

**SUPPLEMENTARY EXPENSE AND CAPITAL TABLES AND THE
CONTINGENCY RESERVE**

Expenses

Table 20 shows estimates of Australian Government general government expenses by function and sub-function for 2006-07 and the forward years.

Table 20: Estimates of Australian Government general government expenses by function and sub-function

	Estimates						Projections					
	2006-07			2007-08			2008-09			2009-10		
	Budget \$m	MYEFO \$m	Change on Budget %	Budget \$m	MYEFO \$m	Change on Budget %	Budget \$m	MYEFO \$m	Change on Budget %	Budget \$m	MYEFO \$m	Change on Budget %
General public services												
Legislative and executive affairs	830	873	5	948	993	5	777	820	6	784	843	8
Financial and fiscal affairs	4,109	4,649	13	4,076	4,700	15	4,117	4,848	18	4,211	5,008	19
Foreign affairs and economic aid	3,293	3,184	-3	3,957	3,895	-2	4,420	4,357	-1	4,525	4,720	4
General research	2,386	2,393	0	2,437	2,438	0	2,446	2,445	0	2,498	2,505	0
General services	639	717	12	639	709	11	640	690	8	653	701	7
Government superannuation benefits	2,551	2,526	-1	2,600	2,576	-1	2,690	2,667	-1	2,783	2,735	-2
Defence	17,871	17,025	-5	17,955	18,300	2	18,078	18,713	4	19,013	19,021	0
Public order and safety	3,286	3,393	3	3,326	3,483	5	3,370	3,557	6	3,450	3,671	6
Education	16,633	16,584	0	17,041	16,993	0	17,606	17,576	0	18,353	18,307	0
Health	39,838	39,708	0	41,991	42,003	0	43,635	43,631	0	45,459	45,428	0
Social security and welfare	91,756	91,349	0	95,807	96,331	1	99,991	100,462	0	103,788	104,141	0
Housing and community amenities	2,790	2,712	-3	3,026	3,127	3	2,631	2,647	1	2,314	2,391	3
Recreation and culture	2,627	2,731	4	2,549	2,692	6	2,513	2,630	5	2,534	2,608	3
Fuel and energy	4,804	4,935	3	4,958	5,183	5	5,290	5,523	4	5,304	5,515	4
Agriculture, fisheries and forestry	2,300	2,620	14	1,942	1,895	-2	1,588	1,415	-11	1,331	1,296	-3
Mining, manufacturing and construction	2,085	2,122	2	2,030	2,075	2	2,046	2,123	4	2,038	2,109	3
Transport and communication	3,552	3,608	2	4,023	4,083	1	4,166	4,223	1	2,649	2,703	2
Other economic affairs												
Tourism and area promotion	197	201	2	196	198	1	126	128	2	126	131	4
Labour and employment affairs	4,461	4,404	-1	4,416	4,415	0	4,414	4,531	3	4,503	4,687	4
Other economic affairs nec	959	1,005	5	948	987	4	957	966	1	965	966	0

Table 20: Australian Government expenses by function and sub-function (continued)

	Estimates						Projections					
	2006-07			2007-08			2008-09			2009-10		
	Budget \$m	MYEFO \$m	Change on Budget %	Budget \$m	MYEFO \$m	Change on Budget %	Budget \$m	MYEFO \$m	Change on Budget %	Budget \$m	MYEFO \$m	Change on Budget %
Other purposes												
Public debt interest	3,514	3,617	3	3,447	3,494	1	3,310	3,355	1	3,283	3,333	2
Nominal superannuation interest	5,784	5,725	-1	5,870	5,869	0	6,077	6,163	1	6,289	6,371	1
General purpose inter-government transactions	2,617	2,595	-1	2,671	2,695	1	2,624	2,647	1	2,547	2,608	2
Natural disaster relief	99	117	18	93	93	0	93	93	0	93	93	0
Contingency reserve	747	386	-48	3,611	3,095	-14	7,303	6,285	-14	13,099	10,777	-18
Total expenses	219,730	219,175	0	230,556	232,322	1	240,910	242,493	1	252,592	252,669	0

Contingency Reserve

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

While the reserve ensures that aggregate estimates are as close as possible to expected outcomes, it is not appropriated. Allowances that are included in the reserve can only be drawn upon once they have been appropriated by Parliament. These allowances are removed from the reserve and allocated to specific agencies for appropriation and for outcome reporting closer to the time when they eventuate.

The Contingency Reserve makes allowance in 2006-07 and the forward years for anticipated events, including the following:

- an allowance for the tendency for estimates of expenses for existing government policy to be revised upwards in the forward years;
- an allowance for the tendency for the estimates of expenses for some specific agencies or functions to be overstated in the budget year;
- commercial-in-confidence and national security-in-confidence items that cannot be disclosed separately;
- 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
- provision for events and pressures that are reasonably expected to affect the budget estimates.