STATEMENT 6: EXPENSES AND NET CAPITAL INVESTMENT

Statement 6 presents estimates of general government sector expenses and net capital investment, allocated according to the various functions of government, on an accrual accounting basis.

General government sector expenses are expected to decline as a share of Gross Domestic Product (GDP) in 2011-12, largely reflecting the continued withdrawal of the Government's stimulus spending initiatives introduced in 2008-09 and 2009-10 in response to the global financial crisis.

In this Budget, the Government has more than offset all new spending proposals. Of the savings in this Budget, $14.8 billion relate to savings in expenses and net capital investment.

The most significant areas of expenses in 2011-12 are for the social security and welfare (33.3 per cent of total expenses), other purposes (19.7 per cent), health (16.4 per cent), education (8.2 per cent), defence (5.8 per cent), and general public services (5.7 per cent) functions.

The strongest real growth in expenses across the Budget and forward estimates period is expected to occur in the other purposes (17.9 per cent) and the social security and welfare (5.5 per cent) functions. These increases are offset by significant declines in real growth in the agriculture, forestry and fishing (-36 per cent), other economic affairs (-19.7 per cent) and transport and communication (-16.3 per cent) functions.

The modification to the financing arrangements under the proposed new National Health Reform Agreement to be agreed with States and Territories by 1 July 2011 has affected functional expenses since the 2010-11 Budget. As a portion of the Goods and Services Tax is no longer to be dedicated to health spending, that amount of funding has been transferred back from the health function to the other purposes function. The changed health funding arrangement is a major factor driving growth in the other purposes function.

In response to the Queensland and Victorian floods and Cyclone Yasi, which occurred over the 2010-11 summer, the Government has provided financial support through the natural disaster recovery packages.

The Government is committed to improved and more accessible reporting of its fiscal activities. As well as providing details of expenses at the functional level in this Statement, the Government has also published a Ministerial Statement entitled *Investing in Regional Australia.* This Ministerial Statement represents an important first step in the roll-out of better reporting of Government expenses in regional Australia.

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STATEMENT 6: EXPENSES AND NET CAPITAL INVESTMENT[1]

OVERVIEW

The Government is committed to holding real spending growth to 2 per cent a year as part of the fiscal strategy. Consistent with this commitment, real growth in cash payments over the forward estimates is expected to be 0.5 per cent in 2011-12, negative 0.1 per cent in 2012-13, 1.9 per cent in 2013-14 and 1.9 per cent in 2014-15.

Australian Government general government sector accrual expenses are expected to grow by 1.2 per cent in real terms in 2011-12. Total expenses are expected to decrease as a percentage of GDP over the forward estimates. Average real growth in expenses over the forward estimates is 1.5 per cent.

Table 1: Estimates of general government sector expenses

	MYEFO	Revised	Estimate		Projections	
	2010-11	2010-11	2011-12	2012-13	2013-14	2014-15
Total expenses ($b)	**354.3**	**350.8**	**365.8**	**380.5**	**399.0**	**414.1**
Real growth on previous year (%)(a)	1.4	0.4	1.2	1.1	2.2	1.3
Per cent of GDP	25.3	25.3	24.8	24.4	24.3	23.9

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

The historically low rates of real growth reflect a combination of the withdrawal of the Government's stimulus spending and the Government more than offsetting all new spending proposals.

Growth in cash payments can differ from accrual expenses due to the inclusion of capital investment in cash payments, along with timing differences between when expenses and cash payments are recorded.

The difference in real growth in expenses in 2013-14 from the growth in cash payments largely reflects the recognition of the accrual expenses for the Natural Disaster Relief and Recovery Arrangements in 2013-14 consistent with the expected timing of the lodgement of claims by the States and their consideration by the Commonwealth. In contrast, cash payments are being reported in 2010-11 and 2011-12, reflecting the timing of payments to Queensland and Victoria.

1 The figures in this statement are presented on an accrual basis and may differ from cash payments. The difference between the two approaches is because expenses are recorded when they are incurred (for example when the good or service is received) while payments are reported when the cash is exchanged.

General government sector expenses

Reconciliation of expenses since the 2010-11 Budget

Table 2 provides a reconciliation of expense estimates between the 2010-11 Budget, the *Mid-Year Economic and Fiscal Outlook 2010-11* (MYEFO) and the 2011-12 Budget showing the effect of policy decisions, and economic parameter and other variations.

Table 2: Reconciliation of expense estimates

	Estimates			Projections
	2010-11	2011-12	2012-13	2013-14
	$m	$m	$m	$m
2010-11 Budget expenses	**354,644**	**364,573**	**380,997**	**397,981**
Changes from 2010-11 Budget to 2010 PEFO				
Effect of policy decisions(a)	3	-674	-656	-621
Effect of parameter and other variations	-596	-1,160	-1,578	-1,670
Total variations	**-593**	**-1,834**	**-2,234**	**-2,290**
2010 PEFO expenses	**354,051**	**362,739**	**378,763**	**395,690**
Changes from 2010 PEFO to 2010-11 MYEFO				
Effect of policy decisions(a)	217	571	236	448
Effect of parameter and other variations	80	-1,309	-2,211	-3,627
Total variations	**297**	**-738**	**-1,975**	**-3,179**
2010-11 MYEFO expenses	**354,348**	**362,002**	**376,789**	**392,512**
Changes from 2010-11 MYEFO to 2011-12 Budget				
Effect of policy decisions(a)	1,971	1,722	-119	798
Effect of economic parameter variations				
Total economic parameter variations	-1,418	-745	-633	90
Unemployment benefits	*51*	*479*	*-219*	*92*
Prices and wages	*81*	*497*	*907*	*1,504*
Interest and exchange rates	*-34*	*-61*	*-62*	*-45*
GST payments to the States	*-1,515*	*-1,660*	*-1,260*	*-1,460*
Public debt interest	154	1,351	1,955	2,117
Program specific parameter variations	823	1,114	1,639	4,188
Slippage in 2010-11 Budget decisions	-94	-2	-2	99
Other variations	-4,981	375	895	-829
Total variations	**-3,545**	**3,815**	**3,734**	**6,462**
2011-12 Budget expenses	**350,803**	**365,817**	**380,523**	**398,974**

(a) Excludes secondary impacts on public debt interest of policy decisions and offsets from the Contingency Reserve for decisions taken.

Economic parameter variations are forecast to reduce expenses in 2011-12 and over the forward estimates. This is mostly due to a reduction in Goods and Services Tax (GST) payments to the States and Territories consistent with a reduction in GST revenue collections. Partly offsetting these reductions, expected increases in prices and wages over the forward estimates will increase expenses, reflecting the indexation of many government payments including social security payments. Similarly, an upwards revision in the estimated number of unemployment benefit recipients is expected to increase expenses in 2011-12 compared to MYEFO, although this is partly unwound by a reduction in the forecast of the number of unemployment benefit recipients in 2012-13.

Program specific parameter variations are expected to increase expenses over the next four years. These variations include adjustments in the timing of infrastructure investment and changes in the number of people who claim government support payments. Other parameter variations are expected to reduce expenses in 2010-11 but increase expenses in 2011-12 and 2012-13.

Estimated expenses by function

Table 3 sets out the estimates of Australian Government general government sector expenses by function for the period 2010-11 to 2014-15.

Table 3: Estimates of expenses by function

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
General public services	21,239	20,887	21,491	22,349	23,129
Defence	20,136	21,277	20,711	21,895	22,771
Public order and safety	3,943	3,969	3,953	3,961	4,026
Education	32,555	29,938	30,314	31,414	32,720
Health	57,240	59,858	61,584	64,711	67,734
Social security and welfare	116,739	121,907	127,711	133,322	139,194
Housing and community amenities	5,741	4,579	4,699	4,579	4,141
Recreation and culture	3,342	3,397	3,449	3,331	3,250
Fuel and energy	6,269	6,302	6,496	6,594	6,622
Agriculture, forestry and fishing	3,067	3,444	2,526	2,245	2,385
Mining, manufacturing and construction	2,039	2,014	2,006	1,965	1,974
Transport and communication	4,748	6,919	7,119	6,748	6,267
Other economic affairs	9,055	9,385	8,664	8,218	8,152
Other purposes	64,692	71,940	79,801	87,642	91,771
Total expenses	**350,803**	**365,817**	**380,523**	**398,974**	**414,137**

Note: The data in this table have been amended from the published Budget Papers to correct for a misallocation of expenses between the education and housing and community amenities functions.

Major expense variations between 2010-11 and 2011-12 and across the forward estimates include movements in the following functions:

- **other purposes** — expenses are expected to increase under the Natural Disaster Relief and Recovery Arrangements and the Disaster Income Recovery Subsidy following the Australian floods and Cyclone Yasi in 2010-11. Since MYEFO, there has also been an increase of $12.2 billion in 2011-12, due to an increase in general revenue assistance to the States and Territories as a result of not proceeding with the proposal to dedicate GST revenue for the purpose of funding public hospital services under the health function;

- **social security and welfare** — an increase of $5.2 billion in 2011-12 is due to the indexation of personal benefits and income support payments, particularly in income support for seniors. Other demographic and social factors, such as the ageing population, will continue to influence growth over the forward estimates;

- **health** — an increase of $2.6 billion in 2011-12 is primarily due to an increase in the Commonwealth's contribution to fund additional health and hospital investment. Health expenses are significantly lower than forecast at MYEFO, reflecting the changed funding arrangements for public hospitals and the resultant reporting of what was dedicated GST under the previous arrangements as general revenue assistance (under the other purposes function rather than under the National healthcare specific purpose payment in the health function);

- **transport and communication** — an increase of $2.2 billion in 2011-12 is primarily due to higher funding for rail and road infrastructure projects;

- **education** — a decrease of $2.7 billion in 2011-12 is due to the conclusion of national partnership payments under the *Building the Education Revolution (BER)* package; and

- **housing and community amenities** — a decrease of $1.1 billion in 2011-12 reflects the conclusion of the housing initiatives introduced as part of the Government's response to the global financial crisis.

The Government is making significant investments in this Budget to improve the skills of the Australian workforce and to encourage, through a combination of incentives and support programs, greater engagement in the workforce by those who face significant barriers to participation.

Investment in skills development will be made to: give industry a more central role in the training system through the establishment of a National Workforce Development Fund; improve the apprenticeship system; ensure the Vocational Education and Training system is more transparent and productive through a new National Partnership with the States and Territories; and build better skills for workforce participation.

In addition, the Government is making changes to the system to improve incentives for people to work and is introducing a range of measures to encourage greater workforce participation by young people, people with a disability, the very long-term unemployed, single parents and jobless families, and will focus on a number of disadvantaged locations.

Government expenses are strongly influenced by underlying trends in spending in the social security and welfare and health functions. Together, these functions account for nearly half of all Government expenses as well as just over half of total expenses growth over the forward estimates. Health spending has grown faster than social security and welfare spending over this period and is expected to increase its share of total expenses from around 14 per cent in 2000-01 to over 16 per cent in 2014-15.

Growth in these functions over the medium-term reflects not only policy decisions (for instance, the increase to age pension benefit levels in 2009-10), but also the impact of total population growth, the increasing share of older age groups in the population, and benefit indexation rates above Consumer Price Index (CPI) and cost growth in services subsidised by the Government.

Based on the arrangements in place in 2010-11, a number of the major programs in these two functions are expected to continue to experience high real growth beyond the forward estimates. The Government's human capital, participation and productivity agendas will all play important roles in moderating growth in the cost of government programs, and improving the economy's capacity to sustain activity and increase growth, and therefore to fund government services.

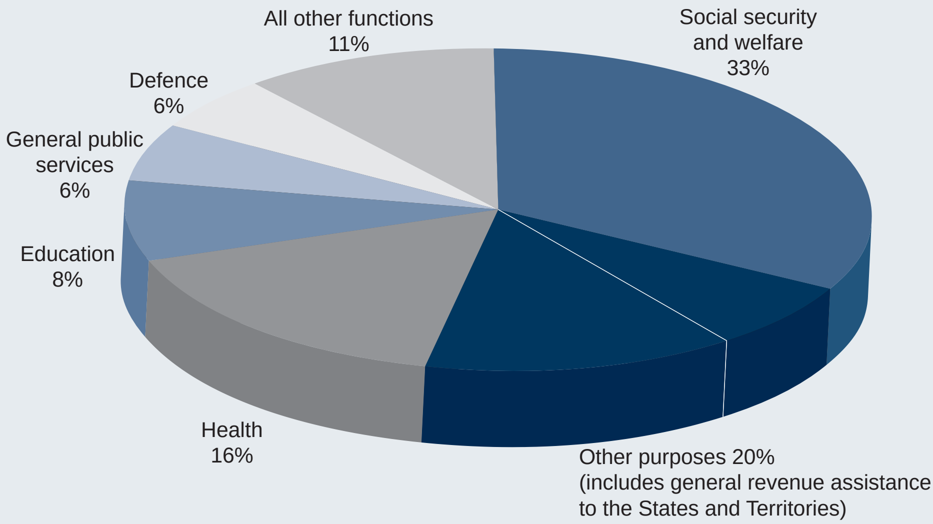
Further details of medium-term pressures under these functions are set out in Boxes 4 and 5.

Box 1: Where does government spending go?

Government spending provides a wide range of services to the community. The most significant component of government spending relates to social security and welfare, with around one third of total expenses providing support to the aged, families with children, the sick and disabled, veterans, carers and income support payments.

Another one sixth of government expenses occur in health services, including the Medicare Benefits Schedule and Pharmaceutical Benefits Scheme payments. A similar amount is also transferred to the States and Territories in general revenue assistance under the other purposes function.

The Government also provides significant investment under the education function, supporting government and non-government schools, as well as higher education and vocational education and training. The remainder is spent on defence and a range of other public services.



The estimates presented in the chart above are explained in greater detail under each individual function in the following pages.

Major savings

As part of the Government's commitment to bring the budget back into surplus by 2012-13, the Government has identified around $22 billion of savings in this Budget over the five years to 2014-15, of which $14.8 billion relates to savings in expenses and net capital investment. These savings reduce expenses and net capital investment across a range of functions.

Significant savings measures totalling $2.7 billion in the **defence** function over the forward estimates will result in a reduction in expenses through improved performance of the initiatives associated with the Strategic Reform Program, the higher efficiency dividend and net capital investment reprogramming to better align capital expenditure with strategic requirements.

In **social security and welfare**, $2.3 billion in savings will also be achieved over the forward estimates. Of this, $1.9 billion is due to extending the temporary pause in the indexation of the Family Tax Benefit (FTB) Part A higher income free area for a further two years and pausing indexation of FTB supplements for three years.

A saving of $1.5 billion in expenses over five years will be made across a range of programs under the **health** function, including from efficiencies agreed with the pathology sector and as a result of the Department of Human Services service delivery reform.

The deferral of Commonwealth funding for road and rail infrastructure investment will reduce expenses by $1.0 billion over three years under the **transport and communication** function. The deferred projects include Victorian regional rail program, the Northern Sydney Freight Corridor rail project and reductions in the cost of major road investment in Queensland.

The Government has also increased the rate of the efficiency dividend that applies to Commonwealth entities. This measure is expected to reduce Commonwealth operating expenses by approximately $1.1 billion over the forward estimates across all functions. Further details of all savings measures are available in Budget Paper No. 2, *Budget Measures 2011-12*.

Program expenses

Table 3.1 reports the top 20 expense programs in the 2011-12 financial year. These programs represent 62.4 per cent of total expenses in that year. The revenue assistance to the States and Territories program comprises 13.5 per cent of total expenses for 2011-12. Of the remaining programs in the top 20, more than half provide financial assistance or services to seniors, families, the sick and disabled, students, carers and the unemployed.

Table 3.1: Top 20 programs by expenses in 2011-12

		Estimates			Projections	
		2010-11	2011-12	2012-13	2013-14	2014-15
Program	**Function**	$m	$m	$m	$m	$m
Revenue assistance to the States and Territories	Other purposes	46,524	49,459	52,853	55,812	58,498
Income support for seniors	SSW	31,852	34,161	36,860	38,891	41,605
Family tax benefit	SSW	17,766	18,156	18,682	19,043	19,499
Medicare services	Health	16,463	16,981	17,693	18,892	20,301
Disability support pension	SSW	13,286	13,836	14,368	14,855	15,460
Assistance to the States for healthcare services	Health	11,988	12,820	13,683	14,598	16,155
Pharmaceuticals and pharmaceutical services	Health	9,235	9,833	10,298	11,089	11,883
Non government schools - national support	Education	7,258	7,749	8,351	9,028	9,733
Job seeker income support	SSW	6,995	7,197	7,342	8,283	8,591
Residential care	SSW	6,822	7,183	7,370	7,846	8,428
Higher education support	Education	6,285	6,851	7,158	7,395	7,645
Public sector superannuation^	Other purposes; General public services	6,367	6,301	6,405	6,502	6,602
Income support for carers	SSW	5,109	5,679	6,343	7,066	7,858
Parents' income support	SSW	5,639	5,621	5,667	5,605	5,554
Fuel tax credits scheme	Fuel and energy	4,996	5,142	5,614	5,715	5,819
Army Capabilities	Defence	4,938	4,943	5,003	5,188	5,454
Department of Human Services*	SSW; Health	4,461	4,339	4,087	4,090	4,085
National partnership payments - road transport	Transport and communication	2,530	4,065	3,922	3,121	270
Air Force Capabilities	Defence	3,824	4,036	4,081	4,161	4,300
Navy Capabilities	Defence	3,779	4,027	4,122	4,092	4,110
Sub-total		**216,117**	**228,379**	**239,902**	**251,272**	**261,850**
Other programs		134,686	137,438	140,621	147,702	152,287
Total expenses		**350,803**	**365,817**	**380,523**	**398,974**	**414,137**

^ This is a combination of public sector superannuation nominal interest and benefits programs.
* Department of Human Services running costs also includes Medicare and Centrelink funding in 2010-11.
SSW — Social Security and Welfare

Box 2: Withdrawal of the Government's economic stimulus measures

The Government responded to the global financial crisis by implementing several fiscal stimulus measures during 2008-09 and 2009-10. The temporary and targeted nature of these measures means that the impact is progressively declining over time.

As of 2011-12, the vast majority of the budget stimulus funding has been paid out by the Commonwealth. The remaining amounts mostly relate to medium-term infrastructure investment projects being funded through the:

- Building the Education Revolution (education function);
- Building Australia Fund (transport and communication function);
- Health and Hospitals Fund (health function);
- Clean Energy Initiative (fuel and energy function); and
- Education Investment Fund (education and general public services functions).

General public services

The general public services function includes expenses relating to the organisation and operation of government such as those related to the Parliament, the Governor-General and conduct of elections; the collection of taxes and management of public funds and debt; assistance to developing countries to reduce poverty and achieve sustainable development, particularly countries in the Pacific region; 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 those associated with overall economic and statistical services as well as 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).

Table 4: Summary of expenses — general public services

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Legislative and executive affairs	1,083	974	948	1,091	949
Financial and fiscal affairs	6,947	7,421	7,566	7,416	7,550
Foreign affairs and economic aid	5,749	5,776	6,412	7,325	8,232
General research	2,804	2,872	2,780	2,684	2,582
General services	1,033	811	789	800	823
Government superannuation benefits	3,623	3,034	2,997	3,033	2,992
Total general public services	**21,239**	**20,887**	**21,491**	**22,349**	**23,129**

Total expenses under the **foreign affairs and economic aid** sub-function are forecast to increase by 31.8 per cent in real terms from 2011-12 to 2014-15. This significant increase is due to the Government's commitment to increase the level of Official Development Assistance (ODA) to 0.5 per cent of Gross National Income by 2015-16. The purpose of ODA is to provide assistance to developing countries to alleviate poverty and assist them in achieving economic stability in line with Australia's national interest.

The uneven profile of expenses under the **legislative and executive affairs** sub-function largely reflects the federal election in 2010-11 and the scheduled election in 2013-14. Similarly, while the underlying level of expenses in the **financial and fiscal affairs** sub-function is broadly stable, the profile reflects the timing of specific events such as the 2011 National Census, which is increasing expenses in 2010-11 and 2011-12.

Expenses under the **government superannuation benefits** sub-function have fallen since the 2010-11 Budget, reflecting revised actuarial estimates of the Government's superannuation liabilities.

Table 4.1 sets out the major components of foreign affairs and economic aid sub-function expenses.

Table 4.1: Trends in the major components of foreign affairs and economic aid sub-function expenses

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Official Development Assistance (a)(b)	4,497	4,151	5,202	6,265	6,837
Africa, South and Central Asia, Middle East and other	923	1,081	1,054	1,165	1,450
East Asia	854	978	1,175	1,314	1,610
PNG and Pacific	882	936	1,042	1,047	1,117
Emergency, humanitarian and refugee programs	298	324	333	339	341
UN, Commonwealth and other international organisations	270	292	570	607	302
NGO, volunteer and community programs	131	171	195	236	269
Multilateral replenishments	820	14	303	448	13
Other (c)	319	355	530	1,109	1,735
International deployments	359	347	268	164	148
Payments to international organisations	245	239	239	241	243
Passport services	197	201	213	219	225
International agricultural research and development	98	96	96	95	93
Consular services	78	75	74	74	78
Finance and insurance services for Australian exporters and investors	57	51	45	40	37
Other	218	616	275	227	571
Total	**5,749**	**5,776**	**6,412**	**7,325**	**8,232**

(a) The difference between these figures and the Government's ODA target is due primarily to the way multilateral replenishments are recorded for ODA purposes. Expenses relating to multilateral replenishments are recognised in accrual terms when initial commitments are made. However, ODA targets are measured in cash terms and reflect the timing of actual cash payments (which, in the case of multilateral replenishments, can be spread over several years).
(b) Some minor ODA delivered by other government departments may be classified to other programs or functions.
(c) Other includes AusAID's departmental expenses and the provision available for future aid spending in the ODA Contingency Reserve (CR) in the Budget and forward estimates. The ODA CR represents the difference between the amount of ODA already committed and the Government's target levels of ODA.

The **general research** sub-function incorporates expenses incurred by the Commonwealth Scientific and Industrial Research Organisation, the Australian Nuclear Science and Technology Organisation, the Australian Institute of Marine Science and the Australian Research Council.

Total expenses in this sub-function and in particular the science and research capacity program are forecast to decrease over the forward estimates, largely due to the completion of a number of projects funded under the Education Investment Fund. Apart from these projects, other research expenses are forecast to increase over the forward estimates, including increases in expenses on national research flagships, and core research and services.

The table below sets out the major components of general research sub-function expenses.

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

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Science and research capacity	623	549	360	180	29
National research flagships	534	566	577	613	640
Core research and services	548	562	580	607	635
Discovery - research and research training	446	502	542	556	543
Linkage - cross sector research partnerships	288	327	340	336	346
Science and technology solutions	264	251	251	253	257
Other	101	115	130	139	132
Total	**2,804**	**2,872**	**2,780**	**2,684**	**2,582**

Defence

The defence function includes expenses incurred by the Department of Defence (Defence) and the Defence Materiel Organisation (DMO). Defence expenses support Australian military 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 contributes to the preparedness of the Australian defence organisation through the acquisition and through-life support of military equipment and supplies.

This function records the majority of expenses incurred by the Defence portfolio but does not include the expenses incurred by the Department of Veterans' Affairs, superannuation payments to retired military personnel and housing assistance provided through Defence Housing Australia. These expenses are reported in the social security and welfare, other purposes, and housing and community amenities functions, respectively.

Table 5: Summary of expenses — defence

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Defence	20,136	21,277	20,711	21,895	22,771
Total defence	**20,136**	**21,277**	**20,711**	**21,895**	**22,771**

Total expenses for the defence function are estimated to decrease by 1.1 per cent in real terms from 2011-12 over the forward estimates, or by 0.4 per cent per annum on average in real terms. This largely reflects funding decisions flowing from the 2009 Defence White Paper and funding provided in 2011-12 for Defence operations. The forward estimates of expenses do not provide for extensions of currently approved operations beyond 2011-12. Such funding is considered on a year-by-year basis and is subject to future decisions of the Government.

From 2011-12, additional funding of $1.4 billion is being provided to support Defence overseas operations in the Middle East, East Timor and the Solomon Islands. See Budget Paper No. 2, *Budget Measures 2011-12* for more details.

The Government will realise efficiencies in corporate and support functions in the Defence portfolio, including through reductions in duplication and increased use of shared services. These measures will result in savings of $1.2 billion over the forward estimates. These savings are in addition to savings to be realised as part of the Defence Strategic Reform Program (SRP). In the SRP, $20.6 billion in savings are being identified and reinvested within Defence to 2020. The SRP will drive the reforms needed to deliver and sustain Defence's planned *Force 2030*, as set out in the White Paper.

Further details on the capital reprogramming and additional efficiencies can be found in Budget Paper No. 2, *Budget Measures 2011-12*.

The acquisition of defence capital items is reported in the net capital investment section of this Statement and in Box 3 below.

Box 3: Defence funding

Total Defence expenditure is estimated to increase by $1.4 billion (2.4 per cent in real terms) in 2011-12. This includes both expenses and net capital investment. Expenses for the defence function are those incurred in undertaking its day-to-day activities. Net capital investment represents expenditure to acquire capital items in the form of equipment, buildings and land, less depreciation expenses.

Table 5.1: Trends in the major components of defence function expenses and net capital investment

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Expenses	20,136	21,277	20,711	21,895	22,771
Net capital investment	3,506	3,682	2,513	3,196	3,155
Total defence spending	23,642	24,959	23,224	25,091	25,926
Nominal growth (per cent)	-2.7%	5.6%	-7.0%	8.0%	3.3%
Real growth (per cent)	-5.5%	2.4%	-9.6%	5.3%	0.9%

Investment spending in the defence function is for the acquisition of large and complex platforms and military equipment, and the construction of support facilities linked to capability. Investment spending can experience significant annual fluctuations, including as the result of slippage in expenditure from one year to the next year (or to later years), foreign exchange rate fluctuations, and in response to additional supplementary funding decisions of Government. Further details of defence investment spending are provided in the net capital investment section of this statement at page 6-46.

The expected decrease in defence funding in 2012-13 is due to fluctuations in capital acquisitions, the practice of funding overseas operations on a year-by-year basis and the additional efficiencies in defence which take full effect in that year.

The Government will reprogram $1.3 billion of funding over the forward estimates for the Defence capital investment program to better align it with Defence's strategic requirements. The reprogramming will support the Department of Defence in delivering the military capabilities set out under *Force 2030*, the 2009 Defence White Paper.

Public order and safety

Expenses under 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, and the protection of Australian Government property.

Table 6: Summary of expenses — public order and safety

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Courts and legal services	839	841	845	848	861
Other public order and safety	3,104	3,128	3,108	3,113	3,165
Total public order and safety	**3,943**	**3,969**	**3,953**	**3,961**	**4,026**

Expenses within both the **courts and legal services** and **other public order and safety** sub-functions are expected to remain broadly stable in nominal terms over the forward estimates. Expenses in this function increased significantly in the decade to 2006-07 and have grown at more modest levels since then, reflecting the stabilisation of anti-terrorism and law enforcement activities.

Real funding is expected to decline from 2011-12 over the forward estimates reflecting efficiencies within the federal justice system and in the delivery of law enforcement and intelligence activities.

Education

The education function includes expenses to 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.

Table 7: Summary of expenses — education

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Higher education	7,851	8,534	8,955	9,366	9,691
Vocational and other education	1,900	2,013	1,915	1,954	1,978
Schools	11,218	12,300	12,925	13,563	14,527
Non-government schools	7,255	7,746	8,349	9,028	9,733
Government schools	3,963	4,554	4,576	4,534	4,794
Student assistance	4,737	4,838	4,607	4,574	4,703
General administration	348	306	294	284	281
School education - specific funding	6,501	1,946	1,618	1,672	1,540
Total education	**32,555**	**29,938**	**30,314**	**31,414**	**32,720**

Note: The data in this table have been amended from the published Budget Papers to correct for a misallocation of expenses between the education and housing and community amenities functions.

Total expenses under the education function are estimated to decrease in 2011-12 before increasing slightly in real terms over the forward estimates. The estimated decrease in 2011-12 reflects the completion in 2010-11 of the majority of spending under the *Building the Education Revolution (BER)* package. The estimated increase in expenses from 2011-12 is mostly attributable to growth in funding for higher education and for both government and non-government schools.

Expenses under the **higher education** sub-function are expected to increase by 5.0 per cent in real terms over the forward estimates, or 1.6 per cent per annum on average. This primarily reflects the cost of previous major reforms to higher education, including the introduction of demand driven student enrolment and an increase in higher education research funding.

Demand driven enrolment is the main contributor to a 3.2 per cent real increase in the Higher Education Support program over the forward estimates. As part of the transition to a fully demand driven enrolment system, universities have responded to an increase in the cap on funding for over-enrolment in 2010 and 2011 by expanding enrolments to a level above the original forecasts. The estimated increase in expenses over the forward estimates reflects the updated assessment of growth within the sector following on from increased enrolments in 2010 and 2011.

Investment in higher education research is expected to increase from $1.5 billion in 2010-11 to $2.0 billion in 2014-15. This reflects a 14.4 per cent rise in real terms in expenses from 2011-12 over the forward estimates arising from the 2009-10 measure *Sustainable Research Excellence in Universities*.

Strong growth in expenses is estimated for both **government** and **non-government schools** due to the level of indexation applied to schools funding together with population growth. The indexation of schools funding is calculated based on average government school recurrent costs and is well above the CPI. However, growth in government schools funding is partially offset by the conclusion and winding down of several national partnerships over the forward estimates. Excluding these national partnerships, assistance to states for government schools is estimated to increase from $3.8 billion in 2011-12 to $4.6 billion in 2014-15, which is an average increase of 4.2 per cent per annum in real terms. Real spending on non-government schools is expected to rise by 5.1 per cent per annum over the forward estimates.

The profile of expenses under the **vocational and other education** sub-function reflects a redirection of the Productivity Places Program to support measures in the *Skills for Sustainable Growth* package announced in the 2010-11 Budget and the *Building Australia's Future Workforce* initiatives announced in this year's Budget. The expenses are included in the **vocational and industry training** sub-function within the other economic affairs function (see page 6-42). The profile incorporates a proposed new five-year national partnership for vocational education and training reform, which will provide $1.75 billion in total over five years from 2012-13. See Budget Paper No. 2, *Budget Measures 2011-12* for more details.

Future funding arrangements beyond 1 January 2014 for government and non-government schools are currently subject to review.

The major components of the **vocational and other education** sub-function are set out in Table 7.1.

Table 7.1: Trends in the major components of vocational and other education sub-function expenses

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Assistance to the States for skills and workforce development	1,339	1,363	1,390	1,417	1,446
National Partnership Payments - Vocational and Other Education	356	413	280	288	276
Adult English Migrant Program	205	212	220	226	233
Other	0	26	24	24	23
Total	**1,900**	**2,013**	**1,915**	**1,954**	**1,978**

Note: The data in this table have been amended from the published Budget Papers to correct for a misallocation of expenses between the education and housing and community amenities functions.

Expenses under the **student assistance** sub-function are expected to decrease by 10.1 per cent in real terms from 2011-12 over the forward estimates, or by 3.5 per cent per annum on average in real terms. This profile is underpinned by an estimated 19.0 per cent decrease in tertiary student assistance and an estimated 10.8 per cent increase in expenses under the Higher Education Loan Program (HELP).

The 2010 election commitment, *Supporting Families with Teenagers,* will shift the payment of benefits for dependent 16 to 19 year olds in secondary full-time study from Youth Allowance to Family Tax Benefit Part A, reported under the social security and welfare function. This change reduces expenses reported as tertiary student assistance. The expected increase in HELP expenses reflects the introduction of a demand driven student enrolment system, which will increase the number of students accessing a HELP loan. The expenses for HELP reflect the estimated cost to the Government of providing concessional loans as well as the cost of providing incentives for students to pay university fees up-front and to make early repayments on their HELP debts.

The major components of the **student assistance** sub-function are set out in Table 7.2.

Table 7.2: Trends in the major components of student assistance sub-function expenses

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Tertiary student assistance	3,083	2,898	2,599	2,494	2,537
50 per cent education tax refund	659	888	915	934	956
Higher Education Loan Program	772	837	886	944	1,004
School student assistance	206	199	192	188	192
Other	17	16	15	14	14
Total	**4,737**	**4,838**	**4,607**	**4,574**	**4,703**

The major components of the **school education — specific funding** sub-function are the National Partnership Agreements on the BER; Digital Education Revolution; Early Childhood Education; Trade Training Centres in Schools; Youth Attainment and Transitions; and a number of elements of the *Closing the Gap* package. Variations in expenses between years is predominantly attributed to the terms of these national partnerships. In particular, the reduction in expenses from 2010-11 to 2011-12 is due to the completion of most BER projects by the end of 2010-11.

This sub-function also includes the Schools Support Program (SSP), which is expected to rise from $235 million in 2010-11 to $455 million in 2014-15 due to several new measures. The most significant measures contributing to the increase in the SSP over the forward estimates are election commitments, including the *National School Chaplaincy Program — extension and expansion*, *National Incentives for Great Teachers* and *Reward Payments for School Improvements*. See Budget Paper No. 2, *Budget Measures 2011-12* for more details.

Health

The health function includes expenses relating to: medical services funded through Medicare and the Private Health Insurance Rebate; payments to the States and Territories to deliver essential health services, including public hospitals; the Pharmaceutical Benefits and Repatriation Pharmaceutical Benefits Schemes; blood and blood products; population health initiatives; and health education and training services.

Table 8: Summary of expenses — health

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Medical services and benefits(a)	23,368	22,459	23,275	24,506	25,934
Hospital services	3,262	2,846	2,780	2,966	1,860
National healthcare specific purpose payment	11,988	12,820	13,683	14,598	16,155
Pharmaceutical benefits and services	10,337	10,794	11,245	12,070	12,882
Aboriginal and Torres Strait Islander health	678	768	766	782	796
Health services	5,702	7,114	6,634	6,643	6,866
General administration	1,904	3,057	3,201	3,146	3,242
Total health	**57,240**	**59,858**	**61,584**	**64,711**	**67,734**

(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.

Health expenses are expected to continue to grow over the forward estimates (by 4.6 per cent in real terms from 2011-12) and to make up an increasing share of total government expenses over the medium term. This increase is expected to be driven by the combination of technology, social factors (that result in an increased demand for health services), and the effects of an ageing population. These issues are covered in more detail in the *2010 Intergenerational Report*.

The Commonwealth's contribution to funding under the new proposed National Health Reform Agreement (NHRA) is reported through the **national healthcare specific purpose payment** (to the States) sub-function (previously called the National Health and Hospitals Network sub-function). The increase in expenses over the forward estimates for this sub-function reflects indexation of the Commonwealth's contribution to the provision of hospital services, growth in the volume of services, and changes in the efficient price. In 2014-15, the Commonwealth has undertaken to contribute 45 per cent of the growth in the efficient price, as calculated by the Independent Hospital Pricing Authority.

The expense estimates over the forward years for this sub-function are lower than forecast in the 2010-11 Budget, as a result of changes to the health financing arrangements previously agreed under the National Health and Hospitals Network Agreement. The States and Territories signed a Heads of Agreement with the Commonwealth in February 2011 to form the basis of the new NHRA. Under this agreement, the earlier agreement with all states and territories, other than Western Australia, to dedicate a portion of GST revenue to fund public hospital and primary care services will not proceed. Funding for hospitals will be provided on an activity basis from 1 July 2012. Primary care services will continue to be funded through Medicare, and the States and Territories will continue to provide some primary care services, such as community health centres.

The **medical services and benefits** sub-function, which primarily consists of Medicare and Private Health Insurance Rebate expenses, make up 37.5 per cent of total health expenses for 2011-12. Medicare expenses are the major driver of growth in this sub-function, and are expected to increase over the forward estimates as a direct result of the increase in the Australian population — and in particular, the number of Australians aged over 65 — as well as technology and social factors. The decrease in expenses between 2010-11 and 2011-12 is a result of the Government's policy to introduce means testing for the Private Health Insurance Rebate.

Expenses for pathology service items under the Medicare Benefits Schedule will decline by $550 million over five years ($419 million over the forward estimates) due to reforms the Government has agreed with the pathology sector. Under the new Pathology Funding Agreement, the sector will benefit from predictable growth in Government outlays.

A significant component of the expenses for this sub-function in 2010-11 and 2011-12 is related to the Chronic Disease Dental Scheme ($1.6 billion over two years). It is current Government policy to cease operation of the scheme on 31 December 2011.

The major components of the medical services and benefits sub-function are set out in Table 8.1.

Table 8.1: Trends in the major components of medical services and benefits sub-function expenses

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Medicare services	16,463	16,981	17,693	18,892	20,301
Private health insurance	4,712	3,793	3,858	3,864	3,894
General medical consultations and services	939	983	1,000	1,034	1,044
Primary care practice incentives	301	302	288	244	249
Private health insurance rebate (ATO)	200	207	215	224	233
Medical indemnity	116	121	134	144	143
Other	637	72	87	104	70
Total	**23,368**	**22,459**	**23,275**	**24,506**	**25,934**

The **general administration — health** sub-function includes expenses incurred by the Government to support capital investments and new initiatives in areas such as primary care education and training; policy, innovation and research; and rural health services. The substantial increase in expenses between 2010-11 and 2011-12 is due to the inclusion of operating expenses in this sub-function for the Department of Human Services which, from 2011-12 also incorporates those of Medicare Australia, as well as the implementation of the Practice Nurse Incentives program and the continuation of General Practice (GP) Super Clinics. It is anticipated that efficiencies from the amalgamation of the Department of Human Services and Medicare Australia will result in reductions in expenses from 2012-13 onwards.

Growth in the **pharmaceutical benefits and services** sub-function over the forward estimates is mainly driven by increasing demand for pharmaceutical benefits, and Government decisions on new drug listings. This sub-function makes up 18 per cent of total health expenses for 2011-12.

The major components of the pharmaceutical benefits and services sub-function expenses are set out in Table 8.2.

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

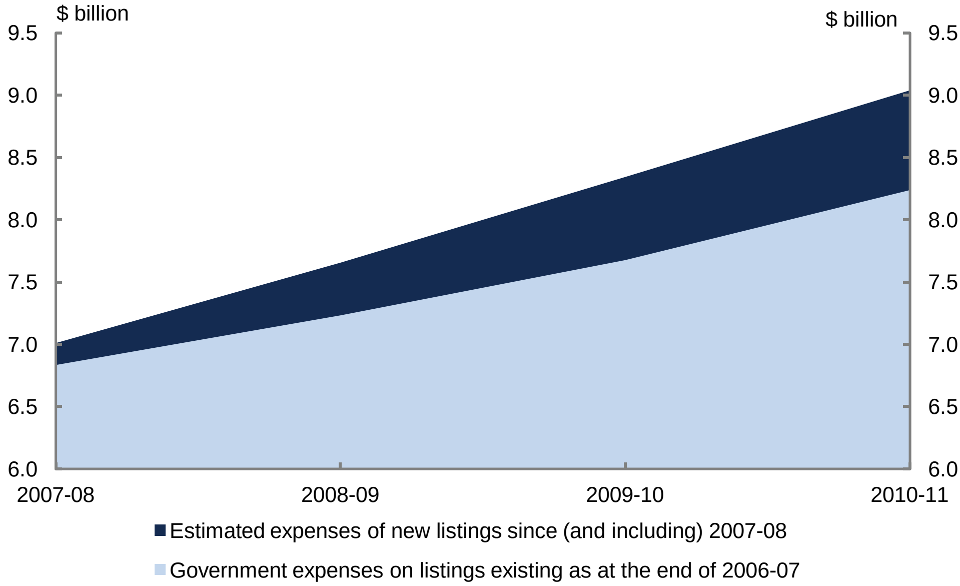
	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Pharmaceutical benefits (concessional)(a)	5,893	6,194	6,406	6,885	7,366
Pharmaceutical benefits (general)(b)	1,800	1,953	2,078	2,269	2,461
Pharmaceutical benefits (highly specialised and other drugs dispensed in hospitals)(c)	1,322	1,473	1,595	1,711	1,829
Payments for wholesalers and pharmacy programs	249	260	266	277	286
Repatriation pharmaceutical benefits scheme	464	458	441	436	422
Other(d)	609	456	459	492	518
Total	**10,337**	**10,794**	**11,245**	**12,070**	**12,882**

(a) Concessional benefits are those provided through community pharmacies for Centrelink concession card holders.
(b) General benefits are those provided through community pharmacies for people without concession cards.
(c) Highly specialised drugs are subsidised by the Commonwealth Government through hospitals.
(d) Includes some essential vaccines. The majority of essential vaccines is included in the health services sub-function.

Government expenditure on the Pharmaceutical Benefits Scheme (PBS) has been increasing since 2007-08, from $7.0 billion to an estimated $9.0 billion in 2010-11. Growth in the Scheme is driven by the demand for previously listed medicines as well as new listings on the PBS agreed by the Government. The estimated financial impact of new PBS listings in the four years from 2007-08 to 2010-11 was $2.1 billion, as illustrated in Chart 8.1.

Each year, in addition to agreeing new listings on the PBS, the Government can make decisions to list new medicines for veterans' pharmaceutical benefits, the Life Saving Drugs Program and the National Immunisation Program, as well as price changes to already listed medicines. The estimated five year impacts of all these changes between 2007-08 and 2011-12 is in the order of $4 billion.

Chart 8.1: Growth trends in PBS expenditure



Expenses in the **health services** sub-function include Commonwealth expenses associated with the delivery of population health, blood and blood products, research and other allied health services, e-Health, and health infrastructure funding through the Health and Hospitals Fund (HHF). The increase in expenses between 2010-11 and 2011-12 reflects the funding of projects through the HHF. Key projects include the Royal Hobart Hospital redevelopment (Tasmania); the Bega Valley Health Service development (New South Wales); the Port Macquarie Base Hospital expansion (New South Wales); the Tamworth Hospital redevelopment stage two (New South Wales); the Palmerston Hospital (Northern Territory); the Albury-Wodonga Regional Cancer Centre (New South Wales/Victoria); and improving Aboriginal access to primary health care in remote areas (Northern Territory). See Budget Paper No. 2, *Budget Measures 2011-12* for more details on the package of measures funded from the HHF.

The other main driver of growth in health services is an increase in funding for mental health from 2011-12 onwards, including the *Taking Action to Tackle Suicide* package in the 2010-11 MYEFO and additional funding for new mental health initiatives in the Budget, with a gross cost of $1.5 billion over five years from 2011-12 (and a net cost of $0.9 billion). See Budget Paper No. 2, *Budget Measures 2011-12* for more details.

The **hospital services** sub-function includes payments to the States and Territories through a range of existing and new national partnership agreements, and support for veterans' hospital services. The initial years of the forward estimates include funding for emergency departments and elective surgery investment as part of national health reform.

Expenses in the **Aboriginal and Torres Strait Islander health** sub-function are expected to remain steady over the forward estimates. Aboriginal and Torres Strait Islander people are able, and encouraged, to access mainstream services as well as Indigenous-specific services. As a result, substantial investment in Indigenous health is also being made through other health sub-functions — in particular, medical services and benefits.

Box 4: Health spending trends

A number of major health programs have seen, and will continue to see, strong expenditure growth, including the Medicare Benefits Schedule (MBS), the Pharmaceutical Benefits Scheme (PBS), and payments to the States and Territories under the Australian Health Care Agreement and the National Health Reform Agreement. Over the period from 2000-01 to 2009-10, average real expenditure growth for the MBS was 5.8 per cent per annum, 5.5 per cent per annum for the PBS, while growth in health payments to the States and Territories have averaged 3.6 per cent per annum. The Private Health Insurance Rebate also experienced strong real growth of 6.3 per cent per annum.

Spending on the MBS and PBS is affected by population growth and, to some extent, by the ageing of the population. However, spending is also influenced by developments in health technology and listings of new products and services. These non-demographic influences are stronger than the demographic impacts, with real growth expected to remain at around 3 to 5 per cent per annum over the medium term. Payments to the States and Territories for healthcare under the National Health Reform Agreement will grow relatively quickly (at around 8 per cent per annum in real terms from 2014-15), in large part due to volume growth and the Commonwealth's commitment to meet 45 per cent of the growth in the efficient price of hospital services, rising to 50 per cent of the growth from 2017-18.

Social security and welfare

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

Table 9: Summary of expenses — social security and welfare

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Assistance to the aged	44,302	47,482	50,606	53,412	56,988
Assistance to veterans and dependants	6,976	6,892	6,780	6,681	6,584
Assistance to people with disabilities	20,632	22,222	23,509	24,812	26,266
Assistance to families with children	30,799	32,015	33,852	34,530	35,248
Assistance to the unemployed and the sick	6,995	7,197	7,342	8,283	8,591
Other welfare programs	1,843	980	919	918	899
Aboriginal advancement nec	1,443	1,379	1,119	1,114	1,081
General administration	3,749	3,739	3,583	3,571	3,537
Total social security and welfare	**116,739**	**121,907**	**127,711**	**133,322**	**139,194**

Social security and welfare function expenses are estimated to grow at 5.5 per cent in real terms from 2011-12 over the forward estimates, with an average annual real growth rate of 1.8 per cent over that period. The sub-functions contributing most to the growth are **assistance to the aged**, **assistance to families with children**, and **assistance to people with disabilities**.

The continuing demographic shift to an older population, as outlined in the *2010 Intergenerational Report*, is contributing to increased social security and welfare expenses as more Australians become eligible for the Age Pension and begin to enter residential and community care facilities. The ageing of the population is also leading to an increase in the number of people caring for senior Australians and becoming eligible for carer payments. The *Secure and Sustainable Pensions* package announced in the 2009-10 Budget is also a major contributor to increased expenses across the function as it provides better indexation of, and higher rates for, many pensions and payments.

The *Building Australia's Future Workforce* initiatives announced in this Budget will also have an impact on expenses by enhancing services for disadvantaged groups to improve engagement in the labour market. These groups include people with a disability, single parents, very long-term unemployed, and young people. These measures specifically target those living in areas of concentrated socio-economic disadvantage. See Budget Paper No. 2, *Budget Measures 2011-12* for more details.

The principal driver of growth over the forward estimates for the **assistance to the aged** sub-function is income support for seniors. This program's major component, the Age Pension, contributes significantly to growth in expenses as the ageing of the population will result in more people becoming entitled to receive the Age Pension over this period. This increase in eligible people is partially reduced by the increase in the qualifying age for the Age Pension for females on 1 July 2012.

A secondary contributor to growth is the increased funding required by the community aged care and the residential aged care programs. From 1 July 2012, as part of the national health reform agenda, community aged care will increasingly be funded directly by the Commonwealth Government, with less funding being provided to the States and Territories under the Assistance to the Aged National Partnership agreement. Total expenses for aged care are also estimated to increase due to the same demographic factors driving the increased expenses for the Age Pension. In addition, senior Australians are preferring to remain in their homes for as long as possible, increasing the use of community aged care, and when they do enter residential aged care facilities, they do so at a later age and with more complex health requirements.

The major components of the assistance to the aged sub-function are outlined below in Table 9.1.

Table 9.1: Trends in the major components of assistance to the aged sub-function expenses

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Income support for seniors	31,852	34,161	36,860	38,891	41,605
Residential care	6,822	7,183	7,370	7,846	8,428
National partnership payments – assistance to the aged	1,645	1,873	794	835	890
Veterans' community care and support	1,447	1,532	1,592	1,682	1,792
Community care	879	911	2,077	2,234	2,387
Flexible aged care	661	820	894	929	952
Mature age income support	624	571	480	430	348
Allowances, concessions and services for for seniors	190	199	212	226	242
Ageing information and support	43	101	109	115	116
Aged care workforce	65	87	91	89	76
Culturally appropriate aged care	32	22	22	22	23
Aged care assessment	1	1	95	101	108
Other	41	21	10	12	21
Total	**44,302**	**47,482**	**50,606**	**53,412**	**56,988**

The main components of the **assistance to families with children** sub-function are family tax benefit payments, with the estimated increase in expenses largely due to indexation of the value of these payments. The increase in expenses is also driven by the growing use of child care services, indexation of child care benefit expenses, and additional child care rebate expenses due to the implementation of the National Partnership Agreement on the Quality Agenda for Early Childhood Education and Care. The growth also reflects the introduction of the Paid Paternity Leave scheme from 1 January 2013.

The major components of the assistance to families with children sub-function are set out in Table 9.2.

Table 9.2: Trends in the major components of assistance to families with children sub-function expenses

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Family tax benefit	17,766	18,156	18,682	19,043	19,499
Parents income support	5,639	5,621	5,667	5,605	5,554
Child care fee assistance	3,601	3,778	3,999	4,218	4,449
Parental payments and care incentives	1,793	2,330	2,450	2,579	2,668
Child support	1,155	1,210	1,248	1,280	1,313
Support for the child care system	393	409	390	384	405
Family support	192	216	218	221	223
Family relationship services	167	165	167	170	174
Other(a)	93	130	1,031	1,030	963
Total	**30,799**	**32,015**	**33,852**	**34,530**	**35,248**

(a) The rise in 2012-13 against 'Other' is due to the reclassification of $1 billion for the Low Income Earner's Superannuation Co-Contribution program from revenue to expenses.

Expenses under the **assistance to people with disabilities** sub-function will increase primarily because of strong anticipated growth in people receiving carer payments. It is estimated there will be a significant rise in the number of carers who receive income support, with this steady increase attributable to the increasing number of senior Australians receiving care and assistance.

The main component of this sub-function is the Disability Support Pension, with expenses estimated to grow due to increases in the real value of the pension as a result of the *Secure and Sustainable Pension* package announced in the 2009-10 Budget. This growth in expenses is tempered as the number of Disability Support Pension recipients is expected to remain stable as a result of the 2010-11 Budget measure *Job Capacity Assessment — more efficient and accurate assessments for Disability Support Pension and employment services*.

The major components of the assistance to people with disabilities sub-function are outlined below in Table 9.3.

Table 9.3: Trends in the major components of assistance to people with disabilities sub-function expenses

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Disability support pension	13,286	13,836	14,368	14,855	15,460
Income support for carers	5,109	5,679	6,343	7,066	7,858
Assistance to the states for disability services	1,052	1,208	1,277	1,348	1,432
Disability employment services	865	875	897	909	913
National partnership payments - assistance to people with disabilities	0	224	230	234	238
Other	320	400	394	400	365
Total	**20,632**	**22,222**	**23,509**	**24,812**	**26,266**

The **assistance to the unemployed and sick** sub-function is forecast to increase over the forward estimates. This increase reflects the technical assumption used for medium term projections of unemployment.

Expenses under the **other welfare programs** sub-function were significantly higher than usual in 2010-11 as a result of $1.1 billion in assistance provided to people affected by the 2010-11 summer natural disasters under the Australian Government Disaster Recovery Payment.

The decrease in expenses in the **Aboriginal advancement not elsewhere classified** sub-function is the result of the lapsing of funding for a number of program components as well as funding for the Northern Territory Emergency Response ceasing in June 2012.

Expenses for the **general administration** sub-function are estimated to decrease over the forward estimates due to administrative efficiencies following the integration of Centrelink and Medicare Australia with the Department of Human Services.

Expenses for the **assistance to veterans and dependants** sub-function are estimated to decrease in real terms as a result of the continuing decline in the veteran population.

Box 5: Social security and welfare spending trends

The social security and welfare function includes a number of major programs including the Age Pension, Residential Aged Care, Disability Support Pension (DSP), Family Tax Benefit and Child Care Fee Assistance. From 2000-01 to 2009-10, the Age Pension and DSP had significant real growth of around 4 per cent per annum and 6 per cent per annum respectively, while Residential Aged Care had growth of 3.8 per cent and Family Tax Benefit had growth of 3.5 per cent.

Past growth in these programs reflects increases in the number of beneficiaries arising from population growth and changing composition of the population. It also reflects the indexation of benefit payments and changes in the price of services provided, as well as policy changes such as the increase to the value of age pensions in 2009-10.

Population growth will continue to contribute to sustained real growth in the cost of these major programs. While the number of beneficiaries is determined in part by eligibility criteria, population growth and the ageing of the population have significant impacts. Both the Age Pension and Residential Aged Care are affected by the increasing growth of older age groups: from 2001 to 2009, the population aged 65 years and over grew by 2.3 per cent per annum, while from 2010 to 2020, the growth is projected to be 3.4 per cent per annum.

For a number of significant programs, such as the Age Pension and Disability Support Pension, payment rates are indexed to wages growth, which is expected to average around 4 per cent per annum in nominal terms over the medium term. Further, other programs are linked to growth in service costs, such as Child Care Fee Assistance which provides payments to cover out-of-pocket expenses for approved child care.

Overall, on the basis of arrangements in place in 2010-11, a number of the significant social security and welfare programs are expected to continue to experience strong real growth. Over the medium term, it is likely that the Age Pension, the Disability Support Pension, Residential Aged Care and Child Care Fee Assistance will see real expenditure growth in the range of 3.5 to 4.5 per cent per annum. The Government’s participation agenda will have an important role to play in moderating this growth, including for the Disability Support Pension.

Housing and community amenities

The housing and community amenities function includes the Australian Government's contribution to the National Affordable Housing Specific Purpose Payments and related National Partnerships, other Australian Government housing programs, the expenses of Defence Housing Australia (DHA), and various regional development and environmental protection programs.

Table 10: Summary of expenses — housing and community amenities

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Housing	4,409	3,157	3,182	3,102	3,116
Urban and regional development	373	535	731	744	302
Environment protection	958	886	786	733	723
Total housing and community amenities	**5,741**	**4,579**	**4,699**	**4,579**	**4,141**

Note: The data in this table have been amended from the published Budget Papers to correct for a misallocation of expenses between the education and housing and community amenities functions.

Total expenses under the housing and community amenities function are estimated to decrease by 12.4 per cent in real terms from 2011-12 over the forward estimates, or by 4.3 per cent per annum on average. This largely reflects the cessation of a number of initiatives that were introduced as part of the Government's response to the global financial crisis in the Economic Security Strategy and the Nation Building and Jobs Plan.

The **housing** sub-function contains initiatives relating to the Australian Government's contribution to the National Affordable Housing Specific Purpose Payments and related National Partnerships, provision of housing for the general public and people with special needs, and the expenses of the DHA. Expenses for this sub-function decrease significantly from 2010-11 to 2011-12 due to the conclusion of the Social Housing Initiative as part of the Nation Building and Jobs Plan. However, the decline in expenses over the forward estimates is partly offset by increased funding for the Housing Affordability Fund from 2011-12 until its cessation in 2012-13.

The **urban and regional development** sub-function comprises regional development programs and services to territories, including the Regional Development Australia Fund (RDAF). Expenses are expected to fluctuate over the forward estimates, consistent with the varying nature of the projects being undertaken. The increase in forecast expenses in 2012-13 and 2013-14 is primarily due to the funding of $573 million over two years that is being provided under the RDAF which is subject to the passage of the Minerals Resource Rent Tax. Expenses are projected to decrease by $442 million from 2013-14 to 2014-15 due to the cessation of the Community Infrastructure Grants and the *Regional Infrastructure Fund – dedicated stream* element of the RDAF in 2013-14, along with the reallocation of funding from the *Priority Regional Infrastructure Program* (now a part of the RDAF) to support flood recovery efforts in regional Australia.

The **environment protection** sub-function includes expenses for a variety of initiatives, including the protection and conservation of the environment, water and waste management, pollution abatement and environmental research. Estimated expenses for this sub-function are expected to reduce from 2011-12, due to lower administration costs for the Department of Climate Change and Energy Efficiency arising from a number of programs and the cessation of the Raising National Water Standards program administered by the National Water Commission.

Recreation and culture

The recreation and culture function includes support for public broadcasting and cultural institutions, funding for the arts and the film industry, assistance to sport and recreation activities, as well as 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.

Table 11: Summary of expenses — recreation and culture

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Broadcasting	1,542	1,645	1,744	1,655	1,559
Arts and cultural heritage	1,062	1,051	1,054	1,044	1,060
Sport and recreation	412	382	350	330	327
National estate and parks	326	320	301	301	304
Total recreation and culture	**3,342**	**3,397**	**3,449**	**3,331**	**3,250**

Total expenses under the recreation and culture function are forecast to increase slightly in 2011-12 but remain relatively stable over the forward estimates.

Expenses under the **broadcasting** sub-function are expected to increase up to and including 2012-13, before falling in 2013-14, reflecting the roll-out and completion of the Government's national digital television switchover program.

Table 11.1 provides further details of the major components of broadcasting sub-function expenses.

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

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
ABC television	600	611	621	633	644
ABC radio	323	329	334	341	347
SBS television	191	195	203	231	223
Broadcasting and digital television	96	163	245	130	44
Access to digital TV services	87	95	97	99	102
ABC analog transmission	96	92	88	80	75
SBS digital transmission and distribution	66	72	68	70	71
Other	83	88	88	71	53
Total	**1,542**	**1,645**	**1,744**	**1,655**	**1,559**

Expenses under the **arts and cultural heritage** sub-function are expected to remain largely stable over the budget and forward estimates.

The **sport and recreation** sub-function includes programs to improve participation in sport and recreational activities, and achieve excellence in high performing athletes. The forecast decrease in expenses from 2012-13 largely reflects completion of the *Active*

After-school Communities program, after it was continued for an extra year to December 2012. See Budget Paper No. 2, *Budget Measures 2011-12* for more details.

Expenses under the **national estate and parks** sub-function are expected to decrease slightly over the forward estimates. This decrease largely reflects the scheduled reductions in supplementary funding for the Director of National Parks from 2011-12 and for the Australian Antarctic Program from 2012-13.

Fuel and energy

The fuel and energy function includes expenses for the Fuel Tax Credits, Cleaner Fuels and Product Stewardship Waste (Oil) schemes, administered by the Australian Taxation Office. It also includes expenses related to improving Australia's energy efficiency, resource related initiatives, and programs to support the production or use of alternative fuels, including ethanol and biodiesel.

Table 12: Summary of expenses — fuel and energy

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Fuel and energy	6,269	6,302	6,496	6,594	6,622
Total fuel and energy	**6,269**	**6,302**	**6,496**	**6,594**	**6,622**

The major component of this function is the Fuel Tax Credits Scheme which is expected to increase across the budget and forward estimates, reflecting an increase in business claims consistent with a growing economy. The estimates also reflect the phasing in of fuel tax credits on fuel used in off-road activities such as construction, manufacturing, wholesale, retail, property management and landscaping.

The increase in Fuel Tax Credits Scheme expenses is partly offset by reductions and deferrals of spending in several environmental programs consistent with the Government's commitment to developing a more unified approach to improving Australia's energy efficiency. The Government will implement a carbon price from 2012, and will be outlining its approach to complementary measures when it announces its detailed policy.

Table 12.1 provides further details of fuel and energy sub-function expenses.

Table 12.1: Trends in the major components of fuel and energy function expenses

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Fuel tax credits scheme	4,996	5,142	5,614	5,715	5,819
Energy related initiatives and management	130	330	326	355	289
Improving Australia's energy efficiency	620	248	72	13	0
Resources related initiatives and management	331	242	201	262	300
Resources, Energy and Tourism departmental funding for fuel and energy	92	103	86	73	74
National Partnership Payments - Climate Change	17	61	18	0	0
Product stewardship waste (oil) scheme	37	40	44	47	48
Cleaner fuels scheme	38	26	0	0	0
Other	8	110	135	129	92
Total	**6,269**	**6,302**	**6,496**	**6,594**	**6,622**

The expected reduction in expenses under the Improving Australia's Energy Efficiency component of this function is largely driven by the winding down of a number of initiatives. The cessation of the Green Loans and Green Start programs and the expected completion of the Home Insulation Safety Program and Foil Insulation Safety Program are forecast to result in reduced expenses in 2011-12 and 2012-13. The redesign of the National Solar Schools Program and the Renewable Energy Bonus Scheme — Solar Hot Water Rebate are expected to further reduce expenses in 2013-14.

The fluctuation in annual expenses for the Energy Related Initiatives and Management component is largely driven by the expected timing of projects funded from the Low Emissions Technology Demonstration Fund, the Australian Centre for Renewable Energy and the Solar Flagships program. Expenses under the Cleaner Fuels Scheme reflect the introduction of the Ethanol Production Grants program and changes to the existing scheme. The scheme is being phased out over the forward estimates.

The reduction in expenses in the Resources Related Initiatives and Management component from 2010-11 to 2012-13 mainly relates to the progressive completion of the majority of projects funded under the National Low Emissions Coal Initiative and the cessation of the Ethanol Production Grants Program in 2011-12 as part of the amended taxation arrangements for alternative fuels.

Agriculture, forestry and fishing

The 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.

Table 13: Summary of expenses — agriculture, forestry and fishing

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Wool industry	51	54	53	53	53
Grains industry	142	136	139	146	153
Dairy industry	52	46	47	49	50
Cattle, sheep and pig industry	191	178	187	191	193
Fishing, horticulture and other agriculture	246	232	225	223	221
General assistance not allocated to specific industries	24	28	26	25	27
Rural assistance	549	149	57	50	49
Natural resources development	1,159	2,004	1,218	932	1,072
General administration	655	618	574	576	567
Total agriculture, forestry and fishing	**3,067**	**3,444**	**2,526**	**2,245**	**2,385**

Total expenses under this function are estimated to decrease by 36.0 per cent in real terms between 2011-12 and 2014-15, or 13.8 per cent per annum on average. The progressive decline primarily reflects reduced expenses within the rural assistance and natural resources development sub-functions.

The forecast decrease in expenses within the **rural assistance** sub-function reflects an expected reduction in spending on drought-related initiatives. This is due to a general return to normal seasonal conditions across Australia which is assumed to be maintained over the forward estimates.

The expected increase in expenses under the **natural resources development** sub-function in 2011-12 and the subsequent decrease is driven by the *Water for the Future* package, which comprises urban and rural programs, including funding for water purchasing, irrigation modernisation, desalination, recycling, and stormwater capture. The increase in expenses in 2011-12 is largely due to the expected achievement of milestones for projects under the Sustainable Rural Water Use and Infrastructure component, which invests in key rural water infrastructure projects that support sustainable irrigation. The expected decrease in expenses in 2012-13 and 2013-14 reflects the completion of a range of initiatives such as the National Water Security Plan for Cities and Towns in 2011-12, the National Urban Water and Desalination Plan in 2012-13, and a reduction in the Sustainable Rural Water Use and Infrastructure component in 2013-14. The subsequent increase in 2014-15 reflects higher expenses under the Sustainable Rural Water Use and Infrastructure component.

The components in the natural resources development sub-function, including major water initiatives, are set out in Table 13.1.

Table 13.1: Trends in the major components of natural resources development sub-function expenses

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Water Reform	514	918	834	650	800
Sustainable Rural Water Use and Infrastructure	210	494	775	646	797
National Urban Water and Desalination Plan	49	254	54	0	0
National Water Security Plan for Cities and Towns	20	113	0	0	0
Water Smart Australia	188	49	0	0	0
Other Water Reform	47	8	5	4	3
National Partnership Payments - Water and Natural Resources	202	643	71	15	0
Sustainable Rural Water Use and Infrastructure	149	336	0	0	0
National Urban Water and Desalination Plan	29	210	56	0	0
National Water Security Plan for Cities and Towns	15	67	0	0	0
Great Artesian Basin Sustainability Initiative	9	30	15	15	0
Modernisation and Extension of Hydrological Monitoring Systems	20	10	0	0	0
Forestry Industry	32	10	10	10	10
Sustainable Management - Natural Resources	38	41	37	37	37
Other	353	382	266	220	225
Total	**1,159**	**2,004**	**1,218**	**932**	**1,072**

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

Mining, manufacturing and construction

The mining, manufacturing and construction function includes expenses designed to assist the efficiency and competitiveness of Australian industries. The major components include the research and development tax offset and programs specific to the automotive, textile, clothing and footwear industries.

Table 14: Summary of expenses — mining, manufacturing and construction

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Mining, manufacturing and construction	2,039	2,014	2,006	1,965	1,974
Total mining, manufacturing and construction	**2,039**	**2,014**	**2,006**	**1,965**	**1,974**

Total expenses under this function are expected to decrease by 9.4 per cent in real terms between 2011-12 and 2014-15. This decline is due in part to an expected decrease in spending under the Textiles, Clothing and Footwear Strategic Investment initiative in 2011-12.

The expected fall in expenses for the industry development and investment component of this function is partly offset by small increases in expenses from 2012-13 for the Research and Development Tax Offset administered by the Australian Taxation Office. This is due to the expected increase in claims to be processed in 2012-13 (following falls in recent years reflecting lower levels of activity during the global financial crisis) and an expected return to trend growth over the forward estimates.

Table 14.1: Trends in major components of mining, manufacturing and construction sub-function expenses

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Research and development tax offset	1,149	1,137	1,201	1,268	1,339
Industry development and investment	717	714	640	547	482
Other	173	164	165	150	153
Total	**2,039**	**2,014**	**2,006**	**1,965**	**1,974**

Transport and communication

The transport and communication function supports the infrastructure and regulatory framework for Australia's transport and communication sectors.

Table 15: Summary of expenses — transport and communication

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Communication	463	441	391	367	364
Rail transport(a)	551	1,085	1,233	1,477	650
Air transport	202	263	220	208	210
Road transport(a)	2,999	4,521	4,300	3,552	3,811
Sea transport	301	320	330	337	348
Other transport and communication	230	290	646	807	885
Total transport and communication	**4,748**	**6,919**	**7,119**	**6,748**	**6,267**

(a) Most road and rail funding in 2014-15, which is currently classified under the road transport sub-function, is from the allocation in the Contingency Reserve for the second tranche of the Nation Building program (NB2) and will be reclassified between the road and rail transport sub-functions as programs of work are determined.

Expenses under this function are forecast to increase in 2011-12 particularly with the allocation of $7.6 billion for transport infrastructure from the Building Australia Fund (BAF) as part of the *Nation Building Plan for the Future* package. While spending is reducing over the forward estimates, total expenses remain at an historically high level due to funding being provided for a number of major infrastructure projects with multi-year construction horizons, such as the Hunter Valley Expressway in New South Wales, the Regional Rail Express project in Victoria and the Ipswich Motorway in Queensland.

The expenses under the **road transport** sub-function primarily consist of grants provided under the Nation Building program, including funding provided for projects under the BAF. The decline in estimated expenses from 2012-13 is largely due to the completion of BAF road projects and the deferral of the F3 to Sydney Orbital feasibility study to 2015-16.

The next five year Nation Building program (Nation Building 2) begins in 2014-15. The Government has not yet finalised the details of the program and a provision is recorded against the road transport sub-function. The program will continue road infrastructure projects with funding for the Government's election commitments to Richmond Bridge in New South Wales, Princes Highway West in Victoria, Calliope Crossroads in Queensland, Great Eastern Highway in Western Australia and Tasman Highway in Tasmania.

The increase in estimated expenses in the **rail transport** sub-function to 2013-14 is mainly due to metro rail infrastructure funding provided as part of the *Nation Building Plan for the Future* package in the 2009-10 Budget. This package includes projects funded from the BAF such as a $3.2 billion contribution over six years towards the Regional Rail Express project in Victoria. Nation Building 2 is also expected to continue rail infrastructure investment with funds for preconstruction activities for an inland rail service from Melbourne to Brisbane and continued payments for the Moreton Bay Rail Link project in Queensland.

The estimated expenses for the **air transport** and **sea transport** sub-functions predominantly relate to the activities of the safety regulators — the Civil Aviation Safety Authority, the Australian Maritime Safety Authority (AMSA) and the Australian Transport Safety Bureau (ATSB). The increase in estimated expenses in the sea transport sub-function is due to the National Transport Reforms which seek to establish national transport safety through expanding ATSB's safety investigation responsibilities and AMSA's maritime safety functions. The decline in expenses in the air transport sub-function over the forward estimates is primarily due to the winding down of the regional aviation access program in mid 2013.

The increase in estimated expenses in the **other transport and communication** sub-function, commencing in 2012-13 and rising significantly in 2013-14 and 2014-15, reflects funding for the Regional Infrastructure Fund (RIF). The RIF will be funded from the Minerals Resource Rent Tax, which is scheduled to commence on 1 July 2012.

The decline in estimated expenses in the **communication** sub-function between 2010-11 and 2012-13 is primarily due to a predicted reduction in demand for the Australian Broadband Guarantee (ABG). This reflects greater availability of metro-comparable broadband services in rural and regional locations, and phasing out of funding for the ABG program from 2011-12. It also reflects the planned completion of activities related to the renewal, replanning and sale of radiofrequency spectrum. This sub-function does not reflect the Government's equity investment in the National Broadband Network.

Other economic affairs

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 (nec).

Table 16: Summary of expenses — other economic affairs

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Tourism and area promotion	160	177	179	182	175
Total labour and employment affairs	4,637	4,552	4,335	4,246	4,198
Vocational and industry training	1,805	1,998	1,815	1,821	1,765
Labour market assistance to job seekers and industry	2,192	1,998	1,953	1,874	1,881
Industrial relations	641	556	568	551	552
Immigration	2,041	2,332	1,949	1,653	1,658
Other economic affairs nec	2,216	2,324	2,201	2,137	2,121
Total other economic affairs	**9,055**	**9,385**	**8,664**	**8,218**	**8,152**

Movements in estimated expenses under the other economic affairs function largely reflect changes in the labour market assistance to job seekers and industry and immigration sub-functions.

The improved economic environment and subsequent reduction in labour market assistance are reflected in the reduction in estimated expenses for the **labour market assistance to job seekers and industry** sub-function from a peak of $2.2 billion in 2010-11 to $2.0 billion in 2012-13. This reflects a reduction in expenses of Job Services Australia and the completion of the Jobs Fund initiative on 30 June 2011, the National Green Jobs Corps program on 31 December 2011, and the Innovation Fund on 30 June 2012.

Changes in estimated expenses under the **vocational and industry training** sub-function largely reflect a redirection of funding from the Productivity Places Program to support measures aimed at addressing skills shortages. The expenses in this sub-function reflect the *Building Australia's Future Workforce* initiatives announced in this year's Budget. These initiatives include the establishment of a new National Workforce Development Fund.

The higher expenses under the **industrial relations** sub-function in 2010-11 compared to later years is largely due to the continued high level of claims for the General Employee Entitlements and Redundancy Scheme (GEERS). This Scheme assists employees of bankrupt organisations who are owed certain employee entitlements. Weaker economic conditions in previous years and the recent natural disasters have increased demand for the Scheme. It is expected that the demand for GEERS will return to historic trends in 2011-12.

The expected increase in expenses in 2011-12 under the **immigration** sub-function is largely due to the costs associated with accommodating and processing irregular maritime arrivals and new policies to support the Regional Cooperation Framework agreed under the Bali Process. These costs are expected to decline over the forward estimates as the Government's policies to combat people smuggling take effect including the commitment to enter into a new cooperative transfer agreement with Malaysia.

Under the **other economic affairs nec** sub-function, the small increase in expenses in 2011-12, followed by an expected decrease in expenses over the forward estimates, is primarily driven by changes in Commercialisation Australia and the Green Car Innovation Fund (GCIF) within the innovative industry program. Demand for Commercialisation Australia support is expected to increase in 2011-12 and remain constant over the forward estimates, while the Government's decision to close the GCIF to new applicants has resulted in most of the funding being concentrated in 2011-12, with funding decreasing substantially over the forward estimates. Further information can be found in Budget Paper No. 2, *Budget Measures 2011-12*.

Table 16.1 provides further details of trends in major components of the other economic affairs nec sub-function expenses.

Table 16.1: Trends in major components of the other economic affairs nec sub-function expenses

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Innovative industry	315	399	314	266	233
Trade and investment development	208	202	198	194	198
Export market development grants scheme	150	150	150	150	150
Operating costs for:					
Department of Innovation, Industry, Science and Research	400	411	409	390	384
Australian Securities and Investments Commission	401	391	371	358	353
Bureau of Meteorology	301	311	315	316	317
IP Australia	147	153	158	159	164
Australian Competition and Consumer Commission	145	153	149	146	147
Other	149	154	137	158	175
Total	**2,216**	**2,324**	**2,201**	**2,137**	**2,121**

Tourism and area promotion sub-function expenses are expected to be broadly stable over the forward estimates. The estimated increase in expenses from 2011-12 is driven by a combination of increased funding announced in the 2010-11 MYEFO associated with the Government's election commitments and the assistance provided in response to the impact of recent natural disasters — for example through the provision of funding for the Queensland tourism industry as part of the Government's assistance package to businesses affected by the Queensland floods.

Other purposes

The other purposes function includes expenses incurred in the servicing of public debt interest, and assistance to state, territory and local governments. This function also includes items classified to natural disaster relief, the Contingency Reserve (see Appendix B for a detailed description), and expenses related to the nominal interest on unfunded liabilities for government superannuation benefits.

Table 17: Summary of expenses — other purposes

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Public debt interest	9,286	11,632	12,615	12,854	12,602
Interest on Commonwealth Government's behalf	9,286	11,632	12,615	12,854	12,602
Nominal superannuation interest	6,958	7,575	7,826	8,083	8,338
General purpose inter-government transactions	48,919	51,152	55,133	58,179	60,942
General revenue assistance - States and Territories	46,540	49,475	52,870	55,828	58,515
Local government assistance	2,379	1,676	2,263	2,351	2,428
Natural disaster relief	997	479	1,650	3,955	1,416
Contingency reserve	-1,468	1,103	2,576	4,571	8,472
Total other purposes	**64,692**	**71,940**	**79,801**	**87,642**	**91,771**

The increase in expenses under the other purposes function is primarily driven by general revenue assistance paid to state and territory governments, nearly all of which comprise payments of GST revenue grants which are provided on an 'untied' basis. Payments to state and territory governments tied to specific purposes are reported under their relevant functions in this Statement. Since the 2010-11 Budget, general revenue assistance under this function has increased significantly, reflecting the decision not to proceed with the proposal for the Australian Government to dedicate a proportion of GST revenue for the purpose of funding certain health services. This increase is matched by a reduction in expenses under the health function (see page 6-21).

The increase in expenses under the **public debt interest** sub-function to 2013-14 is due to the increased issuance of Commonwealth Government Securities. Expenses under the **nominal superannuation interest** sub-function are projected to increase over time, reflecting the growth in the Government's superannuation liability. The Future Fund was established to assist in meeting the cost of this liability. Further information on the Future Fund can be found in Statement 7.

Expenses in the **local government assistance** sub-function are predominantly related to the financial assistance grants made to the States and Territories and consist of a general purpose component and an identified local road component, both of which are untied in the hands of local government, allowing councils to spend the grants according to local priorities. Expenses are higher in 2010-11 but then lower in 2011-12 as a result of the Government's decision to pay the first instalment of the expected

2011-12 local government financial assistance grants of $536.6 million to local councils in 2010-11. Expenses are expected to increase from 2012-13 across the forward estimates 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). Also included within this sub-function are expenses under the Regional and Local Community Infrastructure initiative which is being provided over the period 2010-11 to 2011-12. Further information on Commonwealth Government assistance to local governments can be found in Budget Paper No. 3, *Federal Financial Relations 2011-12.*

The increase in expenses under the **natural disaster relief** sub-function from 2010-11 to 2014-15 is mainly due to the recent major natural disasters. Commonwealth payments provide financial support for the affected States and Territories under the Natural Disaster Relief and Recovery Arrangements.

The increase in expenses in the contingency reserve sub-function from 2011-12 is largely due to the conservative bias allowance (CBA) which compensates for the tendency for estimates of expenses for existing Government programs to be revised upwards in the forward estimates.

The CBA is a mechanism used to improve the accuracy of the forward estimates by anticipating the trend for the estimates of existing policy to be revised upwards through time. The allowance is progressively unwound at each MYEFO and budget until it is completely removed for the budget year. This regular drawing down of the CBA reflects the fact that the tendency for underestimating payments diminishes as the forecast year gets closer. The contingency reserve is discussed in more detail at Appendix B.

General government net capital investment

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.

Australian Government general government net capital investment is expected to be $4.4 billion in 2011-12, $1.3 billion lower than in 2010-11. This is predominantly due to a reduction in the acquisition of Defence assets, lower planned investments in water, and a number of items in the Contingency Reserve.

Table 18: Estimates of total net capital investment

	MYEFO	Revised	Estimates		Projections	
	2010-11	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m	$m
Total net capital investment ($m)	**7,254**	**5,713**	**4,405**	**-1,367**	**3,034**	**3,160**
Real growth on previous year (%)(a)	9.5	-13.8	-25.2	-130.2	-316.2	1.6
Per cent of GDP	0.5	0.4	0.3	-0.1	0.2	0.2

(a) Real growth is calculated using the Consumer Price Index. Real net capital investment is rising in 2013-14. The negative real growth rate shown in that year is a function of the negative net investment in 2012-13.

Reconciliation of net capital investment since the 2010-11 Budget

A reconciliation of the net capital investment estimates, showing the effect of policy decisions and parameter and other variations since the 2010-11 Budget, is provided in Table 19.

Table 19: Reconciliation of net capital investment estimates

	Estimates			Projections
	2010-11	2011-12	2012-13	2013-14
	$m	$m	$m	$m
2010-11 Budget net capital investment	**6,775**	**3,917**	**-1,036**	**2,902**
Changes from 2010-11 Budget to 2010 PEFO				
Effect of policy decisions(a)	100	0	0	0
Effect of parameter and other variations	261	175	182	182
Total variations	**361**	**175**	**182**	**182**
2010 PEFO net capital investment	**7,136**	**4,093**	**-855**	**3,084**
Changes from 2010 PEFO to 2010-11 MYEFO				
Effect of policy decisions(a)	164	-17	-308	-176
Effect of parameter and other variations	-46	242	483	752
Total variations	**118**	**225**	**176**	**576**
2010-11 MYEFO net capital investment	**7,254**	**4,318**	**-679**	**3,659**
Changes from 2010-11 MYEFO to 2011-12 Budget				
Effect of policy decisions(a)	33	379	54	-358
Effect of parameter and other variations	-1,574	-291	-742	-267
Total variations	**-1,541**	**88**	**-688**	**-625**
2011-12 Budget net capital investment	**5,713**	**4,405**	**-1,367**	**3,034**

(a) Excludes secondary impacts on public debt interest of policy decisions and offsets from the contingency reserve for decisions taken.

The forecast net capital investment for 2011-12 is largely unchanged since MYEFO. Major parameter and other variations over the forward estimates include the re-profiling of capital acquisitions by Defence to better align with strategic requirements. The significant reduction in net capital investment in 2012-13 is due to a number of items in the Contingency Reserve.

A discussion of changes between 2010-11 MYEFO and the 2011-12 Budget, shown in the table above, can be found in Statement 3 (in the section titled 'Net capital investment estimates'). Further information on the capital measures since MYEFO can be found in Budget Paper No. 2, *Budget Measures 2011-12*.

Net capital investment estimates by function

Estimates for Australian Government general government sector net capital investment by function for the period 2010-11 to 2014-15 are provided in Table 20.

Table 20: Estimates of net capital investment by function

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
General public services	498	310	220	197	-41
Defence	3,506	3,682	2,513	3,196	3,155
Public order and safety	181	191	143	-45	-28
Education	-6	1	-5	-7	-7
Health	127	139	51	-40	-28
Social security and welfare	70	47	-89	-95	-26
Housing and community amenities	277	-46	15	-31	-47
Recreation and culture	105	25	3	2	9
Fuel and energy	5	9	-3	-4	-3
Agriculture, forestry and fishing	461	483	357	148	447
Mining, manufacturing and construction	18	19	21	11	0
Transport and communication	195	12	3	-16	-27
Other economic affairs	297	403	-46	-44	-42
Other purposes	-21	-870	-4,549	-240	-204
Total net capital investment	**5,713**	**4,405**	**-1,367**	**3,034**	**3,160**

As in previous years, the most significant component of the Government's net capital investment in 2011-12 occurs in the defence function. These investments reflect the acquisition of military equipment and the construction of support facilities. Such investments can experience uneven expenditure throughout their development and life cycle extending over long periods of time, and can contribute to fluctuations in levels of net capital investment from year to year.

Major factors contributing to changes in net capital investment, expected to occur in the following functions, include:

- **Defence** — investment by the Department of Defence (Defence) on various capital projects including facility and base infrastructure upgrades at: HMAS Creswell (Australian Capital Territory), Robertson Barracks (Northern Territory), and the Royal Australian Air Force Bases at Amberley (Queensland), Edinburgh (South Australia), Pearce (Western Australia) and Tindal (Northern Territory).
  - There are also a number of construction projects related to the introduction of Defence capabilities including Enhanced Land Force Facilities Stage 1 and Stage 2, Hardened and Networked Army Facilities and Airborne Early Warning and Control Facilities. Construction will occur at various Defence sites and locations across Australia.
  - Major capital equipment expected to be delivered in the forward estimates period includes the remaining Super Hornets, Bushmaster protected mobility

vehicles, Airborne Early Warning and Control aircraft, an additional strategic airlift aircraft, armed reconnaissance and multi-role helicopters, upgraded armoured personnel carriers, air-to-air refuelling aircraft, upgraded F/A-18 'Classic' Hornets, purchase of the United Kingdom's Bay Class amphibious ship '*Largs Bay*', the first of the new Air Warfare Destroyers, a new class of Landing Helicopter Dock amphibious ships, upgraded anti-ship missile defence for Anzac class frigates, tactical unmanned aerial vehicles, new light vehicles, new towed Howitzers, enhanced command and control battle management and communication systems for land forces, including enhanced satellite communications.

– The Government will reprogram $1.3 billion of funding over the forward estimates for the Defence capital investment program to better align it with Defence's strategic requirements. The reprogramming will support the Department of Defence in delivering the military capabilities set out under *Force 2030* in the 2009 Defence White Paper.

- **public order and safety** — the fit out of the central office accommodation for the Australian Security Intelligence Organisation and the fit out of Australian Federal Police accommodation at Australian airports;
- **general public services** — investment in major property projects managed by the Department of Finance and Deregulation (including construction of new accommodation for the Australian Security Intelligence Organisation), refurbishment and relocation of various overseas missions by the Department of Foreign Affairs and Trade, replacement of a research vessel for the Commonwealth Scientific and Industrial Research Organisation financed through the Education Investment Fund, and investment by several agencies in information technology including the ATO and the Department of Finance and Deregulation;
- **agriculture, forestry and fishing** — investment in water entitlements under the *Water for the Future* package to address water over-allocation in the Murray-Darling Basin, which is expected to peak in 2011-12;
- **housing and community amenities** — investment by the DHA in defence housing which has returned to business as usual following completion of its Nation Building Economic Stimulus funded new housing in 2010-11;
- **health** — write-downs in the National Medical Stockpile and delays in information and communications technology investment associated with the Government's Health Reform agenda; and
- **other economic affairs** — increased investment in immigration detention facilities in 2010-11 and 2011-12. The high level of investment in 2011-12 is a result of delays in the construction of a detention centre at Northam, Western Australia, which commenced in 2010-11.

Table 21 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	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
General public services	897	986	1,164	935	947
Defence	6,688	6,770	5,753	6,478	6,549
Public order and safety	473	517	501	327	364
Education	15	28	23	21	21
Health	167	225	136	69	85
Social security and welfare	337	318	205	198	265
Housing and community amenities	203	131	110	91	121
Recreation and culture	376	304	282	278	285
Fuel and energy	7	14	1	1	1
Agriculture, forestry and fishing	485	508	384	174	474
Mining, manufacturing and construction	26	26	28	18	6
Transport and communication	249	77	72	53	40
Other economic affairs	653	776	337	343	340
Other purposes	-21	-120	171	-90	-204
General government purchases of non-financial assets	**10,555**	**10,561**	**9,167**	**8,897**	**9,294**

Trends in Australian Government staffing

Trends in the estimated annual average staffing level (ASL[2]) for all agencies in the General Government Sector are reported in Table 22 below. The data provides a summary 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 2001-02 Budget papers. Since 2001-02 there has been an increase of 50,211 ASL (or approximately 24 per cent).

Table 22: Estimates of Average Staff Levels (ASL)

2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
212,784	217,284	223,134	225,914	227,013	238,623	248,217	250,566	258,321	261,891	262,995

The 2010-11 Budget Papers estimated 258,704 ASL in 2010-11. The current estimate is 261,891 ASL in 2010-11. The 2011-12 Budget is expected to result in a modest net increase of 1,104 ASL (0.4 per cent) in 2011-12 to 262,995 ASL across the General Government Sector. On 21 April 2011 the Government announced an enhanced approach to managing Australian Public Service (APS) staffing levels, including strengthening and updating APS redeployment arrangements and establishing an on-line register in the Australian Public Service Commission for excess employees seeking redeployment.

Appendix C provides details of ASL at the portfolio and agency level.

2 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.

APPENDIX A: EXPENSE BY FUNCTION AND SUB-FUNCTION

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

	Actuals	Estimates			Projections	
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m	$m
General public services						
Legislative and executive affairs	840	1,083	974	948	1,091	949
Financial and fiscal affairs	6,845	6,947	7,421	7,566	7,416	7,550
Foreign affairs and economic aid	4,869	5,749	5,776	6,412	7,325	8,232
General research	2,358	2,804	2,872	2,780	2,684	2,582
General services	818	1,033	811	789	800	823
Government superannuation benefits	3,472	3,623	3,034	2,997	3,033	2,992
Total general public services	**19,203**	**21,239**	**20,887**	**21,491**	**22,349**	**23,129**
Defence	**20,150**	**20,136**	**21,277**	**20,711**	**21,895**	**22,771**
Public order and safety						
Courts and legal services	826	839	841	845	848	861
Other public order and safety	2,767	3,104	3,128	3,108	3,113	3,165
Total public order and safety	**3,593**	**3,943**	**3,969**	**3,953**	**3,961**	**4,026**
Education						
Higher education	7,750	7,851	8,534	8,955	9,366	9,691
Vocational and other education	2,017	1,900	2,013	1,915	1,954	1,978
Schools	19,550	11,218	12,300	12,925	13,563	14,527
Non-government schools	*9,575*	*7,255*	*7,746*	*8,349*	*9,028*	*9,733*
Government schools	*9,974*	*3,963*	*4,554*	*4,576*	*4,534*	*4,794*
Student assistance	3,954	4,737	4,838	4,607	4,574	4,703
General administration	343	348	306	294	284	281
School education - specific funding	1,276	6,501	1,946	1,618	1,672	1,540
Total education	**34,889**	**32,555**	**29,938**	**30,314**	**31,414**	**32,720**
Health						
Medical services and benefits(a)	21,878	23,368	22,459	23,275	24,506	25,934
Hospital services	1,817	3,262	2,846	2,780	2,966	1,860
National healthcare specific purpose payment	11,303	11,988	12,820	13,683	14,598	16,155
Pharmaceutical benefits and services	9,653	10,337	10,794	11,245	12,070	12,882
Aboriginal and Torres Strait Islander health	623	678	768	766	782	796
Health services	4,608	5,702	7,114	6,634	6,643	6,866
General administration	1,544	1,904	3,057	3,201	3,146	3,242
Total health	**51,426**	**57,240**	**59,858**	**61,584**	**64,711**	**67,734**
Social security and welfare						
Assistance to the aged	40,776	44,302	47,482	50,606	53,412	56,988
Assistance to veterans and dependants	6,851	6,976	6,892	6,780	6,681	6,584
Assistance to people with disabilities	18,041	20,632	22,222	23,509	24,812	26,266
Assistance to families with children	30,063	30,799	32,015	33,852	34,530	35,248

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

	Actuals	Estimates			Projections	
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m	$m
Social security and welfare (continued)						
Assistance to the unemployed and the sick	6,965	6,995	7,197	7,342	8,283	8,591
Other welfare programs	1,950	1,843	980	919	918	899
Aboriginal advancement nec	1,317	1,443	1,379	1,119	1,114	1,081
General administration	3,234	3,749	3,739	3,583	3,571	3,537
Total social security and welfare	**109,197**	**116,739**	**121,907**	**127,711**	**133,322**	**139,194**
Housing and community amenities						
Housing	7,944	4,409	3,157	3,182	3,102	3,116
Urban and regional development	263	373	535	731	744	302
Environment protection	822	958	886	786	733	723
Total housing and community amenities	**9,029**	**5,741**	**4,579**	**4,699**	**4,579**	**4,141**
Recreation and culture						
Broadcasting	1,464	1,542	1,645	1,744	1,655	1,559
Arts and cultural heritage	1,037	1,062	1,051	1,054	1,044	1,060
Sport and recreation	351	412	382	350	330	327
National estate and parks	428	326	320	301	301	304
Total recreation and culture	**3,280**	**3,342**	**3,397**	**3,449**	**3,331**	**3,250**
Fuel and energy	**8,473**	**6,269**	**6,302**	**6,496**	**6,594**	**6,622**
Agriculture, forestry and fishing						
Wool industry	46	51	54	53	53	53
Grains industry	132	142	136	139	146	153
Dairy industry	48	52	46	47	49	50
Cattle, sheep and pig industry	171	191	178	187	191	193
Fishing, horticulture and other agriculture	230	246	232	225	223	221
General assistance not allocated to specific industries	19	24	28	26	25	27
Rural assistance	684	549	149	57	50	49
Natural resources development	941	1,159	2,004	1,218	932	1,072
General administration	546	655	618	574	576	567
Total agriculture, forestry and fishing	**2,816**	**3,067**	**3,444**	**2,526**	**2,245**	**2,385**
Mining, manufacturing and construction	**1,630**	**2,039**	**2,014**	**2,006**	**1,965**	**1,974**
Transport and communication						
Communication	478	463	441	391	367	364
Rail transport(b)	587	551	1,085	1,233	1,477	650
Air transport	155	202	263	220	208	210
Road transport(b)	4,939	2,999	4,521	4,300	3,552	3,811
Sea transport	276	301	320	330	337	348
Other transport and communication	207	230	290	646	807	885
Total transport and communication	**6,641**	**4,748**	**6,919**	**7,119**	**6,748**	**6,267**

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

	Actuals	Estimates			Projections	
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m	$m
Other economic affairs						
Tourism and area promotion	162	160	177	179	182	175
Total labour and employment affairs	4,694	4,637	4,552	4,335	4,246	4,198
Vocational and industry training	*1,854*	*1,805*	*1,998*	*1,815*	*1,821*	*1,765*
Labour market assistance to job seekers and industry	*2,241*	*2,192*	*1,998*	*1,953*	*1,874*	*1,881*
Industrial relations	*600*	*641*	*556*	*568*	*551*	*552*
Immigration	1,571	2,041	2,332	1,949	1,653	1,658
Other economic affairs nec	2,200	2,216	2,324	2,201	2,137	2,121
Total other economic affairs	**8,628**	**9,055**	**9,385**	**8,664**	**8,218**	**8,152**
Other purposes						
Public debt interest	6,303	9,286	11,632	12,615	12,854	12,602
Interest on Commonwealth Government's behalf	*6,303*	*9,286*	*11,632*	*12,615*	*12,854*	*12,602*
Nominal superannuation interest	6,687	6,958	7,575	7,826	8,083	8,338
General purpose inter-government transactions	47,157	48,919	51,152	55,133	58,179	60,942
General revenue assistance - States and Territories	*44,830*	*46,540*	*49,475*	*52,870*	*55,828*	*58,515*
Local government assistance	*2,327*	*2,379*	*1,676*	*2,263*	*2,351*	*2,428*
Natural disaster relief	136	997	479	1,650	3,955	1,416
Contingency reserve	0	-1,468	1,103	2,576	4,571	8,472
Total other purposes	**60,283**	**64,692**	**71,940**	**79,801**	**87,642**	**91,771**
Total expenses	**339,239**	**350,803**	**365,817**	**380,523**	**398,974**	**414,137**

Note: The data in this table have been amended from the published Budget Papers to correct for a misallocation of expenses between the education and housing and community amenities functions.

(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) Most road and rail funding in 2014-15, which is currently classified under the road transport sub-function, is from the allocation in the Contingency Reserve for the second tranche of the Nation Building program (NB2) and will be reclassified between the road and rail transport sub-functions as programs of work are determined.

APPENDIX B: THE 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 Contingency Reserve is used to ensure 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 Contingency Reserve is designed to ensure that aggregate estimates are as close as possible to expected outcomes, it is not appropriated. Allowances that are included in the Contingency Reserve can only be drawn upon once they have been appropriated by Parliament. These allowances are removed from the Contingency Reserve and allocated to specific agencies for appropriation and for outcome reporting closer to the time when the associated events eventuate.

The Contingency Reserve contains an allowance for the tendency for estimates of expenses for existing Government policy to be revised upwards in the forward estimates, known as the conservative bias allowance. Since the 2010-11 MYEFO, the allowance has been drawn down to zero in the Budget year (2011-12), to ½ of a percentage point of total general government sector expenses (excluding GST payments to the States) in the first forward year (2012-13), to 1 per cent of expenses in the second forward year (2013-14), and a 2 per cent provision has been included in the third forward year (2014-15). The drawdown of the allowance reduced expenses by $778 million in 2011-12, $786 million in 2012-13 and $1.6 billion in 2013-14. The drawdown of the conservative bias allowance is consistent with long standing practice and does not represent a saving or offset to Government spending measures.

The Contingency Reserve also makes allowance in 2011-12 and the forward estimates for anticipated events, including the following:

- 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 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
- a provision for events and pressures that are reasonably expected to affect the budget estimates.

The Contingency Reserve also makes provision for future increases in Australia's Official Development Assistance yet to be allocated to specific aid programs. However, in this budget statement, those expenses are allocated to the foreign affairs and economic aid sub-function (see page 6-12 for further information). This provision is currently set at $61 million in 2010-11, $71 million in 2011-12, $247 million in 2012-13, $828 million in 2013-14 and $1.5 billion in 2014-15. The provision is increased or decreased in line with the forecasts for the national accounts and when new aid proposals are funded.

The Contingency Reserve previously included provisions for future equity investments in the National Broadband Network (NBN). This provision has been removed from the Contingency Reserve and placed in the agency's forward estimates.

A provision made for election commitments at the time of the 2010-11 MYEFO has been removed, as decisions regarding these election commitments are included as part of the 2011-12 Budget.

No provision has been included for the Government's proposed carbon price mechanism as details of the proposal, and the related financial implications, are yet to be determined. The proposal will be developed consistent with the principle that the overall package of a carbon price mechanism and associated assistance measures should be budget neutral.

APPENDIX C: ADDITIONAL AGENCY STATISTICS

Table C1: General government expenses by agency

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Agriculture, Fisheries and Forestry					
Department of Agriculture, Fisheries and Forestry	1,704	1,439	1,313	1,311	1,305
Grains Research and Development Corporation	157	165	143	131	129
Total	**1,861**	**1,603**	**1,456**	**1,442**	**1,434**
Attorney-General's					
Attorney-General's Department(a)	1,782	745	695	703	703
Australian Customs and Border Protection Service	1,097	1,106	1,124	1,087	1,110
Australian Federal Police	1,415	1,412	1,357	1,245	1,243
Australian Security Intelligence Organisation	391	407	454	471	483
Family Court of Australia	164	140	134	134	133
High Court of Australia	19	20	20	21	21
Total	**4,869**	**3,830**	**3,784**	**3,661**	**3,693**
Broadband, Communications and the Digital Economy					
Australian Broadcasting Corporation	1,133	1,156	1,169	1,182	1,197
Australian Communications and Media Authority	274	277	273	263	258
Department of Broadband, Communications and the Digital Economy	1,483	1,573	1,637	1,522	1,442
Special Broadcasting Service Corporation	311	319	317	340	334
Total	**3,201**	**3,325**	**3,396**	**3,306**	**3,231**
Climate Change and Energy Efficiency					
Department of Climate Change and Energy Efficiency	905	435	187	116	95
Total	**905**	**435**	**187**	**116**	**95**
Defence					
Australian War Memorial	50	57	56	56	57
Defence Housing Australia	778	789	964	988	1,036
Defence Materiel Organisation	9,918	11,127	9,978	11,292	12,654
Department of Defence	26,730	28,125	27,576	29,035	30,007
Department of Veterans' Affairs	12,262	12,352	12,321	12,338	12,323
Total	**49,738**	**52,450**	**50,894**	**53,709**	**56,077**
Education, Employment and Workplace Relations					
Comcare	545	401	412	423	432
Department of Education, Employment and Workplace Relations	43,787	43,467	44,233	46,154	47,544
Total	**44,332**	**43,868**	**44,645**	**46,577**	**47,976**

Table C1: General government expenses by agency (continued)

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Families, Housing, Community Services and Indigenous Affairs					
Department of Families, Housing, Community Services and Indigenous Affairs	72,612	76,983	81,367	85,166	89,781
Indigenous Business Australia	175	165	158	163	169
Total	**72,787**	**77,148**	**81,525**	**85,330**	**89,950**
Finance and Deregulation					
Australian Electoral Commission	279	130	126	271	122
Department of Finance and Deregulation	9,777	11,051	10,274	9,112	8,538
Future Fund Management Agency	273	316	361	382	402
Total	**10,328**	**11,496**	**10,760**	**9,764**	**9,062**
Foreign Affairs and Trade					
AusAID	4,436	4,080	4,955	5,437	5,384
Australian Trade Commission	372	366	361	357	361
Department of Foreign Affairs and Trade	1,268	1,235	1,190	1,197	1,228
Export Finance and Insurance Corporation (National Interest component)	57	51	45	40	37
Total	**6,134**	**5,732**	**6,550**	**7,031**	**7,010**
Health and Ageing					
Department of Health and Ageing	46,168	48,555	50,773	53,307	56,502
National Blood Authority	965	1,035	1,110	1,201	1,302
National Health and Medical Research Council	812	850	877	890	894
Total	**47,945**	**50,441**	**52,760**	**55,398**	**58,698**
Human Services(b)					
Centrelink	2,910	0	0	0	0
Department of Human Services	2,090	5,677	5,474	5,510	5,539
Medicare Australia	752	0	0	0	0
Total	**5,752**	**5,677**	**5,474**	**5,510**	**5,539**
Immigration and Citizenship					
Department of Immigration and Citizenship	2,304	2,605	2,231	1,994	2,006
Total	**2,304**	**2,605**	**2,231**	**1,994**	**2,006**
Infrastructure and Transport					
Civil Aviation Safety Authority	167	180	180	188	195
Department of Infrastructure and Transport	2,229	3,048	2,872	2,332	1,334
Total	**2,396**	**3,229**	**3,052**	**2,521**	**1,529**
Innovation, Industry, Science and Research					
Australian Nuclear Science and Technology Organisation	264	251	251	253	257
Australian Research Council	761	853	904	916	913
Commonwealth Scientific and Industrial Research Organisation	1,254	1,299	1,342	1,416	1,479
Department of Innovation, Industry, Science and Research	4,475	4,592	4,388	4,241	4,072
Total	**6,754**	**6,994**	**6,885**	**6,825**	**6,721**

Table C1: General government expenses by agency (continued)

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Parliament					
Department of Parliamentary Services	154	156	157	158	160
Total	**154**	**156**	**157**	**158**	**160**
Prime Minister and Cabinet					
Australian Sports Commission	308	306	283	263	257
Department of Regional Australia, Regional Development and Local Government	2,578	2,056	2,614	2,735	2,678
Department of the Prime Minister and Cabinet(c)	609	1,141	1,075	1,062	1,071
National Archives of Australia	78	76	76	76	76
National Capital Authority	34	35	35	35	36
National Gallery of Australia	40	41	41	41	42
National Library of Australia	76	76	76	76	75
National Museum of Australia	48	47	46	46	47
Total	**3,772**	**3,778**	**4,246**	**4,334**	**4,281**
Resources, Energy and Tourism					
Department of Resources, Energy and Tourism	711	845	783	861	829
Tourism Australia	149	157	158	160	160
Total	**860**	**1,002**	**941**	**1,020**	**989**
Sustainability, Environment, Water, Population and Communities					
Bureau of Meteorology	321	321	315	316	317
Department of Sustainability, Environment, Water, Population and Communities	1,822	1,952	1,871	1,702	1,811
Total	**2,143**	**2,273**	**2,186**	**2,018**	**2,128**
Treasury					
Australian Bureau of Statistics	435	627	384	365	376
Australian Office of Financial Management	9,301	11,646	12,629	12,864	12,612
Australian Securities and Investment Commission	473	465	449	441	440
Australian Taxation Office	18,570	18,648	20,681	21,263	21,807
Department of the Treasury	82,283	85,013	88,571	93,733	90,909
Total	**111,062**	**116,400**	**122,714**	**128,667**	**126,146**
Small agencies	**5,649**	**5,853**	**5,597**	**5,579**	**5,679**
Whole of government and inter-agency amounts(d)	**-24,839**	**-26,006**	**-22,075**	**-18,710**	**-11,007**
AEIFRS expenses considered other economic flows(e)	**-7,304**	**-6,472**	**-6,845**	**-7,277**	**-7,260**
Total expenses	**350,803**	**365,817**	**380,523**	**398,974**	**414,137**

(a) Expenses in 2010-11 include Australian Government Disaster Recovery Payments following the 2010-11 summer floods and Tropical Cyclone Yasi.

(b) Estimates against Centrelink and Medicare Australia reflect their integration with the Department of Human Services from 2011-12.

(c) Increased expenses in 2011-12 reflect transfers of cultural heritage, arts and sports functions to the Department of the Prime Minister and Cabinet.

(d) 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.

(e) Agency 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	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Agriculture, Fisheries and Forestry					
Department of Agriculture, Fisheries and Forestry	683	656	611	614	605
Grains Research and Development Corporation	157	165	143	131	129
Total	**840**	**821**	**754**	**745**	**735**
Attorney-General's					
Attorney-General's Department	264	249	243	248	244
Australian Customs and Border Protection Service	1,093	1,099	1,118	1,081	1,104
Australian Federal Police	1,363	1,365	1,339	1,242	1,242
Australian Security Intelligence Organisation	391	407	454	471	483
Family Court of Australia	164	140	134	134	133
High Court of Australia	19	20	20	21	21
Total	**3,294**	**3,279**	**3,309**	**3,197**	**3,228**
Broadband, Communications and the Digital Economy					
Australian Broadcasting Corporation	1,133	1,156	1,169	1,182	1,197
Australian Communications and Media Authority	111	114	110	100	95
Department of Broadband, Communications and the Digital Economy	132	130	116	109	94
Special Broadcasting Service Corporation	311	319	317	340	334
Total	**1,688**	**1,719**	**1,712**	**1,730**	**1,720**
Climate Change and Energy Efficiency					
Department of Climate Change and Energy Efficiency	221	145	104	92	85
Total	**221**	**145**	**104**	**92**	**85**
Defence					
Australian War Memorial	50	57	56	56	57
Defence Housing Australia	778	789	964	988	1,036
Defence Materiel Organisation	9,918	11,127	9,978	11,292	12,654
Department of Defence	22,974	24,196	23,470	24,740	25,514
Department of Veterans' Affairs	361	352	347	347	351
Total	**34,081**	**36,522**	**34,815**	**37,423**	**39,611**
Education, Employment and Workplace Relations					
Comcare	545	401	412	423	432
Department of Education, Employment and Workplace Relations	900	866	855	844	843
Total	**1,445**	**1,268**	**1,267**	**1,267**	**1,275**

Table C2: Departmental expenses by agency (continued)

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Families, Housing, Community Services and Indigenous Affairs					
Department of Families, Housing, Community Services and Indigenous Affairs	602	602	555	555	523
Indigenous Business Australia	175	165	158	163	169
Total	**777**	**767**	**713**	**719**	**692**
Finance and Deregulation					
Australian Electoral Commission	226	130	126	203	122
Department of Finance and Deregulation	591	523	497	500	514
Future Fund Management Agency	32	39	42	44	46
Total	**849**	**691**	**665**	**747**	**683**
Foreign Affairs and Trade					
AusAID	259	284	283	281	283
Australian Trade Commission	222	215	211	207	211
Department of Foreign Affairs and Trade	981	961	917	922	952
Total	**1,461**	**1,460**	**1,411**	**1,410**	**1,445**
Health and Ageing					
Department of Health and Ageing	760	759	758	757	738
National Blood Authority	11	11	9	9	9
National Health and Medical Research Council	46	48	48	48	48
Total	**817**	**818**	**815**	**814**	**796**
Human Services(a)					
Centrelink	2,910	0	0	0	0
Department of Human Services	805	4,344	4,092	4,094	4,089
Medicare Australia	752	0	0	0	0
Total	**4,467**	**4,344**	**4,092**	**4,094**	**4,089**
Immigration and Citizenship					
Department of Immigration and Citizenship	1,269	1,326	1,256	1,219	1,242
Total	**1,269**	**1,326**	**1,256**	**1,219**	**1,242**
Infrastructure and Transport					
Civil Aviation Safety Authority	167	180	180	188	195
Department of Infrastructure and Transport	215	232	208	215	204
Total	**382**	**412**	**388**	**404**	**399**
Innovation, Industry, Science and Research					
Australian Nuclear Science and Technology Organisation	264	251	251	253	257
Australian Research Council	23	21	21	21	21
Commonwealth Scientific and Industrial Research Organisation	1,254	1,299	1,342	1,416	1,479
Department of Innovation, Industry, Science and Research	400	411	409	390	384
Total	**1,941**	**1,982**	**2,024**	**2,078**	**2,140**

Table C2: Departmental expenses by agency (continued)

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Parliament					
Department of Parliamentary Services	129	131	131	132	134
Total	**129**	**131**	**131**	**132**	**134**
Prime Minister and Cabinet					
Australian Sports Commission	308	306	283	263	257
Department of Regional Australia, Regional Development and Local Government	38	68	54	49	49
Department of the Prime Minister and Cabinet	193	230	186	184	187
National Archives of Australia	78	76	76	76	76
National Capital Authority	16	16	17	17	17
National Gallery of Australia	40	41	41	41	42
National Library of Australia	76	76	76	76	75
National Museum of Australia	48	47	46	46	47
Total	**798**	**860**	**778**	**752**	**749**
Resources, Energy and Tourism					
Department of Resources, Energy and Tourism	102	114	95	82	77
Tourism Australia	149	157	158	160	160
Total	**251**	**270**	**253**	**242**	**237**
Sustainability, Environment, Water, Population and Communities					
Bureau of Meteorology	301	311	315	316	317
Department of Sustainability, Environment, Water, Population and Communities	524	508	492	479	447
Total	**825**	**819**	**808**	**795**	**764**
Treasury					
Australian Bureau of Statistics	435	627	384	365	376
Australian Office of Financial Management	14	14	14	10	10
Australian Securities and Investment Commission	401	391	371	358	353
Australian Taxation Office	3,191	3,293	3,368	3,281	3,220
Department of the Treasury	180	175	169	161	162
Total	**4,221**	**4,501**	**4,306**	**4,175**	**4,121**
Small agencies	**4,630**	**4,745**	**4,549**	**4,473**	**4,516**
Whole of government and inter-agency amounts(b)	**-10,802**	**-11,882**	**-10,702**	**-12,010**	**-13,308**
AEIFRS expenses considered other economic flows(c)	**-1,090**	**-1,245**	**-1,149**	**-1,174**	**-1,167**
Total departmental expenses	**52,494**	**53,753**	**52,300**	**53,323**	**54,185**

(a) Estimates against Centrelink and Medicare Australia reflect their integration with the Department of Human Services from 2011-12.

(b) 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.

(c) Agency 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	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Agriculture, Fisheries and Forestry					
Department of Agriculture, Fisheries and Forestry	8	16	-3	-3	-5
Total	**8**	**16**	**-3**	**-3**	**-5**
Attorney-General's					
Attorney-General's Department(a)	-614	-15	-6	-10	-5
Australian Customs and Border Protection Service	12	4	-11	-10	-8
Australian Federal Police	96	93	6	-13	-18
Australian Security Intelligence Organisation	-20	45	138	14	22
Family Court of Australia	1	1	-1	-1	0
High Court of Australia	1	3	0	2	0
Total	**-522**	**131**	**127**	**-18**	**-9**
Broadband, Communications and the Digital Economy					
Australian Broadcasting Corporation	14	0	0	0	0
Australian Communications and Media Authority	5	3	5	4	1
Department of Broadband, Communications and the Digital Economy(b)	197	15	-15	-15	-16
Special Broadcasting Service Corporation	28	2	2	-7	-2
Total	**245**	**21**	**-7**	**-17**	**-17**
Climate Change and Energy Efficiency					
Department of Climate Change and Energy Efficiency	43	9	2	0	6
Total	**43**	**9**	**2**	**0**	**6**
Defence					
Australian War Memorial	4	-5	-3	-2	-5
Defence Housing Australia(c)	216	-61	1	-18	-30
Department of Defence	2,900	2,920	1,840	2,499	2,458
Department of Veterans' Affairs	21	5	-4	-5	-9
Total	**3,140**	**2,860**	**1,835**	**2,475**	**2,415**
Education, Employment and Workplace Relations					
Comcare	1	17	13	2	1
Department of Education, Employment and Workplace Relations	14	-7	-13	-12	-14
Total	**14**	**10**	**0**	**-10**	**-13**
Families, Housing, Community Services and Indigenous Affairs					
Department of Families, Housing, Community Services and Indigenous Affairs	169	-21	-9	-20	-13
Indigenous Business Australia	7	-4	0	0	0
Total	**177**	**-24**	**-9**	**-20**	**-13**

Table C3: Net capital investment by agency (continued)

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
Finance and Deregulation	$m	$m	$m	$m	$m
Australian Electoral Commission	-2	-1	10	-4	1
Department of Finance and Deregulation	291	316	114	-85	52
Future Fund Management Agency	0	-254	0	0	0
Total	**289**	**61**	**123**	**-90**	**53**
Foreign Affairs and Trade					
AusAID	8	10	-2	2	2
Australian Trade Commission	-2	-3	4	-5	-1
Department of Foreign Affairs and Trade	17	224	221	250	95
Total	**22**	**231**	**223**	**246**	**97**
Health and Ageing					
Department of Health and Ageing	-40	-24	42	-65	-48
National Health and Medical Research Council	0	-2	-2	-2	-2
Total	**-40**	**-25**	**40**	**-67**	**-49**
Human Services(d)					
Centrelink	20	-657	0	0	0
Department of Human Services	11	920	-70	-75	-14
Medicare Australia	36	-191	0	0	0
Total	**67**	**73**	**-70**	**-75**	**-14**
Immigration and Citizenship					
Department of Immigration and Citizenship	233	172	-6	169	-3
Total	**233**	**172**	**-6**	**169**	**-3**
Infrastructure and Transport					
Civil Aviation Safety Authority	-1	2	2	-4	1
Department of Infrastructure and Transport	-27	-20	-4	-5	-9
Total	**-28**	**-18**	**-1**	**-8**	**-8**
Innovation, Industry, Science and Research					
Australian Nuclear Science and Technology Organisation	-8	0	-1	12	-11
Australian Research Council	0	0	0	-2	-1
Commonwealth Scientific and Industrial Research Organisation	79	57	-2	-37	-49
Department of Innovation, Industry, Science and Research	71	15	-11	-13	-14
Total	**143**	**72**	**-15**	**-40**	**-76**
Parliament					
Department of Parliamentary Services	31	-2	-22	-21	-7
Total	**31**	**-2**	**-22**	**-21**	**-7**
Prime Minister and Cabinet					
Australian Sports Commission	-1	-8	-8	-10	-8
Department of Regional Australia, Regional Development and Local Government(a)	673	29	22	-4	-10
Department of the Prime Minister and Cabinet(e)	141	-3	-1	2	-5
National Archives of Australia	-3	-5	-7	-5	-5
National Capital Authority	17	-1	-8	-8	-4
National Gallery of Australia	20	12	13	17	17
National Library of Australia	7	4	3	0	0
National Museum of Australia	20	13	13	11	17
Total	**875**	**42**	**27**	**2**	**2**

Table C3: Net capital investment by agency (continued)

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Resources, Energy and Tourism					
Department of Resources, Energy and Tourism	2	9	-1	-1	-1
Tourism Australia	-1	0	0	-1	0
Total	**1**	**9**	**-2**	**-2**	**-1**
Sustainability, Environment, Water, Population and Communities					
Bureau of Meteorology	24	12	9	4	3
Department of Sustainability, Environment, Water, Population and Communities	265	461	356	151	452
Total	**288**	**473**	**365**	**155**	**456**
Treasury					
Australian Bureau of Statistics	-5	-5	-9	-11	-9
Australian Office of Financial Management	0	2	0	0	0
Australian Securities and Investment Commission	30	6	-26	-19	-24
Australian Taxation Office	43	60	59	-5	-12
Department of the Treasury(f)	2,008	489	-656	-2,048	-358
Total	**2,077**	**552**	**-632**	**-2,083**	**-403**
Small agencies	**150**	**147**	**10**	**-27**	**-20**
Whole of government and inter-agency amounts(g)	**-65**	**-107**	**16**	**-246**	**-361**
Adjustments to AEIFRS movements in non-financial assets(h)	**-1,435**	**-297**	**-3,368**	**2,714**	**1,132**
Total net capital investment	**5,713**	**4,405**	**-1,367**	**3,034**	**3,160**

(a) Amounts in 2010-11 reflect the movement of the territories function between agencies, with an accompanying transfer of physical assets. While this transfer affected the capital accounts of each agency, this transfer had no effect on the Commonwealth's overall asset position.
(b) The amount in 2010-11 includes the construction and purchase of assets as part of the Regional Backbone Blackspots program.
(c) The amount in 2010-11 includes new housing funded under the Nation Building program.
(d) Estimates against Centrelink and Medicare Australia in 2011-12 represent the write down of assets and integration of the agencies into the Department of Human Services.
(e) Increased net capital investment in 2010-11 reflects a movement of assets following the transfer of the cultural heritage, arts and sports functions to the Department of the Prime Minister and Cabinet.
(f) These amounts represent the effects of infrequently made pre-payments to the States (for example. pre-payments for flood assistance to the Queensland Government in 2010-11 which will be unwound in 2013-14).
(g) 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.
(h) Agency 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. They also include Contingency Reserve movements in non-financial assets.

Table C4: Capital appropriations by portfolio

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Agriculture, Fisheries and Forestry					
Department of Agriculture, Fisheries and Forestry	13	26	14	14	13
Total	**13**	**26**	**14**	**14**	**13**
Attorney-General's					
Attorney-General's Department	116	91	16	16	25
Australian Customs and Border Protection Service	107	85	81	83	86
Australian Federal Police	67	62	74	90	85
Australian Security Intelligence Organisation	66	61	81	60	43
Family Court of Australia	9	10	8	8	9
High Court of Australia	9	4	4	6	5
Total	**374**	**312**	**265**	**261**	**252**
Broadband, Communications and the Digital Economy					
Australian Broadcasting Corporation	17	0	0	0	0
Australian Communications and Media Authority	17	9	10	11	9
Department of Broadband, Communications and the Digital Economy(a)	306	2,354	4,406	6,606	4,106
Special Broadcasting Service Corporation	6	5	0	0	0
Total	**345**	**2,368**	**4,416**	**6,617**	**4,114**
Climate Change and Energy Efficiency					
Department of Climate Change and Energy Efficiency	7	3	10	9	7
Total	**7**	**3**	**10**	**9**	**7**
Defence					
Australian War Memorial	7	8	7	7	7
Defence Housing Australia	44	0	0	0	0
Department of Defence	2,756	2,909	1,950	2,439	2,492
Department of Veterans' Affairs	44	20	18	18	18
Total	**2,851**	**2,937**	**1,976**	**2,465**	**2,517**
Education, Employment and Workplace Relations					
Comcare	0	7	0	0	0
Department of Education, Employment and Workplace Relations	84	80	78	78	78
Total	**84**	**87**	**78**	**78**	**78**

Table C4: Capital appropriations by portfolio (continued)

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Families, Housing, Community Services and Indigenous Affairs					
Department of Families, Housing, Community Services and Indigenous Affairs	36	30	40	25	29
Indigenous Business Australia	33	33	33	33	33
Total	**69**	**63**	**73**	**58**	**62**
Finance and Deregulation					
Australian Electoral Commission	8	8	14	5	7
Department of Finance and Deregulation	1,512	1,540	1,425	1,416	1,380
Total	**1,520**	**1,548**	**1,439**	**1,421**	**1,387**
Foreign Affairs and Trade					
AusAID	570	70	256	337	15
Australian Trade Commission	14	15	23	14	18
Department of Foreign Affairs and Trade	130	145	129	167	114
Total	**715**	**230**	**408**	**518**	**146**
Health and Ageing					
Department of Health and Ageing	145	35	66	15	33
National Blood Authority	0	1	0	0	1
Total	**146**	**36**	**66**	**16**	**34**
Human Services(b)					
Centrelink	206	0	0	0	0
Department of Human Services	40	310	161	125	240
Medicare Australia	53	0	0	0	0
Total	**299**	**310**	**161**	**125**	**240**
Immigration and Citizenship					
Department of Immigration and Citizenship	456	150	111	112	118
Total	**456**	**150**	**111**	**112**	**118**
Infrastructure and Transport					
Department of Infrastructure and Transport(c)	1,189	4	12	11	6
Total	**1,189**	**4**	**12**	**11**	**6**
Innovation, Industry, Science and Research					
Australian Nuclear Science and Technology Organisation	4	1	4	16	0
Australian Research Council	4	3	3	1	2
Commonwealth Scientific and Industrial Research Organisation	10	0	0	0	0
Department of Innovation, Industry, Science and Research	75	65	50	44	38
Total	**93**	**70**	**56**	**61**	**39**

Table C4: Capital appropriations by portfolio (continued)

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m
Parliament					
Department of Parliamentary Services	77	32	25	25	40
Total	**77**	**32**	**25**	**25**	**40**
Prime Minister and Cabinet					
Department of Regional Australia, Regional Development and Local Government	17	46	44	19	13
Department of the Prime Minister and Cabinet	5	10	8	9	9
National Archives of Australia	7	7	7	7	8
National Capital Authority	13	15	10	11	15
National Gallery of Australia	18	16	16	17	17
National Library of Australia	10	10	10	10	10
National Museum of Australia	2	2	2	2	2
Total	**72**	**106**	**98**	**74**	**74**
Resources, Energy and Tourism					
Department of Resources, Energy and Tourism	8	5	0	0	0
Tourism Australia	13	0	0	0	0
Total	**21**	**5**	**0**	**0**	**0**
Sustainability, Environment, Water, Population and Communities					
Bureau of Meteorology	73	64	62	58	57
Department of Sustainability, Environment, Water, Population and Communities	499	372	430	45	587
Total	**572**	**436**	**493**	**103**	**644**
Treasury					
Australian Bureau of Statistics	45	19	23	25	26
Australian Office of Financial Management(d)	357,952	349,481	322,397	337,245	270,509
Australian Securities and Investment Commission	57	65	20	24	13
Australian Taxation Office	166	156	185	144	143
Department of the Treasury	555	2,442	746	80	33
Total	**358,775**	**352,163**	**323,371**	**337,519**	**270,725**
Small agencies	**138**	**108**	**80**	**72**	**83**
Total capital appropriations	**367,816**	**360,997**	**333,152**	**349,561**	**280,579**

(a) Sharp rises in capital appropriations from 2011-12 onward are due to capital injections for the National Broadband Network.
(b) Estimates against Centrelink and Medicare Australia reflect their integration with the Department of Human Services from 2011-12.
(c) The amount in 2010-11 reflects an equity injection into the Australian Rail Track Corporation.
(d) The AOFM manages the overall level of cash in the Official Public Account (OPA). It makes short-term borrowings by issuing Treasury Notes and invests in short-term deposits and securities to manage daily variations in the OPA balance. The capital appropriations include this short-term investment and borrowing activity to manage the estimated within-year profile of the OPA balance. As the within-year profile of the OPA balance may differ from one year to the next, the estimates will reflect the size and timing of short term investment and borrowing activity.

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

	Average staffing levels *		
	2010-11	2011-12	Change
Agriculture, Fisheries and Forestry			
Department of Agriculture, Fisheries and Forestry	4,524	4,570	46
Australian Fisheries Management Authority	213	198	-15
Australian Pesticides and Veterinary Medicines Authority	154	173	19
Cotton Research and Development Corporation	8	8	0
Fisheries Research and Development Corporation	12	11	-1
Grains Research and Development Corporation	51	52	1
Grape and Wine Research and Development Corporation	12	12	0
Rural Industries Research and Development Corporation	27	27	0
Sugar Research and Development Corporation	7	7	0
Wheat Exports Australia	11	14	3
Wine Australia Corporation (Wine Australia)	44	42	-2
Total	**5,063**	**5,114**	**51**
Attorney-General's			
Attorney-General's Department	1,434	1,395	-39
Administrative Appeals Tribunal	165	165	0
Australian Commission for Law Enforcement Integrity	24	24	0
Australian Crime Commission	570	547	-23
Australian Customs and Border Protection Service	5,320	5,230	-90
Australian Federal Police	6,713	6,696	-17
Australian Human Rights Commission	115	118	3
Australian Institute of Criminology **(b)**	56	39	-17
Australian Law Reform Commission	16	16	0
Australian Security Intelligence Organisation	1,724	1,769	45
Australian Transaction Reports and Analysis Centre (AUSTRAC)	311	290	-22
CrimTrac Agency	190	204	14
Family Court of Australia	597	572	-25
Federal Court of Australia	316	316	0
Federal Magistrates Court of Australia	228	234	6
High Court of Australia	85	83	-2
Insolvency and Trustee Service Australia	301	370	69
National Native Title Tribunal	181	154	-27
Office of Parliamentary Counsel	49	52	3
Office of the Director of Public Prosecutions	539	513	-25
Total	**18,933**	**18,787**	**-147**
Broadband, Communications and the Digital Economy			
Department of Broadband, Communications and the Digital Economy	661	700	39
Australian Broadcasting Corporation	4,562	4,592	30
Australian Communications and Media Authority	597	625	28
Special Broadcasting Service Corporation	825	831	6
Total	**6,645**	**6,748**	**103**
Climate Change and Energy Efficiency			
Department of Climate Change and Energy Efficiency	905	856	-49
Low Carbon Australia Limited	16	27	11
Office of the Renewable Energy Regulator	38	51	13
Total	**959**	**934**	**-25**

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

Defence			
Department of Defence – Civilian (including Defence Materiel Organisation) **(c)**	21,331	22,292	961
Department of Defence – Military	59,023	59,053	30
Department of Defence – Reserves	21,850	22,350	500
Department of Veterans' Affairs	1,971	1,950	-21
Australian War Memorial	272	292	20
Defence Housing Australia	573	580	7
Total	**105,020**	**106,517**	**1,497**
Departments of the Parliament			
Department of Parliamentary Services	730	724	-6
Department of the House of Representatives	158	164	6
Department of the Senate	159	161	2
Total	**1,047**	**1,049**	**2**
Education, Employment and Workplace Relations			
Department of Education, Employment and Workplace Relations	5,070	4,800	-270
Australian Curriculum Assessment and Reporting Authority	106	108	2
Australian Institute for Teaching and School Leadership Limited	21	34	13
Australian Learning and Teaching Council Limited	31	8	-23
Comcare	637	642	5
Fair Work Australia	329	332	3
National Vocational Education and Training Regulator **(d)**	0	155	155
Office of the Australian Building and Construction Commissioner	155	155	0
Office of the Fair Work Ombudsman	868	855	-13
Safe Work Australia	107	110	3
Total	**7,324**	**7,199**	**-125**
Families, Housing, Community Services and Indigenous Affairs			
Department of Families, Housing, Community Services and Indigenous Affairs	2,686	2,711	25
Aboriginal Hostels Limited	442	472	30
Anindilyakwa Land Council	20	24	4
Central Land Council	187	210	23
Equal Opportunity for Women in the Workplace Agency	21	26	5
Indigenous Business Australia	234	231	-3
Indigenous Land Corporation	213	215	2
Northern Land Council	450	470	20
Outback Stores Pty Ltd	120	120	0
Tiwi Land Council	12	12	0
Torres Strait Regional Authority	86	107	21
Wreck Bay Aboriginal Community Council	15	32	17
Total	**4,486**	**4,630**	**144**
Finance and Deregulation			
Department of Finance and Deregulation	1,559	1,595	36
Australian Electoral Commission	869	830	-39
Australian Rewards Investment Alliance	57	62	5
ComSuper	520	440	-80
Future Fund Management Agency	78	88	10
Total	**3,083**	**3,015**	**-68**

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

Foreign Affairs and Trade			
Department of Foreign Affairs and Trade	3,807	3,817	11
AusAID (Australian Agency for International Development)	1,018	1,073	55
Australian Centre for International Agricultural Research	64	66	2
Australian Secret Intelligence Service	-	-	-
Australian Trade Commission (Austrade)	1,078	1,048	-30
Export Finance Insurance Corporation - National Interest Account	6	6	0
Total	**5,972**	**6,010**	**38**
Health and Ageing			
Department of Health and Ageing **(e)**	4,753	4,668	-85
Aged Care Standards and Accreditation Agency	220	225	5
Australian Commission on Safety and Quality in Health Care **(f)**	33	39	6
Australian Institute of Health and Welfare	372	337	-35
Australian National Preventive Health Agency	7	34	27
Australian Organ and Tissue Donation and Transplantation Authority	36	36	0
Australian Radiation Protection and Nuclear Safety Agency	146	149	3
Cancer Australia **(g)**	23	84	61
Food Standards Australia and New Zealand	134	139	5
General Practice Education and Training Limited	42	45	3
Health Workforce Australia	58	120	62
National Blood Authority	43	46	2
National Breast and Ovarian Cancer Centre **(g)**	33	-	-33
National Health and Medical Research Council	220	220	0
Private Health Insurance Administration Council	27	29	1
Private Health Insurance Ombudsman	11	13	1
Professional Services Review Scheme	30	30	0
Total	**6,189**	**6,212**	**23**
Human Services			
Department of Human Services **(h)**	5,625	33,583	-1,256
Centrelink (Commonwealth Services Delivery Agency)	24,030	-	-
Medicare Australia	5,184	-	-
Total	**34,839**	**33,583**	**-1,256**
Immigration and Citizenship			
Department of Immigration and Citizenship	7,906	8,191	285
Migration Review Tribunal and Refugee Review Tribunal	320	325	5
Total	**8,226**	**8,516**	**290**
Infrastructure and Transport			
Department of Infrastructure and Transport	953	971	18
Australian Maritime Safety Authority	306	313	7
Australian Transport Safety Bureau	112	116	4
Civil Aviation Safety Authority	745	809	64
National Transport Commission **(i)**	-	47	47
Total	**2,116**	**2,256**	**140**

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

Innovation, Industry, Science and Research			
Department of Innovation, Industry, Science and Research	2,276	2,311	35
Australian Institute of Aboriginal and Torres Strait Islander Studies	115	115	0
Australian Institute of Marine Science	205	187	-18
Australian Nuclear Science and Technology Organisation	1,052	1,107	55
Australian Research Council	107	107	0
Commonwealth Scientific and Industrial Research Organisation	5,826	5,826	0
IP Australia	992	1,018	26
Total	**10,573**	**10,671**	**98**
Prime Minister and Cabinet			
Department of the Prime Minister and Cabinet **(e)**	780	980	200
Department of Regional Australia, Regional Development and Local Government	311	405	94
Australia Business Arts Foundation Limited	24	24	0
Australia Council	122	122	0
Australian Film, Television and Radio School	140	140	0
Australian Institute of Family Studies	64	64	0
Australian National Audit Office	365	364	-1
Australian National Maritime Museum	125	125	0
Australian Public Service Commission	247	278	31
Australian Sports Anti-Doping Authority	65	65	0
Australian Sports Commission	735	735	0
Bundanon Trust	17	17	0
National Archives of Australia	418	429	11
National Australia Day Council Limited	12	12	0
National Capital Authority	52	52	0
National Film & Sound Archive	205	215	10
National Gallery of Australia	242	242	0
National Library of Australia	439	427	-12
National Museum of Australia	259	251	-8
Office of National Assessments	145	148	3
Office of the Australian Information Commissioner	76	81	5
Office of the Commonwealth Ombudsman	148	149	1
Office of the Inspector-General of Intelligence and Security	13	14	1
Office of the Official Secretary to the Governor-General	88	86	-2
Old Parliament House	77	76	-1
Screen Australia	135	120	-15
Total	**5,305**	**5,622**	**317**
Resources, Energy and Tourism			
Department of Resources, Energy and Tourism	471	523	52
Australian Solar Institute Limited	5	7	2
Geoscience Australia	678	666	-12
National Offshore Petroleum Safety Authority	62	76	14
Tourism Australia	205	206	1
Total	**1,421**	**1,478**	**57**

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

Sustainability, Environment, Water, Population and Communities			
Department of Sustainability, Environment, Water, Population and Communities **(e)**	2,406	2,309	-97
Bureau of Meteorology	1,456	1,445	-11
Director of National Parks	288	288	0
Great Barrier Reef Marine Park Authority	220	215	-5
Murray-Darling Basin Authority	295	295	0
National Water Commission	59	63	4
Sydney Harbour Federation Trust	51	55	4
Total	**4,775**	**4,670**	**-105**
Treasury			
Department of the Treasury	1,010	960	-50
Australian Bureau of Statistics	3,030	3,230	200
Australian Competition and Consumer Commission	778	812	34
Australian Office of Financial Management	42	46	4
Australian Prudential Regulation Authority	619	607	-12
Australian Securities and Investments Commission	2,040	1,885	-155
Australian Taxation Office	21,908	21,963	55
Commonwealth Grants Commission	47	47	0
Corporations and Markets Advisory Committee	3	3	0
Inspector General of Taxation	7	11	4
National Competition Council	12	12	0
Office of the Auditing and Assurance Standards Board	8	8	0
Office of the Australian Accounting Standards Board	22	23	1
Productivity Commission	194	183	-11
Royal Australian Mint	195	195	0
Total	**29,915**	**29,985**	**70**
TOTAL (for all general government sector agencies)	**261,891**	**262,995**	**1,104**

**Any discrepancies in totals are due to rounding of partial ASL*

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

(c) The Department of Defence – Civilian includes the ASL for the Defence Materiel Organisation.

(d) The National Vocational Education and Training Regulator will commence on 1 July 2011.

(e) The increase in ASL for the Department of the Prime Minister and Cabinet (PM&C) between 2010-11 and 2011-12 largely reflects the arts and sports functions being in PM&C for only part of 2010-11, but having a full-year impact in 2011-12. Corresponding reductions in ASL have occurred in the Department of Sustainability, Environment, Water, Population and Communities (for the arts function) and the Department of Health and Ageing (for the sports function) over the same period.

(f) The Australian Commission on Safety and Quality in Health Care will commence operations as a separate legal entity from 1 July 2011. The 2010-11 comparative ASL relates to the estimated ASL for its current operation as a special account within the Department of Health and Ageing.

(g) Due to the merger of Cancer Australia and the National Breast and Ovarian Cancer Centre in 2011-12, the ASL count is shown against Cancer Australia.

(h) As of the 2011-12 financial year, Centrelink and Medicare Australia will cease to be independent agencies and instead will join the Department of Human Services. The projected difference between 2010-11 and 2011-12 ASL estimates for the Centrelink component of DHS is -1,016 ASL. The projected change for the Medicare Australia component of DHS is -102 ASL. The projected change for DHS excluding the former Centrelink and Medicare Australia components is -138 ASL.

(i) The National Transport Commission will be reported as a General Government Sector agency for the first time in 2011-12, therefore previous years ASL figures have not been reported in this table. For comparative purposes, the Commission had the equivalent of 48 ASL in 2010-11.