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 a fiscal balance basis. General government sector expenses are expected to decline as a share of Gross Domestic Product (GDP) in 2013-14, reflecting the Government's commitment to fiscal discipline.

The Government has made $18.3 billion in savings to expenses and net capital investment in this Budget. Savings have been achieved through reductions to some welfare expenses including through changes to Family Tax Benefits payments. Other savings will be delivered through the deferral of Australia's official development assistance (ODA) growth target by one year ($1.9 billion over four years), and from the realignment of indexation for the Medicare Benefits Schedule to the financial year ($664 million over four years).

Lower carbon pricing revenue as a result of updated carbon price estimates will be offset by automatic adjustments and other carbon-related changes, ensuring the overall impact is broadly budget neutral. The reduction in expenses is from reducing industry assistance in line with the lower price, deferring tax cuts scheduled for 2015-16, changes to the profile of investments in clean and renewable energy, and changes to land sector initiatives.

The Government will provide $14.3 billion in additional funding over seven years from 2012-13 to move to full implementation of DisabilityCare Australia (the national disability insurance scheme) by 1 July 2019 to provide care and support for people with significant and permanent disability. This includes the launch funding of $2.4 billion, and new funding of $1.9 billion for transition to a full scheme through to 1 July 2017, $3.8 billion in 2017-18 and $6.2 billion in 2018-19.

The Government will also provide an additional $9.8 billion over six years from 2014-15 to implement a new needs-based funding model for schools, as part of the National Plan for School Improvement. Both of these initiatives will be progressed with the support of the States and Territories.

Expense functions with the strongest real growth in 2013-14 include Transport and Communications (26.0 per cent), Housing and Amenities (24.5 per cent), and Fuel and Energy (20.4 per cent). Functions with declining funding in 2013-14 include General Public Services (-11.8 per cent) and Recreation and Culture (-0.6 per cent).

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STATEMENT 6: EXPENSES AND NET CAPITAL INVESTMENT

OVERVIEW

Australian Government general government sector (GGS) accrual expenses are expected to increase by 2.2 per cent in real terms in 2013-14, with the growth rate declining to 2015-16 before increasing in 2016-17. Total expenses are expected to decline as a percentage of GDP between 2012-13 and 2013-14 and over the forward estimates.

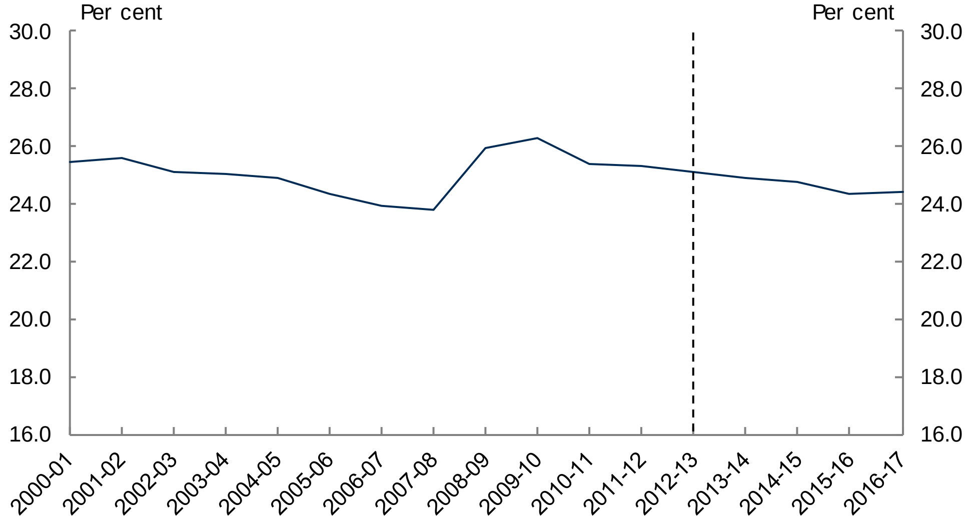
Table 1: Estimates of general government sector expenses

	MYEFO	Revised	Estimate		Projections	
	2012-13	2012-13	2013-14	2014-15	2015-16	2016-17
Total expenses ($b)	**375.0**	**381.4**	**398.3**	**415.7**	**431.0**	**454.7**
Real growth on previous year (%)(a)	-3.1	-1.3	2.2	1.9	1.2	2.9
Per cent of GDP	24.5	25.1	24.9	24.8	24.4	24.4

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

As set out in Statement 3 of Budget Paper No. 1, the Government also reports spending on an underlying cash basis. When expressed in cash terms, Government spending is forecast to grow by an average of 1.3 per cent per annum over the five years to 2016-17.

Chart 1: Total spending as a percentage of GDP



Total expenses as a percentage of GDP are now significantly less than at their peak in 2009-10 during the global financial crisis, primarily reflecting the temporary nature of the Government's stimulus packages (see Chart 1).

Table 2 provides a reconciliation of expense estimates between the 2012-13 Budget, the *Mid-Year Economic and Fiscal Outlook 2012-13* (MYEFO) and the 2013-14 Budget showing the effect of policy decisions, and economic parameter and other variations.

Table 2: Reconciliation of expense estimates

	Estimates			Projections
	2012-13	2013-14	2014-15	2015-16
	$m	$m	$m	$m
2012-13 Budget expenses	**376,273**	**398,503**	**416,449**	**439,044**
Changes from 2012-13 Budget to 2012-13 MYEFO				
Effect of policy decisions(a)	215	530	596	223
Effect of parameter and other variations	-1,439	-1,179	-3,340	-3,456
Total variations	**-1,224**	**-649**	**-2,744**	**-3,233**
2012-13 MYEFO expenses	**375,049**	**397,854**	**413,704**	**435,811**
Changes from 2012-13 MYEFO to 2013-14 Budget				
Effect of policy decisions(a)	1,978	382	-1,014	-3,054
Effect of economic parameter variations				
Total economic parameter variations	-188	-710	770	-587
Unemployment benefits	*419*	*4*	*1,613*	*423*
Prices and wages	*-77*	*14*	*30*	*-415*
Interest and exchange rates	*20*	*22*	*6*	*5*
GST payments to the States	*-550*	*-750*	*-880*	*-600*
Public debt interest	192	757	1,475	2,013
Program specific parameter variations	2,672	2,172	2,135	-368
Slippage in 2012-13 Budget decisions	0	0	0	0
Other variations	1,736	-2,153	-1,408	-2,800
Total variations	**6,391**	**447**	**1,958**	**-4,796**
2013-14 Budget expenses	**381,439**	**398,301**	**415,663**	**431,015**

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

Economic parameter variations are expected to reduce expenses in 2012-13 and across the forward estimates compared to the 2012-13 MYEFO. This trend is driven largely by a fall in goods and services tax (GST) payments to the States and Territories, consistent with a reduction in GST revenue collection. An upwards revision to the estimated number of unemployment benefit recipients is expected to increase expenses in 2014-15 compared to MYEFO. Growth in expenses is then expected to slow in 2015-16 in accordance with the use of longer term projections for the number of unemployment benefit recipients in that year. Policy decisions also reduce expenses in 2014-15 and 2015-16.

Estimated expenses by function

Table 3 sets out the estimates of Australian Government GGS expenses by function for the period 2012-13 to 2016-17.

Table 3: Estimates of expenses by function

	Estimates			Projections	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
General public services	25,555	23,023	23,237	23,756	25,537
Defence	21,122	22,045	23,345	25,094	25,834
Public order and safety	4,028	4,272	4,132	4,087	4,048
Education	28,411	29,742	30,386	31,790	34,007
Health	62,249	64,636	68,081	71,597	75,493
Social security and welfare	132,388	138,145	144,021	149,911	158,479
Housing and community amenities	6,898	8,775	8,930	6,508	7,594
Recreation and culture	3,641	3,696	3,551	3,433	3,468
Fuel and energy	6,168	7,586	7,557	7,701	7,574
Agriculture, forestry and fishing	2,605	2,654	2,709	3,047	2,702
Mining, manufacturing and construction	2,267	2,431	2,734	2,592	2,328
Transport and communication	5,002	6,453	6,555	6,005	5,401
Other economic affairs	10,365	11,283	10,485	10,354	9,899
Other purposes	70,741	73,560	79,940	85,139	92,385
Total expenses	**381,439**	**398,301**	**415,663**	**431,015**	**454,747**

Major expense trends from 2013-14 over the forward years include movements in the following functions:

- **general public services —** the decrease in expenses between 2012-13 and 2013-14 reflects revised actuarial estimates of the Government's superannuation liability. Expenses are estimated to increase from 2013-14 over the forward estimates due to the Government's commitment to increase the level of ODA to 0.5 per cent of Gross National Income which has been deferred by one year to 2017-18;

- **defence —** the increase in expenses from 2013-14 over the forward estimates reflects growth in Defence funding, including to support the priorities outlined in the 2013 Defence White Paper;

- **education —** the increase in expenses is largely due to the Government's *Better Schools — A National Plan for School Improvement* reforms;

- **health —** expenses are expected to increase to reflect indexation of the Commonwealth's contribution to the provision of hospital services as well as higher demand for increasingly expensive health services, and a growing and ageing population;

- **social security and welfare —** the increase in expenses is largely due to an ageing population with more people accessing age, disability and carer payments and residential and home care together with implementation of DisabilityCare Australia to support people with a significant and permanent disability;

- **housing and community amenities —** expenses are expected to initially increase due to the continued implementation of the *Clean Energy Future* package and then fall due to the impact of the revised carbon price projections on the Jobs and Competitiveness program and Energy Security Fund;

- **transport and communication —** the increase in expenses between 2012-13 and 2013-14 reflects increased funding for the road and rail sectors. Expenses are expected to decrease from 2014-15 due to the completion of a number of major projects; and

- **other purposes —** the increase in expenses primarily reflects growing general revenue assistance payments (primarily GST) to be made to the States and Territories and the conservative bias allowance component of the Contingency Reserve.

Government expenses are strongly influenced by underlying trends in spending in the social security and welfare, health and education functions (see Boxes 1 and 2). Together, these functions account for 58.4 per cent of all government expenses in 2013-14. Health spending is forecast to grow at a faster rate in real terms than education and social security and welfare spending over the forward estimates period and is expected to increase its share of total expenses from around 14.0 per cent in 2000-01 to 16.6 per cent in 2016-17. Further details of spending trends against all functions are set out under individual function headings.

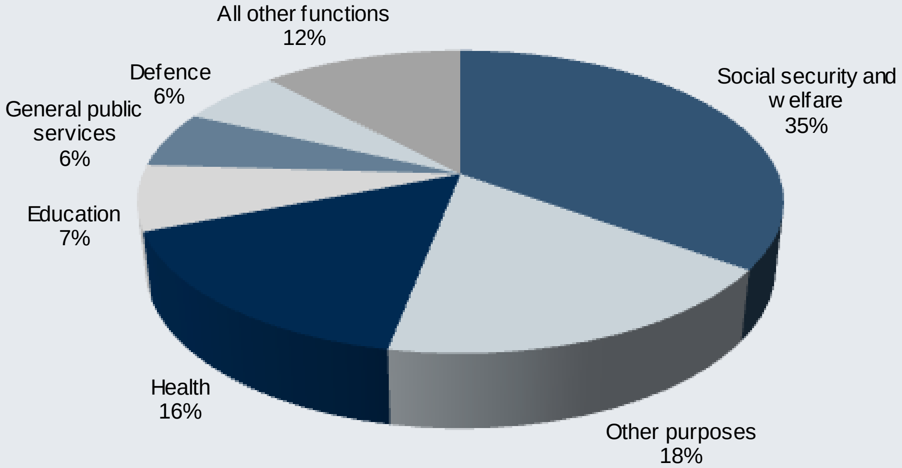
Box 1: Where does government spending go in 2013-14?

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, people with disabilities, veterans, carers and unemployed people.

Another one sixth of government expenses occur in health, including Medicare Benefits Schedule (MBS) and Pharmaceutical Benefits Scheme (PBS) 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.

Chart 2: Expenses by function in 2013-14



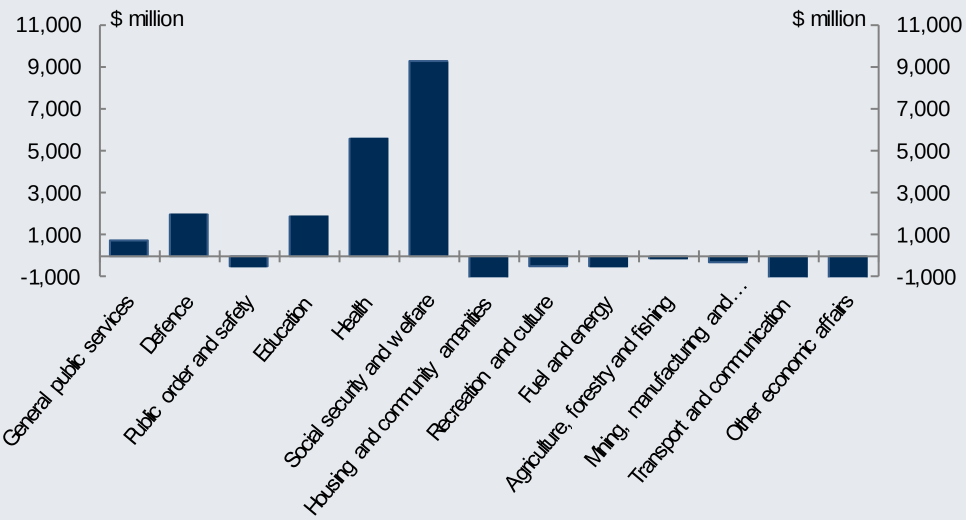
The estimates presented in the chart above are explained in greater detail under each individual function in the following pages.

Box 2: Trends in future spending

Social security and welfare expenses are projected to grow strongly over the forward estimates. Key factors driving this include age, disability and carer payments and an increase in expenses associated with home care, home support and residential aged care, with demographic factors resulting in an increase in the number of people receiving these payments. Another driver of growth is the full implementation of *DisabilityCare Australia*, including a Government commitment of $14.3 billion in additional funding over seven years from 2012-13. This includes the launch funding of $2.4 billion through to 1 July 2017, and new funding of $1.9 billion for transition to a full scheme through to 1 July 2017, $3.8 billion in 2017-18 and $6.2 billion in 2018-19. A number of major health programs will continue to see strong expenditure growth, including the MBS, and payments to the States and Territories under the National Healthcare Agreement and the National Health Reform Agreement. Spending on health is influenced by population growth and to some extent by the ageing of the population together with developments in health technology and the resulting use of new products and services.

Spending growth in the education function is driven largely by increases in assistance to government and non-government schools as part of the Government's *Better Schools – A National Plan for School Improvement* reforms (discussed in greater detail in Box 5).

Chart 3: Total real growth by function — 2013-14 to 2016-17[(a)]



(a) The other purposes function is not included in this chart as it contains expenses for general revenue assistance to the State and Territory governments (primarily GST), public debt interest, and the conservative bias allowance.

Major savings

As part of the commitment to sustainable funding, the Government has identified savings in this Budget of $18.3 billion over five years from 2012-13 in expenses and net capital investment. These savings reduce expenses and net capital investment across a range of functions.

The Government will achieve savings in the **social security and welfare** function, mainly through a range of changes to Family Tax Benefit (FTB) payments and including not proceeding with the 2012-13 Budget measure *Spreading the Benefits of the Boom*. This also includes better targeting of the type of financial support available to parents when they have a baby or adopt a child and extension of the pause on the indexation of the upper income tests for family payments and the FTB supplements for a further three years. Changes to family payments are expected to decrease expenses and net capital investment by $877 million in 2013-14 ($5.4 billion over the five years from 2012-13 to 2016-17).

In the **education** function, funding from a number of National Partnerships (including Literacy and Numeracy, Empowering Local Schools, Rewards for Great Teachers, Reward for School Improvement, and Low Socio-Economic Status School Communities) will be redirected towards the *Better Schools — A National Plan for School Improvement* package, as the new reforms will meet the objectives of these National Partnerships. These measures are expected to save $139 million in 2013-14 and $3.0 billion over the six calendar years of the proposed funding agreement from 2014 to 2019. Further savings will be achieved in education by offering Student Start-up Scholarships as income contingent loans, rather than as grants, to all new full-time higher education students in receipt of Youth Allowance, Austudy or ABSTUDY from 1 January 2014. This is expected to save $33 million in 2013-14 (or $1.2 billion over the four years to 2016-17). The Government will also apply an efficiency dividend of 2.0 per cent in 2014 and 1.25 per cent in 2015 to most grants provided under the *Higher Education Support Act 2003,* saving $85 million in 2013-14 ($903 million over the four years to 2016-17), although funding is still projected to grow by $1.2 billion over this period. The Government will also remove the discounts applying to up-front payments and voluntary re-payments under the Higher Education Loan Program from 1 January 2014, reducing expenses by $30 million in 2013-14 ($235 million over the four years to 2016-17).

In the **general public services** function, the Government will continue to grow Australia's aid budget to 0.5 per cent of Gross National Income but defer the target date by one year, from 2016-17 to 2017-18. This will achieve savings of $1.9 billion over the forward estimates while still growing aid spending by 42.4 per cent in nominal terms over this period.

In the **health** function, realigning indexation of the Medicare Benefits Schedule (MBS) to the financial year will achieve savings of $160 million in 2013-14 ($664 million over four years to 2016-17) and a further $225.1 million in savings over four years will be achieved through removing double billing under the MBS and changes to the extended Medicare safety net.

The Government will also achieve savings of up to around $600 million over four years to 2016-17 from public service efficiency reforms that focus on a range of efficiencies, including property management, paid parking, procurement and management structures of the Australian Public Service.

Further details of Government policy decisions are provided in Budget Paper No. 2, *Budget Measures 2013-14*.

Program expenses

Table 3.1 reports the top 20 expense programs in the 2013-14 financial year. These programs represent approximately two thirds of total expenses in that year. More than half of the top 20 expense programs provide financial assistance or services to seniors, families, people with a disability, students, carers and the unemployed.

Table 3.1: Top 20 programs by expenses in 2013-14[(a)]

		Estimates			Projections	
		2012-13	2013-14	2014-15	2015-16	2016-17
Program	**Function**	$m	$m	$m	$m	$m
Revenue assistance to the States and Territories	Other purposes	48,935	51,234	53,804	56,778	59,647
Income support for seniors	SSW	36,546	39,442	42,065	45,038	48,437
Family tax benefit	SSW	20,304	20,289	20,561	20,768	21,005
Medicare services	Health	18,549	19,092	20,843	22,161	23,662
Disability support pension	SSW	14,852	15,549	16,280	17,005	17,860
Assistance to the States for healthcare services	Health	13,252	13,941	15,432	17,060	18,849
Pharmaceuticals and pharmaceutical services	Health	9,657	10,071	10,570	11,011	11,484
Job seeker income support	SSW	8,559	9,550	10,559	9,830	9,859
Non government schools – national support	Education	8,095	8,891	9,252	9,945	10,693
Residential and flexible care	SSW	8,311	8,811	9,325	9,979	10,573
Higher education support	Education	6,995	7,185	7,465	7,870	8,005
Public sector superannuation(b)	Other purposes; General public services	7,962	7,059	7,189	7,332	7,459
Income support for carers	SSW	6,206	6,878	7,630	8,352	9,213
Fuel tax credits scheme	Fuel and energy	5,519	5,871	5,906	6,270	6,360
Management of capability sustainment	Defence	5,095	5,640	6,128	6,461	6,712
Private health insurance	Health	5,564	5,399	5,578	5,748	5,912
Army capabilities	Defence	5,061	5,377	5,746	6,122	6,159
Parents' income support	SSW	5,572	5,275	5,320	5,498	5,628
Child care fee assistance	SSW	4,661	5,048	5,373	5,673	5,982
Navy Capabilities	Defence	4,246	4,396	4,565	4,687	4,719
Sub-total		**243,941**	**254,998**	**269,591**	**283,588**	**298,218**
Other programs		137,498	143,303	146,072	147,427	156,529
Total expenses		**381,439**	**398,301**	**415,663**	**431,015**	**454,747**

(a) Programs are at the gross expense level and no related entity eliminations have been applied.
(b) This program is a combination of public sector superannuation nominal interest and benefits programs.

General government sector expenses

General public services

The general public services function includes expenses to support 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	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Legislative and executive affairs	1,021	1,335	1,222	1,033	1,264
Financial and fiscal affairs	7,749	8,112	8,194	8,335	8,741
Foreign affairs and economic aid	5,896	6,752	7,010	7,650	8,860
General research	2,639	2,663	2,648	2,511	2,414
General services	683	695	704	728	748
Government superannuation benefits	7,567	3,466	3,460	3,499	3,510
Total general public services	**25,555**	**23,023**	**23,237**	**23,756**	**25,537**

Total general public services expenses are estimated to decrease by 11.8 per cent in real terms from 2012-13 to 2013-14, and increase by 3.2 per cent in real terms over the period 2013-14 to 2016-17.

The uneven profile of expenses under the **legislative and executive affairs** sub-function partly reflects costs that will be incurred by the Australian Electoral Commission to support the scheduled federal elections in 2013-14 and 2016-17.

Expenses in the **financial and fiscal affairs** sub-function are expected to increase over the forward estimates, primarily due to an increase in bad and doubtful debts expenses in line with the normal growth in taxation revenue over the forward estimates.

The fall in expenses from 2012-13 to 2013-14 in the **government superannuation benefits** sub-function reflects the use of different discount rates. The superannuation expenses for 2012-13 apply a discount rate based on long-term government bonds at the commencement of the financial year (3.1 per cent) in accordance with accounting standards. Forward years are estimated based on the discount rate applied by the superannuation scheme actuaries in preparing long term cost reports (6 per cent).

Total expenses under the **foreign affairs and economic aid** sub-function are expected to grow by 12.1 per cent in real terms from 2012-13 to 2013-14 and are forecast to grow by 22.1 per cent in real terms across the forward years from 2013-14. This increase has been driven by the Government's commitment to increase the level of ODA to 0.5 per cent of Gross National Income (GNI).

The Government has deferred the target year to reach this GNI target by one year, from 2016-17 to 2017-18. Under this new profile, ODA spending is forecast to grow by 7.7 per cent in real terms from 2012-13 to 2013-14 and 32.4 per cent from 2013-14 to 2016-17. Budget Paper No. 2, *Budget Measures 2013-14,* contains further details on the Government's revision to the growth profile for ODA.

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

	Estimates			Projections	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Official development assistance(a)(b)	3,863	4,616	4,912	5,538	6,694
Africa, South and Central Asia, Middle East and other	1,002	1,158	1,273	1,560	1,790
East Asia	973	1,139	1289	1397	1543
PNG and Pacific	924	944	1053	1233	1352
Emergency, humanitarian and refugee programs	294	384	446	595	630
UN, Commonwealth and other international organisations	365	396	396	494	544
Multilateral replenishments	126	373	212	0	553
NGO, Volunteer and community programs	179	222	242	259	282
Other(c)	333	374	354	360	365
International deployments	322	298	301	289	332
Passport services	241	250	258	269	267
Payments to international organisations	236	258	258	260	263
International agricultural research and development	118	119	114	120	124
Consular services	73	76	82	82	83
Finance and insurance services for Australian exporters and investors	40	37	35	33	27
Other	670	724	697	699	705
Total	**5,896**	**6,752**	**7,010**	**7,650**	**8,860**

(a) The difference between these figures and the Government's ODA target is partly due to the way replenishments are recognised in accrual terms when initial commitments are made. However, ODA targets are measured in cash terms and reflecting the timing of actual cash payments (which, in the case of multilateral replenishments, can be spread over several years).
(b) Some ODA delivered by other government departments is also 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 by Australia 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 under this sub-function are forecast to decrease by 1.2 per cent in real terms from 2012-13 to 2013-14. The decrease over the forward estimates is mainly due to the completion of a number of one-off projects funded under the Education Investment Fund in the Science and Research Capacity Program.

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	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
National research flagships	575	646	674	697	695
Discovery - research and research training	542	553	549	531	486
Core research and services	500	485	498	509	503
Linkage - cross sector research partnerships	338	334	332	305	304
Science and technology solutions	265	291	289	297	275
Science and research capacity	283	225	179	41	8
Other	136	129	127	131	143
Total	**2,639**	**2,663**	**2,648**	**2,511**	**2,414**

Defence

The defence function includes expenses incurred by the Department of Defence (Defence), the Defence Materiel Organisation (DMO) and related agencies. 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	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Defence	21,122	22,045	23,345	25,094	25,834
Total defence	**21,122**	**22,045**	**23,345**	**25,094**	**25,834**

Total expenses for the defence function are estimated to increase by 2.2 per cent from 2012-13 to 2013-14, and increase by 9.0 per cent in real terms over the period 2013-14 to 2016-17, reflecting growth in defence funding to support the priorities outlined in the 2013 Defence White Paper.

The funding growth does not include the full cost of operations beyond 2013-14 as such funding is considered on a year-by-year basis and is subject to future Government decisions. In 2013-14, funding of $886.2 million is being provided to support Defence operations in the Middle East and the Solomon Islands.

Funding for Timor-Leste post-transition remediation activities, Coastal Surveillance activities and security capabilities to support the Group of 20 Leaders' Summit will be met from within Defence's existing resources. See Budget Paper No. 2, *Budget Measures 2013-14* for further details.

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 $5.0 billion (12.3 per cent in real terms) from 2013-14 over the forward estimates. This includes both expenses and net capital investment. Expenses for the defence function are those incurred in undertaking 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	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Expenses	21,122	22,045	23,345	25,094	25,834
Net capital investment	1,439	1,890	2,620	2,336	3,054
Total defence spending	**22,561**	**23,935**	**25,965**	**27,430**	**28,888**

Capital funding in the defence function is applied towards the acquisition of large and complex platforms and military equipment, and the construction of support facilities linked to capability. Fluctuations in capital spending can be due to slippage in expenditure from one year to the next year, foreign exchange rate fluctuations and additional funding decisions of Government.

Further details of capital spending are provided in the net capital investment section of this Statement and in the overview of the 2013 Defence White Paper (see Box 4).

Box 4: The 2013 Defence White Paper and funding

On 3 May 2013, the Government released the 2013 Defence White Paper. This document complements the National Security Strategy released on 23 January 2013, and the Australia in the Asian Century White Paper released on 28 October 2012.

These three documents are a statement of the priority the Government places on Australia's security and prosperity, and on maintaining a strong Australian Defence Force (ADF) to meet Australia's national security challenges.

The Defence White Paper addresses the range of significant international and domestic developments since 2009, which influence Australia's national security and defence settings, including their impact on force posture, future force structure and the defence budget.

The 2013 Defence White Paper reflects the Government's strong commitment to maintaining a highly skilled, capable and adaptable ADF as it transitions from over a decade of demanding and intensive operations. The White Paper also reaffirms the core capability commitments that are critical to Australia's long-term defence and security.

The White Paper highlights a funding model for Defence based on the four-year budget and forward estimates cycle, with subsequent six-year general guidance to assist Defence capability planning.

The 2013-14 Budget includes funding for major capital acquisitions such as 12 new build EA-18G Growler aircraft.

Other major planned acquisitions include:

- a bring forward of the replacement of Australia's Armidale Class Patrol Boats and the supply ships HMAS Success and HMAS Sirius;
- around 2,700 deployable protected and armoured vehicles with improved firepower, protection and mobility; and
- the introduction of the fifth-generation F-35A Joint Strike Fighter aircraft.

As well, the Government is committed to increasing Defence funding towards a target of 2 per cent of Gross Domestic Product, as and when fiscal circumstances allow. This is a long-term objective that will be implemented in an economically responsible manner.

Public order and safety

The public order and safety function includes expenses to 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	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Courts and legal services	899	1,007	981	980	896
Other public order and safety	3,129	3,264	3,151	3,108	3,152
Total public order and safety	**4,028**	**4,272**	**4,132**	**4,087**	**4,048**

Total expenses for the public order and safety function are estimated to increase by 3.8 per cent in real terms from 2012-13 to 2013-14, and decrease by 11.9 per cent in real terms over the period 2013-14 to 2016-17. The increase from 2012-13 to 2013-14 is partly due to additional funding provided in 2013-14 for the *Addressing Gang Violence and Organised Crime* package, which affects both sub-functions. The increase also reflects the additional funding provided within the **courts and legal services** sub-function for the Royal Commission into Institutional Responses to Child Sexual Abuse as 2013-14 will be the first full year of the Commission's operation; and funding provided within the **other public order and safety** sub-function to the Australian Customs and Border Protection Service to strengthen its maritime capability. The decline in real terms from 2013-14 to 2016-17 is due to the completion of these measures prior to 2016-17.

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	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Higher education	8,724	8,997	9,321	9,829	10,073
Vocational and other education	1,904	1,954	2,128	2,124	2,305
Schools	12,419	13,778	14,441	15,748	17,231
Non-government schools	8,094	8,916	9,277	9,970	10,718
Government schools	4,326	4,861	5,164	5,778	6,513
Student assistance	3,532	3,599	3,498	3,458	3,573
General administration	268	268	257	250	266
School education - specific funding	1,563	1,147	740	381	560
Total education	**28,411**	**29,742**	**30,386**	**31,790**	**34,007**

Total education expenses are expected to increase by 2.5 per cent in real terms between 2012-13 and 2013-14 and by 6.4 per cent in real terms from 2013-14 to 2016-17.

Expenses under the **higher education** sub-function are expected to increase by 1.0 per cent in real terms from 2012-13 to 2013-14, and by 4.1 per cent in real terms from 2013-14 to 2016-17. The large increases in enrolment growth from the transition to a demand driven funding system are moderating with lower estimated growth than in 2012-13. The 2013-14 Budget decision to apply an efficiency dividend for two years to most grants under the *Higher Education Support Act 2003*, and the 2012-13 MYEFO measure to cease Facilitation Funding from 1 January 2014 are also impacting the rate of growth from historical highs.

Expenses under the Higher Education Support Program are still expected to increase from $7.0 billion in 2012-13 to $7.9 billion in 2016-17. Investment in higher education research programs is also still expected to increase from $1.6 billion in 2012-13 to $2.0 billion in 2016-17.

Growth in the **vocational and other education** sub-function reflects the funding profile of the Skills Reform National Partnership announced as part of the Building Australia's Future Workforce package in the 2011-12 Budget. Total expenses under the sub-function are estimated to increase by 0.5 per cent in real terms between 2012-13 and 2013-14 and by 9.7 per cent in real terms from 2013-14 to 2016-17.

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	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Assistance to the States for skills and workforce development	1,388	1,409	1,436	1,463	1,490
National Partnership Payments - vocational and other education	278	280	414	377	516
Adult Migrant English Program	238	265	278	284	299
Total	**1,904**	**1,954**	**2,128**	**2,124**	**2,305**

Expenses in the **schools (non-government and government)** sub-functions reflect the Government's *Better Schools – A National Plan for School Improvement* reforms (discussed in greater detail in Box 5). The Government has made an offer to States, Territories and non-government education authorities to implement a new needs-based funding model for schools. Under the proposed offer, the Government will provide an additional $9.8 billion over six years from 2014-15.

Expenses in the **schools — non-government schools** sub-function are expected to increase by 7.9 per cent in real terms between 2012-13 and 2013-14 and by 11.8 per cent in real terms from 2013-14 to 2016-17, reflecting the Government's funding offer outlined above. A break-up of National Partnership funding can be found in Budget Paper No. 3, *Australia's Federal Relations 2013-14*.

Expenses under the **schools — government schools** sub-function include general assistance and National Partnerships which, by their nature, are time limited. Under the proposed new school funding arrangements, the Rewards for Great Teachers and Smarter Schools — Low Socio-economic Status School Communities National Partnerships will cease from 31 December 2013. In addition, funding provisioned for National Partnerships associated with the Reward for School Improvement program and the next phase of the Empowering Local Schools program will not proceed. Expenses under this sub-function are expected to increase by 10.0 per cent in real terms between 2012-13 and 2013-14 and by 24.6 per cent in real terms from 2013-14 to 2016-17. This reflects the Government's funding offer, with lower initial growth primarily driven by the six year transition to the new funding model.

Expenses under the **student assistance** sub-function are expected to decrease by 0.2 per cent in real terms from 2012-13 to 2013-14, and by 7.7 per cent in real terms from 2013-14 to 2016-17. This primarily reflects recent changes in tertiary student assistance.

The Government's decision to replace Student Start-up Scholarships (SSS) with income contingent loans is expected to progressively reduce expenses under tertiary student assistance from 2013-14 to 2015-16, at which point most of the existing students who are covered by transitional arrangements are expected to have exited the system.

While the conversion of the SSS from a payment to an income contingent loan reduces expenses, the amount of funding available to students is unchanged.

Growth in expenses is expected to resume from 2016-17 as the ongoing growth in projected higher education enrolments again becomes the key driver of expense growth. Expenses under the Higher Education Loan Program (HELP) reflect the estimated cost to the Government of providing concessional loans. The reduction in expenses between 2013-14 and 2014-15 is because 2013 is the last year that the HECS-HELP discount will be paid. The growth thereafter reflects ongoing enrolment growth under the demand driven system.

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	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Tertiary student assistance	3,029	3,082	2,977	2,914	3,002
School student assistance	288	293	302	305	310
Higher Education Loan Program	199	208	203	223	244
Other	16	16	16	16	17
Total	**3,532**	**3,599**	**3,498**	**3,458**	**3,573**

The major components of the **school education — specific funding** sub-function are the National Partnership Agreements on the National Action Plan for Literacy and Numeracy, Digital Education Revolution, Improving Teacher Quality, Trade Training Centres, Low Socio-economic Status School Communities, Rewards for Great Teachers and Youth Attainment and Transitions, and a number of elements of the *Stronger Futures in the Northern Territory* initiative. This includes both government and non-government school expenditure. The variation in expenses between years can largely be attributed to the terms of these National Partnerships. In particular, the estimated reduction in expenses from 2012-13 to 2014-15 is due to the winding up of a number of National Partnerships and the transition to the new schools funding model. If the reforms are agreed by all states and territories, the only National Partnerships that will continue are Trade Training Centres, and a number of elements of the *Stronger Futures in the Northern Territory* initiative.

Box 5: National Plan for School Improvement

The Review of Funding for Schooling Final Report, released on 20 February 2012, made a number of recommendations for school funding reform in Australia, most notably the introduction of a schooling resource standard, which would provide the basis for all recurrent funding distributed to government and non-government schools. The Schooling Resource Standard (SRS) would have two elements: a base amount per student, plus additional funding to target forms of disadvantage.

The National Plan for School Improvement and the National Education Reform Agreement are the Government's response to the Review of Funding for Schooling.

As part of the National Plan for School Improvement, the Government is seeking to move all schools funding to a needs based funding mechanism from 1 January 2014. This will include:

- a base amount per student in 2014 of $9,271 for each primary student and $12,193 for each high school student;
- loadings to provide additional support for students and schools with factors that may result in disadvantage (based on a percentage of the base amount per student):
  - a set loading of up to $150,000 per school to support small primary schools and a set loading of up to $240,000 per school to support small secondary schools;
  - a loading range of 10 per cent to 80 per cent of the base SRS amount per student to support schools based on location;
  - a loading range of 15 to 50 per cent of the base SRS amount per student where student families are in the lowest income quartile;
  - a loading range of 7.5 to 37.5 per cent of the base SRS amount per student where student families are in the second lowest income quartile;
  - for Aboriginal and Torres Strait Islanders a loading range of 20 to 120 per cent of the base SRS amount per student; and
  - a flat loading of 10 per cent of the base SRS amount per student for students who lack English language proficiency.
- Loadings can be cumulative, so a single student or school can attract all loadings simultaneously.

Box 5: National Plan for School Improvement (continued)

A loading for students with a disability is currently being developed for introduction in 2015. A loading based on current resourcing levels will be available in 2014 and, pending agreement with other jurisdictions, the Government will continue the More Support for Students with Disabilities National Partnership for one year.

The Government has made an offer to States, Territories and non-government education authorities to implement the new needs-based funding model for schools. Under the proposed offer, current Commonwealth base funding would be indexed by 4.7 per cent per annum, while States and Territories would be required to increase their existing base funding by 3 per cent per annum. The total SRS would initially be indexed by 3.6 per cent per annum. After allowing for these parameters, the Commonwealth will provide an additional $9.8 billion over six years from 2014-15 to schools to transition to the SRS.

As at 10 May 2013, New South Wales has agreed to these reforms. The Government is in ongoing negotiations with the remaining States and Territories and non-government education authorities, and the offer will remain open until 30 June 2013. National Partnership funding will continue until current agreements cease.

Consistent with the Government's commitment, current funding levels will be maintained in order to ensure that schools are no worse off. Where a non-government school would receive lower funding based on the new funding model than it received from the Commonwealth in 2013, their 2013 funding will be indexed by a further 3 per cent per annum until such time as their funding matches the new funding model.

Box 6: Education spending trends

Over the period 2000-01 to 2012-13, education expenses grew at around 5.3 per cent per annum in real terms. This was largely driven by growth in a number of major programs covering higher education and assistance to government and non-government schools, which together account for around 80 per cent of total spending on education. A large increase in spending from 2008-09 to 2011-12 resulted from the introduction of fiscal stimulus measures under the *Building the Education Revolution* package. In 2010 and 2011, spending on higher education increased significantly, reflecting a rise in Commonwealth supported places as the sector prepared for demand-driven enrolments in 2012.

Trends in Major Programs

Average real expense growth in assistance to government and non-government schools has been around 4 per cent and 5 per cent per annum respectively over the period 2000-01 to 2012-13, while the Higher Education Support Program has seen growth of around 2.2 per cent per annum in real terms.

The implementation of the school funding reforms is expected to lead to relatively rapid growth in Commonwealth spending on school funding reflecting the importance of investing in our schools. After the six year implementation period, however, growth is likely to slow, rising in line with enrolment growth and agreed indexation rates.

Strong growth in student enrolments and more generous indexation arrangements have led to strong growth in higher education support in recent years. Beyond the forward estimates, student enrolment growth is not expected to continue at these higher levels and average real expense growth for the Higher Education Support Program is expected to stabilise at around 3 per cent per annum.

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	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Medical services and benefits	25,307	25,552	27,430	28,918	30,548
Hospital services(a)	2,694	2,762	2,038	1,900	1,905
National Health Reform Payment	13,252	13,941	15,432	17,060	18,849
Pharmaceutical benefits and services	10,689	11,139	11,664	12,087	12,562
Aboriginal and Torres Strait Islander health	752	851	826	854	890
Health services	6,362	7,053	7,418	7,481	7,413
General administration	3,192	3,337	3,273	3,296	3,327
Total health	**62,249**	**64,636**	**68,081**	**71,597**	**75,493**

(a) The hospital services sub-function includes payments from the Commonwealth to the States and Territories for specific hospital improvement initiatives and is in addition to the bulk of hospital funding provided under the National health reform payment sub-function.

Total expenses for this function are estimated to increase by 1.7 per cent in real terms from 2012-13 to 2013-14, and by 8.6 per cent in real terms from 2013-14 to 2016-17. This increase is expected to be driven by higher demand for increasingly expensive health services, and a growing and ageing population.

The **medical services and benefits** sub-function, which primarily consists of Medicare and Private Health Insurance Rebate (PHIR) expenses, is 39.5 per cent of total estimated health expenses for 2013-14. Medicare services expenses are the major driver of growth in this sub-function helping to improve health outcomes for the community, including through access to advanced health services. Expenses are expected to increase by 0.8 per cent in real terms from 2012-13 and 2013-14, and are expected to grow by 15.3 per cent in real terms over the period 2013-14 to 2016-17, reflecting ongoing growth in the use of medical services and in the use of high value items on the Medicare Benefits Schedule.

The expected reduction in PHIR expenditure between 2012-13 and 2013-14 is due to a higher number of policy holders choosing to prepay their 2012-13 premiums in 2011-12. The reduction is also due to the estimated downward expenditure impact in 2013-14 of the 2012-13 MYEFO measure, *Private Health Insurance Rebate – removal of rebate on lifetime health cover loading*, which will be implemented on 1 July 2013.

Expenses for PHIR are expected to increase from 2013-14 to 2016-17 due to continued take up of private health insurance policies. The proportion of Australians with some form of private health insurance now stands around 55 per cent, providing a high level of access to private health services and taking pressure off the public system.

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[(a)]

	Estimates			Projections	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Medicare services	18,549	19,092	20,843	22,161	23,662
Private health insurance(a)	5,564	5,399	5,578	5,748	5,912
General medical consultations and services	928	916	912	904	908
Primary care practice incentives	281	208	223	229	234
Other	-15	-63	-126	-124	-168
Total	**25,307**	**25,552**	**27,430**	**28,918**	**30,548**

(a) Following changes to indexation, announced in the MYEFO, the estimated financial impact of premium growth on the forward estimates for the Private Health Insurance Rebate has been removed from the Contingency Reserve and included in the published estimates.

The Commonwealth's contribution to funding under the National Health Reform Agreement is reported through the **National Health Reform Payment** sub-function. The increase in expenses of 25.8 per cent in real terms from 2013-14 to 2016-17 reflects indexation of the Commonwealth's contribution to the provision of hospital services, growth in the volume of services, changes in the efficient price for hospital services, and the agreement that the Commonwealth will meet 45 per cent of the growth in the efficient price from 2014-15. Hospital services covered by the Government's contribution include all admitted services, programs that deliver hospital services in the home, and emergency department services. The Commonwealth will fund 50 per cent of efficient growth in public hospital services from 2017-18.

The **hospital services** sub-function includes payments to the States and Territories through a range of National Partnership Agreements, and support for veterans' hospital services. Expense growth for this sub-function is expected to fall by 35.9 per cent in real terms from 2013-14 to 2016-17. This fall is primarily due to the conclusion of several National Partnership Agreements for Public Hospitals over the forward years negotiated as part of the National Health Reform Agreement. From 2014-15 onwards public hospital services will receive significant additional funding of $3.8 billion between 2014-15 and 2016-17 through the Commonwealth's agreement to fund 45 per cent of the growth in the efficient price, leading to a net increase in funding to the States for hospitals. This funding is accounted for within the National Health Reform Payment sub-function.

Growth in the **pharmaceutical benefits and services** sub-function over the budget and forward estimates is mainly driven by increasing demand for pharmaceutical services. Pharmaceutical Benefits Scheme (PBS) growth between 2012-13 and 2013-14 of 2.0 per cent in real terms is lower than historical trends, largely reflecting the ongoing impact of the 2010-11 Budget measure *Pharmaceutical Benefits Scheme — further pricing reform*. This measure requires manufacturers to disclose to the Government the actual price at which they sell medicines to wholesalers and pharmacies. Growth of 4.9 per cent from 2013-14 to 2016-17 reflects the expectation that increased transparency will help to stabilise growth in the short to medium term.

PBS estimates do not include the potential listing of new drugs following recommendations by the Pharmaceutical Benefits Advisory Committee.

The major components of the pharmaceutical benefits and services sub-function 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	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Pharmaceutical benefits (concessional)(a)	5,642	5,801	6,042	6,218	6,399
Pharmaceutical benefits (highly specialised and other drugs dispensed in hospitals)(b)	2,264	2,435	2,581	2,747	2,933
Pharmaceutical benefits (general)(c)	1,530	1,613	1,721	1,817	1,922
Veterans' pharmaceutical benefits	449	415	395	371	370
Payments for wholesalers and pharmacy programs	209	212	216	219	219
Other	595	663	709	715	719
Total	**10,689**	**11,139**	**11,664**	**12,087**	**12,562**

(a) Concessional benefits are those provided through community pharmacies for Centrelink concession card holders.
(b) Highly specialised drugs are subsidised by the Commonwealth Government through hospitals.
(c) General benefits are those provided through community pharmacies for people without concession cards.

Expenses in the **health services** sub-function include Commonwealth expenses associated with the delivery of population health, mental health, hearing services, blood and blood products, research and other allied health services, e-Health, and health infrastructure funding through the Health and Hospitals Fund (HHF). From 2012-13 to 2013-14 expenses on mental health are expected to increase by 28.9 per cent in real terms, and by 12.3 per cent in real terms from 2013-14 to 2016-17, driving strong expenses growth in the health services sub-function. This reflects the implementation of the Government’s *National Mental Health Reform* package announced in the 2011-12 Budget. Growth in elements of health services expenses is partially offset by reducing expenses on Health Infrastructure, as projects rolled out under the HHF near completion.

The major components of the health services sub-function are set out in Table 8.3.

Table 8.3: Trends in the major components of health services sub-function expenses

	Estimates			Projections	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Health infrastructure	1,345	1,522	1,828	1,559	999
National blood agreement management	1,077	1,127	1,203	1,281	1,370
Blood and organ donation services (Health)	728	772	823	872	931
Mental health	381	502	546	598	606
Other	2,831	3,130	3,018	3,171	3,507
Total	**6,362**	**7,053**	**7,418**	**7,481**	**7,413**

The **general administration** sub-function includes the Government's investment in health workforce measures and support for rural health initiatives. Expenditure for this sub-function is expected to fall in real terms by 7.3 per cent from 2013-14 to 2016-17. This is a result of the recent measures the Government has undertaken to minimise the growth in program delivery costs.

Expenses in the **Aboriginal and Torres Strait Islander health** sub-function will increase by 10.7 per cent in real terms from 2012-13 to 2013-14 and fall by 2.7 per cent in real terms from 2013-14 to 2016-17, due to the effect of movements of funds and a reduction in payments through National Partnerships over the forward estimates. However, Aboriginal and Torres Strait Islander people across Australia will continue to access mainstream services as well as Indigenous-specific services. Substantial investments in Indigenous health also occur through other health sub-functions.

Box 7: Health spending trends

Spending on health grew by 4.9 per cent per annum in real terms from 2000-01 to 2012-13. This strong growth reflects advancements in, and rising cost of, medical technology as well as increasing demand for health services due to population growth and ageing.

Trends in Major Programs

A number of major health programs have seen and will continue to see sustained spending growth, including the MBS, the PBS, and payments to the States and Territories under the National Healthcare Agreement and the National Health Reform Agreement. Over the period from 2000-01 to 2012-13, average real expense growth for the MBS was around 5.2 per cent per annum, 4.2 per cent per annum for the PBS, while health payments to the States and Territories had real expense growth of around 3.5 per cent per annum. The Private Health Insurance Rebate has also experienced real growth of around 6.3 per cent per annum.

Spending on the MBS and PBS is impacted by population growth and by the ageing population; however, spending is also influenced by developments in health technology and the resulting listing of new products and services. Payments to the States and Territories for health care under the National Health Reform Agreement will grow at around 8 per cent per annum in real terms from 2016-17. This growth is largely due to continued growth in the use of hospital services and the Commonwealth's commitment to increase its contribution to fund 50 per cent of the growth in the volume and the efficient price of hospital services from 2017-18.

Social security and welfare

The social security and welfare function includes expenses for 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 assistance provided to Indigenous Australians which has not been included under other functions.

Table 9: Summary of expenses — social security and welfare

	Estimates			Projections	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Assistance to the aged	50,984	54,754	57,620	61,648	66,251
Assistance to veterans and dependants	7,046	7,006	6,880	6,795	6,635
Assistance to people with disabilities	23,873	25,479	27,208	29,156	32,396
Assistance to families with children	35,256	34,945	35,534	36,353	37,158
Assistance to the unemployed and the sick	8,559	9,550	10,559	9,830	9,859
Other welfare programs	1,663	1,637	1,649	1,687	1,763
Assistance for Indigenous Australians nec	1,145	1,043	939	928	1,053
General administration	3,861	3,731	3,631	3,513	3,365
Total social security and welfare	**132,388**	**138,145**	**144,021**	**149,911**	**158,479**

Expenses in the social security and welfare function are estimated to increase by 2.2 per cent in real terms from 2012-13 to 2013-14 and by 6.7 per cent in real terms from 2013-14 to 2016-17. The sub-functions contributing most to the growth are **assistance to the aged**, at 20.9 per cent and **assistance to people with disabilities** at 26.2 per cent in real terms over the period 2012-13 to 2016-17.

The principal driver of growth over the forward estimates for the **assistance to the aged** sub-function is income support for seniors (Age Pension), which is estimated to grow by 5.7 per cent in real terms from 2012-13 to 2013-14 and 12.5 per cent in real terms from 2013-14 to 2016-17. The number of eligible Age Pension recipients will grow by 2.9 per cent in 2013-14 and will increase over the forward estimates to 2016-17 by 10.6 per cent.

A secondary contributor to growth from 2013-14 to 2016-17 is an increase in expenses associated with home care, home support and the residential and flexible aged care programs, largely reflecting demographic factors.

The reduction in National Partnership Payments — Assistance to the Aged from 2013-14 to 2016-17 reflects the expiry of National Partnership Agreements with Western Australia and Victoria on 30 June 2014. All other States and Territories transferred funding and policy responsibility for aged care to the Commonwealth from 1 July 2012, with this funding now included in the Home Support Program. Victoria has now also agreed to transfer these responsibilities, with the details to be finalised.

The forecast increase in the cost of veterans' community care and support over the forward estimates is mainly attributable to a growing number of veterans and war widow(ers) accessing residential aged care.

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	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Income support for seniors	36,546	39,442	42,065	45,038	48,437
Residential and flexible care	8,311	8,811	9,325	9,979	10,573
Veterans' community care and support	1,603	1,695	1,814	1,956	2,078
Home support	1,386	1,485	1,603	1,720	1,863
Home care	1,144	1,205	1,294	1,410	1,736
National partnership payments – assistance to the aged	801	843	304	316	329
Mature age income support	510	439	343	309	266
Allowances, concessions and services for for seniors	235	313	331	349	374
Ageing and service improvement	160	196	206	218	220
Workforce and quality	152	175	176	203	219
Access and information	123	139	137	136	145
Other	13	11	22	14	11
Total	**50,984**	**54,754**	**57,620**	**61,648**	**66,251**

The main components of the **assistance to families with children** sub-function are family tax benefit payments, child care fee assistance and income support to parents. Growth in expenses under the sub-function is being driven by the growing number of families accessing Child Care Fee Assistance for child care, indexation of Child Care Benefit expenses, and growth in child care costs resulting in increased payments under the Child Care Rebate. This is estimated to drive growth in Child Care Fee Assistance of 6.0 per cent in real terms from 2012-13 to 2013-14 and 10.2 per cent in real terms from 2013-14 to 2016-17.

The Government is providing over $314.2 million in child care assistance over five years to support workforce measures for early childhood education. Of this, up to $300 million over two years will be provided to help fund wage increases for Long Day Care educators, through the Early Years Quality Fund measure. This package is aimed at assisting in the retention of the early childhood workforce, and providing better outcomes for families with young children.

Growth in Family Tax Benefit expenses is estimated to remain relatively flat over the forward estimates. This reflects 2013-14 Budget measures, including not proceeding with the Family Tax Benefit Part A component of the *Spreading the Benefits of the Boom* and extensions to the current indexation pauses on upper income thresholds and supplements. While average payment rates will continue to increase, this will be offset by further reductions in the customer population base as incomes increase.

Expenses in the parent and baby payment component of the sub-function will decline across the forward estimates reflecting the changes to the financial support arrangements to families following the birth or adoption of a child, through the replacement of the Baby Bonus from 1 March 2014 with an increase to the rate of Family Tax Benefit Part A.

Expenses under parents' income support are forecast to decrease by 7.3 per cent in real terms from 2012-13 to 2013-14, as a result of customers moving from parent income support to Newstart Allowance (with funding reflected in the assistance to the unemployed and the sick sub-function), with a smaller decrease of about 1 per cent in real terms expected from 2013-14 to 2016-17. From 1 January 2013, all parenting payment recipients who were on the payment prior to 1 July 2006 ('grandfathered recipients') will now be assessed under the same eligibility requirements as new parenting payment recipients. As a result of this change, grandfathered recipients with their youngest child aged six years or over (for partnered recipients) or eight years or over (for single recipients) will cease to be eligible for parenting payment and will transition on to Newstart Allowance unless they exceed the income threshold for eligibility.

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	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Family tax benefit	20,304	20,289	20,561	20,768	21,005
Parents income support	5,572	5,275	5,320	5,498	5,628
Child care fee assistance	4,661	5,048	5,373	5,673	5,982
Parent and baby payments	2,351	2,080	1,929	2,006	2,094
Child support	1,359	1,372	1,407	1,443	1,480
Support for the child care system	505	427	480	497	508
Family support	233	157	260	266	256
Family relationship services	163	169	174	177	180
National Partnership Payments - child care(a)	78	97	nfp	nfp	nfp
Other	30	31	30	25	25
Total	**35,256**	**34,945**	**35,534**	**36,353**	**37,158**

(a) Estimates for National Partnership Payments — child care from 2014-15 are not for publication.

The increase in projected expenses in the **assistance to people with disabilities** sub-function from 2012-13 across the forward estimates is driven primarily by *DisabilityCare Australia* (the national disability insurance scheme).

Expenses for the Disability Support Pension (DSP) are estimated to grow by 2.5 per cent in real terms from 2012-13 to 2013-14 and 6.8 per cent in real terms from 2013-14 to 2016-17 largely due to increases in payment rates. Following recent changes to assessment arrangements, the number of DSP recipients are expected to grow at 0.4 per cent per annum on average over the forward estimates, substantially lower than the previous five year period (2007-08 to 2011-12) when recipient growth was 3.1 per cent per annum on average.

Expenses for income support for carers are estimated to grow by 8.5 per cent in real terms from 2012-13 to 2013-14 and 24.6 per cent in real terms from 2013-14 to 2016-17, largely as a result of an increase in payment rates due to recent Government initiatives, such as the Household Assistance Package, and anticipated growth in the number of people receiving the Carer Payment.

DisabilityCare Australia is another major growth component in the sub-function over the forward estimates, reflecting establishment costs and the anticipated increase in numbers of people with disability accessing the new scheme. The transition to a full national disability care and support system is reported in Box 8 below.

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	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Disability support pension	14,852	15,549	16,280	17,005	17,860
Income support for carers	6,206	6,878	7,630	8,352	9,213
Assistance to the States for disability services	1,273	1,336	1,408	1,475	1,545
Disability employment services	936	928	978	1,022	1,027
DisabilityCare Australia	68	191	312	604	1,905
Services and support for people with a disability	318	333	317	320	325
Other	220	263	282	378	521
Total	**23,873**	**25,479**	**27,208**	**29,156**	**32,396**

Box 8: Transition to a full DisabilityCare Australia

The Australian, State and Territory Governments have committed to *DisabilityCare Australia* (the national disability insurance scheme), jointly moving forward to establish a national disability support system across Australia for people with significant and permanent disability.

The Government will provide a total of $19.3 billion to *DisabilityCare Australia* over seven years from 2012-13, inclusive of the redirection of existing disability funding. This brings the Australian Government's total new investment in *DisabilityCare Australia* to $14.3 billion over the period.

The launch phase of *DisabilityCare Australia* will provide eligible participants with reasonable and necessary care and support tailored to their individual circumstances in South Australia (for children aged 0-14), Tasmania (for young adults aged 15-24), the Hunter region in New South Wales (NSW) and the Barwon area of Victoria from 1 July 2013; and in the Australian Capital Territory (ACT) and the Barkly region of the Northern Territory (NT) from 1 July 2014.

DisabilityCare Australia will provide full coverage in NSW, South Australia, and the ACT by 1 July 2018 and in Victoria, Queensland, Tasmania and the Northern Territory from 1 July 2019. The Government is committed to ongoing negotiations regarding full implementation of *DisabilityCare Australia*.

The Government will also assist people with disability who are not eligible for an individual package of care and support, but still experience barriers to social and economic participation. The general assistance to be provided by *DisabilityCare Australia* will include: local area coordination, information, linkage and referral; community awareness; and capacity building in the disability sector, including support through grants to organisations.

Further information can be found at the *DisabilityCare Australia* website www.ndis.gov.au, in the joint press release of 1 May 2013 issued by the Prime Minister, Deputy Prime Minister and Treasurer, and the Minister for Families, Community Services and Indigenous Affairs, Minister for Disability Reform and Budget Paper No. 2, *Budget Measures 2013-14*.

Expenses for the **assistance to the unemployed and the sick** sub-function are forecast to increase by 9.2 per cent in real terms from 2012-13 to 2013-14 and to decrease by 4.0 per cent in real terms from 2013-14 to 2016-17. The increased expenses in 2013-14 partly reflect changes to eligibility for parenting payment that commenced on 1 January 2013. Under the new arrangements, previously grandfathered parenting payment recipients are being transitioned on to Newstart Allowance unless they exceed the income threshold for eligibility. The decrease from 2014-15 reflects a projected decline in the unemployment rate.

Expenses on **assistance to veterans and dependants** are forecast to fall over the forward estimates, predominantly reflecting an expected natural decline in the number of beneficiaries.

Expenses for the **general administration** sub-function are forecast to decrease from 2012-13 to 2016-17 due to administrative efficiencies generated within the Human Services portfolio and the structural reforms implemented under the Service Delivery Reform initiative.

Expenses for the **assistance for Indigenous Australians not elsewhere classified (nec)** sub-function are estimated to decrease by 10.8 per cent in real terms from 2012-13 to 2013-14 and by 6.1 per cent in real terms from 2013-14 to 2016-17. The decrease in expenses in this classification is primarily due to the redirection of funds from the Community Development Employment Projects program from 1 July 2013 to the Remote Jobs and Communities program, which is classified under the other economic affairs function and does not indicate a reduction in expenses.

Further, funding from 2012-13 for the *Stronger Futures in the Northern Territory* package is partly classified under the assistance for Indigenous Australians nec sub-function, but most of the expenditure associated with this package is classified under the health, education, public order and safety, and other economic affairs functions.

Housing and community amenities

The housing and community amenities function includes expenses for 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	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Housing	2,877	3,361	3,183	3,146	3,377
Urban and regional development	560	660	782	596	442
Environment protection	3,460	4,754	4,965	2,766	3,775
Total housing and community amenities	**6,898**	**8,775**	**8,930**	**6,508**	**7,594**

Total expenses under the housing and community amenities function are estimated to increase by 24.5 per cent in real terms from 2012-13 to 2013-14 and decline by 19.5 per cent in real terms over the period 2013-14 to 2016-17.

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 are estimated to grow by 14.4 per cent in real terms from 2012-13 to 2013-14 and then decrease by 6.5 per cent in real terms over the period 2013-14 to 2016-17. An expected increase in DHA expenses due to market based rent increases on houses provided to DHA is driving estimated growth in 2013-14. DHA is also undertaking an acquisition and construction program that will guarantee the supply of land for an ongoing construction program, add additional properties, and upgrade and replace existing housing stock. The increase in expenses for 2013-14 is also supported by increased funding under the National Partnership Agreement on Remote Indigenous Housing.

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, and the multiple funding rounds being held. This funding will peak in 2014-15 coinciding with the fifth RDAF funding round.

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. The large increase in expenses from 2012-13 to 2013-14 is primarily due to the implementation of various programs under the *Clean Energy Future* package, including the Jobs and Competitiveness Program, Energy Security Fund and Biodiversity Fund. The significant variations reducing expenses after 2014-15 are primarily due to the impact of revised carbon price projections on the Jobs and Competitiveness Program and Energy Security Fund.

Recreation and culture

The recreation and culture function includes expenses to support 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	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Broadcasting	1,748	1,761	1,682	1,680	1,656
Arts and cultural heritage	1,118	1,179	1,164	1,095	1,154
Sport and recreation	375	388	363	317	322
National estate and parks	400	368	342	341	336
Total recreation and culture	**3,641**	**3,696**	**3,551**	**3,433**	**3,468**

Total expenses under the recreation and culture function are estimated to decrease by 0.6 per cent in real terms from 2012-13 to 2013-14 and by 12.7 per cent over the period 2013-14 to 2016-17.

Expenses under the **broadcasting** sub-function are expected to fall in real terms from 2013-14 to 2014-15, reflecting the completion of the roll-out of the Government's national digital television switchover program. This is offset, to some extent, by an increase in real terms in 2013-14 of funding to the national broadcasters.

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	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
ABC television	627	647	659	674	664
ABC radio	338	349	355	363	358
SBS television	214	250	242	243	233
Broadcasting and digital television	221	168	98	54	45
Access to digital TV services	101	109	114	117	120
SBS digital transmission and distribution	69	81	83	82	81
ABC analog transmission	89	80	76	77	79
Other	89	77	55	70	76
Total	**1,748**	**1,761**	**1,682**	**1,680**	**1,656**

Expenses under the **arts and cultural heritage** sub function are forecast to decrease between 2013-14 and 2015-16 due to the anticipated reduction in payments under the Australian Screen Production Incentive. This decrease in expenses is partly offset by the Government's commitment to the arts through its *Creative Australia* policy announced on 13 March 2013. This includes additional funding to the Australia Council for the Arts, along with six of Australia's national elite arts training organisations, the development of a new national arts curriculum, the development and promotion of innovative Australian stories and content for film, television, games and online productions, and a range of initiatives to recognise the centrality of Aboriginal and Torres Strait Islander cultures in national life. Expenses are also expected to increase in 2016-17 as a result of the assistance to be provided for the filming in Australia of the Walt Disney Studios feature film 20,000 Leagues Under the Sea: Captain Nemo.

The **sport and recreation** sub-function includes programs to improve participation in sport and recreation activities and achieve excellence in high performing athletes. The forecast decrease in expenses from 2014-15 reflects, in part, completion of preparatory work on the Asian Football Cup.

Fuel and energy

The fuel and energy function includes expenses for the Fuel Tax Credits, Cleaner Fuels, and Product Stewardship Waste (Oil) schemes, all 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	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Fuel and energy	6,168	7,586	7,557	7,701	7,574
Total fuel and energy	**6,168**	**7,586**	**7,557**	**7,701**	**7,574**

Fuel and energy expenses are estimated to increase by 20.4 per cent in real terms from 2012-13 to 2013-14, and fall by 7.1 per cent in real terms over the period 2013-14 to 2016-17.

The major program within this function is the Fuel Tax Credits Scheme, spending on which is expected to increase by $352 million in 2013-14, reflecting increased claims by eligible businesses commensurate with higher diesel consumption, particularly in the mining industry. The increase in expenses for the Scheme in 2015-16 is the result of the forecast reduction in the projected carbon price when that price moves from fixed to floating, reflecting the lower than expected international carbon prices.

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

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

	Estimates			Projections	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Fuel tax credits scheme	5,519	5,871	5,906	6,270	6,360
Australian Renewable Energy Agency (ARENA)	129	509	367	260	150
Resources related initiatives and management	242	340	423	483	311
Other	278	866	861	688	753
Total	**6,168**	**7,586**	**7,557**	**7,701**	**7,574**

The fluctuation in expenses under the resources related initiatives and management component from 2012-13 to 2016-17 reflects the advancement of projects under the Carbon Capture and Storage Flagships program.

The Australian Renewable Energy Agency (ARENA) administers a range of Government support programs for research and development, demonstration and commercialisation of renewable energy projects. The fluctuation in expenses following

ARENA's commencement in 2012-13 is largely driven by the expected timing of projects and the re-phasing of funding to beyond the forward estimates which extends funding for ARENA to 2021-22.

The increase in expenses in 2013-14 under the Other component partly reflects the timing of the rollout of the *Coal Sector Jobs* package. The fluctuation in expenses from 2015-16 is due in part to the reduction in funding for this package in line with revised carbon price assumptions. The package assists the most emissions-intensive coal mines following the introduction of the carbon price by providing financial assistance to the operators of these mines to assist them in supporting jobs and local communities.

Agriculture, forestry and fishing

The agriculture, forestry and fishing function includes expenses to 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	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Wool industry	54	58	55	57	57
Grains industry	173	182	189	193	176
Dairy industry	53	54	54	56	57
Cattle, sheep and pig industry	173	180	182	182	184
Fishing, horticulture and other agriculture	242	252	250	248	244
General assistance not allocated to specific industries	28	30	29	29	34
Rural assistance	139	194	179	143	142
Natural resources development	1,052	998	1,083	1,420	1,093
General administration	690	708	688	720	716
Total agriculture, forestry and fishing	**2,605**	**2,654**	**2,709**	**3,047**	**2,702**

Total expenses under this function are estimated to decrease by 0.3 per cent in real terms from 2012-13 to 2013-14, and by 5.3 per cent in real terms over the period 2013-14 to 2016-17.

The real decrease in 2013-14 is largely due to a reduction in expenses under the **natural resources development** sub-function. Table 13.1 provides further details of the natural resources development sub-function.

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

	Estimates			Projections	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Water reform(a)	703	708	854	1,169	846
Sustainable management - natural resources	42	33	21	12	11
Forestry industry	8	8	7	7	7
Other	299	249	201	232	229
Total	**1,052**	**998**	**1,083**	**1,420**	**1,093**

(a) Water Reform includes the programs: National Partnership Payments — Water and Natural Resources; Water Reform and Commonwealth Environment Water.

The majority of expenses under the **natural resources development** sub-function are for the *Water for the Future* package, which comprises urban and rural programs, including funding for water purchasing (included under net capital investment), irrigation modernisation, desalination, recycling and stormwater capture. The increase in expenses under the water reform component after 2013-14 largely reflects a continued scaling up of projects under the Sustainable Rural Water Use and

Infrastructure Program, peaking in 2015-16. The decrease in expenses from 2012-13 to 2016-17 under the Other component reflects the progressive completion of projects under the Murray-Darling Basin Authority's Environmental Works and Measures program and reductions as a consequence of lower annual contributions from the Basin States under the Murray-Darling Basin Agreement.

Expenses under the **rural assistance** sub-function are estimated to increase by 36.6 per cent in real terms between 2012-13 and 2013-14. This is primarily due to the funding profile of the Carbon Farming Futures program announced in the 2011-12 MYEFO, with expenses peaking in 2013-14, and the introduction of concessional loans for farmers under the *Farm Finance* initiative announced in the 2013-14 Budget. Over the period 2013-14 to 2016-17, expenses in the sub-function are estimated to decrease by 31.9 per cent in real terms. This is due to the funding profile of the Carbon Farming Futures program declining over the forward estimates, the ending of the Transitional Farm Family Payment announced in the 2012-13 Budget, and a decline in expenses following the provision of concessional loans over two years to 2014-15 under the *Farm Finance* initiative. This is partially offset by an increase in expenses under the *National Drought Program Reform* package announced in the 2013-14 Budget.

Mining, manufacturing and construction

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

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

	Estimates			Projections	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Mining, manufacturing and construction	2,267	2,431	2,734	2,592	2,328
Total mining, manufacturing and construction	**2,267**	**2,431**	**2,734**	**2,592**	**2,328**

Total expenses under the mining, manufacturing and construction function are expected to increase by 5.0 per cent in real terms from 2012-13 to 2013-14. This is due to the introduction of new initiatives under the Industry and Innovation Statement *A Plan for Australian Jobs,* including opening up opportunities through *Australian Industry Participation* and the establishment of *Industry Innovation Precincts*.

While expenses are expected to increase by 1.7 per cent from 2013-14 to 2015-16, they are expected to decline by 12.4 per cent in 2016-17 due to the *General Motors Holden – next generation vehicles – contribution* measure ending and the winding down of the clean technology investment initiative which ends in 2017-18.

The estimated increase in expenses from 2013-14 under the research and development tax incentive program, administered by the Australian Taxation Office, reflects an increase in the number of expected claims across the forward estimates.

Table 14.1 provides further details of the major components of the mining, manufacturing and construction sub-function.

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

	Estimates			Projections	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Research and development tax incentive	1,471	1,410	1,470	1,547	1,628
Industry development and investment	599	826	1,072	868	523
Other	197	195	192	177	177
Total	**2,267**	**2,431**	**2,734**	**2,592**	**2,328**

Transport and communication

The transport and communication function includes expenses to support the infrastructure and regulatory framework for Australia's transport and communication sectors.

Table 15: Summary of expenses — transport and communication

	Estimates			Projections	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Communication	589	582	561	500	500
Rail transport	1,032	1,425	1,406	1,396	457
Air transport	208	210	209	204	208
Road transport	2,529	3,501	3,190	2,660	2,863
Sea transport	319	342	353	366	381
Other transport and communication	326	393	836	880	992
Total transport and communication	**5,002**	**6,453**	**6,555**	**6,005**	**5,401**

Total expenses under this function are estimated to increase by 26 per cent in real terms between 2012-13 and 2013-14 primarily reflecting increased funding for the road and rail transport sectors. Expenses are estimated to decrease from 2014-15 due to the completion of a number of major projects.

The estimated expenses for the **communication** sub-function relate to communication activities and support for the digital economy through the Department of Broadband, Communications and the Digital Economy, the Telecommunications Universal Service Management Agency and the Australian Communications and Media Authority. The decline in real terms of estimated expenses from 2012-13 reflects the completion of several digital productivity measures, the planned completion of activities related to the renewal, replanning and sale of radio frequency spectrum.

Total expenses under the **rail transport** sub-function are estimated to increase in 2013-14 reflecting a higher level of funding for the Regional Rail Link project in Victoria funded from the Building Australia Fund (BAF), which is part of the Nation Building Plan for the Future package (the package) included in the 2009-10 Budget. The package included projects such as the Regional Rail Link project in Victoria, including a $3.2 billion contribution over six years with expected payments of $858 million in 2013-14 and $500 million in 2014-15 and 2015-16 respectively. The completion of this funding, together with the completion in 2013-14 and 2014-15 of other metropolitan rail infrastructure projects funded under the package, and $232 million in 2015-16 for the Torrens and Goodwood Junctions project in South Australia, results in an expected decrease in expenses by 2016-17.

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 (CASA), the Australian Maritime Safety Authority (AMSA) and the Australian Transport Safety Bureau (ATSB). The 3.4 per cent increase in real terms in estimated expenses from 2013-14 over the forward estimates for the **sea transport** sub-function is due to the expansion of the ATSB's safety investigation responsibilities under the National Transport Reforms.

The estimated 8 per cent decline in expenses in the **air transport** sub-function from 2013-14 over the forward estimates is primarily due to the completion of airstrip improvements under the Regional Aviation Access program by mid-2015.

The expenses under the **road transport** sub-function primarily consist of grants provided under the Nation Building program, but also includes funding provided for projects under the BAF. Expense estimates for this sub-function fluctuate year on year based on the number and value of projects funded, with payments corresponding to project timelines. The 2013-14 Budget includes funding for a number of new projects from 2014-15 onwards, including upgrades of the Bruce Highway in Queensland, the M80 in Victoria, South Road in South Australia, Sydney Motorways in New South Wales and the Perth Urban Transport and Freight Corridor Upgrade — Gateway project. Road transport funding from 2013-14 remains at historically high levels, reflecting previous commitments to fund the continued duplication of the Pacific Highway, the Legacy Way — Northern Link Tunnel in Brisbane, projects on the Western Highway and Princes Highway in Victoria and the Majura Parkway in the Australian Capital Territory.

The increase in estimated expenses in the **other transport and communication** sub-function reflects the increase in the funding of infrastructure projects from the Regional Infrastructure Fund (RIF) announced in the 2010-11 Budget. Full funding for the RIF is included in this sub-function, and a number of new projects to be funded are expected to start construction from 2014-15, including the Great Northern Highway — Muchea to Wubin Stage 2 in Western Australia and Warrego Highway upgrades in Queensland.

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	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Tourism and area promotion	181	189	187	169	174
Total labour and employment affairs	4,271	4,358	4,319	4,381	4,327
Vocational and industry training	1,658	1,590	1,581	1,545	1,541
Labour market assistance to job seekers and industry	1,803	2,059	2,025	2,120	2,069
Industrial relations	809	708	712	716	717
Immigration	3,575	4,376	3,617	3,461	3,065
Other economic affairs nec	2,337	2,359	2,362	2,342	2,333
Total other economic affairs	**10,365**	**11,283**	**10,485**	**10,354**	**9,899**

Total expenses under the other economic affairs function are expected to increase by 6.6 per cent in real terms from 2012-13 to 2013-14 and decrease by 18.4 per cent in real terms from 2013-14 to 2016-17.

Tourism and area promotion sub-function expenses are expected to increase from 2012-13 to 2013-14 due to increased funding for the Tourism Industry Regional Development Fund, which supports the development of tourism products and services in regional areas, and the Asia Marketing Fund, which supports the promotion of Australia to growing markets in Asia. The subsequent projected decrease in expenses is the result of the winding down of several tourism related initiatives, including the TQUAL Grants program from the end of 2014-15.

Expenses under the **vocational and industry training** sub-function are expected to decrease in real terms by 6.1 per cent from 2012-13 to 2013-14 and by 9.9 per cent in real terms from 2013-14 to 2016-17.

Expenses under the **labour market assistance to job seeker and industry** sub-function are expected to increase by 11.8 per cent in real terms between 2012-13 and 2013-14 partly due to the scheduled commencement of the Remote Jobs and Communities program on 1 July 2013. Expenses between 2013-14 and 2016-17 are expected to decrease by 6.5 per cent in real terms due to a forecast fall in client numbers associated with the projected decline in the unemployment rate.

The higher estimated expenses in the **industrial relations** sub-function in 2012-13 compared to later years is due to higher demand for assistance under the General Employee Entitlements and Redundancy Scheme (GEERS) and the Fair Entitlements Guarantee scheme (FEG), which replaced GEERS on 5 December 2012. These schemes are to assist employees of bankrupt organisations who are owed certain employee entitlements. The increased demand in 2012-13 is due to higher than expected numbers of eligible employees involving certain large corporate bankruptcies. The FEG expenses from 2013-14 are expected to return to levels experienced under GEERS prior to 2012-13. Over the period 2013-14 to 2016-17 expenses are estimated to decrease by 5.8 per cent in real terms.

Table 16.1: Trends in major components of the immigration sub-function expenses

	Estimates			Projections	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Offshore Asylum Seeker Management	2,106	2,867	1,736	1,463	1,428
Visa and Migration Services	593	603	612	660	675
Settlement Services for Migrants and Refugees	240	288	258	280	298
Other	636	618	1,011	1,058	664
Total	**3,575**	**4,376**	**3,617**	**3,461**	**3,065**

The main components of the **immigration sub-function** relate to the management of Irregular Maritime Arrivals and providing visa and migration services.

Expenses associated with Irregular Maritime Arrivals are expected to increase in 2013-14 due to a forecast increase in arrivals and a corresponding rise in occupancy levels across the immigration processing network. The falling expenses from 2013-14 to 2016-17 is in line with the forecasting methodology for Irregular Maritime Arrivals (further detail on the estimation of Irregular Maritime Arrival costs is provided in Box 9: Irregular Maritime Arrival Costs).

Expenses for Visa and Migration Services are expected to increase in line with the estimated growth in visas issued.

Box 9: Irregular Maritime Arrival Costs

Estimates for Irregular Maritime Arrival (IMA) costs are heavily influenced by the occupancy level across the immigration processing network, which is determined by:

- the number of IMAs already in Australia awaiting resolution of their protection visa application;
- forecasts and projections of arrivals over the forward estimates;
- operational decisions as to how IMAs are placed throughout the network (that is onshore detention, community detention, offshore detention or on a bridging visa); and
- the length of time taken to resolve asylum claims.

The methodology for forecasting the number of IMAs involves:

(a) forecasting arrivals for the current financial year, the Budget year and the first forward year informed by advice from Australia's national security community; and

(b) projections of arrivals for the second and third forward year derived using a technical assumption that is based on a medium-term (10 year rolling average) arrival rate.

The methodology assumes arrivals phase down from the forecast arrival rate to the projected rate over a 12 month period commencing in the first forward year (2014-15).

Under the **other economic affairs nec** sub-function, total expenses are estimated to decrease by 1.2 per cent in real terms between 2012-13 and 2013-14 and by 8.0 per cent in real terms between 2013-14 and 2016-17. The decrease in expenses in 2015-16 and 2016-17 is primarily due to final payments being made under the Green Car Innovation Fund and the reprofiling of funding in the Clean Technology Innovation program, both of which are within the Innovative Industry program.

Table 16.2: Trends in major components of the other economic affairs nec sub-function expenses

	Estimates			Projections	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Innovative industry	307	295	315	288	264
Trade, education and investment development	189	186	186	186	188
Export market development grants scheme	125	125	125	125	125
Operating costs for:					
Department of Industry, Innovation, Science, Research and Tertiary Education	464	507	492	491	482
Australian Securities and Investments Commission	416	409	393	384	376
Bureau of Meteorology	344	353	349	354	368
IP Australia	170	179	183	190	194
Australian Competition and Consumer Commission	167	122	120	119	120
Other	155	183	199	205	216
Total	**2,337**	**2,359**	**2,362**	**2,342**	**2,333**

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	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Public debt interest	12,209	12,456	12,733	12,902	12,891
Interest on Commonwealth Government's behalf	12,209	12,456	12,733	12,902	12,891
Nominal superannuation interest	6,778	8,462	8,773	9,093	9,423
General purpose inter-government transactions	51,160	52,397	56,171	59,248	62,222
General revenue assistance - States and Territories	48,935	51,234	53,804	56,778	59,647
Local government assistance	2,225	1,164	2,367	2,470	2,575
Natural disaster relief(a)	1,894	147	97	22	0
Contingency reserve	-1,301	98	2,166	3,873	7,850
Total other purposes	**70,741**	**73,560**	**79,940**	**85,139**	**92,385**

(a) Amounts for the Natural Disaster Relief and Recovery Arrangements (NDRRA) reflect expenses being recorded in the year in which the disaster occurs rather than when payments are made to State or Territory Governments in relation to Commonwealth financial obligations under the NDRRA.

Total expenses under the other purposes function are estimated to increase by 1.8 per cent in real terms from 2012-13 to 2013-14, and by 16.1 per cent over the period 2013-14 to 2016-17. The increase in expenses over the forward estimates 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 entitlements provided on an 'untied' basis. Payments to state and territory governments tied to specific purposes are reported under the relevant sections in this statement. Further information on general revenue assistance to the states and territories can be found in Budget Paper No. 3, *Australia's Federal Relations 2013-14*. The increase in expenses under the **public debt interest** sub-function in 2013-14 and over the forward years 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 Commonwealth's superannuation liability. The Future Fund was established to assist in meeting the cost of this liability, and further information on the Future Fund can be found in Statement 7 of Budget Paper No. 1.

Expenses in the **local government assistance** sub-function predominantly relate to 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, allowing councils to direct the grants to local priorities. Expenses are higher in 2012-13 but reduce in 2013-14 reflecting the decision in the 2013-14 Budget to pay the first two instalments of the expected 2013-14 grants in 2012-13. Expenses are estimated to increase in 2014-15 as the timing of payments reverts to four quarterly instalments. Further small real increases in funding across the forward estimates are due to forecast population increases and changes in the Consumer Price Index (local government funding assistance provided by the Commonwealth is linked to population and inflation). Further information on Commonwealth government assistance to local governments can be found in Budget Paper No.3, *Australia's Federal Relations 2013-14*.

The expenses under the **natural disaster relief** sub-function relate mainly to the major natural disasters that occurred in the summer of 2012-13. The Australian Government provides financial support for affected States and Territories under the Natural Disaster Relief and Recovery Arrangements. The profile over the forward estimates reflects the requirement under accounting standards to recognise the majority of expenses for a disaster in the year in which it occurs.

The increase in expenses in the **contingency reserve** sub-function from 2013-14 is largely due to the conservative bias allowance (CBA). The CBA is a mechanism used to improve the accuracy of the forward estimates by anticipating the tendency 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 the sale and acquisition 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 sector net capital investment is expected to be $2.9 billion in 2013-14, $4.2 billion higher than in 2012-13. The negative investment in 2012-13 is largely due to proceeds from the renewal of the telecommunications carriers' 15 year licences for 800MHz and 1800MHz spectrum, and proceeds from the auction of the 700 MHz and 2.5GHz spectrum. Details of movements are further explained in the following section.

Table 18: Estimates of total net capital investment

	MYEFO	Revised	Estimates		Projections	
	2012-13	2012-13	2013-14	2014-15	2015-16	2016-17
Total net capital investment ($m)	**-2,517**	**-1,212**	**2,945**	**2,204**	**1,126**	**3,003**
Per cent of GDP	-0.2	-0.1	0.2	0.1	0.1	0.2

Reconciliation of net capital investment since the 2012-13 Budget

A reconciliation of the net capital investment estimates, showing the effect of policy decisions and parameter and other variations since the 2012-13 Budget, is provided in Table 19.

Table 19: Reconciliation of net capital investment estimates

	Estimates			Projections
	2012-13	2013-14	2014-15	2015-16
	$m	$m	$m	$m
2012-13 Budget net capital investment	**-2,701**	**1,048**	**1,361**	**1,059**
Changes from 2012-13 Budget to 2012-13 MYEFO				
Effect of policy decisions(a)	238	104	-120	-149
Effect of parameter and other variations	-53	-121	2	-46
Total variations	**185**	**-17**	**-118**	**-194**
2012-13 MYEFO net capital investment	**-2,517**	**1,032**	**1,244**	**865**
Changes from 2012-13 MYEFO to 2013-14 Budget				
Effect of policy decisions(a)	63	196	356	87
Effect of parameter and other variations	1,242	1,717	605	174
Total variations	**1,305**	**1,913**	**961**	**261**
2013-14 Budget net capital investment	**-1,212**	**2,945**	**2,204**	**1,126**

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

Forecast net capital investment for 2013-14 has increased by $1.9 billion since the 2012-13 MYEFO. This increase is driven by the effect of parameter and other variations of $1.7 billion, and new policy decisions of $196 million.

The major parameter and other variations largely reflect the deferral of minor capital spending in a number of entities together with the acquisition of military equipment and the construction of Defence support facilities as outlined in the 2013 Defence White Paper.

A discussion of changes between the 2012-13 MYEFO and the 2013-14 Budget, shown in the table above, can be found in Statement 3. Further information on the capital measures since MYEFO can be found in Budget Paper No. 2, *Budget Measures 2013-14*.

Net capital investment estimates by function

Estimates for Australian Government general government sector net capital investment by function for the period 2012-13 to 2016-17 are provided in Table 20.

Table 20: Estimates of net capital investment by function

	Estimates			Projections	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
General public services	350	816	543	133	-39
Defence	1,439	1,890	2,620	2,336	3,054
Public order and safety	130	107	59	27	-109
Education	17	8	3	3	-5
Health	45	8	-35	-45	-57
Social security and welfare	-33	-27	-29	-33	24
Housing and community amenities	17	-26	-112	-62	-60
Recreation and culture	45	34	61	10	1
Fuel and energy	-5	-1	-1	0	-1
Agriculture, forestry and fishing	123	107	177	250	301
Mining, manufacturing and construction	21	11	0	1	0
Transport and communication	-3,495	17	-22	-34	-3
Other economic affairs	141	159	-98	-88	-79
Other purposes	-6	-158	-962	-1,374	-23
Total net capital investment	**-1,212**	**2,945**	**2,204**	**1,126**	**3,003**

A significant component of the Government's net capital investment occurs in the defence function, primarily the acquisition of military equipment and the construction of support facilities as announced in the 2013 Defence White Paper. Major factors contributing to changes in net capital investment, expected to occur in the following functions, include:

- **general public services —** a number of factors contribute to the pattern of net capital investment in this function, including additional capital funding provided in the 2013-14 Budget to the Department of Foreign Affairs and Trade to upgrade the International Communications Network and construction of a number of overseas facilities, investment by the ATO in 2013-14 on computer software to implement various government decisions, and increased investment in 2013-14 and 2014-15 associated with the CSIRO Property Strategy;

- **defence —** the purchase of 12 new-build EA-18G Growler aircraft, the introduction of the fifth-generation F-35A Joint Strike Fighter aircraft, and the replacement of Australia's Armidale Class Patrol Boats;

- **public order and safety —** the more significant investments include the fit out of office accommodation for the Royal Commission into Institutional Responses to Child Sexual Abuse in 2012-13 and 2013-14 and the replacement of Bay Class vessels by the Australian Customs and Border Protection Service over four years from 2012-13;

- **agriculture, forestry and fishing** —the increasing trend from 2013-14 over the forward estimates is largely due to investment under the *Water for the Future* package, to address water over-allocation in the Murray-Darling Basin;
- **transport and communication —** the negative investment in 2012-13 is due to the renewal of the telecommunications carriers' 15 year licences for 800MHz and 1800MHz spectrum ($1.5 billion) and the proceeds from the auction of the 700MHz and 2.5GHz spectrum by the Australian Communications and Media Authority (ACMA). The auction was conducted by ACMA in April and May 2013 and resulted in revenue of nearly $2 billion. All of the 2.5GHz spectrum available for sale was sold and it is the Government's intention that unsold 700MHz spectrum will be returned to the market for sale at a later date;
- **other economic affairs —** capital investment in 2012-13 and 2013-14 is largely for facilities to process asylum seekers as part of the Government's response to the *Report of the Expert Panel on Asylum Seekers*. This activity includes constructing regional processing centres in Nauru and Manus Island, Papua New Guinea and the upgrading of existing onshore immigration detention; and
- **other purposes —** the negative investments in this function are largely due to the Government's intention to sell the remaining 700MHz spectrum and the renewal of the telecommunications carrier's 15 year licences for 2.1GHz spectrum.

Table 21 reports the acquisition of non-financial assets by function before taking into account depreciation or amortisation.

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

	Estimates			Projections	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
General public services	445	1,479	786	1,905	746
Defence	4,920	5,160	6,095	6,066	6,952
Public order and safety	439	432	399	390	241
Education	38	27	17	18	9
Health	103	95	69	62	56
Social security and welfare	277	274	272	294	374
Housing and community amenities	160	159	120	110	51
Recreation and culture	326	303	294	454	303
Fuel and energy	-4	1	1	1	0
Agriculture, forestry and fishing	150	131	202	275	327
Mining, manufacturing and construction	29	19	8	8	5
Transport and communication	77	82	41	27	58
Other economic affairs	574	598	315	318	314
Other purposes	-6	-5	-5	-20	-23
General government purchases of non-financial assets	**7,528**	**8,755**	**8,613**	**9,908**	**9,411**

Trends in Australian Government staffing

Trends in the estimated annual average staffing level (ASL)[1] 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.

Table 22: Estimates of average staff levels

2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
238,623	248,217	250,566	258,321	261,891	261,637	256,631	257,376

The ASL figures in Table 22 for 2012-13 and 2013-14 exclude contractors. In the 2012-13 Budget, the ASL figures have included contractors for the Department of Defence (Defence) and Defence Materiel Organisation (DMO). The Defence and DMO contractor numbers for 2012-13 and 2013-14 are reported in footnote (i) of **Appendix C** for comparison purposes.

The ASL for 2012-13 reported in the 2012-13 Budget papers excluding contractors was 258,027. The current estimate is 256,631 ASL in 2012-13. The 2013-14 Budget is expected to result in a small net increase in ASL of 746 in 2013-14 across the general government sector, or a reduction of 1,262 if the expected growth in military personnel and reserves are excluded.

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

1 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 military and overseas personnel.

APPENDIX A: EXPENSE BY FUNCTION AND SUB-FUNCTION

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

	Actuals	Estimates			Projections	
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m	$m
General public services						
Legislative and executive affairs	1,003	1,021	1,335	1,222	1,033	1,264
Financial and fiscal affairs	7,982	7,749	8,112	8,194	8,335	8,741
Foreign affairs and economic aid	5,878	5,896	6,752	7,010	7,650	8,860
General research	2,764	2,639	2,663	2,648	2,511	2,414
General services	1,432	683	695	704	728	748
Government superannuation benefits	4,094	7,567	3,466	3,460	3,499	3,510
Total general public services	**23,153**	**25,555**	**23,023**	**23,237**	**23,756**	**25,537**
Defence	**21,692**	**21,122**	**22,045**	**23,345**	**25,094**	**25,834**
Public order and safety						
Courts and legal services	829	899	1,007	981	980	896
Other public order and safety	3,170	3,129	3,264	3,151	3,108	3,152
Total public order and safety	**3,999**	**4,028**	**4,272**	**4,132**	**4,087**	**4,048**
Education						
Higher education	8,533	8,724	8,997	9,321	9,829	10,073
Vocational and other education	1,998	1,904	1,954	2,128	2,124	2,305
Schools	12,243	12,419	13,778	14,441	15,748	17,231
Non-government schools	*7,737*	*8,094*	*8,916*	*9,277*	*9,970*	*10,718*
Government schools	*4,505*	*4,326*	*4,861*	*5,164*	*5,778*	*6,513*
Student assistance	4,110	3,532	3,599	3,498	3,458	3,573
General administration	263	268	268	257	250	266
School education - specific funding	1,903	1,563	1,147	740	381	560
Total education	**29,050**	**28,411**	**29,742**	**30,386**	**31,790**	**34,007**
Health						
Medical services and benefits	25,081	25,307	25,552	27,430	28,918	30,548
Hospital services(a)	2,944	2,694	2,762	2,038	1,900	1,905
National Health Reform Payment	12,544	13,252	13,941	15,432	17,060	18,849
Pharmaceutical benefits and services	10,188	10,689	11,139	11,664	12,087	12,562
Aboriginal and Torres Strait Islander health	736	752	851	826	854	890
Health services	7,359	6,362	7,053	7,418	7,481	7,413
General administration	3,159	3,192	3,337	3,273	3,296	3,327
Total health	**62,012**	**62,249**	**64,636**	**68,081**	**71,597**	**75,493**
Social security and welfare						
Assistance to the aged	48,231	50,984	54,754	57,620	61,648	66,251
Assistance to veterans and dependants	7,090	7,046	7,006	6,880	6,795	6,635
Assistance to people with disabilities	23,016	23,873	25,479	27,208	29,156	32,396
Assistance to families with children	34,919	35,256	34,945	35,534	36,353	37,158

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

	Actuals	Estimates			Projections	
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m	$m
Social security and welfare (continued)						
Assistance to the unemployed and the sick	7,448	8,559	9,550	10,559	9,830	9,859
Other welfare programs	992	1,663	1,637	1,649	1,687	1,763
Assistance for Indigenous Australians nec	1,162	1,145	1,043	939	928	1,053
General administration	3,889	3,861	3,731	3,631	3,513	3,365
Total social security and welfare	**126,747**	**132,388**	**138,145**	**144,021**	**149,911**	**158,479**
Housing and community amenities						
Housing	3,387	2,877	3,361	3,183	3,146	3,377
Urban and regional development	595	560	660	782	596	442
Environment protection	2,197	3,460	4,754	4,965	2,766	3,775
Total housing and community amenities	**6,180**	**6,898**	**8,775**	**8,930**	**6,508**	**7,594**
Recreation and culture						
Broadcasting	1,608	1,748	1,761	1,682	1,680	1,656
Arts and cultural heritage	1,221	1,118	1,179	1,164	1,095	1,154
Sport and recreation	523	375	388	363	317	322
National estate and parks	457	400	368	342	341	336
Total recreation and culture	**3,809**	**3,641**	**3,696**	**3,551**	**3,433**	**3,468**
Fuel and energy	**6,464**	**6,168**	**7,586**	**7,557**	**7,701**	**7,574**
Agriculture, forestry and fishing						
Wool industry	62	54	58	55	57	57
Grains industry	169	173	182	189	193	176
Dairy industry	51	53	54	54	56	57
Cattle, sheep and pig industry	170	173	180	182	182	184
Fishing, horticulture and other agriculture	228	242	252	250	248	244
General assistance not allocated to specific industries	24	28	30	29	29	34
Rural assistance	256	139	194	179	143	142
Natural resources development	1,327	1,052	998	1,083	1,420	1,093
General administration	667	690	708	688	720	716
Total agriculture, forestry and fishing	**2,953**	**2,605**	**2,654**	**2,709**	**3,047**	**2,702**
Mining, manufacturing and construction	**2,245**	**2,267**	**2,431**	**2,734**	**2,592**	**2,328**
Transport and communication						
Communication	861	589	582	561	500	500
Rail transport	1,045	1,032	1,425	1,406	1,396	457
Air transport	228	208	210	209	204	208
Road transport	6,341	2,529	3,501	3,190	2,660	2,863
Sea transport	290	319	342	353	366	381
Other transport and communication	364	326	393	836	880	992
Total transport and communication	**9,129**	**5,002**	**6,453**	**6,555**	**6,005**	**5,401**

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

	Actuals		Estimates		Projections	
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m	$m
Other economic affairs						
Tourism and area promotion	177	181	189	187	169	174
Total labour and employment affairs	4,783	4,271	4,358	4,319	4,381	4,327
Vocational and industry training	*1,977*	*1,658*	*1,590*	*1,581*	*1,545*	*1,541*
Labour market assistance to job seekers and industry	*2,109*	*1,803*	*2,059*	*2,025*	*2,120*	*2,069*
Industrial relations	*698*	*809*	*708*	*712*	*716*	*717*
Immigration	2,740	3,575	4,376	3,617	3,461	3,065
Other economic affairs nec	2,354	2,337	2,359	2,362	2,342	2,333
Total other economic affairs	**10,054**	**10,365**	**11,283**	**10,485**	**10,354**	**9,899**
Other purposes						
Public debt interest	11,421	12,209	12,456	12,733	12,902	12,891
Interest on Commonwealth Government's behalf	*11,421*	*12,209*	*12,456*	*12,733*	*12,902*	*12,891*
Nominal superannuation interest	7,376	6,778	8,462	8,773	9,093	9,423
General purpose inter-government transactions	49,940	51,160	52,397	56,171	59,248	62,222
General revenue assistance - States and Territories	*47,149*	*48,935*	*51,234*	*53,804*	*56,778*	*59,647*
Local government assistance	*2,791*	*2,225*	*1,164*	*2,367*	*2,470*	*2,575*
Natural disaster relief(b)	1,516	1,894	147	97	22	0
Contingency reserve	0	-1,301	98	2,166	3,873	7,850
Total other purposes	**70,253**	**70,741**	**73,560**	**79,940**	**85,139**	**92,385**
Total expenses	**377,739**	**381,439**	**398,301**	**415,663**	**431,015**	**454,747**

(a) The hospital services sub-function includes payments from the Commonwealth to the States and Territories for specific hospital improvement initiatives and is in addition to hospital funding provided under the National Health Reform payment sub-function.

(b) Amounts for the Natural Disaster Relief and Recovery Arrangements (NDRRA) reflect expenses being recorded in the year in which the disaster occurs rather than when payments are made to State or Territory Governments in relation to Commonwealth financial obligations under the NDRRA.

APPENDIX B: THE CONTINGENCY RESERVE

The Contingency Reserve (part of the 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 estimates are based on the best information available at the time of the Budget. It is not a general policy reserve. While the 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 Reserve can only be drawn upon once they have been appropriated by Parliament. These allowances are removed from the Reserve and allocated to specific agencies for appropriation and for outcome reporting closer to the time when the associated events eventuate.

The Contingency Reserve contains an allowance for the tendency for estimates of expenses for existing Government policy to be revised upwards in the forward years, known as the conservative bias allowance. Since the 2012-13 MYEFO, the allowance has been drawn down to zero in the Budget year (2013-14), to ½ of a percentage point of total general government sector expenses (excluding GST payments to the States) in the first forward year (2014-15), to 1 per cent of expenses in the second forward year (2015-16) and a 2 per cent provision has been included in the third forward year (2016-17). The drawdown of the allowance reduced expenses by $865 million in 2013-14, $879 million in 2014-15 and $1.9 billion in 2015-16. 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 2013-14 and the forward years 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 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.

APPENDIX C: ADDITIONAL AGENCY STATISTICS

Table C1: Departmental expenses by agency

	Estimates			Projections	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Agriculture, Fisheries and Forestry					
Department of Agriculture, Fisheries and Forestry	715	727	705	735	730
Grains Research and Development Corporation	177	190	191	194	176
Total	**892**	**918**	**896**	**929**	**906**
Attorney-General's					
Attorney-General's Department	266	287	259	253	242
Australian Customs and Border Protection Service	1,131	1,136	1,062	1,087	1,108
Australian Federal Police	1,353	1,341	1,345	1,326	1,343
Australian Security Intelligence Organisation	420	457	439	447	465
Family Court and Federal Circuit Court	0	200	197	198	199
Family Court of Australia	127	0	0	0	0
High Court of Australia	20	20	21	21	21
Total	**3,317**	**3,442**	**3,323**	**3,332**	**3,378**
Broadband, Communications and the Digital Economy					
Australian Broadcasting Corporation	1,184	1,216	1,234	1,263	1,251
Australian Communications and Media Authority	110	104	98	96	98
Department of Broadband, Communications and the Digital Economy	124	116	94	94	95
Special Broadcasting Service Corporation	334	377	372	373	370
Total	**1,751**	**1,813**	**1,799**	**1,825**	**1,815**
Climate Change and Energy Efficiency					
Department of Climate Change and Energy Efficiency(a)	105	0	0	0	0
Total	**105**	**0**	**0**	**0**	**0**
Defence					
Australian War Memorial	55	68	59	60	60
Defence Housing Australia	937	1,030	1,057	1,075	1,136
Defence Materiel Organisation	8,764	9,659	11,742	12,825	13,375
Department of Defence	24,944	26,074	27,426	29,373	30,165
Department of Veterans' Affairs	356	360	357	356	362
Total	**35,057**	**37,191**	**40,641**	**43,690**	**45,097**
Education, Employment and Workplace Relations					
Comcare	449	449	456	472	490
Department of Education, Employment and Workplace Relations	689	687	667	662	673
Total	**1,138**	**1,136**	**1,123**	**1,134**	**1,163**

Table C1: Departmental expenses by agency (continued)

	Estimates			Projections	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Families, Housing, Community Services and Indigenous Affairs					
Department of Families, Housing, Community Services and Indigenous Affairs	635	816	539	535	536
Indigenous Business Australia	164	183	187	195	199
National Disability Insurance Scheme Launch Transition Agency	0	0	309	598	1,890
Total	**799**	**999**	**1,035**	**1,328**	**2,626**
Finance and Deregulation					
Australian Electoral Commission	141	301	141	145	269
Department of Finance and Deregulation	497	529	506	507	519
Future Fund Management Agency	45	47	51	55	58
Total	**682**	**878**	**699**	**707**	**846**
Foreign Affairs and Trade					
AusAID	333	375	354	361	366
Australian Trade Commission	201	199	199	199	201
Department of Foreign Affairs and Trade	1,048	1,105	1,091	1,104	1,112
Total	**1,582**	**1,679**	**1,643**	**1,664**	**1,679**
Health and Ageing					
Department of Health and Ageing	806	821	791	793	798
National Blood Authority	11	10	10	10	10
National Health and Medical Research Council	46	47	47	46	47
Total	**864**	**878**	**848**	**849**	**855**
Human Services					
Department of Human Services	4,515	4,398	4,287	4,179	4,233
Total	**4,515**	**4,398**	**4,287**	**4,179**	**4,233**
Immigration and Citizenship					
Department of Immigration and Citizenship	1,556	1,580	1,450	1,494	1,547
Total	**1,556**	**1,580**	**1,450**	**1,494**	**1,547**
Industry, Innovation, Climate Change, Science, Research and Tertiary Education					
Australian Nuclear Science and Technology Organisation	268	295	290	294	275
Australian Research Council	22	23	23	24	25
Clean Energy Regulator	89	90	90	91	81
Commonwealth Scientific and Industrial Research Organisation	1,265	1,300	1,335	1,374	1,363
Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education(a)	633	675	656	653	641
Total	**2,277**	**2,383**	**2,393**	**2,435**	**2,385**
Infrastructure and Transport					
Department of Infrastructure and Transport	207	212	206	215	200
Total	**207**	**212**	**206**	**215**	**200**

Table C1: Departmental expenses by agency (continued)

	Estimates			Projections	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Parliament					
Department of Parliamentary Services	137	129	126	127	125
Total	**137**	**129**	**126**	**127**	**125**
Prime Minister and Cabinet					
Department of the Prime Minister and Cabinet	159	205	329	117	115
Total	**159**	**205**	**329**	**117**	**115**
Regional Australia, Local Government, Arts and Sport					
Australian Sports Commission	312	312	279	263	265
Department of Regional Australia, Local Government, Arts and Sport	110	96	94	88	88
National Archives of Australia	72	74	75	77	92
National Capital Authority	19	19	20	20	20
National Gallery of Australia	41	42	42	43	44
National Library of Australia	77	77	77	78	75
National Museum of Australia	47	47	47	48	48
Total	**678**	**667**	**634**	**616**	**633**
Resources, Energy and Tourism					
Australian Renewable Energy Agency	129	509	367	260	150
Department of Resources, Energy and Tourism	129	146	111	100	97
Total	**258**	**655**	**477**	**359**	**246**
Sustainability, Environment, Water, Population and Communities					
Bureau of Meteorology	344	353	349	354	368
Department of Sustainability, Environment, Water, Population and Communities	600	576	520	516	495
Total	**944**	**929**	**869**	**870**	**864**
Treasury					
Australian Bureau of Statistics	424	389	392	452	585
Australian Office of Financial Management	11	13	13	13	13
Australian Securities and Investments Commission	416	409	393	384	376
Australian Taxation Office	3,497	3,600	3,585	3,533	3,568
Clean Energy Finance Corporation(b)	8	338	345	347	348
Department of the Treasury	197	178	180	163	160
Total	**4,553**	**4,928**	**4,909**	**4,891**	**5,050**
Small agencies	**5,243**	**5,189**	**5,131**	**5,121**	**5,097**
Whole of government and inter-agency amounts(c)	**-10,380**	**-11,550**	**-13,217**	**-14,614**	**-15,237**
AEIFRS expenses considered other economic flows(d)	**-1,232**	**-1,260**	**-1,303**	**-1,357**	**-1,416**
Total departmental expenses	**55,103**	**57,399**	**58,298**	**59,912**	**62,207**

(a) On 26 March 2013, the Department of Climate Change and Energy Efficiency was abolished with climate change functions transferred to the new Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education.
(b) Most of the Clean Energy Finance Corporation estimated expenses are due to concessional loans.
(c) 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.
(d) 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 C2: Net capital investment by agency

	Estimates			Projections	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Agriculture, Fisheries and Forestry					
Department of Agriculture, Fisheries and Forestry	2	3	-2	-2	-3
Grains Research and Development Corporation	0	1	0	0	0
Total	**2**	**4**	**-2**	**-2**	**-3**
Attorney-General's					
Attorney-General's Department	10	0	-23	-21	-4
Australian Customs and Border Protection Service	27	23	56	31	-51
Australian Federal Police	13	61	39	-15	-14
Australian Security Intelligence Organisation	47	18	-6	32	-31
Family Court and Federal Circuit Court	0	47	-2	-1	-1
Family Court of Australia	0	-41	0	0	0
High Court of Australia	1	4	1	0	-1
Total	**97**	**112**	**65**	**25**	**-102**
Broadband, Communications and the Digital Economy					
Australian Broadcasting Corporation	10	-3	61	24	-19
Australian Communications and Media Authority	6	13	2	4	-1
Department of Broadband, Communications and the Digital Economy	-18	-14	-14	-15	-14
Special Broadcasting Service Corporation	16	-5	-2	3	3
Total	**14**	**-9**	**47**	**15**	**-31**
Climate Change and Energy Efficiency					
Department of Climate Change and Energy Efficiency(a)	-44	0	0	0	0
Total	**-44**	**0**	**0**	**0**	**0**
Defence					
Australian War Memorial	0	20	-1	-4	-1
Defence Housing Australia	24	-5	-48	-2	-14
Defence Materiel Organisation	0	0	0	0	0
Department of Defence	748	1,182	1,911	2,205	2,297
Department of Veterans' Affairs	-1	1	-11	-13	-13
Total	**772**	**1,199**	**1,850**	**2,187**	**2,269**
Education, Employment and Workplace Relations					
Comcare	11	2	3	3	4
Department of Education, Employment and Workplace Relations	-17	-14	-12	-12	-13
Total	**-6**	**-11**	**-9**	**-9**	**-10**

Table C2: Net capital investment by agency (continued)

	Estimates			Projections	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Families, Housing, Community Services and Indigenous Affairs					
Department of Families, Housing, Community Services and Indigenous Affairs	13	15	-62	-21	-14
Indigenous Business Australia	12	2	-5	-5	-5
National Disability Insurance Scheme Launch Transition Agency	0	0	66	47	111
Total	**25**	**17**	**0**	**21**	**93**
Finance and Deregulation					
Australian Electoral Commission	5	1	0	5	-1
Department of Finance and Deregulation	137	311	347	-617	34
Future Fund Management Agency	2	-2	-2	-1	0
Total	**144**	**310**	**345**	**-613**	**34**
Foreign Affairs and Trade					
AusAID	6	7	-5	-6	-5
Australian Trade Commission	0	-2	0	0	0
Department of Foreign Affairs and Trade	57	306	241	266	10
Total	**63**	**311**	**235**	**261**	**4**
Health and Ageing					
Department of Health and Ageing	4	4	-55	-43	-59
National Blood Authority	1	-1	0	0	0
National Health and Medical Research Council	0	-2	-2	-2	-2
Total	**5**	**1**	**-57**	**-45**	**-61**
Human Services					
Department of Human Services	-172	-77	-27	-47	-65
Total	**-172**	**-77**	**-27**	**-47**	**-65**
Immigration and Citizenship					
Department of Immigration and Citizenship	191	207	-26	154	-21
Total	**191**	**207**	**-26**	**154**	**-21**
Industry, Innovation, Climate Change, Science, Research and Tertiary Education					
Australian Nuclear Science and Technology Organisation	47	21	-3	-6	-14
Australian Research Council	0	0	0	0	-1
Clean Energy Regulator	14	-3	-10	-12	-2
Commonwealth Scientific and Industrial Research Organisation	53	98	31	-100	-15
Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education(a)	36	-6	-20	-17	-17
Total	**149**	**110**	**-1**	**-135**	**-49**
Infrastructure and Transport					
Department of Infrastructure and Transport	-14	-5	-6	-6	1
Total	**-14**	**-5**	**-6**	**-6**	**1**

Table C2: Net capital investment by agency (continued)

	Estimates			Projections	
	2012-13	2013-14	2014-15	2015-16	2016-17
	$m	$m	$m	$m	$m
Parliament					
Department of Parliamentary Services	-28	-17	-9	-8	-5
Total	**-28**	**-17**	**-9**	**-8**	**-5**
Prime Minister and Cabinet					
Department of the Prime Minister and Cabinet	0	2	-7	-6	-2
Total	**0**	**2**	**-7**	**-6**	**-2**
Regional Australia, Local Government, Arts and Sport					
Australian Sports Commission	-8	-7	-17	-21	6
Department of Regional Australia, Local Government, Arts and Sport	-35	-113	-33	-31	-27
National Archives of Australia	1	2	2	2	2
National Capital Authority	-8	1	-1	-4	-4
National Gallery of Australia	13	16	17	17	18
National Library of Australia	5	2	6	3	-2
National Museum of Australia	7	0	3	4	2
Total	**-24**	**-97**	**-23**	**-31**	**-4**
Resources, Energy and Tourism					
Australian Renewable Energy Agency	0	0	0	0	0
Department of Resources, Energy and Tourism	14	-3	-3	0	1
Total	**14**	**-3**	**-3**	**0**	**1**
Sustainability, Environment, Water, Population and Communities					
Bureau of Meteorology	-9	-8	-17	-18	-19
Department of Sustainability, Environment, Water, Population and Communities	106	89	165	236	288
Total	**97**	**81**	**148**	**218**	**269**
Treasury					
Australian Bureau of Statistics	-12	-3	-4	2	-12
Australian Office of Financial Management	0	3	0	0	0
Australian Securities and Investments Commission	-24	-15	-21	-8	2
Australian Taxation Office	56	78	11	0	-1
Clean Energy Finance Corporation	1	0	0	0	0
Department of the Treasury	101	-153	-2	-2	-1
Total	**121**	**-91**	**-17**	**-7**	**-11**
Small agencies	**139**	**132**	**-52**	**-55**	**-36**
Whole of government and inter-agency amounts(b)	**30**	**-24**	**-25**	**-42**	**-48**
Adjustments to AEIFRS movements in non-financial assets(c)	**-2,788**	**793**	**-223**	**-748**	**780**
Total net capital investment	**-1,212**	**2,945**	**2,204**	**1,126**	**3,003**

(a) On 26 March 2013, the Department of Climate Change and Energy Efficiency was abolished with climate change functions transferred to the new Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education.

(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 movements in non-financial assets considered other economic flows include net write-down and impairment of non-financial assets and assets recognised for the first time. They also include Contingency Reserve movements in non-financial assets.

Table C3: Estimates of average staffing level (ASL) of agencies in the Australian Government general government sector[(a)]

	Average staffing levels #		
	2012-13	2013-14	Change
Agriculture, Fisheries and Forestry			
Department of Agriculture, Fisheries and Forestry(b)	4,488	4,258	-230
Australian Fisheries Management Authority	189	189	0
Australian Pesticides and Veterinary Medicines Authority	176	183	7
Cotton Research and Development Corporation	11	14	3
Fisheries Research and Development Corporation	12	13	0
Grains Research and Development Corporation	57	61	4
Grape and Wine Research and Development Corporation	11	11	0
Rural Industries Research and Development Corporation	27	27	0
Sugar Research and Development Corporation	8	8	0
Wine Australia Corporation	39	49	10
Total	**5,018**	**4,812**	**-206**
Attorney-General's			
Attorney-General's Department(c)	1,332	1,461	129
Administrative Appeals Tribunal	162	170	8
Australian Commission for Law Enforcement Integrity	29	34	5
Australian Crime Commission(d)	558	504	-54
Australian Customs and Border Protection Service(e)	5,120	5,000	-120
Australian Federal Police	6,359	6,416	57
Australian Human Rights Commission	134	125	-9
Australian Institute of Criminology	48	47	-1
Australian Law Reform Commission	15	16	0
Australian Security Intelligence Organisation	1,738	1,778	40
Australian Transaction Reports and Analysis Centre	292	274	-18
Crimtrac Agency	221	228	7
Family Court and Federal Circuit Court(f)	572	789	217
Federal Circuit Court of Australia(f)	234	0	-234
Federal Court of Australia	419	425	6
High Court of Australia	81	82	1
Insolvency and Trustee Services Australia	420	420	0
Office of Parliamentary Counsel	96	113	17
Office of the Australian Information Commissioner	85	80	-5
Office of the Director of Public Prosecutions(g)	500	423	-77
Total	**18,415**	**18,385**	**-30**
Broadband, Communications and the Digital Economy			
Department of Broadband, Communications and the Digital Economy	634	585	-49
Australian Broadcasting Corporation	4,542	4,619	77
Australian Communications and Media Authority	533	523	-10
Special Broadcasting Service Corporation	971	1,058	87
Telecommunications Universal Service Management Agency	15	17	2
Total	**6,695**	**6,802**	**107**
Climate Change and Energy Efficiency			
Department of Climate Change and Energy Efficiency(h)	483	0	-483
Total	**483**	**0**	**-483**

Table C3: Estimates of average staffing level (ASL) of agencies in the Australian Government general government sector[(a)] (continued)

	Average staffing levels #		
	2012-13	2013-14	Change
Defence			
Department of Defence – Civilian(i)(j)	15,794	15,547	-247
Australian War Memorial	312	339	27
Defence Housing Australia	589	614	25
Defence Materiel Organisation(i)(j)	5,750	5,670	-80
Department of Defence – Military(k)	56,711	58,235	1,524
Department of Defence – Reserves(l)	19,967	20,450	483
Department of Veterans' Affairs	1,914	1,924	10
Total	**101,037**	**102,779**	**1,742**
Departments of the Parliament			
Department of Parliamentary Services	704	705	1
Department of the House of Representatives	161	158	-3
Department of the Senate	153	155	2
Parliamentary Budget Office	14	39	25
Total	**1,032**	**1,057**	**25**
Education, Employment and Workplace Relations			
Department of Education, Employment and Workplace Relations	3,790	3,740	-50
Australian Curriculum Assessment and Reporting Authority	115	118	3
Australian Institute for Teaching and School Leadership Limited	58	68	10
Comcare	660	637	-23
Fair Work Commission	321	353	32
Office of the Fair Work Building Industry Inspectorate	145	100	-45
Office of the Fair Work Ombudsman	723	693	-30
Safe Work Australia	104	104	0
Total	**5,916**	**5,813**	**-103**
Families, Housing, Community Services and Indigenous Affairs			
Department of Families, Housing, Community Services and Indigenous Affairs(m)	2,920	3,278	358
Aboriginal Hostels Limited	448	445	-3
Anindilyakwa Land Council	46	48	2
Australian Institute of Family Studies	74	81	7
Central Land Council	227	231	4
Indigenous Business Australia	212	227	15
Indigenous Land Corporation	265	265	0
Northern Land Council	329	329	0
Outback Stores Pty Ltd	140	150	10
Tiwi Land Council	10	11	1
Torres Strait Regional Authority	128	139	11
Workplace Gender Equality Agency	35	33	-2
Wreck Bay Aboriginal Community Council	32	32	0
Total	**4,866**	**5,269**	**403**
Finance and Deregulation			
Department of Finance and Deregulation	1,528	1,468	-60
Australian Electoral Commission	869	878	9
Commonwealth Superannuation Corporation	64	72	8
ComSuper	443	445	2
Future Fund Management Agency	91	104	13
Total	**2,995**	**2,967**	**-28**

Table C3: Estimates of average staffing level (ASL) of agencies in the Australian Government general government sector[(a)] (continued)

	Average staffing levels #		
	2012-13	2013-14	Change
Foreign Affairs and Trade			
Department of Foreign Affairs and Trade	3,924	3,981	57
AusAID (Australian Agency for International Development)	1,944	1,982	38
Australian Centre for International Agriculture Research	69	73	4
Australian Secret Intelligence Service	*	*	*
Australian Trade Commission (Austrade)	960	930	-30
Export Finance Insurance Corporation - National Interest Account	7	7	0
Total	**6,904**	**6,973**	**69**
Health and Ageing			
Department of Health and Ageing(n)	4,706	4,567	-139
Aged Care Standards and Accreditation Agency Ltd	210	220	10
Australian Commission on Safety and Quality in Health Care	55	58	3
Australian Institute of Health and Welfare	322	315	-7
Australian National Preventive Health Agency	44	40	-4
Australian Organ and Tissue Donation and Transplantation Authority	28	28	0
Australian Radiation Protection and Nuclear Safety Agency	145	153	8
Cancer Australia	64	72	8
Food Standards Australia and New Zealand	120	118	-2
General Practice Education and Training Ltd	56	61	5
Health Workforce Australia	132	140	8
Independent Hospital Pricing Authority	49	59	11
National Blood Authority	49	53	4
National Health and Medical Research Council	215	217	2
National Health Funding Body	21	21	0
National Health Performance Authority	44	53	9
Private Health Insurance Administration Council	34	35	1
Private Health Insurance Ombudsman	12	12	0
Professional Services Review	23	23	0
Total	**6,329**	**6,245**	**-84**
Human Services			
Department of Human Services(o)	32,048	30,707	-1,341
Total	**32,048**	**30,707**	**-1,341**
Immigration and Citizenship			
Department of Immigration and Citizenship	8,997	9,080	83
Migration Review Tribunal and Refugee Review Tribunal	365	420	55
Total	**9,362**	**9,500**	**138**
Infrastructure and Transport			
Department of Infrastructure and Transport	1,000	994	-6
Australian Maritime Safety Authority	344	358	14
Australian Transport Safety Bureau	122	118	-4
Civil Aviation Safety Authority	809	855	46
National Transport Commission	46	45	-1
Total	**2,321**	**2,370**	**49**

Table C3: Estimates of average staffing level (ASL) of agencies in the Australian Government general government sector[a] (continued)

	Average staffing levels #		
	2012-13	2013-14	Change
Industry, Innovation, Climate Change, Science, Research and Tertiary Education			
Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education(p)	3,449	3,630	181
Australian Institute of Aboriginal and Torres Strait Islander Studies	130	118	-12
Australian Institute of Marine Science	202	202	0
Australian Nuclear Science and Technology Organisation	1,224	1,276	52
Australian Research Council	115	120	5
Australian Skills Quality Authority	193	211	18
Clean Energy Regulator	349	360	11
Climate Change Authority	24	35	12
Commonwealth Scientific and Industrial Research Organisation(q)	5,715	5,550	-165
IP Australia	1,049	1,067	18
Low Carbon Australia Limited(r)	24	0	-24
Tertiary Education Quality and Standards Agency	93	99	6
Total	**12,567**	**12,668**	**102**
Prime Minister and Cabinet			
Department of the Prime Minister and Cabinet(s)	698	771	73
Australian National Audit Office	348	348	0
Australian Public Service Commission	266	254	-12
National Australia Day Council Limited	12	11	-1
National Mental Health Commission	10	13	3
Office of National Assessments	144	148	4
Office of the Commonwealth Ombudsman	139	136	-3
Office of the Inspector-General of Intelligence and Security	13	12	-1
Office of the Official Secretary to the Governor-General	86	86	0
Total	**1,716**	**1,779**	**63**
Regional Australia, Local Government, Arts and Sport			
Department of Regional Australia, Local Government, Arts and Sport(t)	552	482	-70
Australia Business Arts Foundation Limited	25	33	8
Australia Council	120	124	4
Australian Film, Television and Radio School	150	150	0
Australian National Maritime Museum	115	115	0
Australian Sports Anti-Doping Authority	73	74	1
Australian Sports Commission (includes Australian Sports Foundation Limited)	718	696	-22
Bundanon Trust	17	19	1
National Archives of Australia	429	429	0
National Capital Authority	52	56	4
National Film & Sound Archive	213	211	-2
National Gallery of Australia	245	245	0
National Library of Australia	434	434	0
National Museum of Australia	221	221	0
National Portrait Gallery of Australia(t)	0	59	59
Old Parliament House	72	72	0
Screen Australia	110	112	2
Total	**3,546**	**3,531**	**-15**

Table C3: Estimates of average staffing level (ASL) of agencies in the Australian Government general government sector[(a)] (continued)

	Average staffing levels #		
	2012-13	2013-14	Change
Resources, Energy and Tourism			
Department of Resources, Energy and Tourism(u)	516	655	139
Australian Renewable Energy Agency	2	2	0
Geoscience Australia	700	720	20
National Offshore Petroleum Safety and Environmental Management Authority	105	121	16
Tourism Australia	198	198	0
Total	**1,521**	**1,696**	**175**
Sustainability, Environment, Water, Population and Communities			
Department of Sustainability, Environment, Water, Population and Communities(v)	2,291	2,151	-140
Bureau of Meteorology	1,519	1,536	17
Director of National Parks	275	275	0
Great Barrier Reef Marine Park Authority	209	205	-4
Murray-Darling Basin Authority	300	295	-5
National Water Commission	40	40	0
Sydney Harbour Federation Trust	55	57	2
Total	**4,689**	**4,559**	**-130**
Treasury			
Department of the Treasury	937	886	-51
Australian Bureau of Statistics(w)	2,921	2,685	-236
Australian Competition and Consumer Commission	800	802	2
Australian Office of Financial Management	41	45	4
Australian Prudential Regulation Authority	609	609	0
Australian Securities and Investments Commission	1,830	1,834	4
Australian Taxation Office(x)	21,514	22,022	508
Clean Energy Finance Corporation(r)	11	50	39
Commonwealth Grants Commission	40	40	0
Corporations and Markets Advisory Committee	3	3	0
Inspector-General of Taxation	10	10	0
National Competition Council	11	12	1
Office of the Auditing and Assurance Standards Board	8	8	0
Office of the Australian Accounting Standards Board	22	24	2
Productivity Commission	198	193	-5
Royal Australian Mint	217	241	24
Total	**29,172**	**29,464**	**292**
TOTAL (for all general government sector agencies)	**256,631**	**257,376**	**746**

\# Any discrepancies in totals are due to rounding of partial ASL.

* Not disclosed

(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. It also includes uniformed staff and overseas personnel. The ASL figures exclude contractors. In the 2012-13 Budget, the ASL figures included contractors for the Department of Defence (Defence) and Defence Materiel Organisation (DMO). The Defence and DMO contractor numbers are reported in note (i) for comparison purposes.

(b) The projected decrease of 230 between 2012-13 and 2013-14 reflects alignment of staffing to operate within the allocated budget.

(c) Core ongoing ASL will decrease by 47, from 1,263 in 2012-13 to 1,216 in 2013-14. However the total ASL in 2013-14 will increase as a result of 93 ASL for the Royal Commission Into Institutional Responses to Child Sexual Abuse, 65 ASL for the Defence Abuse Response Task Force, and 18 ASL for special event programs (Asian Football Cup (5), Cricket World Cup (6), and G20 Security Arrangements (7)).

(d) The projected decrease of 54 between 2012-13 and 2013-14 reflects alignment of staffing to operate within the allocated budget.
(e) The projected decrease of 120 between 2012-13 and 2013-14 reflects alignment of staffing to operate within the allocated budget.
(f) Staff reductions in the Federal Circuit Court of Australia (formerly Federal Magistrates Court of Australia) and subsequent increases in the Family Court and Federal Circuit Court of Australia (formerly the Family Court of Australia) are a result of the merger of these entities. The 2012-13 ASL is presented under the former entities.
(g) The projected decrease of 77 between 2012-13 and 2013-14 reflects alignment of staffing to operate within the allocated budget.
(h) As a result of Machinery of Government changes, the Department of Climate Change and Energy Efficiency (DCCEE) ceased to exist on 26 March 2013. The ASL in 2012-13 is an estimate for the time DCCEE was in operation (1 July 2012 to 25 March 2013). The ASL for the remainder of the year and the full year impact for 2013-14 are included in the figures for the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education, and the Department of Resources, Energy and Tourism. Also see (p) and (u).
(i) The ASL figures exclude contractors. Contractor numbers for Defence is 350 in 2012-13 and projected to be 445 in 2013-14, and DMO is 27 in 2012-13 and projected to be 48 in 2013-14.
(j) The combined decrease in projected ASL for Defence and DMO (excluding contractors) of 327 between 2012-13 and 2013-14 is primarily due to the second tranche of the reduction of 1,000 ASL over two years announced in the 2012-13 Budget.
(k) The projected increase of 1,524 between 2012-13 and 2013-14 reflects the increase to achieve the budgeted workforce in 2013-14 after a period of workforce shortfalls.
(l) The projected increase of 483 between 2012-13 and 2013-14 reflects planned increased usage of Reservists.
(m) The projected increase of 358 between 2012-13 and 2013-14 is largely attributable to DisabilityCare Australia measures.
(n) The projected decrease of 139 between 2012-13 and 2013-14 reflects alignment of staffing to operate within the allocated budget.
(o) The projected decrease of 1,341 between 2012-13 and 2013-14 reflects alignment of staffing to operate within the allocated budget and efficiencies achieved from the Service Delivery Reform as announced in the 2011-12 Budget.
(p) The projected increase of 181 between 2012-13 and 2013-14 includes the impact of the staff transferred from the former Department of Climate Change and Energy Efficiency (DCCEE) as a result of Machinery of Government changes on 25 March 2013. The ASL for 2012-13 includes only the part year impact (from 26 March 2013 to 30 June 2013) of the ASL that transferred from the former DCCEE (106 ASL). Also see (h).
(q) The projected decrease of 165 between 2012-13 and 2013-14 reflects alignment of staffing to operate within the allocated budget.
(r) The Clean Energy Finance Corporation (CEFC) was established in August 2012, under the Clean Energy Finance Corporation Act 2012. Low Carbon Australia Limited (LCAL) and the CEFC are merging, with the majority of LCAL staff having accepted positions with the CEFC. LCAL is expected to have no staff by 30 June 2013.
(s) The projected increase of 73 between 2012-13 and 2013-14 largely reflects hosting the Group of 20 (see the 2012-13 Budget measure, Australia to host the Group of 20 in 2014).
(t) The National Portrait Gallery of Australia (NPGA) will commence operations as a separate agency on 1 July 2013. The NPGA was previously included in the ASL of the Department of Regional Australia, Local Government, Arts and Sport.
(u) The projected increase of 139 between 2012-13 and 2013-14 includes the impact of the staff transferred from the former Department of Climate Change and Energy Efficiency (DCCEE) as a result of Machinery of Government changes on 25 March 2013. The ASL for 2012-13 includes only the part year impact (from 26 March 2013 to 30 June 2013) of the ASL that transferred from the former DCCEE (55 ASL). Also see (h).
(v) The projected decrease of 140 between 2012-13 and 2013-14 reflects alignment of staffing to operate within the allocated budget.
(w) The projected decrease of 236 between 2012-13 and 2013-14 relates to the cyclical nature of activities for the Census as well as the efficiency dividend and other savings measures.
(x) The projected increase of 508 between 2012-13 and 2013-14 represents the impact of new measures announced in both the 2012-13 MYEFO and the 2013-14 Budget with the additional ASL mostly to support additional revenue compliance measures.