

SUPPLEMENTARY EXPENSE TABLE AND THE CONTINGENCY RESERVE

Expenses

Table 4.18 shows estimates of Australian Government general government expenses by function and sub-function for 2008-09 and the forward years.

Table 4.18: Estimates of Australian Government general government expenses by function and sub-function

	Estimates						Projections					
	2008-09			2009-10			2010-11			2011-12		
	Budget \$m	MYEFO \$m	Change on Budget %	Budget \$m	MYEFO \$m	Change on Budget %	Budget \$m	MYEFO \$m	Change on Budget %	Budget \$m	MYEFO \$m	Change on Budget %
General public services												
Legislative and executive affairs	792	804	2	813	827	2	963	976	1	842	854	1
Financial and fiscal affairs	5,701	5,600	-2	5,877	5,708	-3	5,988	5,798	-3	6,523	6,265	-4
Foreign affairs and economic aid	4,736	4,966	5	4,945	5,053	2	5,532	5,595	1	5,898	5,841	-1
General research	2,411	2,417	0	2,535	2,550	1	2,579	2,594	1	2,507	2,515	0
General services	724	724	0	731	735	1	734	730	-1	735	726	-1
Government superannuation benefits(a)	2,896	2,809	-3	2,925	2,834	-3	3,079	3,024	-2	3,149	3,092	-2
Defence	17,896	17,965	0	19,134	19,067	0	19,772	19,822	0	20,274	20,226	0
Public order and safety	3,807	3,857	1	3,830	3,951	3	3,895	3,905	0	3,881	3,913	1
Education	18,764	19,559	4	20,276	20,892	3	20,768	21,455	3	21,800	22,498	3
Health	46,032	46,647	1	48,071	48,593	1	50,220	50,817	1	52,190	52,805	1
Social security and welfare	102,439	111,439	9	105,561	107,029	1	109,657	111,709	2	114,077	116,828	2
Housing and community amenities	3,197	4,335	36	3,273	3,580	9	2,928	2,893	-1	2,917	2,844	-3
Recreation and culture(b)	2,907	3,013	4	2,862	2,944	3	2,777	2,874	3	2,736	2,846	4
Fuel and energy	5,574	5,811	4	5,822	5,887	1	5,939	6,038	2	6,080	6,183	2
Agriculture, fisheries and forestry	3,058	3,520	15	3,099	3,044	-2	2,874	2,882	0	3,119	3,125	0
Mining, manufacturing and construction	1,834	1,846	1	1,762	1,745	-1	1,576	1,632	4	1,515	1,463	-3
Transport and communication	4,727	4,808	2	4,994	5,013	0	4,677	4,696	0	5,265	5,288	0
Other economic affairs												
Tourism and area promotion	184	190	3	182	185	2	182	183	1	180	181	1
Labour and employment affairs	5,137	5,343	4	5,166	5,358	4	5,256	5,351	2	5,223	5,322	2
Other economic affairs nec	1,449	1,383	-5	1,470	1,440	-2	1,407	1,424	1	1,387	1,438	4

Table 4.18: Australian Government expenses by function and sub-function (continued)

	Estimates						Projections					
	2008-09			2009-10			2010-11			2011-12		
	Budget \$m	MYEFO \$m	Change on Budget %	Budget \$m	MYEFO \$m	Change on Budget %	Budget \$m	MYEFO \$m	Change on Budget %	Budget \$m	MYEFO \$m	Change on Budget %
Other purposes												
Public debt interest	3,451	3,750	9	3,400	3,664	8	3,249	3,476	7	3,142	3,264	4
Nominal superannuation interest	6,508	6,470	-1	6,598	6,701	2	6,817	6,856	1	7,039	7,041	0
General purpose inter-government transactions	47,700	46,683	-2	51,057	49,041	-4	53,744	51,584	-4	56,552	54,016	-4
Natural disaster relief	93	93	0	92	93	1	92	93	1	92	93	1
Contingency reserve(c)	451	-407	-190	6,036	5,808	-4	8,379	7,875	-6	12,117	11,118	-8
Total expenses	292,470	303,624	4	310,513	311,742	0	323,083	324,283	0	339,241	339,785	0

- (a) Government superannuation benefits estimates differ from superannuation expense estimates disclosed in the operating statement (Table B1) due to the revised treatment of the accumulated superannuation scheme whereby superannuation expenses are now allocated to the function of the agency concerned.
- (b) The increase in expenses in the recreation and culture function is partly due to a reclassification of the Australian Communications and Media Authority's departmental expenses to the broadcasting sub-function. This increase is offset by a corresponding reduction in the transport and communication function.
- (c) Asset sale related expenses are treated as a component of the Contingency Reserve.

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 Mid-Year Economic and Fiscal Outlook (MYEFO). It is not a general policy reserve.

While the reserve ensures that aggregate estimates are as close as possible to expected outcomes, it is not appropriated. Allowances that are included in the reserve can only be drawn upon once they have been appropriated by Parliament. These allowances are removed from the reserve and allocated to specific agencies for appropriation and for outcome reporting closer to the time when they 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. At MYEFO it is set at 2 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); 1¼ per cent in the second year (2010-11); and ½ per cent in the first forward year (2009-10). This allowance is reviewed periodically;
- 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 budget 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 that are reasonably expected to affect the budget estimates but cannot be reliably allocated to individual programs. For example, the Contingency Reserve makes provision for the continuation of the Government's support for the Northern Territory Emergency Response beyond 2008-09.

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 that have not yet been allocated to specific aid programs. However, in this attachment those expenses are allocated to the Foreign Affairs function.

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.