

SUPPLEMENTARY EXPENSE TABLE AND THE CONTINGENCY RESERVE

Expenses

Table 3.20 shows estimates of Australian Government general government expenses by function and sub-function for 2009-10 and the forward years.

Table 3.20: Estimates of Australian Government general government expenses by function and sub-function

	Estimates						Projections					
	2009-10			2010-11			2011-12			2012-13		
	Budget	MYEFO	Change on Budget	Budget	MYEFO	Change on Budget	Budget	MYEFO	Change on Budget	Budget	MYEFO	Change on Budget
	\$m	\$m	%	\$m	\$m	%	\$m	\$m	%	\$m	\$m	%
General public services												
Legislative and executive affairs	874	895	2	1,020	961	-6	891	889	0	914	914	0
Financial and fiscal affairs	5,685	5,788	2	5,999	6,134	2	6,541	6,651	2	6,627	6,783	2
Foreign affairs and economic aid	4,909	4,901	0	5,366	5,434	1	5,726	5,814	2	6,373	6,505	2
General research	2,566	2,589	1	2,561	2,572	0	2,595	2,609	1	2,512	2,518	0
General services	670	679	1	638	638	0	634	631	0	630	626	-1
Government superannuation benefits	3,051	3,095	1	3,153	3,270	4	3,211	3,324	4	3,225	3,382	5
Defence	20,952	20,740	-1	20,021	19,747	-1	20,101	19,846	-1	19,885	19,685	-1
Public order and safety	3,901	3,818	-2	3,781	3,680	-3	3,759	3,642	-3	3,861	3,745	-3
Education	35,222	35,231	0	32,087	32,736	2	28,630	28,385	-1	29,878	29,610	-1
Health	51,223	52,355	2	53,201	53,933	1	55,619	56,611	2	57,628	59,482	3
Social security and welfare	110,994	110,195	-1	116,503	115,597	-1	120,574	119,584	-1	123,957	123,872	0
Housing and community amenities	9,089	9,129	0	5,571	5,147	-8	4,266	4,124	-3	4,005	3,927	-2
Recreation and culture	3,099	3,094	0	3,000	2,988	0	2,938	2,890	-2	2,944	2,877	-2
Fuel and energy	8,403	8,467	1	7,899	7,694	-3	7,044	6,849	-3	6,454	5,260	-19
Agriculture, fisheries and forestry	3,407	3,597	6	2,791	2,874	3	2,852	2,939	3	2,915	2,954	1
Mining, manufacturing and construction	1,681	1,692	1	1,962	1,962	0	1,947	1,820	-7	1,906	1,755	-8
Transport and communication	5,482	5,805	6	5,637	5,638	0	6,686	6,687	0	6,826	6,829	0
Other economic affairs												
Tourism and area promotion	169	169	0	168	168	0	166	166	0	169	169	0
Labour and employment affairs	4,307	5,033	17	4,334	4,747	10	4,096	4,483	9	3,696	4,106	11
Immigration	1,495	1,531	2	1,399	1,391	-1	1,420	1,407	-1	1,438	1,428	-1
Other economic affairs nec	2,212	2,304	4	2,093	2,117	1	2,172	2,238	3	2,146	2,279	6

Table 3.20: Australian Government expenses by function and sub-function (continued)

	Estimates						Projections					
	2009-10			2010-11			2011-12			2012-13		
	Budget	MYEFO	Change on Budget	Budget	MYEFO	Change on Budget	Budget	MYEFO	Change on Budget	Budget	MYEFO	Change on Budget
	\$m	\$m	%	\$m	\$m	%	\$m	\$m	%	\$m	\$m	%
Other purposes												
Public debt interest	6,264	6,912	10	8,340	9,743	17	10,659	12,365	16	12,493	13,825	11
Nominal superannuation interest	6,792	6,792	0	7,016	7,016	0	7,245	7,245	0	7,489	7,489	0
General purpose inter-government transactions	44,086	44,701	1	46,404	48,042	4	49,288	50,788	3	52,329	53,885	3
Natural disaster relief	91	145	59	91	94	3	91	94	3	101	103	2
Contingency reserve(a)	1,589	508	-68	3,493	659	-81	7,235	6,422	-11	14,591	14,065	-4
Total expenses	338,213	340,166	1	344,528	344,980	0	356,388	358,505	1	374,990	378,075	1

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

Contingency Reserve

The Contingency Reserve (other purposes function) is an allowance, included in aggregate expenses, principally to reflect anticipated events that cannot be assigned to individual programs in the preparation of the Australian Government budget estimates. The Reserve is used to ensure 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.

The Reserve ensures that aggregate estimates are as close as possible to expected outcomes, but 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 2009-10 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, known as the conservative bias allowance. An examination of expenses estimates indicates that the tendency for expenses to be revised upwards, after taking account of policy measures and formal economic parameter variations, has reduced in recent years. Following a review prior to the 2009-10 Budget, at MYEFO this allowance has been set at 1½ per cent of total general government sector expenses (excluding GST payments to the States) in the third year of the forward estimates period (2012-13), ¾ per cent in the second year (2011-12), and ¼ per cent in the first forward year (2010-11). This involves a reduction of expenses of \$759 million in 2010-11, \$793 million in 2011-12 and \$1.5 billion in 2012-13;
- a provision for underspends in the current financial year reflecting the tendency for budgeted expenses for some agencies or functions not to be met;
- commercial-in-confidence and national security-in-confidence items that cannot be disclosed separately and programs that are yet to be negotiated with State and Territory governments;
- provisions for events that are reasonably expected to affect the budget estimates—for example, a provision for the continuation of drought relief in 2009-10 and 2010-11;
- decisions made too late for inclusion against individual agency estimates; and
- the effect on the budget and forward estimates of economic parameters revisions received late in the process and hence not able to be allocated to individual agencies or functions.

Part 3: Fiscal strategy and outlook

The Contingency Reserve also makes the provision for future increases in Australia's official development assistance yet to be allocated to specific aid programs. However, in this attachment, those expenses are allocated to the Foreign Affairs function.

The Contingency Reserve also includes provisions for future equity investments in the National Broadband Network. This is subject to the outcome of the implementation plan and subsequent commercial negotiations and, accordingly, is not disclosed.