094
Real growth on previous year (%) (b)	-29.9	24.4	31.9	2.1	7.5	11.4
Per cent of GDP	0.1	0.3	0.3	0.3	0.3	0.4

(a) As published in the *Pre-Election Economic and Fiscal Outlook 2007*, in accordance with the ABS GFS standard.

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

The estimates of net capital investment presented in Table 18 have been significantly affected by the adoption of the new government accounting standard, AASB 1049, for the first time in the 2008-09 Budget. In particular, the acquisition of specialist military equipment is now recorded as a capital investment. Previously, expenditures relating to specialist military equipment were classified as expenses, even though the equipment, including aircraft and ships, may have an effective life spanning several decades (this previous treatment was, nevertheless, consistent with the ABS and international Government Finance Statistics standard). The change in the accounting classification of specialist military equipment has increased net capital investment significantly in all years. Further information on this change in accounting treatment is provided in Appendix A of Statement 3 and in Statement 9.

Reconciliation of net capital investment since the 2007-08 Budget

A reconciliation of the 2007-08 Budget, 2007-08 MYEFO, PEFO 2007 and 2008-09 Budget net capital investment estimates, showing the effect of policy decisions and economic parameter and other variations since the estimates were published in the 2007-08 Budget, is provided in Table 19.

Table 19: Reconciliation of net capital investment

	Estimates		Projections	
	2007-08	2008-09	2009-10	2010-11
	\$m	\$m	\$m	\$m
2007-08 Budget net capital investment	1,171	1,377	861	939
Changes between 2007-08 Budget and MYEFO				
Effect of policy decisions(a)	181	84	112	324
Effect of parameter and other variations	240	302	-10	-312
Total variations	421	386	102	12
2007-08 MYEFO net capital investment	1,592	1,763	963	951
Changes between MYEFO and PEFO				
Effect of policy decisions(a)	5	3	-1	-2
Effect of parameter and other variations	0	0	0	0
Total variations	5	3	-1	-2
2007 PEFO net capital investment	1,597	1,766	961	950
Changes between PEFO and 2008-09 Budget				
Effect of policy decisions(a)	-98	136	77	7
Effect of parameter and other variations	1,338	1,970	3,012	3,506
Total variations	1,240	2,106	3,089	3,513
2008-09 Budget net capital investment	2,837	3,872	4,050	4,462

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

In 2008-09, forecast net capital investment has increased by \$2,106 million since the PEFO 2007. This increase is due to the combined effect of new policy decisions, resulting in an increase in expenditure of \$136 million and parameter and other variations of \$1,970 million. The parameter and other variations are almost entirely due to the change in accounting classification of specialist military equipment since the PEFO 2007.

Discussion of changes between the PEFO 2007 and the 2008-09 Budget, shown in the table above, can be found in Statement 3 (in the section titled 'Variations in net capital investment estimates'). Further information on capital measures since MYEFO can be found in Budget Paper No. 2, *Budget Measures 2008-09*.

Net capital investment estimates by function

Estimates for Australian Government general government net capital investment by function for the period 2007-08 to 2011-12 are provided in Table 20.

Table 20: Estimates of net capital investment by function

	Estimates		Projections		
	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
General public services	194	214	126	64	21
Defence(a)	1,407	2,855	3,794	4,525	5,193
Public order and safety	152	191	-71	42	10
Education	3	20	27	-6	-14
Health	143	180	88	-10	-19
Social security and welfare	297	123	47	-19	1
Housing and community amenities	170	10	-33	-49	-16
Recreation and culture	177	148	55	-10	-36
Fuel and energy	9	2	1	0	0
Agriculture, forestry and fishing	40	4	1	-4	-13
Mining, manufacturing and construction	31	6	3	-5	3
Transport and communications	14	30	-13	-7	-9
Other economic affairs	200	124	15	-69	-57
Other purposes	0	-35	10	9	29
Total net capital investment	2,837	3,872	4,050	4,462	5,094

(a) Purchases of specialist military equipment are now treated as net capital investment rather than as expenses. See Appendix A of Statement 3 and in Statement 9 for further details.

Net capital investment in 2007-08 is estimated to be \$2.9 billion, principally driven by defence capital expenditure. Other areas of major net capital investment in 2007-08 include – the construction of the National Portrait Gallery, the Christmas Island Immigration Reception and Processing Centre and various other construction projects managed by the Department of Finance and Deregulation; the continuing refurbishment and relocation of various overseas missions by the Department of Foreign Affairs and Trade; investment in information technology by several agencies including the Australian Taxation Office, Centrelink and the Department of Immigration and Citizenship.

Net capital investment is expected to increase in 2008-09 and the out years. The increase in net capital investment across the forward estimates is dominated by projected growth in defence capital investment. As discussed earlier in this statement, defence capital expenditure is subject to fluctuations across years associated with the delivery of large military capability projects. There has also been a pattern of major defence capital expenditures slipping relative to earlier delivery schedules. Since the *Mid Year Economic and Fiscal Outlook 2007-08*, Defence has reprogrammed \$812 million of capital expenditure from 2007-08 to beyond the forward estimates. In addition, \$923 million of capital expenditure previously scheduled for 2008-09 has been reprogrammed principally to beyond the forward estimates period.

As noted earlier in this statement, defence net capital investment in 2008-09 is boosted by the scheduled completion of the new Joint Operations Command Headquarters and single living accommodation project. Under the accrual accounting standards used in preparing the budget estimates, this is recorded as an increase of some \$500 million in capital investment in 2008-09, with cash payments to be made over a period of up to 30 years under finance lease arrangements.

The impact of the projected growth in defence capital expenditure is partially offset by the progressive conclusion of various construction projects, including the Christmas Island Immigration Reception and Processing Centre (completed in 2007-08), the finalisation of a significant overseas land purchase in Jakarta and other procurements associated with the upgrade to the security of a number of overseas posts managed by the Department of Foreign Affairs and Trade, and the completion of major information technology projects by various agencies including the Department of Immigration and Citizenship.

Significant factors contributing to net capital investment by function include:

- **General public services** — investment in major projects including the National Portrait Gallery, the Christmas Island Immigration Reception and Processing Centre and future new accommodation for the Australian Security Intelligence Organisation and the Office of National Assessments, refurbishment and relocation of various overseas missions by the Department of Foreign Affairs and Trade; and investment in information technology by several agencies including the Australian Taxation Office, Centrelink and the Department of Immigration and Citizenship;
- **Defence** — the investment by the Department of Defence on various capital projects including the construction of the new Headquarters Joint Operations Command facility near Bungendore, New South Wales, and base infrastructure upgrades at Lavarack Barracks, Queensland, Enoggera, Queensland, and the Royal Australian Air Forces bases in Amberley, Queensland, Darwin and Tindal, Northern Territory, and Pearce in Western Australia;
- **Public order and safety** — investment by the Australian Federal Police in specialist equipment and operational and training facilities to accommodate international deployment group, increased investment by the Australian Security Intelligence Organisation in information technology and expansion of infrastructure to support growth in staff and operations and fit-out of its central office accommodation in Canberra, and increased capital funding in the Australian Secret Intelligence Service to enhance counter-terrorism capabilities;
- **Health** — continuing investment in the National Medical Stockpile to protect against possible disease outbreaks such as a pandemic influenza or biosecurity incidents;

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- **Social security and welfare** – investment in general technology infrastructure and improvements in office accommodation including Customer Services Centres and the National Support Office for Centrelink;
- **Housing and community amenities** – mainly reflects net capital investment by Defence Housing Australia;
- **Recreation and culture** – refurbishment and enhancement of the National Gallery of Australia, establishment of the Gallery of Australian Democracy and refurbishment of the south east wing of Old Parliament House, investments by the Director of National Parks in upgraded facilities and rehabilitation of sites within Australia's national parks, and management and rehabilitation of buildings and land around Sydney Harbour by the Sydney Harbour Federation Trust; and
- **Other economic affairs** – the transition of a number of major information technology projects in the Department of Immigration and Citizenship from a capital intensive development phase to an operational phase.

Net capital investment is broadly defined as acquisitions of non-financial assets less depreciation expenses. It provides a measure of the overall growth in capital assets (including buildings and infrastructure, specialist military equipment, and computer software) after taking into account depreciation and amortisation as previously acquired assets age. Table 21 below reports the acquisition of non-financial assets by function before taking into account depreciation or amortisation.

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

	Estimates		Projections		
	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
General public services	424	777	637	590	836
Defence(a)	4,595	6,466	7,215	8,006	8,138
Public order and safety	325	425	186	362	321
Education	19	36	46	14	10
Health	120	133	156	59	55
Social security and welfare	526	400	305	220	206
Housing and community amenities	173	85	154	76	70
Recreation and culture	392	376	281	237	209
Fuel and energy	11	3	2	0	0
Agriculture, forestry and fishing	68	32	28	11	2
Mining, manufacturing and construction	59	32	31	23	39
Transport and communications	74	59	40	42	36
Other economic affairs	428	384	282	191	210
Other purposes	0	6	12	5	1
General government purchases of non-financial assets	7,214	9,212	9,374	9,836	10,134

(a) Purchases of specialist military equipment are now treated as net capital investment rather than as expenses. See Appendix A of Statement 3 and in Statement 9 for further details.

Trends in Australian Government Staffing

This section provides estimates of the annual average staffing level (ASL)³ of agencies in the Australian Government General Government Sector. It is a comprehensive data source of people employed by the Australian Government, including all Defence Force personnel and those employed by Statutory Authorities.

ASL data was first collected and published in the Budget papers for 2001-02. Since that time there has been a sizable increase in the average staffing levels. For example, figures reported in the 2002-03 Budget papers show an average annual staffing level of 212,784 for the 2001-02 financial year whereas in the 2008-09 Budget papers the estimate for 2007-08 is 248,233 – an increase in excess of 35,000 over that period (see Table 22 below).

Table 22 shows steady and relatively small increases in the financial years 2001-2002 to 2005-2006 and a sharp increase in 2006-2007 and 2007-2008. Savings measures for the 2008-09 Budget will result in a modest net decrease across the General Government Sector of close to 1,200 ASL. The Government has established the Career Transition and Support Centre in the Australian Public Service Commission to assist affected staff and agencies with the downsizing process.

Table 22: Estimates of Average Staff Levels (ASL)

2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
212,784	217,284	223,134	225,914	227,013	238,623	248,233	247,081

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

**Chart 1: Estimates of Average Staff Levels (ASL)
2001-2008**



Appendix C5 provides detail of ASL at Portfolio and Agency level. Comparisons across years should take account of the significant changes resulting from the machinery of government changes in December 2007.

APPENDIX A: EXPENSE BY FUNCTION AND SUB-FUNCTION

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

	Actuals		Estimates		Projections	
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m	\$m
General public services						
Legislative and executive affairs	870	987	792	813	963	842
Financial and fiscal affairs	4,832	5,849	5,701	5,877	5,988	6,523
Foreign affairs and economic aid	3,282	3,791	4,736	4,945	5,532	5,898
General research	2,476	2,522	2,411	2,535	2,579	2,507
General services	667	706	724	731	734	735
Government superannuation benefits	2,679	2,777	2,896	2,925	3,079	3,149
Total general public services	14,806	16,631	17,261	17,826	18,876	19,653
Defence(a)	17,140	17,366	17,896	19,134	19,772	20,274
Public order and safety						
Courts and legal services	841	919	937	926	926	937
Other public order and safety	2,477	2,869	2,870	2,903	2,969	2,944
Total public order and safety	3,318	3,788	3,807	3,830	3,895	3,881
Education						
Higher education	5,540	6,333	6,018	6,974	7,001	7,365
Vocational and other education	1,562	1,640	1,654	1,735	1,784	1,826
Non-government schools	5,677	6,392	6,406	6,812	7,265	7,723
Government schools	3,071	3,126	3,138	3,324	3,397	3,546
<i>Schools</i>	<i>8,748</i>	<i>9,518</i>	<i>9,545</i>	<i>10,137</i>	<i>10,662</i>	<i>11,269</i>
Student assistance	456	486	485	479	481	484
General administration	0	22	26	44	64	77
School education - specific funding	125	620	1,036	908	776	778
Total education	16,431	18,620	18,764	20,276	20,768	21,800
Health						
Medical services and benefits(b)	17,213	18,948	19,785	20,705	21,731	22,749
Hospital services(c)	10,416	11,745	11,710	12,289	12,939	13,348
Pharmaceutical services and benefits	7,634	8,698	8,908	9,247	9,677	10,153
Aboriginal and Torres Strait Islander health	397	520	560	600	586	611
Health services	1,320	1,626	1,876	1,932	1,920	1,889
Other health services	2,302	1,961	2,120	2,225	2,290	2,365
<i>Other health services</i>	<i>3,622</i>	<i>3,587</i>	<i>3,995</i>	<i>4,157</i>	<i>4,210</i>	<i>4,254</i>
General administration	576	855	962	951	948	936
Health assistance to the aged	89	102	112	121	128	138
Total health	39,948	44,455	46,032	48,071	50,220	52,190
Social security and welfare						
Assistance to the aged	32,437	35,667	37,704	39,930	42,309	44,794
Assistance to veterans and dependants	6,244	6,422	6,460	6,434	6,409	6,285
Assistance to people with disabilities	12,826	14,354	14,709	15,485	16,236	16,949
Assistance to families with children	27,810	28,245	30,171	30,678	31,167	32,203

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

	Actuals	Estimates		Projections		
	2006-07 \$m	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Social security and welfare (continued)						
Assistance to the unemployed	4,713	4,273	5,033	5,259	5,740	6,081
Assistance to the sick	85	85	88	90	92	94
<i>Assistance to the unemployed and the sick</i>	4,799	4,358	5,121	5,349	5,832	6,176
Common youth allowance	2,074	2,101	2,136	2,144	2,180	2,194
Other welfare programs	2,201	2,024	1,919	1,947	1,928	1,954
Aboriginal advancement nec	1,304	1,775	1,844	1,599	1,582	1,494
General administration	2,380	2,285	2,376	1,995	2,014	2,028
Total social security and welfare	92,075	97,230	102,439	105,561	109,657	114,077
Housing and community amenities						
Housing	1,679	1,695	1,856	1,974	2,000	2,092
Urban and regional development	151	205	213	147	177	86
Environment protection	1,079	1,184	1,128	1,153	751	740
Total housing and community amenities	2,909	3,083	3,197	3,273	2,928	2,917
Recreation and culture						
Broadcasting	1,226	1,332	1,361	1,430	1,398	1,386
Arts and cultural heritage	829	938	1,034	1,007	973	967
Sport and recreation	273	388	339	277	246	221
National estate and parks	232	167	173	149	160	162
Total recreation and culture	2,561	2,826	2,907	2,862	2,777	2,736
Fuel and energy	4,635	5,103	5,574	5,822	5,939	6,080
Agriculture, forestry and fishing						
Wool industry	58	53	54	55	55	55
Grains industry	110	113	110	144	115	122
Dairy industry	81	59	53	42	44	45
Cattle, sheep and pig industry	168	165	174	163	163	163
Fishing, horticulture and other agriculture	483	347	260	207	202	206
General assistance not allocated to specific industries	137	483	116	114	129	134
Rural assistance	856	1,511	996	72	71	62
Natural resources development	405	823	783	1,797	1,604	1,837
General administration	532	532	512	504	492	495
Total agriculture, forestry and fishing	2,831	4,085	3,058	3,099	2,874	3,119
Mining, manufacturing & construction	1,920	1,846	1,834	1,762	1,576	1,515
Transport and communication						
Communication	546	567	522	458	410	385
Rail transport(d)	51	180	187	51	9	6
Air transport	143	161	172	167	166	161
Road transport(d)	2,173	3,079	3,421	3,895	3,665	4,294
Sea transport	226	318	256	260	267	271
Other transport and communication	157	181	170	162	159	147
Total Transport and communication	3,296	4,486	4,727	4,994	4,677	5,265

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

	Actuals	Estimates		Projections		
	2006-07 \$m	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Other economic affairs						
Tourism and area promotion	196	193	184	182	182	180
Vocational and industry training	704	1,146	1,161	1,350	1,585	1,592
Labour market assistance to job seekers and industry	1,924	2,093	2,196	2,100	1,966	1,899
Industrial relations	303	594	582	526	504	502
Immigration	1,105	1,126	1,198	1,189	1,200	1,230
<i>Total labour and employment affairs</i>	<i>4,035</i>	<i>4,958</i>	<i>5,137</i>	<i>5,166</i>	<i>5,256</i>	<i>5,223</i>
Other economic affairs nec	934	1,315	1,449	1,470	1,407	1,387
Total other economic affairs	5,165	6,467	6,770	6,818	6,844	6,791
Other purposes						
Interest on Commonwealth Government's behalf	3,592	3,538	3,451	3,400	3,249	3,142
Interest on behalf of States and Territories	0	0	0	0	0	0
Interest received on Commonwealth Government stock	0	0	0	0	0	0
<i>Public debt interest</i>	<i>3,592</i>	<i>3,538</i>	<i>3,451</i>	<i>3,400</i>	<i>3,249</i>	<i>3,142</i>
Nominal superannuation interest	5,470	6,210	6,508	6,598	6,817	7,039
General revenue assistance - States and Territories	39,560	42,753	45,066	48,354	50,975	53,765
General capital assistance - States and Territories	0	0	0	0	0	0
Debt assistance	0	0	0	0	0	0
Local government assistance	1,704	1,795	1,876	1,952	2,033	2,101
Revenue assistance to the States and Territories	170	174	0	0	0	0
Assistance to other governments	699	771	757	751	736	686
<i>General purpose inter-government transactions</i>	<i>42,133</i>	<i>45,493</i>	<i>47,700</i>	<i>51,057</i>	<i>53,744</i>	<i>56,552</i>
Natural disaster relief	115	99	93	92	92	92
Contingency reserve(e)	589	-776	451	6,036	8,379	12,117
Total other purposes	51,898	54,564	58,202	67,184	72,281	78,942
Total expenses	258,932	280,551	292,470	310,513	323,083	339,241

(a) Purchases of specialist military equipment are now treated as net capital investment rather than as expenses. See Appendix A, of Statement 3 and in Statement 9 for further details.

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

(c) This sub-function now includes health care agreements, due to the new framework for federal financial relations. Further details are provided in page 6-6, titled 'A New Financial Framework for Specific Purpose Payments'.

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

(e) Asset sale related expenses are treated as a component of the Contingency Reserve.

APPENDIX B: THE CONTINGENCY RESERVE

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

While the reserve 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 appropriation and for outcome reporting closer to the time when the associated events eventuate.

The Contingency Reserve makes allowance in 2008-09 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. This allowance is known as the conservative bias allowance. It is set at 2½ per cent of total general government sector expenses (excluding Goods and Services Tax payments to the states) in the third year of the forward estimates period (2011-12); 1 ½ per cent in the second year (2010-11); and 1 per cent in the first forward year (2009-10). This allowance is periodically reviewed and will be next reviewed following the publication of the Final Budget Outcome 2007-08;
- a provision for underspends in the current year reflecting the tendency for the expenses of some specific agencies or functions to be overstated in the year because expenditure targets are not all met;
- commercial-in-confidence and national security-in-confidence items that cannot be disclosed separately and programs that are yet to be renegotiated with State and Territory governments;
- decisions made too late for inclusion against individual agency estimates;
- the effect on the Budget and forward estimates of economic parameter revisions received late in the budget process and hence not able to be allocated to individual agencies or functions; and
- provision for events and pressures that are reasonably expected to affect the budget estimates. For example, the Contingency Reserve makes provision for the continuation of the Government's support for the Northern Territory Emergency Response (NTER) beyond 2008-09. However, the allocation of funding to individual programs will be subject to an evaluation of the NTER later in 2008. In the meantime, the Contingency Reserve includes provision for expenses of \$240 million in 2009-10; \$300 million in 2010-11; and \$300 million in 2011-12. The provision is

lower in 2009-10 because around \$95 million in funding for that year has already been allocated to specific programs.

The Contingency Reserve may also include any expenses associated with the Government's major asset sales and associated administration costs and major capital projects for which detailed planning approval has been given.

The Contingency Reserve also makes provision for future increases in Australia's official development assistance not yet allocated to specific aid programs. However, in this budget statement those expenses are allocated to the foreign affairs function (see Page 6-9 for further information).

The Contingency Reserve also includes a provision for anticipated expenditure from the new funds established in the 2008-09 Budget: the Building Australia Fund, the Health and Hospitals Fund and the Education Investment Fund. The funding to be provided from these funds will be dependent on future budget consideration in line with prevailing macroeconomic conditions. Projects will be selected according to rigorous evaluation criteria and may depend on negotiations with State and Territory governments.

APPENDIX C: ADDITIONAL AGENCY STATISTICS

Table C1: General government expenses by agency

	Estimates		Projections		
	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
Agriculture, Fisheries and Forestry					
Dairy Adjustment Authority	17	6	0	0	0
Department of Agriculture, Fisheries and Forestry	3,670	2,588	1,395	1,341	1,340
Grains Research and Development Corporation	107	121	143	122	126
Total	3,795	2,716	1,538	1,463	1,466
Attorney-General's					
Attorney-General's Department	1,159	1,204	1,167	1,151	1,169
Australian Commission for Law Enforcement Integrity (ACLEI)	3	3	4	4	4
Australian Customs Service	1,298	1,306	1,294	1,309	1,322
Australian Federal Police	1,222	1,238	1,344	1,275	1,308
Family Court of Australia	140	137	137	138	139
High Court of Australia	14	15	16	16	16
National Capital Authority	31	26	28	29	31
Total	3,867	3,930	3,989	3,922	3,989
BCDE - Broadband, Communications and the Digital Economy					
Australian Broadcasting Corporation	1,023	1,053	1,072	1,092	1,094
Australian Communications and Media Authority	274	257	253	253	253
Department of Broadband, Communications and the Digital Economy	229	315	282	204	155
Special Broadcasting Service Corporation	258	267	293	287	293
Total	1,784	1,892	1,899	1,835	1,795
Communications, Information Technology and the Arts					
Department of Communications, Information Technology and the Arts	255	0	0	0	0
Total	255	0	0	0	0
Defence					
Australian War Memorial	48	47	48	49	49
Defence Housing Australia	744	806	876	887	869
Defence Materiel Organisation	8,458	9,647	10,598	11,063	11,529
Department of Defence	24,017	23,278	24,686	25,255	25,942
Department of Veterans' Affairs	11,367	11,585	11,695	11,726	11,670
Total	44,633	45,363	47,904	48,981	50,059
Education, Science and Training					
Department of Education, Science and Training	10,323	0	0	0	0
Total	10,323	0	0	0	0
Employment and Workplace Relations					
Department of Employment and Workplace Relations	10,255	0	0	0	0
Total	10,255	0	0	0	0
Education, Employment and Workplace Relations					
Department of Education, Employment and Workplace Relations	21,460	40,131	41,522	42,681	44,326
Comcare	329	371	368	373	386
Total	21,789	40,501	41,890	43,054	44,712

Table C1: General government expenses by agency (continued)

	Estimates		Projections		
	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
Environment, Water, Heritage and the Arts					
Bureau of Meteorology	261	289	301	306	301
Department of the Environment, Water, Heritage and the Arts	1,821	2,268	3,389	2,886	3,078
National Gallery of Australia	50	50	51	53	54
National Library of Australia	69	71	71	71	71
National Museum of Australia	47	46	46	46	46
National Water Commission	338	178	115	9	9
Total	2,587	2,901	3,973	3,371	3,559
Families, Housing, Community Services and Indigenous Affairs					
Department of Families, Housing, Community Services and Indigenous Affairs	57,360	64,135	66,492	69,826	73,345
Indigenous Business Australia	117	108	91	87	90
Total	57,476	64,242	66,582	69,913	73,435
Finance and Deregulation					
Australian Electoral Commission	256	113	119	255	119
Department of Finance and Deregulation	6,271	6,350	6,455	6,628	6,809
Future Fund Management Agency	67	164	179	228	247
National Archives of Australia	70	70	84	80	80
Total	6,664	6,697	6,837	7,192	7,255
Foreign Affairs and Trade					
AusAID	2,920	3,269	3,071	3,634	3,036
Australian Trade Commission	360	359	410	361	363
Department of Foreign Affairs and Trade	1,109	1,163	1,170	1,154	1,139
Export Finance and Insurance Corporation (National Interest component)	79	71	64	57	0
Total	4,467	4,863	4,715	5,206	4,538
Health and Ageing					
Australian Sports Commission	240	242	230	207	180
Department of Health and Ageing	46,492	48,816	51,145	53,512	55,669
National Blood Authority	736	818	870	947	1,031
National Health and Medical Research Council	586	671	757	764	778
Total	48,054	50,547	53,002	55,430	57,658
Human Services					
Centrelink	2,701	2,773	2,394	2,383	2,406
Department of Human Services	1,978	1,970	1,960	2,023	2,060
Health Insurance Commission	0	0	0	0	0
Medicare Australia	697	697	688	706	741
Total	5,375	5,439	5,042	5,112	5,206
Immigration and Citizenship					
Department of Immigration and Citizenship	1,707	1,760	1,752	1,732	1,777
Total	1,707	1,760	1,752	1,732	1,777

Table C1: General government expenses by agency (continued)

	Estimates		Projections		
	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Industry, Tourism and Resources					
Department of Industry, Tourism and Resources	933	0	0	0	0
Total	933	0	0	0	0
Infrastructure, Transport, Regional Development and Local Government					
Civil Aviation Safety Authority	132	149	152	149	152
Department of Infrastructure, Transport, Regional Development and Local Government	5,738	5,973	6,362	6,209	6,797
Total	5,869	6,122	6,514	6,358	6,949
Innovation, Industry, Science and Research					
Australian Nuclear Science and Technology Organisation	215	225	218	219	211
Australian Research Council	599	619	692	734	792
Commonwealth Scientific and Industrial Research Organisation	1,030	1,046	1,096	1,153	1,186
Department of Innovation, Industry, Science and Research	1,636	2,952	2,835	2,648	2,524
Total	3,481	4,842	4,841	4,754	4,712
Parliament					
Department of Parliamentary Services	138	142	144	146	147
Joint House Department	0	0	0	0	0
Total	138	142	144	146	147
Prime Minister and Cabinet					
Department of Climate Change	47	88	90	94	79
Department of Prime Minister and Cabinet	158	104	101	100	100
Total	206	192	191	194	179
Resources, Energy and Tourism					
Department of Resources, Energy and Tourism	682	1,139	1,283	1,161	1,047
Tourism Australia	164	166	168	169	171
Total	846	1,306	1,451	1,330	1,218
Treasury					
Australian Bureau of Statistics	331	301	316	370	485
Australian Office of Financial Management	5,351	5,029	4,687	4,249	3,927
Australian Securities and Investment Commission	340	360	366	339	341
Australian Taxation Office	16,496	15,369	15,827	16,334	16,961
Department of the Treasury	43,119	45,260	48,545	51,150	53,938
Total	65,638	66,319	69,742	72,442	75,652
Small agencies	4,094	4,291	4,218	4,226	4,185
Whole of government and inter-agency amounts(a)	-16,843	-16,868	-11,409	-9,125	-5,309
AEIFRS expenses considered other economic flows(b)	-6,843	-4,725	-4,301	-4,451	-3,939
Total expenses	280,551	292,470	310,513	323,083	339,241

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

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

Table C2: Departmental expenses by agency

	Estimates		Projections		
	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
Agriculture, Fisheries and Forestry					
Dairy Adjustment Authority	0	0	0	0	0
Department of Agriculture, Fisheries and Forestry	656	609	587	590	593
Grains Research and Development Corporation	107	121	143	122	126
Total	763	730	730	712	718
Attorney-General's					
Attorney-General's Department	256	254	258	265	272
Australian Commission for Law Enforcement Integrity (ACLEI)	3	3	4	4	4
Australian Customs Service	1,296	1,303	1,291	1,306	1,315
Australian Federal Police	1,222	1,228	1,327	1,263	1,295
Family Court of Australia	140	137	137	138	139
High Court of Australia	14	15	16	16	16
National Capital Authority	20	15	16	16	16
Total	2,950	2,957	3,048	3,008	3,057
BCDE - Broadband, Communications and the Digital Economy					
Australian Broadcasting Corporation	1,023	1,053	1,072	1,092	1,094
Australian Communications and Media Authority	99	94	90	90	90
Department of Broadband, Communications and the Digital Economy	61	105	101	93	91
Special Broadcasting Service Corporation	258	267	293	287	293
Total	1,441	1,519	1,555	1,561	1,568
Communications, Information Technology and the Arts					
Department of Communications, Information Technology and the Arts	68	0	0	0	0
Total	68	0	0	0	0
Defence					
Australian War Memorial	48	47	48	49	49
Defence Housing Australia	744	806	876	887	869
Defence Materiel Organisation	8,458	9,647	10,598	11,063	11,529
Department of Defence	21,183	20,312	21,628	22,079	22,646
Department of Veterans' Affairs	377	330	327	318	317
Total	30,809	31,141	33,477	34,396	35,410
Education, Science and Training					
Department of Education, Science and Training	214	0	0	0	0
Total	214	0	0	0	0
Employment and Workplace Relations					
Department of Employment and Workplace Relations	639	0	0	0	0
Total	639	0	0	0	0
Education, Employment and Workplace Relations					
Comcare	1,050	1,957	1,752	1,756	1,781
Department of Education, Employment and Workplace Relations	329	371	368	373	386
Total	1,379	2,328	2,121	2,129	2,167

Table C2: Departmental expenses by agency (continued)

	Estimates		Projections		
	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
Environment, Water, Heritage and the Arts					
Bureau of Meteorology	251	269	281	286	291
Department of the Environment, Water, Heritage and the Arts	572	586	551	543	548
National Gallery of Australia	50	50	51	53	54
National Library of Australia	69	71	71	71	71
National Museum of Australia	47	46	46	46	46
National Water Commission	10	8	9	9	9
Total	999	1,029	1,008	1,007	1,019
Families, Housing, Community Services and Indigenous Affairs					
Department of Families, Housing, Community Services and Indigenous Affairs	1,495	1,536	1,294	1,273	1,290
Indigenous Business Australia	117	108	91	87	90
Total	1,612	1,643	1,385	1,360	1,380
Finance and Deregulation					
Australian Electoral Commission	207	113	119	197	119
Department of Finance and Deregulation	452	412	376	384	387
Future Fund Management Agency	14	20	22	23	24
National Archives of Australia	70	70	84	80	80
Total	743	615	601	684	609
Foreign Affairs and Trade					
AusAID	109	130	129	129	122
Australian Trade Commission	203	209	210	211	212
Department of Foreign Affairs and Trade	845	834	852	847	853
Export Finance and Insurance Corporation (National Interest component)	0	0	0	0	0
Total	1,157	1,172	1,190	1,187	1,188
Health and Ageing					
Australian Sports Commission	240	242	230	207	180
Department of Health and Ageing	703	679	676	674	677
National Blood Authority	10	9	9	9	9
National Health and Medical Research Council	44	39	35	30	31
Total	997	969	949	920	896
Human Services					
Centrelink	2,701	2,773	2,394	2,383	2,406
Department of Human Services	722	683	622	631	638
Health Insurance Commission	0	0	0	0	0
Medicare Australia	695	691	684	706	741
Total	4,118	4,146	3,700	3,721	3,784
Immigration and Citizenship					
Department of Immigration and Citizenship	1,411	1,238	1,221	1,194	1,226
Total	1,411	1,238	1,221	1,194	1,226

Table C2: Departmental expenses by agency (continued)

	Estimates		Projections		
	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
Industry, Tourism and Resources					
Department of Industry, Tourism and Resources	148	0	0	0	0
Total	148	0	0	0	0
Infrastructure, Transport, Regional Development and Local Government					
Civil Aviation Safety Authority	132	149	152	149	152
Department of Infrastructure, Transport, Regional Development and Local Government	246	239	227	218	212
Total	377	388	378	367	364
Innovation, Industry, Science and Research					
Australian Nuclear Science and Technology Organisation	215	225	218	219	211
Australian Research Council	21	16	16	16	16
Commonwealth Scientific and Industrial Research Organisation	1,030	1,046	1,096	1,153	1,186
Department of Innovation, Industry, Science and Research	214	336	328	340	352
Total	1,481	1,623	1,657	1,728	1,766
Parliament					
Department of Parliamentary Services	120	123	125	127	128
Joint House Department	0	0	0	0	0
Total	120	123	125	127	128
Prime Minister and Cabinet					
Department of Climate Change	28	56	57	57	57
Department of Prime Minister and Cabinet	147	95	92	91	90
Total	175	150	149	147	147
Resources, Energy and Tourism					
Department of Resources, Energy and Tourism	42	76	73	62	62
Tourism Australia	164	166	168	169	171
Total	206	242	241	231	233
Treasury					
Australian Bureau of Statistics	331	301	316	370	485
Australian Office of Financial Management	9	9	9	10	10
Australian Securities and Investment Commission	287	311	315	288	287
Australian Taxation Office	2,932	2,924	2,963	2,957	2,962
Department of the Treasury	155	157	161	148	146
Total	3,713	3,702	3,766	3,773	3,890
Small agencies	4,094	4,291	4,218	4,226	4,185
Whole of government and inter-agency amounts(a)	-8,676	-9,927	-10,674	-11,140	-11,606
AEIFRS expenses considered other economic flows(b)	-1,768	-185	-181	-177	-177
Total departmental expenses	49,172	49,897	50,665	51,161	51,952

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

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

Table C3: Net capital investment by agency

	Estimates		Projections		
	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
Agriculture, Fisheries and Forestry					
Dairy Adjustment Authority	0	0	0	0	0
Department of Agriculture, Fisheries and Forestry	31	-2	-2	-2	-2
Grains Research and Development Corporation	0	0	0	0	0
Total	31	-2	-2	-2	-2
Attorney-General's					
Attorney-General's Department	372	82	-13	-26	-20
Australian Commission for Law Enforcement					
Integrity (ACLEI)	0	1	0	0	0
Australian Customs Service	35	-8	-4	-2	-1
Australian Federal Police	78	95	-6	-41	-58
Family Court of Australia	0	0	0	0	0
High Court of Australia	-1	3	-1	-1	-1
National Capital Authority	10	26	2	-3	-5
Total	495	198	-22	-73	-84
BCDE - Broadband, Communications and the Digital Economy					
Australian Broadcasting Corporation	13	20	0	0	0
Australian Communications and Media Authority	-2	7	5	1	1
Department of Broadband, Communications and the Digital Economy	20	-1	-1	0	0
Special Broadcasting Service Corporation	9	19	-6	-5	-1
Total	40	45	-2	-5	-1
Communications, Information Technology and the Arts					
Department of Communications, Information Technology and the Arts	-208	0	0	0	0
Total	-208	0	0	0	0
Defence					
Australian War Memorial	9	6	1	-6	-6
Defence Housing Australia	243	80	40	33	66
Defence Materiel Organisation	1	0	0	0	0
Department of Defence	398	2,811	3,641	4,371	4,985
Department of Veterans' Affairs	-21	0	3	4	5
Total	630	2,897	3,685	4,403	5,050
Education, Science and Training					
Department of Education, Science and Training	-109	0	0	0	0
Total	-109	0	0	0	0
Employment and Workplace Relations					
Department of Employment and Workplace Relations	-265	0	0	0	0
Total	-265	0	0	0	0
Education, Employment and Workplace Relations					
Comcare	299	27	43	1	2
Department of Education, Employment and Workplace Relations	1	0	0	0	0
Total	300	27	43	1	2

Table C3: Net capital investment by agency (continued)

	Estimates		Projections		
	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
Environment, Water, Heritage and the Arts					
Bureau of Meteorology	19	20	24	18	2
Department of the Environment, Water, Heritage and the Arts	118	49	-25	-31	-35
National Gallery of Australia	18	37	16	2	0
National Library of Australia	15	0	-1	-2	-1
National Museum of Australia	10	13	8	11	10
National Water Commission	0	0	-1	0	0
Total	179	121	21	-3	-25
Families, Housing, Community Services and Indigenous Affairs					
Department of Families, Housing, Community Services and Indigenous Affairs	-58	-2	-8	-22	-22
Indigenous Business Australia	-2	4	0	1	1
Total	-60	2	-9	-21	-20
Finance and Deregulation					
Australian Electoral Commission	-2	0	10	-6	-3
Department of Finance and Deregulation	-288	12	151	121	40
Future Fund Management Agency	0	0	0	-1	0
National Archives of Australia	2	-2	17	5	5
Total	-287	10	177	119	42
Foreign Affairs and Trade					
AusAID	-2	-2	-1	-3	-2
Australian Trade Commission	9	-1	-1	-1	-1
Department of Foreign Affairs and Trade	17	114	61	87	86
Export Finance and Insurance Corporation (National Interest component)	0	0	0	0	0
Total	23	110	60	83	83
Health and Ageing					
Australian Sports Commission	7	-9	-9	-9	-14
Department of Health and Ageing	105	41	68	-39	-77
National Blood Authority	-9	0	0	0	0
National Health and Medical Research Council	0	7	0	0	0
Total	104	39	60	-48	-92
Human Services					
Centrelink	67	30	13	0	11
Department of Human Services	29	7	7	-11	7
Health Insurance Commission	0	0	0	0	0
Medicare Australia	11	16	-8	-6	-7
Total	107	54	11	-17	10
Immigration and Citizenship					
Department of Immigration and Citizenship	457	28	-33	-61	113
Total	457	28	-33	-61	113

Table C3: Net capital investment by agency (continued)

	Estimates		Projections		
	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m
Industry, Tourism and Resources					
Department of Industry, Tourism and Resources	-96	0	0	0	0
Total	-96	0	0	0	0
Infrastructure, Transport, Regional Development and Local Government					
Civil Aviation Safety Authority	7	-7	-7	0	-7
Department of Infrastructure, Transport, Regional Development and Local Government	-1,207	-937	-377	-7	-6
Total	-1,200	-945	-384	-8	-13
Innovation, Industry, Science and Research					
Australian Nuclear Science and Technology Organisation	7	-24	-27	-31	-33
Australian Research Council	5	-1	-1	-1	-1
Commonwealth Scientific and Industrial Research Organisation	-1	7	10	11	2
Department of Innovation, Industry, Science and Research	149	12	0	-10	-4
Total	160	-5	-17	-31	-35
Parliament					
Department of Parliamentary Services	-14	6	6	5	1
Joint House Department	0	0	0	0	0
Total	-14	6	6	5	1
Prime Minister and Cabinet					
Department of Climate Change	13	0	-1	-1	-1
Department of Prime Minister and Cabinet	-5	-2	-4	-4	-6
Total	9	-2	-5	-5	-7
Resources, Energy and Tourism					
Department of Resources, Energy and Tourism	9	-1	-1	-1	-1
Tourism Australia	2	0	1	-1	0
Total	11	-1	-1	-2	-1
Treasury					
Australian Bureau of Statistics	3	2	6	15	3
Australian Office of Financial Management	0	0	0	0	2
Australian Securities and Investment Commission	20	53	-2	-8	-3
Australian Taxation Office	71	83	-23	-29	-30
Department of the Treasury	-1	14	6	0	-5
Total	93	153	-13	-23	-33
Small agencies	267	206	50	12	-4
Whole of government and inter-agency amounts(a)	-441	18	133	133	208
AEIFRS movements in non-financial assets considered other economic flows(b)	2,609	913	292	4	-98
Total net capital investment	2,837	3,872	4,050	4,462	5,094

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

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

Table C4: Capital appropriations by portfolio

	Estimates		Projections		
	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
Agriculture, Fisheries and Forestry					
Dairy Adjustment Authority	0	0	0	0	0
Department of Agriculture, Fisheries and Forestry	1	4	0	0	0
Grains Research and Development Corporation	0	0	0	0	0
Total	1	4	0	0	0
Attorney-General's					
Attorney-General's Department	48	39	17	5	5
Australian Commission for Law Enforcement Integrity (ACLEI)	0	1	0	0	0
Australian Customs Service	38	23	4	0	0
Australian Federal Police	91	132	43	14	7
Family Court of Australia	0	0	0	0	0
High Court of Australia	3	0	0	0	0
National Capital Authority	1	25	3	0	0
Total	182	220	67	19	12
BCDE - Broadband, Communications and the Digital Economy					
Australian Broadcasting Corporation	13	11	0	0	0
Australian Communications and Media Authority	8	4	0	0	0
Department of Broadband, Communications and the Digital Economy	0	0	0	0	0
Special Broadcasting Service Corporation	4	3	3	3	4
Total	24	18	3	3	4
Communications, Information Technology and the Arts					
Department of Communications, Information Technology and the Arts	1	0	0	0	0
Total	1	0	0	0	0
Defence					
Australian War Memorial	2	9	2	0	0
Defence Housing Australia	35	0	0	0	0
Defence Materiel Organisation	0	0	0	0	0
Department of Defence	588	2,366	3,551	4,248	4,741
Department of Veterans' Affairs	1	3	1	1	1
Total	627	2,378	3,553	4,249	4,742
Education, Science and Training					
Department of Education, Science and Training	7	0	0	0	0
Total	10	0	0	0	0
Employment and Workplace Relations					
Department of Employment and Workplace Relations	13	0	0	0	0
Total	13	0	0	0	0
Education, Employment and Workplace Relations					
Comcare	7	8	25	2	0
Department of Education, Employment and Workplace Relations	0	0	0	0	0
Total	7	8	25	2	0

Table C4: Capital appropriations by portfolio (continued)

	Estimates		Projections		
	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
Environment, Water, Heritage and the Arts					
Bureau of Meteorology	28	16	16	60	3
Department of the Environment, Water, Heritage and the Arts	39	3	0	0	1
National Gallery of Australia	16	37	6	4	4
National Library of Australia	7	1	1	1	1
National Museum of Australia	5	1	1	1	1
National Water Commission	0	0	0	0	0
Total	95	58	25	67	10
Families, Housing, Community Services and Indigenous Affairs					
Department of Families, Housing, Community Services and Indigenous Affairs	41	7	0	0	0
Indigenous Business Australia	45	42	33	0	0
Total	86	48	33	0	0
Finance and Deregulation					
Australian Electoral Commission	1	2	2	1	0
Department of Finance and Deregulation	1,489	1,694	1,672	1,690	1,754
Future Fund Management Agency	0	0	0	0	0
National Archives of Australia	0	0	0	0	0
Total	1,490	1,696	1,674	1,691	1,754
Foreign Affairs and Trade					
AusAID	483	262	7	319	4
Australian Trade Commission	9	0	0	0	0
Department of Foreign Affairs and Trade	23	36	27	29	28
Export Finance and Insurance Corporation (National Interest component)	0	0	0	0	0
Total	514	298	35	348	32
Health and Ageing					
Australian Sports Commission	0	0	0	0	0
Department of Health and Ageing	13	131	44	1	1
National Blood Authority	0	0	0	0	0
National Health and Medical Research Council	1	0	0	0	0
Total	14	131	44	1	1
Human Services					
Centrelink	44	4	3	0	0
Department of Human Services	15	2	0	0	0
Health Insurance Commission	0	0	0	0	0
Medicare Australia	20	15	0	0	0
Total	79	20	3	0	0
Immigration and Citizenship					
Department of Immigration and Citizenship	174	36	20	0	0
Total	174	36	20	0	0

Table C4: Capital appropriations by portfolio (continued)

	Estimates		Projections		
	2007-08	2008-09	2009-10	2010-11	2011-12
	\$m	\$m	\$m	\$m	\$m
Industry, Tourism and Resources					
Department of Industry, Tourism and Resources	15	0	0	0	0
Total	15	0	0	0	0
Infrastructure, Transport, Regional Development and Local Government					
Civil Aviation Safety Authority	1	0	0	0	0
Department of Infrastructure, Transport, Regional Development and Local Government	7	0	0	0	0
Total	8	0	0	0	0
Innovation, Industry, Science and Research					
Australian Nuclear Science and Technology Organisation	32	2	0	0	0
Australian Research Council	6	0	0	0	0
Commonwealth Scientific and Industrial Research Organisation	0	8	10	10	0
Department of Innovation, Industry, Science and Research	69	62	45	34	29
Total	107	71	55	44	29
Parliament					
Department of Parliamentary Services	11	12	12	12	12
Joint House Department	0	0	0	0	0
Total	11	12	12	12	12
Prime Minister and Cabinet					
Department of Climate Change	-5	1	0	0	0
Department of Prime Minister and Cabinet	0	4	0	0	0
Total	-4	5	0	0	0
Resources, Energy and Tourism					
Department of Resources, Energy and Tourism	0	3	0	0	0
Tourism Australia	0	0	0	0	0
Total	0	3	0	0	0
Treasury					
Australian Bureau of Statistics	8	5	4	1	0
Australian Office of Financial Management	295,096	297,264	297,875	304,416	297,169
Australian Securities and Investment Commission	39	17	7	0	0
Australian Taxation Office	56	83	5	0	0
Department of the Treasury	56	89	32	17	16
Total	295,255	297,458	297,923	304,434	297,185
Small agencies	0	0	0	0	0
Whole of government and inter-agency amounts(a)	0	0	0	0	0
Total capital appropriations	298,705	302,464	303,471	310,871	303,782

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

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

	Average staffing levels		
	2007-08	2008-09	Change
Agriculture, Fisheries and Forestry			
Department of Agriculture, Fisheries and Forestry	4,345	4,415	70
Australian Fisheries Management Authority	237	246	9
Australian Pesticides and Veterinary Medicines Authority	147	150	3
Australian Wine and Brandy Corporation	54	55	1
Biosecurity Australia	131	132	1
Cotton Research and Development Corporation	10	10	-
Dairy Structural Adjustment Authority(b)	2	-	2
Export Wheat Commission	19	20	1
Fisheries Research and Development Corporation	10	11	1
Grains Research and Development Corporation	46	51	5
Grape and Wine Research and Development Corporation	10	11	1
Land and Water Australia	49	35	14
Rural Industries Research and Development Corporation	29	29	-
Sugar Research and Development Corporation	9	9	-
Total	5,098	5,174	76
Attorney-General's			
Attorney-General's Department	1,391	1,441	50
Administrative Appeals Tribunal	168	166	2
Australian Commission for Law Enforcement Integrity	9	12	3
Australian Crime Commission	628	578	50
Australian Customs Service	5,525	5,671	146
Australian Federal Police	6,372	6,292	80
Australian Institute of Criminology(c)	56	58	2
Australian Law Reform Commission	18	17	1
Australian Security Intelligence Organisation	1,349	1,535	186
Australian Transaction Reports and Analysis Centre (AUSTRAC)	285	325	40
Criminology Research Council(c)	-	-	-
CrimTrac Agency	111	156	45
Family Court of Australia	680	654	26
Federal Court of Australia	358	358	-
Federal Magistrates Court of Australia	224	229	5
High Court of Australia	85	85	-
Human Rights and Equal Opportunity Commission	114	99	15
Insolvency and Trustee Service Australia	290	280	10
National Capital Authority	56	51	5
National Native Title Tribunal	221	222	1
Office of Parliamentary Counsel	47	48	1
Commonwealth Director of Public Prosecutions	558	617	59
Total	18,544	18,893	349
Broadband, Communications and the Digital Economy			
Department of Broadband, Communications and the Digital Economy	666	665	1
Australian Broadcasting Corporation	4,400	4,400	-
Australian Communications and Media Authority	555	530	25
Special Broadcasting Service	770	770	-
Total	6,391	6,365	26

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

	Average staffing levels		
	2007-08	2008-09	Change
Defence			
Department of Defence - Military	53,156	54,747	1,591
Department of Defence - Reserves	19,530	19,915	385
Department of Defence - Civilian	15,228	14,754	- 474
Defence Housing Australia	662	662	0
Defence Materiel Organisation	5,567	5,357	- 210
Department of Veterans' Affairs	2,295	2,100	- 195
Australian War Memorial	298	290	- 8
Total	96,736	97,825	1,089
Education, Employment and Workplace Relations			
Department of Education, Employment and Workplace Relations	5,490	5,277	- 213
Australian Industrial Register (AIR/AIRC)	209	212	3
Teaching Australia - Australian Institute for Teaching and School Leadership Limited	24	21	- 3
Australian Fair Pay Commission Secretariat	38	34	- 4
The Carrick Institute for Learning and Teaching in Higher Education	27	35	8
Comcare	464	509	45
The Office of the Australian Building and Construction Commissioner	155	155	-
Workplace Authority	729	695	- 34
Office of the Workplace Ombudsman	371	407	36
Total	7,507	7,346	- 162
Environment, Water, Heritage and the Arts			
Department of the Environment, Water, Heritage and the Arts	2,372	2,462	91
Australia Business Arts Foundation	29	28	- 1
Australia Council	151	122	- 29
Australian Film Commission	278	-	- 278
Australian Film, Television and Radio School	177	175	- 2
Australian National Maritime Museum	103	112	9
Bundanon Trust	18	18	-
Film Australia	49	-	- 49
National Film & Sound Archive	-	185	185
National Gallery of Australia	242	242	-
National Library of Australia	439	430	- 9
National Museum of Australia	250	250	-
Screen Australia	-	177	177
Bureau of Meteorology	1,258	1,295	37
Director of National Parks	273	258	- 15
Great Barrier Reef Marine Park Authority	207	219	12
National Water Commission	45	44	- 1
Sydney Harbour Federation Trust	51	52	1
Total	5,940	6,069	129

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

	Average staffing levels		
	2007-08	2008-09	Change
Families, Housing, Community Services and Indigenous Affairs			
Department of Families, Housing, Community Services and Indigenous Affairs	2,893	2,624	- 269
Aboriginal Hostels Limited	415	422	7
Indigenous Land Council	200	200	-
Torres Strait Regional Authority	64	64	-
Anindilyakwa Land Council	14	17	3
Central Land Council	130	135	5
Northern Land Council	122	151	29
Tiwi Land Council	9	9	-
Wreck Bay Aboriginal Community Council	10	10	-
Indigenous Business Australia	210	240	30
Office for Equal Opportunities for Women Agency	20	20	-
Total	4,087	3,892	- 195
Finance and Deregulation			
Department of Finance and Deregulation	1,342	1,310	- 32
Australian Electoral Commission	756	752	- 4
National Archives of Australia	452	446	- 6
Australian Rewards Investment Alliance	37	42	5
Comsuper	560	518	- 42
Future Fund Management Agency	27	49	22
Total	3,174	3,117	- 57
Foreign Affairs and Trade			
Department of Foreign Affairs and Trade	3,458	3,475	17
AusAID	583	600	17
Australian Trade Commission	1,035	1,018	- 17
ASIS	-	-	-
Australian Centre for International Agricultural Research	64	65	1
Total	5,140	5,158	18
Health and Ageing			
Department of Health and Ageing	4,514	4,335	- 179
Aged Care Standards and Accreditation Agency	205	218	13
Australian Institute of Health and Welfare	203	188	- 15
Australian Radiation Protection and Nuclear Safety Agency	135	137	2
Australian Sports Commission	749	754	5
Australian Sports Anti-Doping Agency	73	66	- 7
Cancer Australia	25	18	- 7
Food Standards Australia New Zealand	137	128	- 9
General Practice Education and Training Limited	33	35	2
National Blood Authority	46	51	5
National Health and Medical Research Council	230	230	-
Private Health Insurance Administration Council	25	26	1
Private Health Insurance Ombudsman	9	10	1
Professional Services Review	18	23	5
Total	6,403	6,219	- 183

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

	Average staffing levels		
	2007-08	2008-09	Change
Human Services			
Department of Human Services	5,858	5,413	- 445
Centrelink	24,900	24,700	- 200
Medicare Australia	5,457	5,286	- 171
Total	36,215	35,399	- 816
Immigration and Citizenship			
Department of Immigration and Citizenship	7,401	7,180	- 221
Migration Review Tribunal - Refugee Review Tribunal	340	340	-
Total	7,741	7,520	- 221
Infrastructure, Transport, Regional Development and Local Government			
Department of Transport, Regional Development and Local Government	1,251	1,201	- 50
Australian Maritime Safety Authority	246	250	4
Civil Aviation Safety Authority	683	700	17
Total	2,180	2,151	- 29
Innovation, Industry, Science and Research			
Department of Industry, Science and Research	1,913	1,771	- 142
Anglo-Australian Observatory	64	64	-
Australian Institute of Aboriginal and Torres Strait Islander Studies	103	98	- 5
Australian Institute of Marine Science	169	205	36
Australian Nuclear Science and Technology Organisation	988	1,012	24
Australian Research Council	75	74	- 1
Commonwealth Scientific and Industrial Research Organisation	5,700	5,615	- 85
IP Australia	910	966	56
Total	9,922	9,805	- 117
Prime Minister and Cabinet			
Department of the Prime Minister and Cabinet	528	506	- 22
Department of Climate Change	110	250	140
Australian Institute of Family Studies	56	61	5
Australian National Audit Office	306	306	-
Australian Public Service Commission	211	216	5
Office of National Assessments	133	145	12
Office of the Commonwealth Ombudsman	153	137	- 16
Office of the Inspector-General of Intelligence and Security	9	11	2
Office of the Official Secretary to the Governor-General	91	87	- 4
Office of the Privacy Commissioner	62	58	- 4
Office of the Renewable Energy Regulator	13	17	5
Total	1,672	1,794	123

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

	Average staffing levels		
	2007-08	2008-09	Change
Resources, Energy and Tourism			
Department of Resources, Energy and Tourism	310	348	38
Geoscience Australia	723	740	17
National Offshore Petroleum Safety Authority	49	50	1
Tourism Australia	235	215	- 20
Total	1,317	1,353	36
Treasury			
Department of the Treasury	920	920	-
Australian Bureau of Statistics	2,857	2,691	- 166
Australian Competition and Consumer Commission	638	727	89
Australian Office of Financial Management	33	33	-
Australian Prudential Regulation Authority	580	570	- 10
Australian Securities and Investments Commission	1,676	1,685	9
Australian Taxation Office	21,876	20,739	- 1,137
Commonwealth Grants Commission	50	50	-
Corporations and Markets Advisory Committee	4	4	-
Inspector General of Taxation	7	7	-
National Competition Council	13	13	-
Productivity Commission	202	178	- 24
Royal Australian Mint	198	201	3
Department of Parliamentary Services	785	780	- 5
Department of the House of Representatives	155	158	3
Department of the Senate	157	157	-
Total	30,151	28,913	- 1,238
TOTAL (for all general government sector agencies)	248,217	246,993	- 1,224

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

(b) The Dairy Structural Adjustment Fund will cease operation as at 31 December 2008 and there is a corresponding zero average for 2008-09 ASL.

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