

## STATEMENT 6: EXPENSES AND NET CAPITAL INVESTMENT

Statement 6 presents estimates of general government sector expenses and net capital investment, allocated according to the various functions of government, on an accrual accounting basis. General government sector expenses are expected to decline as a share of Gross Domestic Product (GDP) in 2012-13, reflecting the Government's commitment to fiscal discipline.

This Budget includes a range of measures to return the Budget to surplus in 2012-13, including \$16.3 billion of savings in expenses and net capital investment. The largest savings include further efficiencies and targeted reductions in defence funding (\$5.5 billion over four years) along with slower growth in official development assistance (ODA) (\$2.9 billion over four years) arising from a one year deferral in the Government's commitment to increase ODA to 0.5 per cent of Gross National Income. The most significant areas of expenditure in 2012-13 are for the social security and welfare (35.0 per cent of total expenses), other purposes (18.6 per cent), health (16.2 per cent), and education (7.9 per cent) functions.

The strongest growth in expenses across the Budget and forward estimates is expected to occur in the housing and community amenities (22.1 per cent), other purposes (18.2 per cent), fuel and energy (16.5 per cent), agriculture, forestry and fishing (10.8 per cent) and health (8.2 per cent) functions. These increases are partly offset by declines in the recreation and culture (-14.3 per cent) and other economic affairs (-8.1 per cent) functions. The 2012-13 Budget includes funding for a number of key Government policy priorities. The Government has announced a five year \$3.7 billion package of reforms to Australia's aged care system, with a net Government investment of \$577 million. This includes more home-based services, better access to residential aged care facilities, and making the system fairer, more transparent and more responsive to the needs of older Australians.

The Government will also provide assistance to people with a disability and their families and carers through implementation of the first stage of a National Disability Insurance Scheme (NDIS). Funding of \$1.0 billion over four years for the first stage will test key features of an NDIS in up to four launch locations, to be announced following negotiations with State and Territory governments.

The Government will also spend an additional \$2.9 billion over four years to ease the cost of living pressures on families and unemployed people through the *Spreading the Benefits of the Boom* package.

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# STATEMENT 6: EXPENSES AND NET CAPITAL INVESTMENT

## OVERVIEW

Australian Government general government sector (GGS) accrual expenses are expected to decrease by 1.8 per cent in real terms in 2012-13, and then grow in 2013-14 and for the remainder of the forward estimates. Total expenses are expected to fall as a percentage of GDP between 2011-12 and 2012-13, then remain broadly stable over the forward estimates.

**Table 1: Estimates of general government sector expenses**

	MYEFO	Revised	Estimate		Projections	
	2011-12	2011-12	2012-13	2013-14	2014-15	2015-16
<b>Total expenses (\$b)</b>	<b>371.7</b>	<b>373.7</b>	<b>376.3</b>	<b>398.5</b>	<b>416.4</b>	<b>439.0</b>
Real growth on						
previous year (%) <sup>(a)</sup>	1.3	2.5	-1.8	3.3	2.0	2.9
Per cent of GDP	25.0	25.3	24.3	24.4	24.2	24.2

(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 a cash basis. When expressed in cash terms, Government spending is forecast to grow by an average of 1.8 per cent per annum over the five years to 2015-16.

## General government sector expenses

### Reconciliation of expenses since the 2011-12 Budget

Table 2 provides a reconciliation of expense estimates between the 2011-12 Budget, the *Mid-Year Economic and Fiscal Outlook 2011-12* (MYEFO) and the 2012-13 Budget showing the effect of policy decisions, and economic parameter and other variations.

**Table 2: Reconciliation of expense estimates**

	Estimates			Projections
	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m
<b>2011-12 Budget expenses</b>	<b>365,817</b>	<b>380,523</b>	<b>398,974</b>	<b>414,137</b>
<b>Changes from 2011-12 Budget to 2011-12 MYEFO</b>				
Effect of policy decisions(a)	4,805	1,166	6,269	6,468
Effect of parameter and other variations	1,125	-1,754	-4,620	-1,742
<b>Total variations</b>	<b>5,929</b>	<b>-587</b>	<b>1,649</b>	<b>4,726</b>
<b>2011-12 MYEFO expenses</b>	<b>371,747</b>	<b>379,935</b>	<b>400,623</b>	<b>418,863</b>
<b>Changes from 2011-12 MYEFO to 2012-13 Budget</b>				
Effect of policy decisions(a)	1,951	201	773	3,095
Effect of economic parameter variations				
Total economic parameter variations	-2,322	-3,883	-3,770	-4,712
<i>Unemployment benefits</i>	-140	-88	722	-14
<i>Prices and wages</i>	-264	-899	-1,336	-1,393
<i>Interest and exchange rates</i>	-18	-46	-56	-58
<i>GST payments to the States</i>	-1,900	-2,850	-3,100	-3,247
Public debt interest	-113	-302	-440	-622
Program specific parameter variations	1,859	2,070	1,798	1,936
Slippage in 2011-12 Budget decisions	-8	0	0	0
Other variations	558	-1,749	-482	-2,112
<b>Total variations</b>	<b>1,925</b>	<b>-3,662</b>	<b>-2,120</b>	<b>-2,415</b>
<b>2012-13 Budget expenses</b>	<b>373,671</b>	<b>376,273</b>	<b>398,503</b>	<b>416,449</b>

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

Economic parameter variations are forecast to reduce expenses in 2012-13 and over the forward estimates compared to forecasts at the time of the 2011-12 MYEFO. This is largely due to a reduction in goods and services tax (GST) payments to the States and Territories, consistent with a reduction in GST revenue collections. The indexation of many government payments, including social security payments, also contributes to the reduction in the growth of expenses since the 2011-12 MYEFO, reflecting lower estimates of prices and wages growth relative to those in MYEFO.

Program specific parameter variations are expected to remain fairly stable across the Budget and forward estimates.

**Estimated expenses by function**

Table 3 sets out the estimates of Australian Government GGS expenses by function for the period 2011-12 to 2015-16.

**Table 3: Estimates of expenses by function**

	Estimates			Projections	
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m
General public services	21,944	22,054	22,790	23,641	24,686
Defence	21,656	21,559	22,212	23,129	24,453
Public order and safety	4,072	3,957	3,935	3,934	3,992
Education	29,259	29,572	29,929	31,683	33,846
Health	61,168	61,003	64,088	67,175	71,137
Social security and welfare	126,879	131,656	138,241	143,085	150,354
Housing and community amenities	6,238	7,276	8,972	9,269	9,571
Recreation and culture	3,705	3,605	3,432	3,297	3,328
Fuel and energy	6,633	6,523	7,832	7,993	8,190
Agriculture, forestry and fishing	3,255	2,609	2,576	2,662	3,114
Mining, manufacturing and construction	2,114	2,084	2,128	2,224	2,398
Transport and communication	9,178	5,048	6,702	6,973	5,600
Other economic affairs	9,758	9,331	9,290	9,234	9,242
Other purposes	67,812	69,994	76,377	82,150	89,132
<b>Total expenses</b>	<b>373,671</b>	<b>376,273</b>	<b>398,503</b>	<b>416,449</b>	<b>439,044</b>

Major expense variations from 2012-13 over the forward years include movements in the following functions:

- **defence** – the Government will achieve savings in the Defence portfolio of \$5.5 billion over four years, including through deferring some Defence acquisitions, adjusting the Defence capital equipment program and delivering further operating efficiencies, while delivering priority 2009 Defence White Paper capabilities;
- **social security and welfare** – the increase in expenses is largely due to the indexation of personal benefits and income support payments, such as the Age Pension, and the continuing demographic shift to an older population;
- **health** – the increase in expenses reflects indexation of the Commonwealth's contribution to the provision of hospital services under the National Health Reform Agreement and, from 2014-15, projected growth in hospital services. Medicare expenses are also expected to increase as a direct result of the increase in the Australian population – and in particular, the number of Australians aged over 65 – as well as technology and social factors;
- **education** – expenses are expected to increase reflecting the introduction by the Government of a demand driven funding system and more generous indexation arrangements for higher education, and the level of indexation applied to schools funding together with student enrolment growth;

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- **housing and community amenities** – expenses are expected to increase primarily due to the implementation of various programs under the *Clean Energy Futures* package;
- **agriculture, forestry and fishing** – expenses are expected to decrease reflecting a general return to normal seasonal conditions across Australia and an anticipated reduction in spending on drought assistance; and
- **other purposes** – the increase in expenses is primarily due to 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 59.1 per cent of all Government expenses in 2012-13. Health spending is forecast to grow faster 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 16.2 per cent in 2015-16.

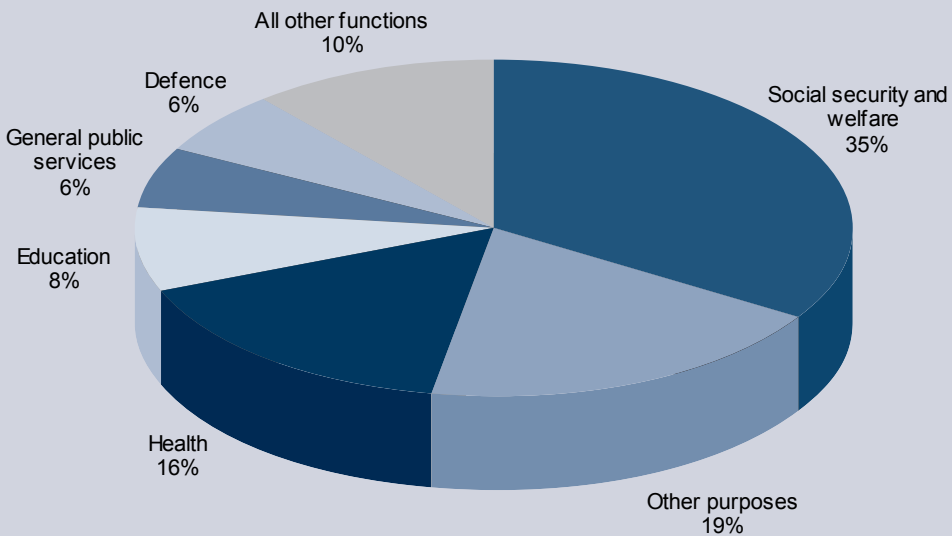
Further details of spending trends against all functions are set out under individual function headings. Specific information regarding initiatives in the defence, education, health and social security and welfare functions is set out in Boxes 3 to 9.

**Box 1: Where does government spending go in 2012-13?**

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.



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

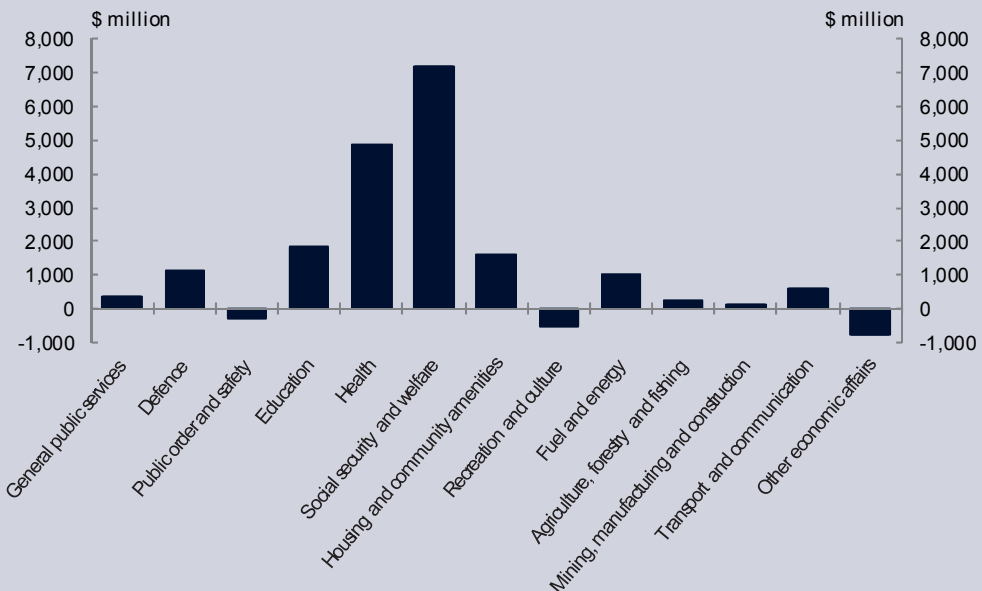
**Box 2: Trends in future spending**

Social security and welfare expenses are projected to grow strongly over the forward estimates. Key factors driving this include the Age Pension, with demographic factors resulting in the number of people receiving the Age Pension expected to increase by 220,000 from 2012-13 to 2015-16; income support for carers, as a result of the increasing number of senior Australians receiving care and assistance; and child care fee assistance, reflecting the growing use of child care services which is in part due to the Government’s reforms designed to increase workforce participation.

A number of major health programs will continue to see strong expenditure growth, including the MBS, the PBS, and payments to the States and Territories under the Australian Health Care Agreement and the National Health Reform Agreement. Spending on health, particularly the MBS and PBS, is influenced by population growth and to some extent by the ageing of the population together with developments in health technology and the resulting listing of new products and services.

Spending growth in the education function is largely expected to come from assistance to government and non-government schools. University spending is also forecast to continue to rise strongly due to the recent uncapping of student places and revised indexation arrangements.

**Total real growth by function — 2012-13 to 2015-16<sup>(a)</sup>**



(a) The other purposes function is not included in this chart as it contains expenses in the Contingency Reserve, the impact of which will fall to other functions, as well as general revenue assistance to the State and Territory governments (primarily GST). Total real growth in the other purposes function is \$12.9 billion from 2012-13 and over the forward estimates.



## Major savings

As part of the Government's commitment to return the Budget to surplus in 2012-13, it has identified around \$32.6 billion of savings over four years in this Budget, of which \$16.3 billion relates to savings 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 Defence portfolio, including through deferring some Defence acquisitions, adjusting the Defence capital equipment program and delivering further operating efficiencies, while delivering priority 2009 Defence White Paper capabilities. These measures will result in savings of \$5.5 billion in the **defence** function over four years.

The deferral of Australia's ODA growth target will reduce expenses by \$2.9 billion over four years, largely through a reduction in the provision for expanded aid funding held in the Contingency Reserve. These expenses are allocated to the foreign affairs and economic aid sub-function.

In the **social security and welfare** function, savings from improving the Aged Care Funding Instrument (\$1.1 billion over four years) and fairer means testing arrangements for home care and residential care (\$256.8 million over four years) will be redirected to support the Government's Aged Care reform measures. Changes in eligibility for Parenting Payment are expected to reduce expenses by \$687.1 million over four years. Savings from ceasing the Community Development Employment Projects (CDEP) program from 30 June 2013 (\$584.4 million over four years) will be redirected to support components of the new Remote Jobs and Communities program. A further \$360.9 million in savings over four years will result from new limits to age eligibility for Family Tax Benefit Part A.

In the **health** function, savings of \$1.5 billion will be redirected to other health spending and contribute to the sustainability of the health system over the forward estimates. Savings will be achieved across a range of programs over four years including: redirecting funding from the Commonwealth Dental Health program (\$290.0 million) to new dental health initiatives; redirecting funding from the supporting longer stay older patient initiative as part of Aged Care reform measures (\$150.0 million); ceasing funding for expanding access to multi-purpose services as part of the National Health Reform Agreement (\$120.7 million); and price decreases to some medicines listed on the Pharmaceutical Benefits Scheme (\$111.3 million).

Major savings will also be achieved by removing grandfathering arrangements for student contributions for maths and science courses (\$314.9 million over four years) in the **education** function. Further details of all savings measures are available in Budget Paper No. 2, *Budget Measures 2012-13*.

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**Program expenses**

Table 3.1 reports the top 20 expense programs in the 2012-13 financial year. These programs represent 64.4 per cent of total expenses in that year. The revenue assistance to the States and Territories program comprises 13.1 per cent of total expenses for 2012-13. Of the remaining programs in the top 20, more than half 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 2012-13**

Program	Function	Estimates			Projections	
		2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m
Revenue assistance to the States and Territories	Other purposes	46,714	49,381	52,039	54,632	57,214
Income support for seniors	SSW	34,812	36,760	39,017	41,741	44,865
Family tax benefit	SSW	19,934	19,927	20,896	21,456	21,963
Medicare services	Health	17,603	17,850	18,690	20,023	21,334
Disability support pension	SSW	14,493	14,835	15,374	16,118	16,939
Assistance to the States for healthcare services	Health	12,694	13,504	14,368	15,928	17,623
Pharmaceuticals and pharmaceutical services	Health	9,600	9,924	10,615	11,352	12,128
Job seeker income support	SSW	7,449	8,783	9,795	8,994	9,727
Non government schools – national support	Education	7,739	8,313	8,977	9,691	10,457
Residential and flexible care(a)	SSW	-	8,272	8,667	9,231	9,701
Higher education support	Education	6,879	7,098	7,309	7,687	8,051
Public sector superannuation(b)	Other purposes; General public services	6,467	6,863	6,974	7,105	7,243
Income support for carers	SSW	5,723	6,277	6,986	7,776	8,568
Fuel tax credits scheme	Fuel and energy	5,732	5,600	6,179	5,880	5,919
Parents' income support	SSW	5,879	5,317	5,095	5,239	5,102
Management of capability sustainment	Defence	5,301	5,295	5,671	6,126	6,427
Army capabilities	Defence	5,239	5,025	5,365	5,625	5,924
Private health insurance	Health	5,305	4,527	4,538	4,561	4,596
Child care fee assistance	SSW	4,179	4,437	4,802	5,173	5,512
Department of Human Services(c)	SSW; Health	4,517	4,410	4,332	4,156	4,120
<b>Sub-total</b>		<b>226,257</b>	<b>242,401</b>	<b>255,691</b>	<b>268,493</b>	<b>283,414</b>
Other programs		147,414	133,872	142,812	147,956	155,630
<b>Total expenses</b>		<b>373,671</b>	<b>376,273</b>	<b>398,503</b>	<b>416,449</b>	<b>439,044</b>

(a) The 'Residential and flexible care' program commencing on 1 July 2012 is a result of a change to the Department of Health and Ageing program structure.

(b) This program is a combination of public sector superannuation nominal interest and benefits programs.

(c) Department of Human Services departmental expenses.

## General public services

Expenses under the general public services function 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	
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m
Legislative and executive affairs	1,010	974	1,206	1,176	991
Financial and fiscal affairs	7,663	7,770	7,683	7,917	8,148
Foreign affairs and economic aid	5,798	6,254	6,918	7,571	8,537
General research	2,789	2,720	2,598	2,550	2,501
General services	841	858	859	863	892
Government superannuation benefits	3,843	3,479	3,525	3,564	3,616
<b>Total general public services</b>	<b>21,944</b>	<b>22,054</b>	<b>22,790</b>	<b>23,641</b>	<b>24,686</b>

Total general public services expenses are estimated to increase in real terms by 3.9 per cent from 2012-13 over the forward years, or 1.1 per cent per annum on average in real terms.

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 election in 2013-14.

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 increase in expenses from 2012-13 over the forward years in the **government superannuation benefits** sub-function reflects revised actuarial estimates of the Government's superannuation liability.

Total expenses under the **foreign affairs and economic aid** sub-function are forecast to increase by 26.7 per cent in real terms from 2012-13 over the forward years. This increase is due to the Government's commitment to increase the level of ODA to 0.5 per cent of Gross National Income by 2016-17. While this represents a one year deferral of the original target of 2015-16, ODA spending is still projected to continue to

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increase by 30.3 per cent in real terms from 2012-13 to 2015-16. Under the new growth profile, ODA spending will have doubled from 2007-08 levels by 2014-15. Based on current projections of ODA contributions by the 23 members of the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD), this growth path could see Australia rank sixth in the ODA donor rankings by 2015-16. Currently, Australia is ranked tenth. Budget Paper No. 2, *Budget Measures 2012-13* contains further details on the Government's revision to the growth profile for ODA. Table 4.1 sets out the major components of foreign affairs and economic aid sub-function expenses.

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

	Estimates			Projections	
	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m
Official development assistance (a)(b)	4,130	4,997	5,588	6,055	7,017
<i>Africa, South and Central Asia, Middle East and other</i>	1,145	1,133	1,274	1,524	1,592
<i>East Asia</i>	919	1,044	1,229	1,483	1,566
<i>PNG and Pacific</i>	931	963	1,093	1,226	1,389
<i>Multilateral replenishments</i>	10	569	568	13	-
<i>Emergency, humanitarian and refugee programs</i>	332	402	416	520	684
<i>UN, Commonwealth and other international organisations</i>	342	368	411	383	457
<i>NGO, volunteer and community programs</i>	168	193	234	267	282
<i>Other (c)</i>	284	325	364	640	1,048
International deployments	352	311	203	161	160
Passport services	202	248	259	269	281
Payments to international organisations	238	240	240	242	244
International agricultural research and development	110	118	117	115	111
Consular services	75	72	74	75	75
Finance and insurance services for Australian exporters and investors	50	40	37	35	33
Other	641	227	399	620	615
<b>Total</b>	<b>5,798</b>	<b>6,254</b>	<b>6,918</b>	<b>7,571</b>	<b>8,537</b>

(a) The difference between these figures and the Government's ODA target is due primarily to the way replenishments are recognised in accrual terms when initial commitments are made. However, ODA targets are measured in cash terms and reflect the timing of actual cash payments (which, in the case of multilateral replenishments, can be spread over several years).

(b) Some minor ODA delivered by other government departments may be classified to other programs or functions.

(c) Other includes AusAID's departmental expenses and the provision available for future aid spending in the ODA Contingency Reserve (CR) in the Budget and forward estimates. The ODA CR represents the difference between the amount of ODA already committed 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 in this sub-function are forecast to decrease by 14.6 per cent in real terms from 2012-13 over the forward years, or by 5.1 per cent per annum on average in real terms. This decrease is mainly due to the completion of a number of 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	
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m
National research flagships	566	575	612	639	643
Discovery - research and research training	502	542	556	523	577
Core research and services	544	503	501	524	566
Science and research capacity	464	363	183	115	34
Linkage - cross sector research partnerships	326	338	334	334	273
Science and technology solutions	272	258	261	264	265
Other	115	141	152	150	143
<b>Total</b>	<b>2,789</b>	<b>2,720</b>	<b>2,598</b>	<b>2,550</b>	<b>2,501</b>

## Defence

The defence function includes expenses incurred by the Department of Defence (Defence), the Defence Materiel Organisation (DMO) and other 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	
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m
Defence	21,656	21,559	22,212	23,129	24,453
<b>Total defence</b>	<b>21,656</b>	<b>21,559</b>	<b>22,212</b>	<b>23,129</b>	<b>24,453</b>

Total expenses for the defence function are estimated to increase by 5.0 per cent in real terms from 2012-13 over the forward estimates, reflecting underlying growth after Defence's contribution to broader Government savings.

The forward estimates of expenses do not provide for extensions of currently approved operations beyond 2012-13 (to the end of 2012 for East Timor). Such funding is considered on a year-by-year basis and is subject to future decisions of the Government. From 2012-13, additional funding of \$1.3 billion is being provided to support Defence overseas operations in Afghanistan, East Timor and the Solomon Islands. See Budget Paper No. 2, *Budget Measures 2012-13* for further details.

The Government will achieve savings in the Defence portfolio, including through deferring some Defence acquisitions, adjusting the Defence capital equipment program and delivering further operating efficiencies, while delivering priority 2009 Defence White Paper capabilities. These measures will result in savings of \$5.5 billion over four years. These savings are in addition to the \$20.6 billion in savings to be realised as part of the Defence Strategic Reform Program from 2009 through to 2020.

Further details on the capital reprogramming and additional efficiencies can be found in Budget Paper No. 2, *Budget Measures 2012-13*.

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 decrease by \$1.5 billion (8.6 per cent in real terms) in 2012-13. This includes both expenses and net capital investment. Expenses for the defence function are those incurred in undertaking its day-to-day activities. Net capital investment represents expenditure to acquire capital items in the form of equipment, buildings and land, less depreciation expenses.

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

	Estimates			Projections	
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m
Expenses	21,656	21,559	22,212	23,129	24,453
Net capital investment	2,408	986	739	1,023	2,368
Total defence spending	24,063	22,545	22,951	24,152	26,821
Nominal growth (per cent)	0.6%	-6.3%	1.8%	5.2%	11.1%
Real growth (per cent)	-1.7%	-8.6%	-0.7%	2.7%	8.3%

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

The expected decrease in real Defence funding in 2012-13 and 2013-14 is due to adjustments in capital acquisitions, the practice of funding overseas operations on a year-by-year basis and the additional savings that take full effect in those years.

The Government will continue to support the priority capabilities of the 2009 Defence White Paper, including the Future Submarine Project and purchase of Joint Strike Fighters. The reprogramming of Defence funding and savings returned to the Budget will have no adverse affect on overseas operations or the provision of equipment to Defence Force personnel on or preparing for deployment on those operations. Military personnel numbers will not be affected by the realisation of additional savings from Defence. There will be a net reduction in civilian personnel numbers of 1,000, primarily through natural attrition and tightening of recruitment practices.

## Public order and safety

Expenses under the public order and safety function support the administration of the federal legal system and the provision of legal services, including legal aid, to the community. Public order and safety expenses also include law enforcement and intelligence activities, and the protection of Australian Government property.

**Table 6: Summary of expenses — public order and safety**

	Estimates			Projections	
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m
Courts and legal services	869	857	860	862	869
Other public order and safety	3,203	3,100	3,075	3,073	3,123
<b>Total public order and safety</b>	<b>4,072</b>	<b>3,957</b>	<b>3,935</b>	<b>3,934</b>	<b>3,992</b>

Total expenses for the public order and safety function are estimated to decrease by 6.4 per cent in real terms from 2012-13 over the forward years, or by 2.2 per cent per annum on average in real terms primarily through improved efficiencies.

Expenses within the **courts and legal services** sub-function are expected to decrease by 5.9 per cent in real terms from 2012-13 over the forward years, or by 2.0 per cent per annum on average in real terms. The reduction in funding from 2011-12 to 2012-13 mainly reflects the implementation of revised property management arrangements for the Commonwealth courts, which have transferred responsibility for some court property costs to the general public services function. The decrease in real terms from 2012-13 over the forward years is largely due to increased efficiencies together with temporary funding ending in 2012-13 for the Commonwealth Director of Public Prosecutions. Expenses for the **other public order and safety** sub-function are expected to decrease by 6.5 per cent in real terms from 2012-13 over the forward years, or by 2.2 per cent per annum on average. These decreases result from efficiencies expected to be achieved in the delivery of security programs, including lower surveillance costs for the Australian Customs and Border Protection Service arising from the shared use of a Department of Defence vessel to patrol the Southern Ocean.



## 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	
	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m
Higher education	8,579	8,917	9,302	9,752	10,188
Vocational and other education	1,997	1,889	1,929	2,096	2,091
Schools	12,308	12,872	13,487	14,468	15,396
Non-government schools	7,734	8,311	8,977	9,691	10,457
Government schools	4,574	4,561	4,510	4,777	4,939
Student assistance	4,121	4,115	4,215	4,396	4,514
General administration	314	258	258	258	260
School education - specific funding	1,940	1,522	738	713	1,396
<b>Total education</b>	<b>29,259</b>	<b>29,572</b>	<b>29,929</b>	<b>31,683</b>	<b>33,846</b>

Total spending on education is expected to increase by 6.2 per cent in real terms from 2012-13 over the forward years, or by 2.0 per cent per annum on average in real terms.

Expenses under the **higher education** sub-function are estimated to increase by 6.0 per cent in real terms from 2012-13 over the forward years. This primarily reflects the impact of reforms to higher education, including the introduction by the Government of a demand driven funding system and revised indexation arrangements.

As part of the transition to a demand driven funding system from 1 January 2012, the cap on Commonwealth funded over-enrolments was increased from 5 to 10 per cent in 2010 and 2011. The cap on Commonwealth funded over-enrolments was removed from 2012 onwards. The profile of higher education funding over the period 2012-13 to 2015-16 reflects the accumulated impact of the growth in actual enrolments from 2010, as well as forecast continued strong growth. More generous indexation arrangements for higher education funding, which now reflect movements in professional wages and salaries, will also contribute to increased funding for the sector.

The component contributing most to the growth of the **vocational and other education** sub-function is the Skills Reform National Partnership announced as part of the *Building Australia's Future Workforce* package in the 2011-12 Budget. Total expenses for the sub-function are estimated to increase by 2.8 per cent in annual average real terms from 2012-13 over the forward years as a result of increased funding for this national partnership.

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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	
	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m
Assistance to the States for skills and workforce development	1,363	1,389	1,415	1,443	1,471
National Partnership Payments - vocational and other education	421	279	283	415	377
Adult Migrant English Program	213	221	231	238	243
<b>Total</b>	<b>1,997</b>	<b>1,889</b>	<b>1,929</b>	<b>2,096</b>	<b>2,091</b>

Expenses under the **schools – non-government schools** sub-function are expected to increase by an average of 5.3 per cent per annum in real terms from 2012-13 over the forward years. Strong growth in non-government school expenses is due to the level of indexation applied to schools funding together with student enrolment growth. The indexation of schools funding is calculated based on average government school recurrent costs and is well above the Consumer Price Index.

Expenses under the **schools – government schools** sub-function includes general assistance and national partnerships which, by their nature, are time limited. Excluding national partnerships, assistance to the States and Territories for government schools is estimated to increase from \$3.6 billion in 2012-13 to \$4.2 billion in 2015-16, an average increase of 4.6 per cent per annum in real terms over the forward estimates. The Smarter Schools national partnerships are progressively concluding over the next four years. A break-up of national partnership funding can be found in Budget Paper No. 3, Australia's Federal Relations 2012-13.

Expenses under the **student assistance** sub-function are expected to increase by 1.8 per cent in real terms from 2012-13 over the forward estimates, or by 0.6 per cent per annum on average in real terms. This reflects a real increase in expenses under the Higher Education Loan Program (HELP) partially offset by a real decrease in expenses for tertiary student assistance.

The real decrease in tertiary student assistance between 2012-13 and 2013-14 reflects a reduction in expenses in Youth Allowance (Student) payments, which is primarily the result of the *Supporting Families with Teenagers* measure announced in the 2011-12 Budget. From 1 January 2012, dependent 16 to 19 year olds in secondary full-time study and dependent 16 to 17 year olds in non-secondary full-time study are no longer eligible for Youth Allowance (Student) and will instead be supported by Family Tax Benefit Part A, which is reported under the social security and welfare function.

The expenses for HELP reflect the estimated cost to the Government of providing concessional loans as well as the cost of providing incentives for students to pay

university fees up-front and to make early repayments on their HELP debts. The expected increase in HELP expenses reflects the introduction of a demand driven funding system, which will increase the number of students accessing a HELP loan.

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	
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m
Tertiary student assistance	3,012	2,895	2,862	2,940	2,972
Higher Education Loan Program	816	924	1,053	1,151	1,237
School student assistance	276	279	284	290	290
Other	17	17	16	15	15
<b>Total</b>	<b>4,121</b>	<b>4,115</b>	<b>4,215</b>	<b>4,396</b>	<b>4,514</b>

The major components of the **school education – specific funding** sub-function are the national partnership agreements on Building the Education Revolution, Digital Education Revolution, Improving Teacher Quality, Trade Training Centres, Empowering Local Schools, Reward for School Improvement, Rewards for Great Teachers and Youth Attainment and Transitions, and a number of elements of the *Closing the Gap* package. This includes both government and non-government school expenditure. The variation in expenses between years is predominantly attributed to the terms of these national partnerships. In particular, the estimated reduction in expenses from 2011-12 to 2014-15 is due to the winding up of a number of national partnerships including Youth Attainment and Transitions, Digital Education Revolution, Improving Teacher Quality and the completion of Building the Education Revolution projects by the end of 2011-12. The increase in expenses from 2014-15 to 2015-16 is due to the rollout of new national partnerships including Empowering Local Schools, Reward for School Improvement and Rewards for Great Teachers.

**Box 4: Education spending trends**

The education function contains a number of significant programs with sustained strong expenditure growth. Average real expenditure 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 2010-11, while the Higher Education Support program has seen growth of around 3 per cent per annum in real terms.

Indexation of assistance levels to both government and non-government schools is based on average cost growth in government schools, which has averaged around 6 per cent per annum over the past 10 years, and which is expected to remain at this level over coming years. Population growth amongst 5 to 18 year olds over the next ten years is expected to be higher than over the past ten years. Average real expenditure growth for these programs is therefore expected to be a little higher than in the past, but remaining in the order of 4 to 5 per cent per annum.

Recent strong growth in student enrolments and more generous indexation arrangements have led to strong growth in Higher Education Support over the forward estimates. Beyond the forward estimates, student enrolment growth is not expected to continue at these enhanced levels and average real expenditure growth for the Higher Education Support program is likely to stabilise at around 3 per cent per annum.

The Final Report of the Review of Funding for Schooling Final Report (the Gonski Review), and the Government's initial response, were released on 20 February 2012. The Review makes a number of recommendations for school funding reform in Australia.

The Government's initial response to the Gonski Review acknowledged the need for more work to be done to validate and refine elements of the Review's recommendations. A total of \$5.8 million over two years has been provided to the Department of Education, Employment and Workplace Relations to undertake this work.

## 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	
	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m
Medical services and benefits(a)	24,199	23,679	24,483	25,819	27,198
Hospital services(b)	2,890	2,597	2,774	2,027	1,903
National Health Reform Payment(c)	12,694	13,504	14,368	15,928	17,623
Pharmaceutical benefits and services	10,539	10,889	11,619	12,393	13,166
Aboriginal and Torres Strait Islander health	742	764	780	765	789
Health services	6,974	6,400	6,816	6,954	7,117
General administration	3,130	3,169	3,247	3,288	3,341
<b>Total health</b>	<b>61,168</b>	<b>61,003</b>	<b>64,088</b>	<b>67,175</b>	<b>71,137</b>

(a) The estimated financial impact of premium growth on the forward estimates for the Private Health Insurance Rebate has been allocated to the Contingency Reserve, due to commercial sensitivities.

(b) 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 that is provided under the 'National health reform payment' sub-function.

(c) The name of this sub-function has changed from 'National healthcare specific purpose payment' to 'National health reform payment'.

Total expenses for this function are estimated to increase by 2.7 per cent per annum on average in real terms from 2012-13 over the forward years, and to make up an increasing share of total government expenses over the medium term. This increase is expected to be driven by the combination of technology and social factors, such as the effects of an ageing population, which increase the demand for health services.

The health expense estimates include the Government's commitment to provide additional funding to increase the size and capacity of the dental workforce, to alleviate the pressure on public dental waiting lists and to support the delivery of oral health promotion. Further information on these measures can be found in Budget Paper No. 2, *Budget Measures 2012-13*.

### **Box 5: Moving towards a more sustainable health budget**

Since 2007, the Government has taken a range of decisions to place health expenditure on a more sustainable footing, whilst ensuring front-line health services continue to meet the needs of current and future generations.

Total Government health expenses are stable between 2011-12 and 2012-13. This is followed by solid growth over the forward estimates (Chart 1). The change from 2011-12 to 2012-13 reflects a series of Government decisions including:

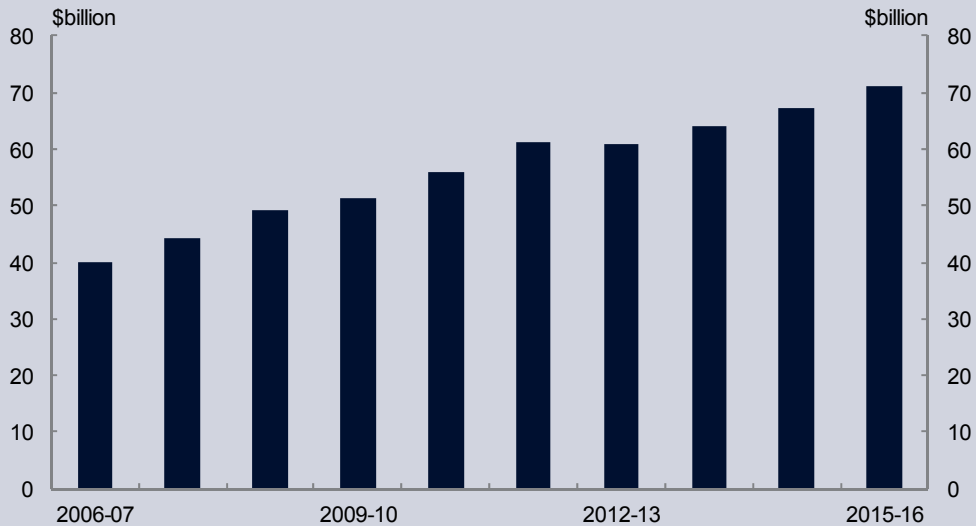
- means testing private health insurance, estimated to deliver savings of \$746 million in 2012-13 and \$2.4 billion over three years; and
- ongoing pricing reforms to the Pharmaceutical Benefits Scheme, announced in the 2010-11 Budget to deliver savings of \$528 million in 2012-13 and \$1.9 billion over five years.

Expenditure on infrastructure is also lower in 2012-13, as projects under the first three rounds of the Health and Hospitals Fund are progressively completed. Since 2009 the Government has invested \$5 billion in our health system's infrastructure through 224 projects around Australia. The Government has also spent \$467 million over two years from 2010-11 to establish the key components of the Personally Controlled Electronic Health Record system.

The Government's decisions have improved the sustainability of the health budget and provided capacity to invest in key services such as:

- \$19.8 billion in public hospital services through to 2019-20 under National Health Reform;
- \$2.2 billion over five years (from 2011-12) to deliver National Mental Health Reform;
- \$515.3 million over four years (from 2012-13) for dental care for those who can least afford it;
- \$233.7 million over three years (from 2012-13) to progress the national e-Health agenda; and
- other measures such as replenishing the National Medical Stockpile, and expanding the National Bowel Cancer Screening program.

Going forward, Government health expenditure is projected to continue to increase as a share of GDP. There is significant growth in the medium term arising from key programs in the portfolio. While the overall health budget remains stable between 2011-12 and 2012-13, it still grows in real terms over the forward estimates, on average, by 2.7 per cent per year (5.3 per cent in nominal terms).

**Box 5: Moving towards a more sustainable health budget (continued)****Chart 1: Commonwealth health expenditure**

Health expenditure in the 2011-12 financial year is expected to be \$1.3 billion higher than originally estimated in the 2011-12 Budget, but is consistent with estimates published in the 2011-12 MYEFO. The increase since the 2011-12 Budget largely reflects delays in the introduction of the 2009-10 Budget Measure *Private Health Insurance – fair and sustainable support for the future* along with the impact of premium growth for private health insurance rebates from April 2011. It also reflects the continued operation of the Chronic Disease Dental Scheme (CDDS), which was not included in the forward estimates at the time of the 2011-12 Budget beyond 31 December 2011, consistent with Government policy to end this program.

**The medical services and benefits** sub-function, which primarily consists of Medicare and Private Health Insurance Rebate expenses, comprises 38.8 per cent of total health expenses for 2012-13. Medicare expenses are the major driver of growth in this sub-function, and are expected to increase over the forward estimates as a direct result of the increase in the Australian population – and in particular, the number of Australians aged over 65 – as well as technology and social factors.

The decrease in expenses between 2011-12 and 2012-13 is mainly driven by the introduction of means testing for the Private Health Insurance Rebate. In the absence of this measure, forecast spending on medical services and benefits would have been \$746.3 million higher in 2012-13.

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

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

	Estimates			Projections	
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m
Medicare services	17,603	17,850	18,690	20,023	21,334
Private health insurance	5,305	4,527	4,538	4,561	4,596
General medical consultations and services	920	931	943	953	961
Primary care practice incentives	302	284	213	228	234
Other	69	87	99	54	73
<b>Total</b>	<b>24,199</b>	<b>23,679</b>	<b>24,483</b>	<b>25,819</b>	<b>27,198</b>

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 over the forward estimates for this sub-function reflects indexation of the Commonwealth's contribution to the provision of hospital services and, from 2014-15, projected growth in hospital services. In addition to its base contribution, the Commonwealth has undertaken to fund 45 per cent of efficient growth in hospital services from 2014-15, as calculated by the Independent Hospital Pricing Authority. This will increase to 50 per cent of efficient growth from 2017-18.

Growth in the **pharmaceutical benefits and services** sub-function over the forward estimates is mainly driven by increasing demand for pharmaceutical services. PBS growth in 2011-12 and 2012-13 is lower than historical trends, largely reflecting the implementation of the 2010-11 Budget measure titled *Pharmaceutical Benefits Scheme – further pricing reform* from 1 April 2012. This measure requires manufacturers to disclose to the Government the actual price at which they sell medicines to wholesalers and pharmacies. This increased transparency is expected to help stabilise growth in the short term; however, growth is expected to return to its long-term trend of around 5 per cent per annum from 2013-14 onwards. PBS estimates do not include potential new listings or price adjustments, which typically increase spending. The major components of the pharmaceutical benefits and services sub-function expenses are set out in Table 8.2.



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

	Estimates			Projections	
	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m
Pharmaceutical benefits (concessional)(a)	6,037	6,172	6,605	7,062	7,459
Pharmaceutical benefits (general)(b)	1,781	1,834	1,964	2,115	2,490
Pharmaceutical benefits (highly specialised and other drugs dispensed in hospitals)(c)	1,567	1,698	1,823	1,949	1,949
Veterans' pharmaceutical benefits	438	430	426	422	416
Payments for wholesalers and pharmacy programs	205	209	213	216	220
Other	510	546	588	629	631
<b>Total</b>	<b>10,539</b>	<b>10,889</b>	<b>11,619</b>	<b>12,393</b>	<b>13,166</b>

(a) Concessional benefits are those provided through community pharmacies for Centrelink concession card holders.

(b) General benefits are those provided through community pharmacies for people without concession cards.

(c) Highly specialised drugs are subsidised by the Commonwealth Government through hospitals.

Expenses in the **health services** sub-function include Commonwealth expenses associated with the delivery of population 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). Expenses in the **general administration** sub-function include the Commonwealth's investment in health workforce measures, and the Government's support for rural health initiatives, including the Royal Flying Doctor Service. This sub-function also includes the Government's expenditure on the delivery of programs.

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

Expenses in the **Aboriginal and Torres Strait Islander health** sub-function will increase in 2012-13 through the *Stronger Futures in the Northern Territory* package. This package of funding for the Northern Territory ensures the continued delivery of primary care, specialist and allied health services for Indigenous Australians, as well as the continuation of the Remote Area Health Corps, a program that helps meet workforce shortages in remote locations.

Aboriginal and Torres Strait Islander people across Australia can access mainstream services as well as Indigenous specific services. Substantial investments in Indigenous health also occur through other health sub functions.

**Box 6: Health spending trends**

A number of major Health programs have seen and will continue to see sustained expenditure growth, including the MBS, the PBS, and payments to the States and Territories under the Australian Health Care Agreement and the National Health Reform Agreement. Over the period from 2000-01 to 2010-11, average real expenditure growth for the MBS has been around 5.2 per cent per annum, 5 per cent per annum for the PBS, while health payments to the States and Territories have averaged around 3.5 per cent per annum. The Private Health Insurance Rebate has also experienced strong real growth of around 6 per cent per annum.

Spending on the MBS and PBS is impacted by population growth and to some extent by the ageing of the population; however, spending is also influenced by developments in health technology and the resulting listing of new products and services. These non-demographic influences are stronger than the demographic impacts, with real growth expected to remain at relatively high levels of around 3 per cent per annum for the MBS and 5 per cent per annum for the PBS. Payments to the States and Territories for healthcare under the National Health Reform Agreement will grow relatively quickly (at around 8 per cent per annum in real terms from 2015-16), in large part due to volume growth and the Commonwealth increasing its contribution to meet its target of funding 50 per cent of the growth in the efficient price of hospital services.

## Social security and welfare

The social security and welfare function includes: pensions and services to the aged; assistance to the unemployed, people with disabilities and families with children; and income support and compensation for veterans and their dependants. It also includes assistance provided to Indigenous Australians.

**Table 9: Summary of expenses — social security and welfare**

	Estimates			Projections	
	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m
Assistance to the aged	48,675	51,138	54,221	57,305	61,344
Assistance to veterans and dependants	7,071	6,898	6,912	6,837	6,770
Assistance to people with disabilities	22,951	23,978	25,453	27,182	28,923
Assistance to families with children	34,589	34,152	35,435	36,595	37,472
Assistance to the unemployed and the sick	7,449	8,783	9,795	8,994	9,727
Other welfare programs	974	1,707	1,748	1,702	1,707
Assistance for Indigenous Australians nec(a)	1,366	1,200	969	932	943
General administration	3,804	3,800	3,708	3,539	3,468
<b>Total social security and welfare</b>	<b>126,879</b>	<b>131,656</b>	<b>138,241</b>	<b>143,085</b>	<b>150,354</b>

(a) The name of this sub-function has changed from 'Aboriginal advancement nec' to 'Assistance for Indigenous Australians not elsewhere classified (nec)'.

Expenses in the social security and welfare function are estimated to grow by 6.0 per cent in real terms from 2012-13 over the forward years, or at an average annual rate of 2.0 per cent. The sub-functions contributing most to the growth are **assistance to the aged**, **assistance to people with disabilities** and **assistance to families with children**. The funding over the forward estimates in the **assistance to Indigenous Australians not elsewhere classified (nec)** sub-function does not include a large component of the *Stronger Futures in the Northern Territory* package. This expenditure is not for publication from 2013-14 as it is subject to negotiation with the Northern Territory Government.

The continuing demographic shift to an older population, as outlined in the *2010 Intergenerational Report*, continues to contribute to increased social security and welfare expenses as more Australians become eligible for the Age Pension and begin to enter residential and community care facilities. The ageing of the population is also leading to an increase in the number of people caring for senior Australians and becoming eligible for carer payments.

Additionally, the *Secure and Sustainable Pensions* package announced in the 2009-10 Budget continues to contribute to growth of pension payments including the Age Pension, Disability Support Pension and Carer Payment over the forward estimates. The principal driver of growth over the forward estimates in the **assistance to the aged** sub-function is the income support for seniors program, with expected average annual real growth of 3.6 per cent from 2012-13 over the forward estimates. This is largely driven by the program's major component, the Age Pension, with

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demographic factors outlined above estimated to result in the number of people receiving the Age Pension increasing by 220,000 between 2012-13 and 2015-16.

Growth over the forward estimates is also driven by increased funding required by the home care, home support and the residential and flexible care programs due to demographic factors, as well as changes in the cost of delivering aged care.

From 1 July 2012, there will be a transfer of funding from the national partnership payments component of the assistance to the aged sub-function to the home support component (with the exception of Western Australia and Victoria) and the access and information component. This follows the Commonwealth taking on full funding and policy responsibility for 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<sup>(a)</sup>**

	Estimates			Projections	
	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m
Income support for seniors	34,812	36,760	39,017	41,741	44,865
Residential and flexible care	7,920	8,272	8,667	9,231	9,701
Veterans' community care and support	1,606	1,669	1,760	1,881	2,027
Home support	247	1,381	1,505	1,635	1,757
Home care	1,058	1,080	1,165	1,273	1,408
National partnership payments – assistance to the aged	1,883	803	845	313	325
Mature age income support	580	486	435	350	323
Allowances, concessions and services for seniors	258	238	312	337	354
Ageing and service improvement	123	161	196	206	219
Workforce and quality	138	152	178	189	217
Access and information	26	123	132	128	134
Other	24	13	9	21	14
<b>Total</b>	<b>48,675</b>	<b>51,138</b>	<b>54,221</b>	<b>57,305</b>	<b>61,344</b>

(a) From 2012-13, the Department of Health and Ageing has restructured a number of its programs in the assistance to the aged sub-function. Further detail is provided at Box 7: Aged Care reform.

### Box 7: Aged Care reform

The Government is building a better, fairer and more nationally consistent aged care system through the *Living Longer. Living Better* aged care reform package announced on 20 April 2012. The Government will be spending \$3.7 billion over five years from 2012-13 to: improve access to better aged care services; improve aged care linkages with the health system; improve fairness and sustainability; increase support for dementia; support the diverse care needs of Australia's ageing population; establish an Aged Care Financing Authority; and establish an Aged Care Reform Implementation Council. Specific initiatives include increasing the number of home care packages (\$880 million), building more residential care facilities (\$487 million), tackling dementia (\$268 million), and building a gateway to aged care services (\$198 million).

The investment is partly offset by fairer and more uniform contributions to the cost of care by older Australians who have the capacity to contribute to their care needs through changed means testing arrangements (saving \$561 million), modifications to the aged care funding instrument (redirecting \$1,597 million), and redirecting funding from related programs (saving \$961 million). For further information on these reforms, see the *Living Longer. Living Better* materials released by the Prime Minister and the Minister for Mental Health and Ageing on 20 April 2012 and Budget Paper No. 2, *Budget Measures 2012-13*.

The main components contributing to the growth of the **assistance to families with children** sub-function are family tax benefit payments and child care fee assistance. Family Tax Benefit payments will grow over the forward estimates as a result of payment rate increases provided by the Government to ease the pressure on families through the *Spreading the Benefits of the Boom* package.

The Government will provide \$2.1 billion over five years for a new Schoolkids Bonus to provide guaranteed support to families for the cost of their children's education. This will replace the Education Tax Refund (ETR), which is currently available as a refundable tax offset. The Schoolkids Bonus will be made in two equal instalments in January and July each year commencing January 2013. As a transitional arrangement, the ETR in 2011-12 will be replaced by a one-off lump sum payment to eligible families in June 2012. Making these payments automatic will increase assistance to the many eligible families currently missing out on some or any ETR.

Child care fee assistance is projected to grow in real terms by 15.3 per cent from 2012-13 over the forward estimates (at an annual average real rate of 4.9 per cent). The increase in expenses reflects the growing use of child care services and the implementation of productivity reforms designed to increase workforce participation.

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	
	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m
Family tax benefit	19,934	19,927	20,896	21,456	21,963
Parents income support	5,879	5,317	5,095	5,239	5,102
Child care fee assistance	4,179	4,437	4,802	5,173	5,512
Parent and baby payments	2,332	2,354	2,442	2,508	2,616
Child support	1,234	1,275	1,305	1,338	1,372
Support for the child care system	415	427	419	467	482
Family relationship services	165	167	170	174	177
Family support	300	142	220	222	226
National Partnership Payments - child care(a)	129	78	65	nfp	nfp
Other	22	28	21	18	22
<b>Total</b>	<b>34,589</b>	<b>34,152</b>	<b>35,435</b>	<b>36,595</b>	<b>37,472</b>

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

### Box 8: Spreading the Benefits of the Boom package

The Government is easing cost of living pressures on families and unemployed people through the *Spreading the Benefits of the Boom* package announced as part of the 2012-13 Budget. Families will benefit from an additional \$1.8 billion over three years from 2013-14, to provide an across the board increase in Family Tax Benefit Part A (FTB Part A). All families receiving FTB Part A will benefit from this change but those with lower incomes will benefit more. Families on the maximum rate of FTB Part A with one child will receive an additional \$300 per annum and families with two or more children \$600 per annum. For those receiving the base rate of FTB Part A, the increase will be \$100 per annum for families with one child and \$200 per annum for families with two or more children. The increased rates will come into effect from 1 July 2013.

The *Spreading the Benefits of the Boom* package will also provide \$1.1 billion over four years from 2012-13 to provide a new income support supplement to recipients of income support payments such as Newstart Allowance, Youth Allowance and Parenting Payments. This supplement will be a non-taxable payment, paid once every six months commencing on 20 March 2013, at a rate of \$210 per annum for eligible singles and \$175 per annum for each member of an eligible couple.

The *Spreading the Benefits of the Boom* package will also invest \$700 million over the forward estimates in a loss carry back to improve incentives for businesses to invest, innovate and take sensible risks.

For further information on this package, see Budget Paper No. 2, *Budget Measures 2012-13*.

The increase in projected expenses in the **assistance to people with disabilities** sub-function from 2011-12 is driven primarily by three programs – the introduction of the first stage of a National Disability Insurance Scheme (NDIS), the Disability Support Pension (DSP) and income support for carers.

**Box 9: First Stage of a National Disability Insurance Scheme**

The Australian, State and Territory governments have committed to working towards an NDIS and agreed their shared responsibility for this important reform.

The Australian Government will provide \$1.0 billion over four years for the first stage of an NDIS. This will deliver personalised care and support for up to 10,000 people with significant and permanent disabilities and expand to support up to 20,000 people from 2014-15. Eligible individuals will be entitled to reasonable and necessary care and support that reflects their individual circumstances.

The first stage of an NDIS will occur in up to four regions, to be announced following negotiations with State and Territory governments. The Government will be seeking to share the costs with State and Territory governments of individual care and support for people with a significant and permanent disability, and will bear the full remaining costs of this initiative.

The Australian Government will provide funding for: building and operating the information technology system required to collect and analyse data; employing Local Area Coordinators to provide a more individually focused approach to delivering assistance to people with a disability; preparing the disability sector for the new way of delivering disability services with a focus on launch locations; conducting assessments of people with a disability in launch locations to determine their eligibility and the appropriate level of individual care and support; establishing a new National Disability Transition Agency; continuing the Commonwealth Taskforce responsible for providing policy advice to the government on the design, governance and funding of an NDIS; undertaking research into early interventions to improve support for people with a disability; and evaluating the outcomes being achieved in launch locations to inform further decision making.

For further information on this reform, see the press release of the Prime Minister and the Minister for Disability Reform on 30 April 2012 and Budget Paper No. 2, *Budget Measures 2012-13*.

DSP expenses are estimated to grow at 2.0 per cent per annum in real terms from 2012-13 over the forward years, largely driven by growth in payment rates. Estimated growth in expenses will be tempered by decreases in the projected grant rate for DSP due to the recent changes to the assessment arrangements. These arrangements require

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DSP claimants to provide sufficient evidence of their future work capacity or be referred to an alternate income support payment and offered employment assistance.

Expenses for income support for carers are estimated to grow at a rate of 8.2 per cent in real terms per annum from 2012-13 over the forward estimates, largely driven by growth in payment rates and strong anticipated growth in the number of people receiving carer payments. This is attributable to the increasing number of senior Australians receiving care and assistance due to an ageing population.

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	
	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m
Disability support pension	14,493	14,835	15,374	16,118	16,939
Income support for carers	5,723	6,277	6,986	7,776	8,568
Assistance to the States for disability services	1,209	1,278	1,347	1,425	1,500
Disability employment services	1,001	999	1,022	991	961
Services and support for people with a disability	311	322	338	320	337
Other	214	267	386	552	618
<b>Total</b>	<b>22,951</b>	<b>23,978</b>	<b>25,453</b>	<b>27,182</b>	<b>28,923</b>

Expenses for the **assistance to the unemployed and the sick** sub-function are forecast to increase in real terms by 2.8 per cent from 2012-13 over the forward estimates and at an average annual real rate of 0.9 per cent. The main driver of the increase in expenses for this sub-function is the introduction of the new income support supplement that will be provided under the *Spreading the Benefits of the Boom* package at a total cost of \$1.1 billion over four years. In addition, the expenses are also impacted by forecast increases in the number of unemployment benefit recipients from 2011-12 to 2013-14.

Expenses on **assistance to veterans and dependants** are forecast to decrease at a steady rate largely reflecting the continuing decline in the veteran population.

Expenses for the **general administration** sub-function are decreasing from 2012-13 over the forward estimates due to administrative efficiencies generated from the integration of the Department of Human Services and Centrelink. While the efficiencies commence in 2012-13, the majority of efficiencies are expected in 2014-15 when the integration is expected to be complete.

The decrease from 2012-13 over the forward years of 10.0 per cent per annum in real terms in the **assistance for Indigenous Australians not elsewhere classified (nec)** sub-function is largely the result of funding for the CDEP program being redirected



from 1 July 2013 to the new Remote Jobs and Communities program which is classified under the other economic affairs function.

Additional funding in 2012-13 for the *Stronger Futures in the Northern Territory* package is partly classified under the assistance to Indigenous Australians not elsewhere classified sub-function, but is also classified under the health, education, public order and safety, and other economic affairs functions. A large component of the *Stronger Futures in the Northern Territory* package is not for publication from 2013-14 as it is subject to negotiation with the Northern Territory Government.

Expenses under the **other welfare programs** sub-function will increase from 2011-12 to 2012-13 mainly due to the reclassification of \$1.0 billion for the Low Income Earners' Superannuation Co-contribution program from the assistance to families with children sub-function.

## Housing and community amenities

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

**Table 10: Summary of expenses — housing and community amenities**

	Estimates			Projections	
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m
Housing	3,336	3,004	3,146	3,137	3,107
Urban and regional development	585	479	661	707	549
Environment protection	2,316	3,794	5,165	5,425	5,915
<b>Total housing and community amenities</b>	<b>6,238</b>	<b>7,276</b>	<b>8,972</b>	<b>9,269</b>	<b>9,571</b>

Total expenses under the housing and community amenities function are estimated to increase by 22.1 per cent in real terms from 2012-13 over the forward estimates, or by 6.9 per cent per annum on average in real terms.

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 DHA.

Expenses for the sub-function will decline slightly in 2012-13 to reflect the scheduled conclusion of payments such as the Social Housing Initiative in 2011-12 and cessation of the Housing Affordability Fund in 2012-13. Otherwise, expenses are stable over the forward estimates.

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 rounds being held. The increase in forecast expenses in 2013-14 and 2014-15 and subsequent decrease from 2014-15 to 2015-16 is primarily due to the funding profile of the \$573 million component of the RDAF which is funded by the Minerals Resource Rent Tax.

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 is primarily due to the implementation of various programs under the *Clean Energy Futures* package announced on 10 July 2011. This package includes a number of programs designed to assist the most emissions-intensive activities in the economy to transition to a carbon-constrained future (for example, the

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Jobs and Competitiveness Program and Energy Security Fund) and programs which support land and natural resource management activities (for example, the Biodiversity Fund).

## Recreation and culture

The recreation and culture function includes support for public broadcasting and cultural institutions, funding for the arts and the film industry, assistance to sport and recreation activities, as well as the management and protection of national parks and other world heritage areas. This function also includes expenses relating to the protection and preservation of historic sites and buildings, including war graves.

**Table 11: Summary of expenses — recreation and culture**

	Estimates			Projections	
	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m
Broadcasting	1,660	1,804	1,729	1,609	1,639
Arts and cultural heritage	1,153	1,077	1,017	1,028	1,025
Sport and recreation	519	369	345	317	322
National estate and parks	373	355	341	343	342
<b>Total recreation and culture</b>	<b>3,705</b>	<b>3,605</b>	<b>3,432</b>	<b>3,297</b>	<b>3,328</b>

Total expenses under the recreation and culture function are estimated to decrease by 14.3 per cent in real terms from 2012-13 over the forward years, or by 5.0 per cent per annum on average in real terms, largely due to the completion of programs under the broadcasting sub-function.

Expenses under the **broadcasting** sub-function are expected to fall in real terms in 2013-14 and 2014-15, reflecting the roll-out and completion of the Government's national digital television switchover program.

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

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

	Estimates			Projections	
	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m
ABC television	622	631	643	651	662
ABC radio	335	340	346	351	356
Broadcasting and digital television	166	275	162	54	44
SBS television	189	212	246	237	239
Access to digital TV services	95	98	106	111	114
ABC analog transmission	92	89	80	76	77
SBS digital transmission and distribution	71	69	72	73	74
Other	90	90	74	56	73
<b>Total</b>	<b>1,660</b>	<b>1,804</b>	<b>1,729</b>	<b>1,609</b>	<b>1,639</b>

Expenses under the **arts and cultural heritage** sub-function are expected to decrease between 2012-13 and 2013-14 but remain largely stable between 2013-14 and 2015-16.

The **sport and recreation** sub-function includes programs to improve participation in sport and recreational activities, and achieve excellence in high performing athletes. The forecast decrease in expenses from 2013-14 largely reflects completion of the Active After-school Communities program, which has been extended by one calendar year to December 2013. See Budget Paper No. 2, *Budget Measures 2012-13* for more details.

Expenses under the **national estate and parks** sub-function are expected to decrease slightly over the forward estimates. The decrease largely reflects a reduction in funding for the Australian-Antarctic Program from 2012-13 and the Great Barrier Reef Marine Park Authority from 2013-14.

## Fuel and energy

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

**Table 12: Summary of expenses — fuel and energy**

	Estimates			Projections	
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m
Fuel and energy	6,633	6,523	7,832	7,993	8,190
<b>Total fuel and energy</b>	<b>6,633</b>	<b>6,523</b>	<b>7,832</b>	<b>7,993</b>	<b>8,190</b>

Fuel and energy expenses are estimated to increase by 16.5 per cent in real terms from 2012-13 over the forward years, or by 5.2 per cent per annum on average.

The major program within this function is the Fuel Tax Credits Scheme which is expected to see an increase across the budget and forward estimates, reflecting increased claims by eligible businesses commensurate with higher diesel consumption, particularly in the mining industry.

Changes in the Fuel Tax Credit estimates also reflect, from 1 July 2012, the completion of the phasing in of fuel tax credits on fuel used in off-road activities such as construction, manufacturing, wholesale, retail, property management and landscaping. This increase is offset by the introduction of the carbon pricing mechanism which from 1 July 2012 reduces fuel tax credit entitlements in place of incurring carbon pricing for off-road fuel use.

In 2013-14, opt-in arrangements will allow large off-road fuel users to opt into the carbon pricing mechanism which will restore their full fuel tax credit entitlements. Subject to enabling legislation, from 1 July 2014 eligible on-road fuel users that choose not to opt into the carbon pricing scheme will also claim reduced fuel tax credits.

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

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

	Estimates			Projections	
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m
Fuel tax credits scheme	5,732	5,600	6,179	5,880	5,919
Resources related initiatives and management	287	362	379	623	670
Australian Renewable Energy Agency (ARENA)	-	293	345	437	322
Other	614	269	929	1,053	1,279
<b>Total</b>	<b>6,633</b>	<b>6,524</b>	<b>7,832</b>	<b>7,993</b>	<b>8,190</b>

The increase in expenses under the Resources Related Initiatives and Management component from 2012-13 mainly relates to the anticipated scale-up of projects under the Carbon Capture and Storage Flagships program and a growth in expenses under the Ethanol Production Grants program.

The Australian Renewable Energy Agency (ARENA) component reflects the commencement of the agency on 1 July 2012. ARENA will administer a range of Government support programs for research and development, demonstration and commercialisation of renewable energy projects, including some programs previously administered by the Department of Resources, Energy and Tourism. The fluctuation in expenses after 2012-13 is largely driven by the expected timing of projects.

The fluctuation in expenses under the Other component partly reflects the timing of the rollout of the *Coal Sector Jobs* package. The package assists the most emissions-intensive coal mines to transition to a carbon price. The increase in expenses from 2013-14 relates to the anticipated scale-up of projects funded from the Low Emissions Technology Demonstration Fund.

### Agriculture, forestry and fishing

The agriculture, forestry and fishing function expenses support assistance to primary producers, forestry, fishing, land and water resources management, quarantine services and contributions to research and development.

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

	Estimates			Projections	
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m
Wool industry	64	61	57	57	57
Grains industry	170	178	180	183	184
Dairy industry	49	53	54	55	57
Cattle, sheep and pig industry	180	180	184	188	190
Fishing, horticulture and other agriculture	243	243	247	243	241
General assistance not allocated to specific industries	26	28	28	29	29
Rural assistance	281	103	154	131	119
Natural resources development	1,581	1,146	983	1,094	1,515
General administration	662	616	689	684	724
<b>Total agriculture, forestry and fishing</b>	<b>3,255</b>	<b>2,609</b>	<b>2,576</b>	<b>2,662</b>	<b>3,114</b>

Total expenses under this function are estimated to increase by 10.8 per cent in real terms from 2012-13 over the forward years, or by 3.5 per cent per annum on average. Expenses for the **rural assistance** sub-function are estimated to increase by 6.8 per cent in real terms over the forward estimates. The estimated reduction in expenditure between 2011-12 and 2012-13 reflects a general return to normal seasonal conditions across Australia and an anticipated reduction in spending on drought assistance assumed to be maintained over the forward estimates. The increase in estimated expenses in 2013-14, and the subsequent reduction over 2014-15 and 2015-16, is driven by the introduction of the Carbon Farming Futures program (CFF) announced in the 2011-12 MYEFO. CFF is a grants program that encourages the farming industry to reduce greenhouse gas emissions on the land. The majority of grants expenditure for the program is expected to be incurred in 2013-14.

Expenses under the **natural resources development** sub-function are driven by 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 fluctuation in annual expenses largely reflects the progressive completion by 2015-16 of projects under the National Urban Water and Desalination Plan and the National Water Security Plan for Cities and Towns, and a scaling up of projects under the Sustainable Rural Water Use and Infrastructure Program from 2014-15.

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



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

	Estimates			Projections	
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m
Water reform(a)					
Sustainable rural water use and infrastructure	611	593	615	778	1207
National urban water and desalination plan	321	125	35	28	14
National water security plan for cities and towns	88	70	15	8	3
Other water reform	80	43	64	24	25
Sustainable management - natural resources	49	42	37	37	37
Forestry industry	54	9	9	9	9
Other	378	264	208	210	220
<b>Total</b>	<b>1,581</b>	<b>1,146</b>	<b>983</b>	<b>1,094</b>	<b>1,515</b>

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

## Mining, manufacturing and construction

The mining, manufacturing and construction function includes expenses designed to assist the efficiency and competitiveness of Australian industries. The major components include the Research and Development Tax Incentive and programs specific to the automotive, textile, clothing and footwear industries.

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

	Estimates			Projections	
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m
Mining, manufacturing and construction	2,114	2,084	2,128	2,224	2,398
<b>Total mining, manufacturing and construction</b>	<b>2,114</b>	<b>2,084</b>	<b>2,128</b>	<b>2,224</b>	<b>2,398</b>

Total expenses under the mining, manufacturing and construction function are expected to increase by 6.8 per cent in real terms from 2012-13 over the forward years.

The increase in expenses from 2012-13 for the Research and Development Tax Incentive, administered by the Australian Taxation Office, drives much of the increase in expenses for this function and reflects an expected increase in claims. Expenses under the industry development and investment component of this function are also expected to increase from 2012-13 due to the introduction of a number of industry assistance measures as part of the *Clean Energy Futures* package and the reprofiling of existing funding for industry assistance measures for the automotive industry. The forecast decrease in expenses in 2012-13 from 2011-12 for industry development and investment reflects the impact of bringing forward funding for the Steel Transformation Plan to encourage investment and innovation in the Australian steel manufacturing industry.

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

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

	Estimates			Projections	
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m
Research and development tax incentive	1,137	1,201	1,268	1,339	1,414
Industry development and investment	816	685	698	731	845
Other	161	198	162	154	139
<b>Total</b>	<b>2,114</b>	<b>2,084</b>	<b>2,128</b>	<b>2,224</b>	<b>2,398</b>

## Transport and communication

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

**Table 15: Summary of expenses — transport and communication**

	Estimates			Projections	
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m
Communication	892	585	559	530	510
Rail transport(a)	1,066	964	1,319	903	901
Air transport	247	214	196	194	198
Road transport(a)	6,294	2,674	3,599	4,110	2,775
Sea transport	305	308	317	327	335
Other transport and communication	373	304	713	908	881
<b>Total transport and communication</b>	<b>9,178</b>	<b>5,048</b>	<b>6,702</b>	<b>6,973</b>	<b>5,600</b>

(a) Most road and rail funding in 2014-15 and 2015-16, which is currently classified under the road transport sub-function, will be reclassified between the road and rail transport sub-functions as programs of work are determined.

Total expenses under this function are estimated to decrease between 2011-12 and 2012-13 largely due to the bringing forward of \$1.8 billion to 2011-12, including for the early completion of some projects. There will also be a deferral of around \$500 million from projects in 2012-13 to 2013-14 and later years. Total expenses are forecast to increase by 3.0 per cent in real terms from 2012-13 over the forward years, or by 1.0 per cent per annum on average in real terms.

The expenses under the **road transport** sub-function primarily consist of grants provided under the Nation Building program, including funding provided for projects under the Building Australia Fund (BAF). Expense estimates for this sub-function fluctuate year on year as payments correspond to milestone and project timelines. The decline in estimated expenses from 2011-12 is largely due to projects funded as a response to the global financial crisis nearing their completion and the acceleration of payments to various projects under the Nation Building program, the BAF and the Regional Infrastructure Fund (RIF) resulting in an increase in payments in 2011-12 and a decrease in the forward years.

The next five year Nation Building program (Nation Building 2) begins in 2014-15. Although the Government has not yet finalised the details of the program, a provision is recorded against the road transport sub-function. Funds will be split between the road transport and the **rail transport** sub-functions at a later date. The program will continue road infrastructure projects with funding for, among other things, the Government's election commitments for the Richmond Bridge in New South Wales, Princes Highway West in Victoria, Calliope Crossroads in Queensland, Great Eastern Highway in Western Australia and Tasman Highway in Tasmania. Funding includes an allocation for the continuation of the Roads to Recovery program, to improve safety at black spots, and the Heavy Vehicle Safety and Productivity program.

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The increase in estimated expenses in the rail transport sub-function between 2012-13 and 2013-14 is mainly due to metropolitan rail infrastructure funding provided as part of the *Nation Building Plan for the Future* package in the 2009-10 Budget. This package includes projects funded from the BAF such as a \$3.2 billion contribution over six years towards the Regional Rail Express project in Victoria. Nation Building 2 is also expected to continue rail infrastructure investment with funds for continued payments for the Moreton Bay Rail Link project in Queensland.

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

The increase in estimated expenses in the **other transport and communication** sub-function, commencing in 2013-14 and rising in each year thereafter, reflects funding for the Regional Infrastructure Fund announced in the context of the Minerals Resource Rent Tax.

The decline in real terms of estimated expenses in the **communication** sub-function from 2012-13 reflects the completion of several digital productivity measures and the planned completion of activities related to the renewal, replanning and sale of radio frequency spectrum. This sub-function does not reflect the Government's equity investment in the National Broadband Network.

## Other economic affairs

The other economic affairs function includes expenses on tourism and area promotion, labour market assistance, immigration, industrial relations and other economic affairs not elsewhere classified (nec).

**Table 16: Summary of expenses — other economic affairs**

	Estimates			Projections	
	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m
Tourism and area promotion	171	177	184	182	172
Total labour and employment affairs	4,765	4,515	4,601	4,573	4,568
Vocational and industry training	1,982	1,719	1,706	1,703	1,677
Labour market assistance to job seekers and industry	2,088	2,119	2,231	2,204	2,217
Industrial relations	694	677	664	667	674
Immigration	2,475	2,383	2,262	2,205	2,277
Other economic affairs nec	2,347	2,256	2,244	2,274	2,224
<b>Total other economic affairs</b>	<b>9,758</b>	<b>9,331</b>	<b>9,290</b>	<b>9,234</b>	<b>9,242</b>

Total expenses under the other economic affairs function are projected to decrease by 8.1 per cent in real terms from 2012-13 over the forward years, or by 2.8 per cent per annum on average in real terms.

**Tourism and area promotion** sub-function expenses are expected to increase from 2012-13 as a result of the introduction of the Asia Marketing Fund, which will support the promotion of Australia to growing markets in Asia. The subsequent projected decrease in expenses from 2014-15 is the result of the winding down and cessation of several tourism related initiatives, including the TQUAL Grants program from the end of 2014-15.

The reduction in expenses under the **vocational and industry training** sub-function between 2011-12 and 2012-13 is attributable to the redirection of funding from the Productivity Places program to the Skills Reform National Partnership which will provide \$1.75 billion in total over five years from 2012-13. These expenses are included in the vocational and other education sub-function within the education function.

The slight decrease in expenses over the forward estimates in the vocational and industry training sub-function is largely due to the progressive termination of a number of short term programs announced in the 2011-12 Budget as part of the *Building Australia's Future Workforce* package. These programs include: the Productivity Education and Training Fund; Investing in Experience – Skills Recognition and Training (previously called More Help for Mature Age Workers); and the Australian Apprenticeships Mentoring Program. The profile of expenses also reflects redirections in the Workforce Innovation, Vocational Education and Training National Support and Australian Apprenticeships Incentives Programs. See Budget Paper No. 2, *Budget Measures 2012-13* for more details.

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The expenses under the **labour market assistance to job seekers and industry** sub-function are estimated to decrease by an average of 1.0 per cent per annum in real terms from 2012-13 over the forward estimates. This decrease reflects an estimated reduction in expenses of Job Services Australia, the completion of the National Green Jobs Corp program on 31 December 2011, and the completion of the *Productive Ageing* package on 30 June 2014. The increase in expenses for this sub-function between 2012-13 and 2013-14 can be attributed to the redirection of the majority of CDEP resourcing, previously classified under the social security and welfare function, to partially fund the new Remote Jobs and Communities program commencing on 1 July 2013.

**Industrial relations** sub-function expenses are expected to decline in real terms over the forward estimates. The estimated decrease in expenses in 2013-14 compared to the previous years is mainly due to the cessation of the transitional education activities that support the implementation of the national workplace relations system for the private sector announced in the 2010-11 Budget.

Estimated expenses in the **immigration** sub-function are expected to fall slightly over the forward estimates. This fall is driven by costs associated with Irregular Maritime Arrivals (IMAs). While expenses associated with accommodating and processing IMAs have increased since the 2011-12 MYEFO, these expenses will decline over the forward estimates as a result of the increasing use of lower cost detention options.

Under the **other economic affairs nec** sub-function, the substantial decrease in expenses in 2012-13 is primarily due to the closure of the Green Car Innovation Fund within the Innovative Industry program, which was closed to new applicants in the 2011-12 Budget. Total expenses under this sub-function are estimated to decrease by 8.5 per cent in real terms between 2012-13 and 2015-16.

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

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

	Estimates			Projections	
	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m
Innovative industry	379	313	318	333	280
Trade, education and investment development	198	188	185	188	186
Export market development grants scheme	150	150	150	150	150
Operating costs for:					
Department of Industry, Innovation, Science, Research and Tertiary Education	430	424	410	404	401
Australian Securities and Investments Commission	392	396	393	384	376
Bureau of Meteorology	328	325	323	325	328
IP Australia	154	169	177	182	185
Australian Competition and Consumer Commission	172	155	147	145	144
Other	144	136	141	163	174
<b>Total</b>	<b>2,347</b>	<b>2,256</b>	<b>2,244</b>	<b>2,274</b>	<b>2,224</b>

## 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	
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m
Public debt interest	11,510	12,017	12,013	11,635	11,416
Interest on Commonwealth Government's behalf	11,510	12,017	12,013	11,635	11,416
Nominal superannuation interest	7,358	8,015	8,295	8,587	8,908
General purpose inter-government transactions	49,555	50,519	54,381	57,049	59,726
General revenue assistance -					
States and Territories	46,714	49,381	52,039	54,632	57,214
Local government assistance	2,841	1,138	2,342	2,417	2,512
Natural disaster relief(a)	815	113	105	40	0
Contingency reserve	-1,426	-670	1,583	4,838	9,083
<b>Total other purposes</b>	<b>67,812</b>	<b>69,994</b>	<b>76,377</b>	<b>82,150</b>	<b>89,132</b>

(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 18.2 per cent in real terms from 2012-13 over the forward years, or by 5.7 per cent per annum in real terms.

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 revenue grants which are provided on an 'untied' basis. The forecast growth in payments to the States and Territories for the GST has been revised down since the 2011-12 MYEFO in line with forecast reductions in GST revenue. 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 2012-13*.

The increase in expenses under the **public debt interest** sub-function to 2012-13 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. 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 2011-12 but then reduce in 2012-13 as a result of the Government's decision to pay the first two quarterly instalments of the expected 2012-13 local government financial assistance grants of \$1.1 billion to local councils in 2011-12. This is to provide local governments with additional flexibility to respond to residual economic challenges arising from natural disasters in 2010-11 and 2011-12 and other pressures. Expenses are expected to increase from 2013-14 across the forward estimates due to forecast population increases and changes in the Consumer Price Index (local government funding provided by the Commonwealth is linked to population and inflation). Also included in this sub-function are expenses under the Regional and Local Community Infrastructure program which is scheduled to finish in 2011-12. Further information on Commonwealth Government assistance to local governments can be found in Budget Paper No.3, *Australia's Federal Relations 2012-13*.

The expenses under the **natural disaster relief** sub-function from 2011-12 to 2015-16 relate mainly to the major natural disasters since 2009-10, including the 2012 floods. Commonwealth payments provide financial support for the affected States and Territories under the Natural Disaster Relief and Recovery Arrangements.

The increase in expenses in the **contingency reserve** sub-function from 2012-13 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 negative \$2.7 billion in 2012-13, \$7.5 billion lower than in 2011-12. This change is largely due to a reduction in the acquisition of Defence assets, along with the sale of some non-financial assets.

**Table 18: Estimates of total net capital investment**

	MYEFO	Revised	Estimates		Projections	
	2011-12	2011-12	2012-13	2013-14	2014-15	2015-16
<b>Total net capital investment (\$m)</b>	<b>4,813</b>	<b>4,749</b>	<b>-2,701</b>	<b>1,048</b>	<b>1,361</b>	<b>1,059</b>
Per cent of GDP	0.3	0.3	-0.2	0.1	0.1	0.1

## Reconciliation of net capital investment since the 2011-12 Budget

A reconciliation of the net capital investment estimates, showing the effect of policy decisions and parameter and other variations since the 2011-12 Budget, is provided in Table 19.

**Table 19: Reconciliation of net capital investment estimates**

	Estimates		Projections	
	2011-12	2012-13	2013-14	2014-15
	\$m	\$m	\$m	\$m
<b>2011-12 Budget net capital investment</b>	<b>4,405</b>	<b>-1,367</b>	<b>3,034</b>	<b>3,160</b>
<b>Changes from 2011-12 Budget to 2011-12 MYEFO</b>				
Effect of policy decisions(a)	-175	-424	-200	-251
Effect of parameter and other variations	583	-94	-74	-16
<b>Total variations</b>	<b>408</b>	<b>-518</b>	<b>-274</b>	<b>-267</b>
<b>2011-12 MYEFO net capital investment</b>	<b>4,813</b>	<b>-1,885</b>	<b>2,760</b>	<b>2,893</b>
<b>Changes from 2011-12 MYEFO to 2012-13 Budget</b>				
Effect of policy decisions(a)	46	-532	-930	-648
Effect of parameter and other variations	-110	-285	-781	-884
<b>Total variations</b>	<b>-64</b>	<b>-816</b>	<b>-1,711</b>	<b>-1,531</b>
<b>2012-13 Budget net capital investment</b>	<b>4,749</b>	<b>-2,701</b>	<b>1,048</b>	<b>1,361</b>

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

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The forecast net capital investment for 2012-13 is largely unchanged since the 2011-12 MYEFO.

A discussion of changes between the 2011-12 MYEFO and the 2012-13 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 2012-13*.

### Net capital investment estimates by function

Estimates for Australian Government general government sector net capital investment by function for the period 2011-12 to 2015-16 are provided in Table 20.

**Table 20: Estimates of net capital investment by function**

	Estimates			Projections	
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m
General public services	468	579	533	277	-19
Defence	2,408	986	739	1,023	2,368
Public order and safety	220	188	8	46	-84
Education	7	10	10	4	3
Health	280	66	-16	-47	-44
Social security and welfare	103	-71	-79	-67	-117
Housing and community amenities	182	35	-38	-92	-22
Recreation and culture	71	26	6	1	-19
Fuel and energy	11	-7	-2	-1	0
Agriculture, forestry and fishing	596	155	146	346	411
Mining, manufacturing and construction	18	21	11	1	3
Transport and communication	36	7	-12	-38	-31
Other economic affairs	146	-49	-95	-102	-79
Other purposes	203	-4,649	-163	11	-1,311
<b>Total net capital investment</b>	<b>4,749</b>	<b>-2,701</b>	<b>1,048</b>	<b>1,361</b>	<b>1,059</b>

A significant component of the Government's net capital investment in 2012-13 occurs in the defence function. These investments reflect the acquisition of military equipment and the construction of support facilities. Such investments can experience uneven expenditure throughout their development and life cycle extending over long periods of time, and can contribute to fluctuations in levels of net capital investment from year to year. Major factors contributing to changes in net capital investment, expected to occur in the following functions, include:

- **defence** – reprogramming funding over the forward estimates for the Defence capital investment program. The reprogramming reflects deferring some Defence acquisitions and adjusting the Defence capital equipment program, while delivering priority 2009 Defence White Paper capabilities;
- **general public services** – replacement of a research vessel for the Commonwealth Scientific and Industrial Research Organisation funded through the Education Investment Fund;
- **public order and safety** – the fit out of the central office accommodation for the Australian Security Intelligence Organisation and the replacement of existing *Bay Class* vessels and information communication technology hardware together with refurbishment and accommodation activities by the Australian Customs and Border Protection Service; and

- **agriculture, forestry and fishing** – investment in water entitlements under the *Water for the Future* package, to address water over-allocation in the Murray-Darling Basin, which is expected to decline in 2012-13 and 2013-14.

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	
	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m
General public services	949	1,325	821	677	1,584
Defence	5,988	4,662	4,461	4,758	6,133
Public order and safety	538	515	359	403	290
Education	34	25	25	19	18
Health	332	134	95	67	72
Social security and welfare	374	235	247	281	250
Housing and community amenities	250	168	138	124	125
Recreation and culture	358	312	298	295	278
Fuel and energy	16	-5	1	1	1
Agriculture, forestry and fishing	620	181	171	370	432
Mining, manufacturing and construction	27	29	19	8	8
Transport and communication	101	75	58	28	32
Other economic affairs	516	347	309	295	312
Other purposes	203	34	50	37	46
<b>General government purchases of non-financial assets</b>	<b>10,304</b>	<b>8,040</b>	<b>7,051</b>	<b>7,363</b>	<b>9,579</b>

### Trends in Australian Government staffing

Trends in the estimated annual average staffing level (ASL)<sup>1</sup> 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**

2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
227,013	238,623	248,217	250,566	258,321	261,891	261,637	258,563

The 2011-12 Budget papers estimated 262,995 ASL in 2011-12. The current estimate is 261,637 ASL in 2011-12. The 2012-13 Budget is expected to result in a reduction in ASL of 3,073 in 2012-13 across the General Government Sector.

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

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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 non-uniformed staff and overseas personnel.

## APPENDIX A: EXPENSE BY FUNCTION AND SUB-FUNCTION

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

	Actuals		Estimates		Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m	\$m
<b>General public services</b>						
Legislative and executive affairs	1,039	1,010	974	1,206	1,176	991
Financial and fiscal affairs	7,834	7,663	7,770	7,683	7,917	8,148
Foreign affairs and economic aid	5,564	5,798	6,254	6,918	7,571	8,537
General research	2,687	2,789	2,720	2,598	2,550	2,501
General services	1,208	841	858	859	863	892
Government superannuation benefits	4,150	3,843	3,479	3,525	3,564	3,616
<b>Total general public services</b>	<b>22,481</b>	<b>21,944</b>	<b>22,054</b>	<b>22,790</b>	<b>23,641</b>	<b>24,686</b>
<b>Defence</b>	<b>20,408</b>	<b>21,656</b>	<b>21,559</b>	<b>22,212</b>	<b>23,129</b>	<b>24,453</b>
<b>Public order and safety</b>						
Courts and legal services	803	869	857	860	862	869
Other public order and safety	3,020	3,203	3,100	3,075	3,073	3,123
<b>Total public order and safety</b>	<b>3,823</b>	<b>4,072</b>	<b>3,957</b>	<b>3,935</b>	<b>3,934</b>	<b>3,992</b>
<b>Education</b>						
Higher education	7,722	8,579	8,917	9,302	9,752	10,188
Vocational and other education	1,887	1,997	1,889	1,929	2,096	2,091
Schools	11,188	12,308	12,872	13,487	14,468	15,396
<i>Non-government schools</i>	<i>7,261</i>	<i>7,734</i>	<i>8,311</i>	<i>8,977</i>	<i>9,691</i>	<i>10,457</i>
<i>Government schools</i>	<i>3,926</i>	<i>4,574</i>	<i>4,561</i>	<i>4,510</i>	<i>4,777</i>	<i>4,939</i>
Student assistance	4,567	4,121	4,115	4,215	4,396	4,514
General administration	387	314	258	258	258	260
School education - specific funding	6,355	1,940	1,522	738	713	1,396
<b>Total education</b>	<b>32,106</b>	<b>29,259</b>	<b>29,572</b>	<b>29,929</b>	<b>31,683</b>	<b>33,846</b>
<b>Health</b>						
Medical services and benefits(a)	23,247	24,199	23,679	24,483	25,819	27,198
Hospital services(b)	2,627	2,890	2,597	2,774	2,027	1,903
National Health Reform Payment(c)	12,063	12,694	13,504	14,368	15,928	17,623
Pharmaceutical benefits and services	10,040	10,539	10,889	11,619	12,393	13,166
Aboriginal and Torres Strait Islander health	650	742	764	780	765	789
Health services	5,627	6,974	6,400	6,816	6,954	7,117
General administration	1,817	3,130	3,169	3,247	3,288	3,341
<b>Total health</b>	<b>56,070</b>	<b>61,168</b>	<b>61,003</b>	<b>64,088</b>	<b>67,175</b>	<b>71,137</b>
<b>Social security and welfare</b>						
Assistance to the aged	44,493	48,675	51,138	54,221	57,305	61,344
Assistance to veterans and dependants	7,022	7,071	6,898	6,912	6,837	6,770
Assistance to people with disabilities	20,734	22,951	23,978	25,453	27,182	28,923
Assistance to families with children	31,286	34,589	34,152	35,435	36,595	37,472

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

	Actuals		Estimates		Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m	\$m
<b>Social security and welfare</b>						
<b>(continued)</b>						
Assistance to the unemployed and the sick	6,965	7,449	8,783	9,795	8,994	9,727
Other welfare programs	2,174	974	1,707	1,748	1,702	1,707
Assistance for Indigenous Australians nec(d)	1,180	1,366	1,200	969	932	943
General administration	3,241	3,804	3,800	3,708	3,539	3,468
<b>Total social security and welfare</b>	<b>117,093</b>	<b>126,879</b>	<b>131,656</b>	<b>138,241</b>	<b>143,085</b>	<b>150,354</b>
<b>Housing and community amenities</b>						
Housing	4,352	3,336	3,004	3,146	3,137	3,107
Urban and regional development	354	585	479	661	707	549
Environment protection	837	2,316	3,794	5,165	5,425	5,915
<b>Total housing and community amenities</b>	<b>5,543</b>	<b>6,238</b>	<b>7,276</b>	<b>8,972</b>	<b>9,269</b>	<b>9,571</b>
<b>Recreation and culture</b>						
Broadcasting	1,489	1,660	1,804	1,729	1,609	1,639
Arts and cultural heritage	1,081	1,153	1,077	1,017	1,028	1,025
Sport and recreation	349	519	369	345	317	322
National estate and parks	333	373	355	341	343	342
<b>Total recreation and culture</b>	<b>3,252</b>	<b>3,705</b>	<b>3,605</b>	<b>3,432</b>	<b>3,297</b>	<b>3,328</b>
<b>Fuel and energy</b>	<b>5,914</b>	<b>6,633</b>	<b>6,523</b>	<b>7,832</b>	<b>7,993</b>	<b>8,190</b>
<b>Agriculture, forestry and fishing</b>						
Wool industry	57	64	61	57	57	57
Grains industry	156	170	178	180	183	184
Dairy industry	48	49	53	54	55	57
Cattle, sheep and pig industry	166	180	180	184	188	190
Fishing, horticulture and other agriculture	225	243	243	247	243	241
General assistance not allocated to specific industries	21	26	28	28	29	29
Rural assistance	498	281	103	154	131	119
Natural resources development	769	1,581	1,146	983	1,094	1,515
General administration	606	662	616	689	684	724
<b>Total agriculture, forestry and fishing</b>	<b>2,546</b>	<b>3,255</b>	<b>2,609</b>	<b>2,576</b>	<b>2,662</b>	<b>3,114</b>
<b>Mining, manufacturing and construction</b>	<b>1,456</b>	<b>2,114</b>	<b>2,084</b>	<b>2,128</b>	<b>2,224</b>	<b>2,398</b>
<b>Transport and communication</b>						
Communication	428	892	585	559	530	510
Rail transport(e)	539	1,066	964	1,319	903	901
Air transport	196	247	214	196	194	198
Road transport(e)	2,980	6,294	2,674	3,599	4,110	2,775
Sea transport	282	305	308	317	327	335
Other transport and communication	239	373	304	713	908	881
<b>Total transport and communication</b>	<b>4,664</b>	<b>9,178</b>	<b>5,048</b>	<b>6,702</b>	<b>6,973</b>	<b>5,600</b>



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

	Actuals		Estimates		Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m	\$m
<b>Other economic affairs</b>						
Tourism and area promotion	158	171	177	184	182	172
Total labour and employment affairs	4,669	4,765	4,515	4,601	4,573	4,568
Vocational and industry training	1,726	1,982	1,719	1,706	1,703	1,677
Labour market assistance to job seekers and industry	2,320	2,088	2,119	2,231	2,204	2,217
Industrial relations	623	694	677	664	667	674
Immigration	2,206	2,475	2,383	2,262	2,205	2,277
Other economic affairs nec	2,013	2,347	2,256	2,244	2,274	2,224
<b>Total other economic affairs</b>	<b>9,046</b>	<b>9,758</b>	<b>9,331</b>	<b>9,290</b>	<b>9,234</b>	<b>9,242</b>
<b>Other purposes</b>						
Public debt interest	9,273	11,510	12,017	12,013	11,635	11,416
Interest on Commonwealth Government's behalf	9,273	11,510	12,017	12,013	11,635	11,416
Nominal superannuation interest	6,997	7,358	8,015	8,295	8,587	8,908
General purpose inter-government transactions	49,298	49,555	50,519	54,381	57,049	59,726
General revenue assistance - States and Territories	46,964	46,714	49,381	52,039	54,632	57,214
Local government assistance	2,334	2,841	1,138	2,342	2,417	2,512
Natural disaster relief(f)	6,129	815	113	105	40	0
Contingency reserve	0	-1,426	-670	1,583	4,838	9,083
<b>Total other purposes</b>	<b>71,696</b>	<b>67,812</b>	<b>69,994</b>	<b>76,377</b>	<b>82,150</b>	<b>89,132</b>
<b>Total expenses</b>	<b>356,100</b>	<b>373,671</b>	<b>376,273</b>	<b>398,503</b>	<b>416,449</b>	<b>439,044</b>

- (a) The estimated financial impact of premium growth on the forward estimates for the Private Health Insurance Rebate has been allocated to the Contingency Reserve, due to commercial sensitivities.
- (b) 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.
- (c) The name of this sub-function has changed from 'National healthcare specific purpose payment' to 'National health reform payment'.
- (d) The name of this sub-function has changed from 'Aboriginal advancement nec' to 'Assistance for Indigenous Australians not elsewhere classified (nec)'.
- (e) Most road and rail funding in 2014-15 and 2015-16, which is currently classified under the road transport sub-function, will be reclassified between the road and rail transport sub-functions as programs of work are determined.
- (f) 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 (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 2011-12 MYEFO, the allowance has been drawn down to zero in the Budget year (2012-13), to ½ of a percentage point of total general government sector expenses (excluding GST payments to the States) in the first forward year (2013-14), to 1 per cent of expenses in the second forward year (2014-15) and a 2 per cent provision has been included in the third forward year (2015-16). The drawdown of the allowance reduced expenses by \$821 million in 2012-13, \$857 million in 2013-14 and \$1.8 billion in 2014-15. 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 2012-13 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.

The Contingency Reserve also makes provision for future increases in Australia's official development assistance yet to be allocated to specific aid programs. However, in this budget statement, these expenses are allocated to the foreign affairs and

economic aid sub-function. The provision is increased or decreased in line with the forecasts for the national accounts and when new aid proposals are funded.

The Contingency Reserve contains a provision in 2013-14 onwards for the majority of the Government's funding for the *Stronger Futures in the Northern Territory* package. Funding for this package is subject to negotiation with the Northern Territory Government and will be removed from the Contingency Reserve at the conclusion of these negotiations. A provision has also been made to reflect the Government's commitment to pay the Commonwealth's share of the costs of the decision made by Fair Work Australia in response to the pay equity claim on behalf of certain workers in the Social and Community Services sector.

## APPENDIX C: ADDITIONAL AGENCY STATISTICS

**Table C1: General government expenses by agency**

	Estimates			Projections	
	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m
<b>Agriculture, Fisheries and Forestry</b>					
Department of Agriculture, Fisheries and Forestry	1,630	1,454	1,575	1,552	1,586
Grains Research and Development Corporation	166	181	182	185	185
<b>Total</b>	<b>1,796</b>	<b>1,635</b>	<b>1,757</b>	<b>1,737</b>	<b>1,771</b>
<b>Attorney-General's</b>					
Attorney-General's Department	793	754	717	701	713
Australian Customs and Border Protection Service	1,122	1,092	1,066	1,046	1,066
Australian Federal Police	1,432	1,362	1,262	1,231	1,252
Australian Security Intelligence Organisation	413	445	449	461	475
Family Court of Australia	141	121	121	120	121
High Court of Australia	21	20	21	21	21
<b>Total</b>	<b>3,921</b>	<b>3,795</b>	<b>3,637</b>	<b>3,580</b>	<b>3,648</b>
<b>Broadband, Communications and the Digital Economy</b>					
Australian Broadcasting Corporation	1,173	1,188	1,206	1,219	1,240
Australian Communications and Media Authority	276	256	103	97	95
Department of Broadband, Communications and the Digital Economy	2,035	1,727	1,621	1,506	1,523
Special Broadcasting Service Corporation	316	332	363	358	360
<b>Total</b>	<b>3,800</b>	<b>3,503</b>	<b>3,292</b>	<b>3,180</b>	<b>3,218</b>
<b>Climate Change and Energy Efficiency</b>					
Clean Energy Regulator	19	2,875	4,052	4,397	4,963
Department of Climate Change and Energy Efficiency	1,546	226	273	251	222
<b>Total</b>	<b>1,565</b>	<b>3,101</b>	<b>4,325</b>	<b>4,647</b>	<b>5,185</b>
<b>Defence</b>					
Australian War Memorial	54	57	58	59	60
Defence Housing Australia	740	937	1,030	1,057	1,075
Defence Materiel Organisation	9,976	9,101	9,495	10,838	12,777
Department of Defence	28,891	28,959	29,876	31,058	32,693
Department of Veterans' Affairs	12,479	12,419	12,552	12,603	12,703
<b>Total</b>	<b>52,139</b>	<b>51,473</b>	<b>53,011</b>	<b>55,615</b>	<b>59,308</b>
<b>Education, Employment and Workplace Relations</b>					
Comcare	868	447	454	471	489
Department of Education, Employment and Workplace Relations	37,491	32,665	34,378	34,658	36,562
<b>Total</b>	<b>38,359</b>	<b>33,112</b>	<b>34,832</b>	<b>35,128</b>	<b>37,051</b>

**Table C1: General government expenses by agency (continued)**

	Estimates			Projections	
	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m
<b>Families, Housing, Community Services and Indigenous Affairs</b>					
Department of Families, Housing, Community Services and Indigenous Affairs	80,467	83,369	88,032	93,007	98,484
Indigenous Business Australia	142	186	163	169	172
<b>Total</b>	<b>80,609</b>	<b>83,555</b>	<b>88,195</b>	<b>93,176</b>	<b>98,656</b>
<b>Finance and Deregulation</b>					
Australian Electoral Commission	132	133	315	139	143
Department of Finance and Deregulation	12,100	9,968	9,762	9,320	9,713
Future Fund Management Agency	701	596	637	679	724
<b>Total</b>	<b>12,933</b>	<b>10,698</b>	<b>10,714</b>	<b>10,138</b>	<b>10,580</b>
<b>Foreign Affairs and Trade</b>					
AusAID	4,130	4,997	5,576	5,738	6,298
Australian Trade Commission	362	351	348	350	349
Department of Foreign Affairs and Trade	1,273	1,325	1,337	1,283	1,301
Export Finance and Insurance Corporation (National Interest component)	58	48	46	45	44
<b>Total</b>	<b>5,822</b>	<b>6,722</b>	<b>7,306</b>	<b>7,416</b>	<b>7,993</b>
<b>Health and Ageing</b>					
Department of Health and Ageing	50,242	51,202	53,701	56,640	59,975
National Blood Authority	1,035	1,096	1,172	1,270	1,373
National Health and Medical Research Council	863	893	916	916	920
<b>Total</b>	<b>52,140</b>	<b>53,191</b>	<b>55,789</b>	<b>58,826</b>	<b>62,268</b>
<b>Human Services</b>					
Department of Human Services	5,833	5,796	5,766	5,621	5,610
<b>Total</b>	<b>5,833</b>	<b>5,796</b>	<b>5,766</b>	<b>5,621</b>	<b>5,610</b>
<b>Immigration and Citizenship</b>					
Department of Immigration and Citizenship	2,725	2,642	2,533	2,483	2,565
<b>Total</b>	<b>2,725</b>	<b>2,642</b>	<b>2,533</b>	<b>2,483</b>	<b>2,565</b>
<b>Industry, Innovation, Science, Research and Tertiary Education</b>					
Australian Nuclear Science and Technology Organisation	272	258	261	264	265
Australian Research Council	852	907	913	883	875
Commonwealth Scientific and Industrial Research Organisation	1,293	1,268	1,308	1,367	1,412
Department of Industry, Innovation, Science, Research and Tertiary Education	11,882	18,245	18,666	19,314	19,929
<b>Total</b>	<b>14,300</b>	<b>20,678</b>	<b>21,148</b>	<b>21,828</b>	<b>22,482</b>
<b>Infrastructure and Transport</b>					
Civil Aviation Safety Authority	178	174	180	183	187
Department of Infrastructure and Transport	3,632	2,139	2,228	1,736	1,954
<b>Total</b>	<b>3,810</b>	<b>2,313</b>	<b>2,409</b>	<b>1,918</b>	<b>2,141</b>

**Table C1: General government expenses by agency (continued)**

	Estimates			Projections	
	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m
<b>Parliament</b>					
Department of Parliamentary Services	162	159	155	154	156
<b>Total</b>	<b>162</b>	<b>159</b>	<b>155</b>	<b>154</b>	<b>156</b>
<b>Prime Minister and Cabinet</b>					
Department of the Prime Minister and Cabinet	803	162	219	358	145
<b>Total</b>	<b>803</b>	<b>162</b>	<b>219</b>	<b>358</b>	<b>145</b>
<b>Regional Australia, Local Government, Arts and Sport</b>					
Australian Sports Commission	316	308	287	259	263
Department of Regional Australia, Local Government, Arts and Sport	3,655	2,462	3,815	3,954	3,922
National Archives of Australia	77	76	77	78	80
National Capital Authority	36	37	38	39	39
National Gallery of Australia	41	42	42	43	43
National Library of Australia	78	74	75	76	77
National Museum of Australia	48	47	47	48	48
<b>Total</b>	<b>4,250</b>	<b>3,045</b>	<b>4,381</b>	<b>4,495</b>	<b>4,472</b>
<b>Resources, Energy and Tourism</b>					
Australian Renewable Energy Agency	0	293	345	437	322
Department of Resources, Energy and Tourism	907	916	1,255	1,646	1,664
Tourism Australia	151	157	164	168	172
<b>Total</b>	<b>1,058</b>	<b>1,366</b>	<b>1,764</b>	<b>2,250</b>	<b>2,158</b>
<b>Sustainability, Environment, Water, Population and Communities</b>					
Bureau of Meteorology	338	325	323	325	328
Department of Sustainability, Environment, Water, Population and Communities	1,499	1,379	1,713	1,781	2,199
<b>Total</b>	<b>1,837</b>	<b>1,704</b>	<b>2,036</b>	<b>2,106</b>	<b>2,526</b>
<b>Treasury</b>					
Australian Bureau of Statistics	640	385	362	373	442
Australian Office of Financial Management	11,538	12,031	12,024	11,646	11,427
Australian Securities and Investments Commission	468	477	479	475	472
Australian Taxation Office	17,008	17,972	18,921	19,181	19,688
Department of the Treasury	85,917	80,613	84,920	86,506	91,063
<b>Total</b>	<b>115,570</b>	<b>111,477</b>	<b>116,706</b>	<b>118,181</b>	<b>123,092</b>
<b>Small agencies</b>	<b>5,969</b>	<b>6,185</b>	<b>6,137</b>	<b>6,207</b>	<b>6,286</b>
<b>Whole of government and inter-agency amounts(a)</b>	<b>-29,421</b>	<b>-24,270</b>	<b>-21,639</b>	<b>-16,508</b>	<b>-15,728</b>
<b>AEIFRS expenses considered other economic flows(b)</b>	<b>-6,307</b>	<b>-5,770</b>	<b>-5,969</b>	<b>-6,088</b>	<b>-6,540</b>
<b>Total expenses</b>	<b>373,671</b>	<b>376,273</b>	<b>398,503</b>	<b>416,449</b>	<b>439,044</b>

(a) 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.

(b) Agency estimates are reported on an AEIFRS basis. AEIFRS expenses considered other economic flows include net write-down and impairment of assets and fair value losses and swap interest expense as detailed in Statement 9 Note 13.

**Table C2: Departmental expenses by agency**

	Estimates			Projections	
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m
<b>Agriculture, Fisheries and Forestry</b>					
Department of Agriculture, Fisheries and Forestry	709	661	734	728	768
Grains Research and Development Corporation	166	181	182	185	185
<b>Total</b>	<b>875</b>	<b>841</b>	<b>915</b>	<b>913</b>	<b>953</b>
<b>Attorney-General's</b>					
Attorney-General's Department	279	252	256	250	252
Australian Customs and Border Protection Service	1,118	1,089	1,063	1,042	1,062
Australian Federal Police	1,385	1,341	1,248	1,219	1,239
Australian Security Intelligence Organisation	413	445	449	461	475
Family Court of Australia	141	121	121	120	121
High Court of Australia	21	20	21	21	21
<b>Total</b>	<b>3,357</b>	<b>3,269</b>	<b>3,157</b>	<b>3,114</b>	<b>3,170</b>
<b>Broadband, Communications and the Digital Economy</b>					
Australian Broadcasting Corporation	1,173	1,188	1,206	1,219	1,240
Australian Communications and Media Authority	115	110	102	96	95
Department of Broadband, Communications and the Digital Economy	136	121	111	93	95
Special Broadcasting Service Corporation	316	332	363	358	360
<b>Total</b>	<b>1,739</b>	<b>1,750</b>	<b>1,782</b>	<b>1,766</b>	<b>1,790</b>
<b>Climate Change and Energy Efficiency</b>					
Clean Energy Regulator	16	79	71	69	67
Department of Climate Change and Energy Efficiency	204	109	100	94	84
<b>Total</b>	<b>219</b>	<b>188</b>	<b>171</b>	<b>162</b>	<b>152</b>
<b>Defence</b>					
Australian War Memorial	54	57	58	59	60
Defence Housing Australia	740	937	1,030	1,057	1,075
Defence Materiel Organisation	9,976	9,101	9,495	10,838	12,777
Department of Defence	24,711	24,732	25,431	26,387	27,825
Department of Veterans' Affairs	359	354	356	358	357
<b>Total</b>	<b>35,840</b>	<b>35,180</b>	<b>36,371</b>	<b>38,699</b>	<b>42,094</b>
<b>Education, Employment and Workplace Relations</b>					
Comcare	868	447	454	471	489
Department of Education, Employment and Workplace Relations	886	716	710	703	710
<b>Total</b>	<b>1,754</b>	<b>1,164</b>	<b>1,164</b>	<b>1,174</b>	<b>1,199</b>

**Table C2: Departmental expenses by agency (continued)**

	Estimates			Projections	
	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m
<b>Families, Housing, Community Services and Indigenous Affairs</b>					
Department of Families, Housing, Community Services and Indigenous Affairs	617	633	643	680	697
Indigenous Business Australia	142	186	163	169	172
<b>Total</b>	<b>759</b>	<b>819</b>	<b>807</b>	<b>849</b>	<b>870</b>
<b>Finance and Deregulation</b>					
Australian Electoral Commission	132	133	247	139	143
Department of Finance and Deregulation	514	534	524	508	523
Future Fund Management Agency	35	42	43	45	46
<b>Total</b>	<b>681</b>	<b>709</b>	<b>814</b>	<b>691</b>	<b>712</b>
<b>Foreign Affairs and Trade</b>					
AusAID	284	325	351	323	329
Australian Trade Commission	211	200	197	200	199
Department of Foreign Affairs and Trade	979	1,042	1,055	998	1,013
<b>Total</b>	<b>1,474</b>	<b>1,567</b>	<b>1,603</b>	<b>1,521</b>	<b>1,541</b>
<b>Health and Ageing</b>					
Department of Health and Ageing	802	804	801	791	798
National Blood Authority	11	11	11	11	11
National Health and Medical Research Council	48	47	47	47	46
<b>Total</b>	<b>861</b>	<b>862</b>	<b>859</b>	<b>849</b>	<b>855</b>
<b>Human Services</b>					
Department of Human Services	4,530	4,423	4,345	4,169	4,133
<b>Total</b>	<b>4,530</b>	<b>4,423</b>	<b>4,345</b>	<b>4,169</b>	<b>4,133</b>
<b>Immigration and Citizenship</b>					
Department of Immigration and Citizenship	1,417	1,435	1,444	1,474	1,589
<b>Total</b>	<b>1,417</b>	<b>1,435</b>	<b>1,444</b>	<b>1,474</b>	<b>1,589</b>
<b>Industry, Innovation, Science, Research and Tertiary Education</b>					
Australian Nuclear Science and Technology Organisation	272	258	261	264	265
Australian Research Council	22	22	22	22	22
Commonwealth Scientific and Industrial Research Organisation	1,293	1,268	1,308	1,367	1,412
Department of Industry, Innovation, Science, Research and Tertiary Education	434	599	584	577	575
<b>Total</b>	<b>2,021</b>	<b>2,147</b>	<b>2,175</b>	<b>2,230</b>	<b>2,274</b>
<b>Infrastructure and Transport</b>					
Civil Aviation Safety Authority	178	174	180	183	187
Department of Infrastructure and Transport	223	205	214	209	216
<b>Total</b>	<b>402</b>	<b>380</b>	<b>394</b>	<b>391</b>	<b>404</b>



**Table C2: Departmental expenses by agency (continued)**

	Estimates			Projections	
	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m
<b>Parliament</b>					
Department of Parliamentary Services	135	132	128	127	129
<b>Total</b>	<b>135</b>	<b>132</b>	<b>128</b>	<b>127</b>	<b>129</b>
<b>Prime Minister and Cabinet</b>					
Department of the Prime Minister and Cabinet	208	147	201	343	129
<b>Total</b>	<b>208</b>	<b>147</b>	<b>201</b>	<b>343</b>	<b>129</b>
<b>Regional Australia, Local Government, Arts and Sport</b>					
Australian Sports Commission	316	308	287	259	263
Department of Regional Australia, Local Government, Arts and Sport	100	106	99	100	101
National Archives of Australia	77	76	77	78	80
National Capital Authority	17	19	19	20	20
National Gallery of Australia	41	42	42	43	43
National Library of Australia	78	74	75	76	77
National Museum of Australia	48	47	47	48	48
<b>Total</b>	<b>677</b>	<b>671</b>	<b>647</b>	<b>622</b>	<b>632</b>
<b>Resources, Energy and Tourism</b>					
Australian Renewable Energy Agency	0	293	345	437	322
Department of Resources, Energy and Tourism	122	93	86	79	71
Tourism Australia	151	157	164	168	172
<b>Total</b>	<b>274</b>	<b>543</b>	<b>595</b>	<b>684</b>	<b>566</b>
<b>Sustainability, Environment, Water, Population and Communities</b>					
Bureau of Meteorology	328	325	323	325	328
Department of Sustainability, Environment, Water, Population and Communities	610	544	532	530	511
<b>Total</b>	<b>938</b>	<b>869</b>	<b>855</b>	<b>855</b>	<b>838</b>
<b>Treasury</b>					
Australian Bureau of Statistics	640	385	362	373	442
Australian Office of Financial Management	12	13	10	10	10
Australian Securities and Investments Commission	392	396	393	384	376
Australian Taxation Office	3,407	3,449	3,381	3,412	3,366
Department of the Treasury	190	195	219	189	167
<b>Total</b>	<b>4,640</b>	<b>4,438</b>	<b>4,365</b>	<b>4,369</b>	<b>4,361</b>
<b>Small agencies</b>	<b>4,908</b>	<b>4,717</b>	<b>4,642</b>	<b>4,678</b>	<b>4,696</b>
<b>Whole of government and inter-agency amounts(a)</b>	<b>-10,967</b>	<b>-10,440</b>	<b>-11,039</b>	<b>-12,025</b>	<b>-14,335</b>
<b>AEIFRS expenses considered other economic flows(b)</b>	<b>-1,538</b>	<b>-1,136</b>	<b>-1,174</b>	<b>-1,239</b>	<b>-1,295</b>
<b>Total departmental expenses</b>	<b>55,204</b>	<b>54,674</b>	<b>55,220</b>	<b>56,416</b>	<b>57,458</b>

(a) 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.

(b) Agency estimates are reported on an AEIFRS basis. AEIFRS expenses considered other economic flows include net write-down and impairment of assets and fair value losses.

**Table C3: Net capital investment by agency**

	Estimates			Projections	
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m
<b>Agriculture, Fisheries and Forestry</b>					
Department of Agriculture, Fisheries and Forestry	27	-4	-3	-3	-2
Grains Research and Development Corporation	0	1	0	0	0
<b>Total</b>	<b>27</b>	<b>-3</b>	<b>-3</b>	<b>-3</b>	<b>-2</b>
<b>Attorney-General's</b>					
Attorney-General's Department	8	-11	-13	-13	-6
Australian Customs and Border Protection Service	55	40	18	53	44
Australian Federal Police	21	14	55	24	-38
Australian Security Intelligence Organisation	45	123	-35	0	-75
Family Court of Australia	8	-1	-1	-1	-1
High Court of Australia	1	1	1	0	0
<b>Total</b>	<b>137</b>	<b>166</b>	<b>23</b>	<b>63</b>	<b>-76</b>
<b>Broadband, Communications and the Digital Economy</b>					
Australian Broadcasting Corporation	9	10	-5	-3	-3
Australian Communications and Media Authority	3	3	2	-1	9
Department of Broadband, Communications and the Digital Economy	39	-18	-14	-14	-15
Special Broadcasting Service Corporation	22	4	-7	-7	-7
<b>Total</b>	<b>73</b>	<b>-1</b>	<b>-25</b>	<b>-26</b>	<b>-17</b>
<b>Climate Change and Energy Efficiency</b>					
Clean Energy Regulator	5	14	-4	-5	-3
Department of Climate Change and Energy Efficiency	56	-6	-11	-4	4
<b>Total</b>	<b>62</b>	<b>8</b>	<b>-16</b>	<b>-8</b>	<b>1</b>
<b>Defence</b>					
Australian War Memorial	68	2	16	0	-7
Defence Housing Australia	21	24	-5	-48	-2
Defence Materiel Organisation	400	0	0	0	0
Department of Defence	1,354	288	15	332	2,247
Department of Veterans' Affairs	15	-1	-3	-13	-13
<b>Total</b>	<b>1,858</b>	<b>314</b>	<b>23</b>	<b>271</b>	<b>2,226</b>
<b>Education, Employment and Workplace Relations</b>					
Comcare	16	9	2	3	3
Department of Education, Employment and Workplace Relations	2	-37	-44	-43	-42
<b>Total</b>	<b>18</b>	<b>-27</b>	<b>-41</b>	<b>-40</b>	<b>-39</b>

**Table C3: Net capital investment by agency (continued)**

	Estimates			Projections	
	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m
<b>Families, Housing, Community Services and Indigenous Affairs</b>					
Department of Families, Housing, Community Services and Indigenous Affairs	-14	2	31	-15	-53
Indigenous Business Australia	3	1	2	0	1
<b>Total</b>	<b>-12</b>	<b>3</b>	<b>33</b>	<b>-15</b>	<b>-53</b>
<b>Finance and Deregulation</b>					
Australian Electoral Commission	2	4	-2	0	5
Department of Finance and Deregulation	308	300	383	305	-687
Future Fund Management Agency	-234	0	0	0	0
<b>Total</b>	<b>77</b>	<b>304</b>	<b>380</b>	<b>304</b>	<b>-683</b>
<b>Foreign Affairs and Trade</b>					
AusAID	19	9	4	1	0
Australian Trade Commission	1	0	-8	-3	-3
Department of Foreign Affairs and Trade	169	167	267	180	144
<b>Total</b>	<b>189</b>	<b>176</b>	<b>263</b>	<b>178</b>	<b>141</b>
<b>Health and Ageing</b>					
Department of Health and Ageing	165	60	-23	-51	-88
National Blood Authority	0	0	0	0	-1
National Health and Medical Research Council	0	-1	-2	-2	-2
<b>Total</b>	<b>165</b>	<b>59</b>	<b>-24</b>	<b>-52</b>	<b>-90</b>
<b>Human Services</b>					
Department of Human Services	118	-86	-128	-66	-82
<b>Total</b>	<b>118</b>	<b>-86</b>	<b>-128</b>	<b>-66</b>	<b>-82</b>
<b>Immigration and Citizenship</b>					
Department of Immigration and Citizenship	248	3	-19	-23	155
<b>Total</b>	<b>248</b>	<b>3</b>	<b>-19</b>	<b>-23</b>	<b>155</b>
<b>Industry, Innovation, Science, Research and Tertiary Education</b>					
Australian Nuclear Science and Technology Organisation	35	34	11	-3	-15
Australian Research Council	0	0	-2	-2	-2
Commonwealth Scientific and Industrial Research Organisation	96	90	-37	-55	-69
Department of Industry, Innovation, Science, Research and Tertiary Education	24	8	8	-1	-3
<b>Total</b>	<b>155</b>	<b>132</b>	<b>-19</b>	<b>-61</b>	<b>-88</b>
<b>Infrastructure and Transport</b>					
Civil Aviation Safety Authority	4	5	-7	-8	-7
Department of Infrastructure and Transport	-39	-4	-7	-9	-6
<b>Total</b>	<b>-35</b>	<b>1</b>	<b>-14</b>	<b>-17</b>	<b>-13</b>

**Table C3: Net capital investment by agency (continued)**

	Estimates			Projections	
	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m
<b>Parliament</b>					
Department of Parliamentary Services	6	-26	-22	-8	-8
<b>Total</b>	<b>6</b>	<b>-26</b>	<b>-22</b>	<b>-8</b>	<b>-8</b>
<b>Prime Minister and Cabinet</b>					
Department of the Prime Minister and Cabinet	-167	6	2	-6	-13
<b>Total</b>	<b>-167</b>	<b>6</b>	<b>2</b>	<b>-6</b>	<b>-13</b>
<b>Regional Australia, Local Government, Arts and Sport</b>					
Australian Sports Commission	23	-4	-6	-6	-15
Department of Regional Australia, Local Government, Arts and Sport	205	22	18	-16	-14
National Archives of Australia	7	-3	-1	-2	-2
National Capital Authority	13	-8	-8	-4	-4
National Gallery of Australia	12	13	17	17	18
National Library of Australia	3	5	1	2	2
National Museum of Australia	4	3	0	5	4
<b>Total</b>	<b>266</b>	<b>28</b>	<b>20</b>	<b>-4</b>	<b>-12</b>
<b>Resources, Energy and Tourism</b>					
Australian Renewable Energy Agency	0	0	0	0	0
Department of Resources, Energy and Tourism	9	-6	-1	-1	0
Tourism Australia	1	0	0	0	0
<b>Total</b>	<b>10</b>	<b>-7</b>	<b>-1</b>	<b>-1</b>	<b>0</b>
<b>Sustainability, Environment, Water, Population and Communities</b>					
Bureau of Meteorology	20	-2	-6	-8	-8
Department of Sustainability, Environment, Water, Population and Communities	556	142	134	335	398
<b>Total</b>	<b>576</b>	<b>140</b>	<b>128</b>	<b>327</b>	<b>390</b>
<b>Treasury</b>					
Australian Bureau of Statistics	-4	-12	-11	-9	-8
Australian Office of Financial Management	0	3	0	0	0
Australian Securities and Investments Commission	10	-15	-13	-17	-3
Australian Taxation Office	87	76	-5	-22	-24
Department of the Treasury	8	-31	-5	-5	-5
<b>Total</b>	<b>101</b>	<b>20</b>	<b>-35</b>	<b>-53</b>	<b>-40</b>
<b>Small agencies</b>	<b>206</b>	<b>70</b>	<b>-11</b>	<b>-48</b>	<b>-33</b>
<b>Whole of government and inter-agency amounts(a)</b>	<b>27</b>	<b>58</b>	<b>86</b>	<b>69</b>	<b>99</b>
<b>Adjustments to AEIFRS movements in non-financial assets(b)</b>	<b>644</b>	<b>-4,037</b>	<b>448</b>	<b>581</b>	<b>-705</b>
<b>Total net capital investment</b>	<b>4,749</b>	<b>-2,701</b>	<b>1,048</b>	<b>1,361</b>	<b>1,059</b>

(a) 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.

(b) Agency estimates are reported on an AEIFRS basis. AEIFRS movements in non-financial assets considered other economic flows include net write-down and impairment of non-financial assets, assets recognised for the first time and prepayments. They also include Contingency Reserve movements in non-financial assets.

**Table C4: Capital appropriations by portfolio**

	Estimates			Projections	
	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m
<b>Agriculture, Fisheries and Forestry</b>					
Department of Agriculture, Fisheries and Forestry	26	12	12	10	10
<b>Total</b>	<b>26</b>	<b>12</b>	<b>12</b>	<b>10</b>	<b>10</b>
<b>Attorney-General's</b>					
Attorney-General's Department	50	137	32	17	21
Australian Customs and Border Protection Service	136	125	111	147	142
Australian Federal Police	62	37	81	86	39
Australian Security Intelligence Organisation	61	66	48	34	34
Family Court of Australia	10	6	6	7	7
High Court of Australia	4	4	5	4	4
<b>Total</b>	<b>323</b>	<b>375</b>	<b>283</b>	<b>295</b>	<b>248</b>
<b>Broadband, Communications and the Digital Economy</b>					
Australian Broadcasting Corporation	6	17	0	0	0
Australian Communications and Media Authority	9	8	9	7	9
Department of Broadband, Communications and the Digital Economy(a)	2,356	4,827	6,605	4,105	3,604
Special Broadcasting Service Corporation	13	3	0	0	0
<b>Total</b>	<b>2,383</b>	<b>4,855</b>	<b>6,614</b>	<b>4,112</b>	<b>3,614</b>
<b>Climate Change and Energy Efficiency</b>					
Clean Energy Regulator	4	19	1	1	1
Department of Climate Change and Energy Efficiency	33	7	6	5	5
<b>Total</b>	<b>36</b>	<b>27</b>	<b>7</b>	<b>6</b>	<b>6</b>
<b>Defence</b>					
Australian War Memorial	8	11	25	13	7
Department of Defence	2,053	0	0	286	1,549
Department of Veterans' Affairs	25	21	20	14	15
<b>Total</b>	<b>2,086</b>	<b>33</b>	<b>46</b>	<b>313</b>	<b>1,571</b>
<b>Education, Employment and Workplace Relations</b>					
Comcare	7	0	0	0	0
Department of Education, Employment and Workplace Relations	81	52	47	50	51
<b>Total</b>	<b>88</b>	<b>52</b>	<b>47</b>	<b>50</b>	<b>51</b>

**Table C4: Capital appropriations by portfolio (continued)**

	Estimates			Projections	
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m
<b>Families, Housing, Community Services and Indigenous Affairs</b>					
Department of Families, Housing, Community Services and Indigenous Affairs	30	60	115	87	55
Indigenous Business Australia	33	38	37	37	37
<b>Total</b>	<b>63</b>	<b>97</b>	<b>152</b>	<b>124</b>	<b>91</b>
<b>Finance and Deregulation</b>					
Australian Electoral Commission	8	11	4	6	11
Department of Finance and Deregulation	1,623	1,698	1,997	1,974	1,876
<b>Total</b>	<b>1,630</b>	<b>1,709</b>	<b>2,002</b>	<b>1,979</b>	<b>1,888</b>
<b>Foreign Affairs and Trade</b>					
AusAID	70	532	339	13	12
Australian Trade Commission	15	18	11	15	15
Department of Foreign Affairs and Trade	145	120	164	101	70
<b>Total</b>	<b>231</b>	<b>671</b>	<b>514</b>	<b>128</b>	<b>97</b>
<b>Health and Ageing</b>					
Department of Health and Ageing	143	80	33	24	28
National Blood Authority	1	0	1	1	0
<b>Total</b>	<b>143</b>	<b>81</b>	<b>34</b>	<b>25</b>	<b>29</b>
<b>Human Services</b>					
Department of Human Services	317	168	115	192	193
<b>Total</b>	<b>317</b>	<b>168</b>	<b>115</b>	<b>192</b>	<b>193</b>
<b>Immigration and Citizenship</b>					
Department of Immigration and Citizenship	159	116	99	98	101
<b>Total</b>	<b>159</b>	<b>116</b>	<b>99</b>	<b>98</b>	<b>101</b>
<b>Industry, Innovation, Science, Research and Tertiary Education</b>					
Australian Nuclear Science and Technology Organisation	1	4	16	0	0
Australian Research Council	3	3	1	1	1
Department of Industry, Innovation, Science, Research and Tertiary Education	118	70	65	50	45
<b>Total</b>	<b>122</b>	<b>76</b>	<b>82</b>	<b>52</b>	<b>46</b>

**Table C4: Capital appropriations by portfolio (continued)**

	Estimates			Projections	
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m
<b>Infrastructure and Transport</b>					
Department of Infrastructure and Transport	4	10	6	6	8
<b>Total</b>	<b>4</b>	<b>10</b>	<b>6</b>	<b>6</b>	<b>8</b>
<b>Parliament</b>					
Department of Parliamentary Services	32	23	23	35	36
<b>Total</b>	<b>32</b>	<b>23</b>	<b>23</b>	<b>35</b>	<b>36</b>
<b>Prime Minister and Cabinet</b>					
Department of the Prime Minister and Cabinet	6	13	5	4	4
<b>Total</b>	<b>6</b>	<b>13</b>	<b>5</b>	<b>4</b>	<b>4</b>
<b>Regional Australia, Local Government, Arts and Sport</b>					
Department of Regional Australia, Local Government, Arts and Sport	45	45	22	17	17
National Archives of Australia	7	6	6	6	6
National Capital Authority	15	10	10	14	15
National Gallery of Australia	16	16	17	17	18
National Library of Australia	10	10	10	10	10
National Museum of Australia	2	2	2	2	2
<b>Total</b>	<b>95</b>	<b>89</b>	<b>67</b>	<b>67</b>	<b>68</b>
<b>Resources, Energy and Tourism</b>					
Department of Resources, Energy and Tourism	5	0	0	0	0
<b>Total</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Sustainability, Environment, Water, Population and Communities</b>					
Bureau of Meteorology	64	51	48	45	46
Department of Sustainability, Environment, Water, Population and Communities	442	215	38	481	183
<b>Total</b>	<b>506</b>	<b>266</b>	<b>86</b>	<b>526</b>	<b>229</b>
<b>Treasury</b>					
Australian Bureau of Statistics	19	18	20	22	22
Australian Office of Financial Management(b)	741,313	565,119	535,826	485,615	509,569
Australian Securities and Investments Commission	65	30	28	16	25
Australian Taxation Office	170	174	134	122	122
Department of the Treasury	1,021	2,102	682	163	193
<b>Total</b>	<b>742,588</b>	<b>567,443</b>	<b>536,690</b>	<b>485,938</b>	<b>509,932</b>
<b>Small agencies</b>	<b>113</b>	<b>88</b>	<b>80</b>	<b>75</b>	<b>74</b>
<b>Total capital appropriations</b>	<b>750,958</b>	<b>576,201</b>	<b>546,964</b>	<b>494,034</b>	<b>518,292</b>

(a) Sharp rises in capital appropriations are due to capital injections for the National Broadband Network.

(b) The AOFM manages the overall level of cash in the OPA. It makes short-term borrowings by issuing Treasury Notes and invests in short-term deposits and securities to manage daily variations in the OPA balance. The capital appropriations include this short-term investment and borrowing activity to manage the estimated within-year profile of the OPA balance. As the within-year profile of the OPA balance may differ from one year to the next, so in consequence will be the number, size and timing of short term investment and borrowing activity.

**Table C5: Estimates of average staffing level (ASL) of agencies in the Australian Government general government sector<sup>(a)</sup>**

	Average staffing levels *		
	2011-12	2012-13	Change
<b>Agriculture, Fisheries and Forestry</b>			
Department of Agriculture, Fisheries and Forestry	4,546	4,435	-112
Australian Fisheries Management Authority	195	189	-6
Australian Pesticides and Veterinary Medicines Authority	178	182	4
Cotton Research and Development Corporation	9	12	3
Fisheries Research and Development Corporation	11	11	0
Grains Research and Development Corporation	49	53	4
Grape and Wine Research and Development Corporation	11	10	-1
Rural Industries Research and Development Corporation	26	28	2
Sugar Research and Development Corporation	8	8	0
Wheat Exports Australia	11	5	-6
Wine Australia Corporation (Wine Australia)	38	39	1
<b>Total</b>	<b>5,082</b>	<b>4,972</b>	<b>-111</b>
<b>Attorney-General's</b>			
Attorney-General's Department	1,482	1,393	-89
Administrative Appeals Tribunal	162	162	0
Australian Commission for Law Enforcement Integrity	24	29	5
Australian Crime Commission	565	539	-26
Australian Customs and Border Protection Service (b)	5,225	5,035	-190
Australian Federal Police	6,420	6,410	-10
Australian Human Rights Commission	132	127	-5
Australian Institute of Criminology	48	49	1
Australian Law Reform Commission	15	14	-1
Australian Security Intelligence Organisation	1,760	1,760	0
Australian Transaction Reports and Analysis Centre (AUSTRAC)	296	294	-2
CrimTrac Agency	201	204	3
Family Court of Australia	572	572	0
Federal Court of Australia (c)	305	415	110
Federal Magistrates Court of Australia	234	234	0
High Court of Australia	83	81	-2
Insolvency and Trustee Service Australia	370	389	19
National Native Title Tribunal (c)	160	0	-160
Office of Parliamentary Counsel	49	52	3
Office of the Australian Information Commissioner	79	79	0
Office of the Director of Public Prosecutions	513	504	-9
<b>Total</b>	<b>18,695</b>	<b>18,342</b>	<b>-353</b>
<b>Broadband, Communications and the Digital Economy</b>			
Department of Broadband, Communications and the Digital Economy	672	641	-31
Australian Broadcasting Corporation	4,579	4,579	0
Australian Communications and Media Authority	575	540	-35
Special Broadcasting Service Corporation	840	912	72
Telecommunications Universal Service Management Agency (d)	0	16	16
<b>Total</b>	<b>6,666</b>	<b>6,688</b>	<b>22</b>
<b>Climate Change and Energy Efficiency</b>			
Department of Climate Change and Energy Efficiency (e)	947	603	-344
Climate Change Authority (f)	0	19	19
Low Carbon Australia Limited	24	32	8
Clean Energy Regulator (g)	77	355	278
<b>Total</b>	<b>1,048</b>	<b>1,009</b>	<b>-39</b>



**Table C5: Estimates of average staffing level (ASL) of agencies in the Australian Government general government sector<sup>(a)</sup> (continued)**

<b>Defence</b>			
Department of Defence – Civilian (includes contractors)	16,331	16,139	-192
Defence Materiel Organisation (includes contractors)	6,024	5,592	-432
Department of Defence – Military	57,882	58,636	754
Department of Defence – Reserves	21,250	21,650	400
Department of Veterans' Affairs	1,990	1,900	-90
Australian War Memorial	292	312	20
Defence Housing Australia	571	591	20
<b>Total</b>	<b>104,340</b>	<b>104,820</b>	<b>480</b>
<b>Departments of the Parliament</b>			
Department of Parliamentary Services	720	702	-18
Department of the House of Representatives	155	156	1
Department of the Senate	161	155	-6
<b>Total</b>	<b>1,036</b>	<b>1,013</b>	<b>-23</b>
<b>Education, Employment and Workplace Relations</b>			
Department of Education, Employment and Workplace Relations (h)	4,738	3,593	-1,145
Australian Curriculum Assessment and Reporting Authority	96	97	1
Australian Institute for Teaching and School Leadership Limited	34	50	16
Comcare	652	595	-57
Fair Work Australia	343	343	0
Office of the Australian Building and Construction Commissioner (i)	155	0	-155
Office of the Fair Work Ombudsman	823	753	-70
Office of the Fair Work Building Industry Inspectorate (i)	0	155	155
Safe Work Australia	110	110	0
<b>Total</b>	<b>6,951</b>	<b>5,696</b>	<b>-1,255</b>
<b>Families, Housing, Community Services and Indigenous Affairs</b>			
Department of Families, Housing, Community Services and Indigenous Affairs	2,754	2,916	162
Aboriginal Hostels Limited	472	439	-33
Anindilyakwa Land Council	24	24	0
Australian Institute of Family Studies	66	70	4
Central Land Council	211	220	9
Equal Opportunity for Women in the Workplace Agency	28	36	8
Indigenous Business Australia	215	217	2
Indigenous Land Corporation	215	215	0
Northern Land Council	500	500	0
Outback Stores Pty Ltd	120	120	0
Tiwi Land Council	10	11	1
Torres Strait Regional Authority	107	129	22
Wreck Bay Aboriginal Community Council	32	32	0
<b>Total</b>	<b>4,754</b>	<b>4,929</b>	<b>175</b>
<b>Finance and Deregulation</b>			
Department of Finance and Deregulation	1,645	1,595	-50
Australian Electoral Commission	808	822	14
Commonwealth Superannuation Corporation	74	79	5
ComSuper	471	425	-46
Future Fund Management Agency	86	95	9
<b>Total</b>	<b>3,084</b>	<b>3,016</b>	<b>-68</b>

**Table C5: Estimates of average staffing level (ASL) of agencies in the Australian Government general government sector<sup>(a)</sup> (continued)**

<b>Foreign Affairs and Trade</b>			
Department of Foreign Affairs and Trade	3,875	3,832	-44
AusAID (Australian Agency for International Development)	1,849	1,887	38
Australian Centre for International Agricultural Research	70	74	4
Australian Secret Intelligence Service	-	-	-
Australian Trade Commission (Austrade)	1,002	975	-27
Export Finance Insurance Corporation - National Interest Account	5	5	0
<b>Total</b>	<b>6,801</b>	<b>6,773</b>	<b>-29</b>
<b>Health and Ageing</b>			
Department of Health and Ageing	4,759	4,610	-149
Aged Care Standards and Accreditation Agency	231	231	0
Australian Commission on Safety and Quality in Health Care	38	39	1
Australian Institute of Health and Welfare	333	308	-25
Australian National Preventive Health Agency	33	41	8
Australian Organ and Tissue Donation and Transplantation Authority	33	31	-2
Australian Radiation Protection and Nuclear Safety Agency	153	148	-5
Cancer Australia	50	69	19
Food Standards Australia and New Zealand	129	129	0
General Practice Education and Training Limited	50	54	4
Health Workforce Australia	115	135	20
Independent Hospital Pricing Authority	43	59	16
National Blood Authority	48	53	5
National Health and Medical Research Council	225	215	-10
Private Health Insurance Administration Council	30	30	0
Private Health Insurance Ombudsman	12	12	0
Professional Services Review Scheme	27	24	-2
<b>Total</b>	<b>6,308</b>	<b>6,189</b>	<b>-120</b>
<b>Human Services</b>			
Department of Human Services	32,714	32,274	-440
<b>Total</b>	<b>32,714</b>	<b>32,274</b>	<b>-440</b>
<b>Immigration and Citizenship</b>			
Department of Immigration and Citizenship	8,682	8,719	37
Migration Review Tribunal and Refugee Review Tribunal	332	365	33
<b>Total</b>	<b>9,014</b>	<b>9,084</b>	<b>70</b>
<b>Infrastructure and Transport</b>			
Department of Infrastructure and Transport	987	993	6
Australian Maritime Safety Authority	321	329	8
Australian Transport Safety Bureau	121	122	1
Civil Aviation Safety Authority	809	819	10
National Transport Commission	46	46	0
<b>Total</b>	<b>2,284</b>	<b>2,309</b>	<b>25</b>

**Table C5: Estimates of average staffing level (ASL) of agencies in the Australian Government general government sector<sup>(a)</sup> (continued)**

<b>Industry, Innovation, Science and Research and Tertiary Education</b>			
Department of Industry, Innovation, Science, Research and Tertiary Education (h)	2,527	3,256	729
Australian Institute of Aboriginal and Torres Strait Islander Studies	124	124	0
Australian Institute of Marine Science	207	198	-9
Australian Nuclear Science and Technology Organisation	1,107	1,150	43
Australian Research Council	107	115	8
Australian Skills Quality Authority (j)	116	208	92
Commonwealth Scientific and Industrial Research Organisation	5,712	5,596	-116
IP Australia	1,004	1,029	25
Tertiary Education Quality and Standards Agency (k)	48	90	42
<b>Total</b>	<b>10,952</b>	<b>11,766</b>	<b>814</b>
<b>Prime Minister and Cabinet</b>			
Department of the Prime Minister and Cabinet (l)	896	700	-196
Australian National Audit Office	346	346	0
Australian Public Service Commission	275	263	-12
National Australia Day Council Limited	11	12	1
National Mental Health Commission	7	11	4
Office of National Assessments	141	148	7
Office of the Commonwealth Ombudsman	159	136	-23
Office of the Inspector-General of Intelligence and Security	13	13	0
Office of the Official Secretary to the Governor-General	86	86	0
<b>Total</b>	<b>1,934</b>	<b>1,715</b>	<b>-219</b>
<b>Regional Australia, Local Government, Arts and Sport</b>			
Department of Regional Australia, Local Government, Arts and Sport (l)	476	567	91
Australia Business Arts Foundation Limited	25	25	0
Australia Council	122	122	0
Australian Film, Television and Radio School	145	145	0
Australian National Maritime Museum	122	125	3
Australian Sports Anti-Doping Authority	73	71	-2
Australian Sports Commission	735	718	-17
Bundanon Trust	18	19	2
National Archives of Australia	429	429	0
National Capital Authority	51	55	4
National Film & Sound Archive	215	211	-4
National Gallery of Australia	242	242	0
National Library of Australia	430	420	-10
National Museum of Australia	225	221	-4
Old Parliament House	77	72	-5
Screen Australia	120	110	-10
<b>Total</b>	<b>3,504</b>	<b>3,552</b>	<b>48</b>
<b>Resources, Energy and Tourism</b>			
Department of Resources, Energy and Tourism	549	441	-108
Australian Renewable Energy Agency (m)	0	2	2
Australian Solar Institute Limited	8	8	0
Geoscience Australia	666	690	24
National Offshore Petroleum Safety and Environmental Management Authority	74	100	26
Tourism Australia	198	198	0
<b>Total</b>	<b>1,495</b>	<b>1,439</b>	<b>-56</b>

**Table C5: Estimates of average staffing level (ASL) of agencies in the Australian Government general government sector<sup>(a)</sup> (continued)**

<b>Sustainability, Environment, Water, Population and Communities</b>			
Department of Sustainability, Environment, Water, Population and Communities	2,289	2,235	-54
Bureau of Meteorology	1,445	1,422	-23
Director of National Parks	288	275	-13
Great Barrier Reef Marine Park Authority	215	208	-7
Murray-Darling Basin Authority	295	305	10
National Water Commission	63	44	-19
Sydney Harbour Federation Trust	55	56	1
<b>Total</b>	<b>4,650</b>	<b>4,545</b>	<b>-105</b>
<b>Treasury</b>			
Department of the Treasury	1,006	919	-87
Australian Bureau of Statistics (n)	3,530	2,850	-680
Australian Competition and Consumer Commission	800	745	-55
Australian Office of Financial Management	40	44	4
Australian Prudential Regulation Authority	606	613	7
Australian Securities and Investments Commission	1,851	1,820	-31
Australian Taxation Office (o)	21,991	20,952	-1,039
Commonwealth Grants Commission	42	42	0
Corporations and Markets Advisory Committee	3	3	0
Inspector-General of Taxation	11	10	-1
National Competition Council	12	11	-1
Office of the Auditing and Assurance Standards Board	8	8	0
Office of the Australian Accounting Standards Board	24	25	1
Productivity Commission	199	191	-8
Royal Australian Mint	201	200	-1
<b>Total</b>	<b>30,323</b>	<b>28,433</b>	<b>-1,890</b>
<b>TOTAL (for all general government sector agencies)</b>	<b>261,637</b>	<b>258,563</b>	<b>-3,073</b>

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

- (a) This table includes estimates of ASL provided by general government sector agencies. ASL figures reflect the average number of employees receiving salary or wages over the financial year, with adjustments for casual and part time staff, to show the full-time equivalent. This also includes non-uniformed staff and overseas personnel.
- (b) The decrease in ASL for the Australian Customs and Border Protection Service reflects the impact of internal restructuring decisions in relation to the agency's 2012-13 Enterprise Agreement and reductions in staffing driven by the savings measures: Australian Customs and Border Protection Service — Increased use of SmartGate capability and Illegal Foreign Fishing in Northern Waters — efficiencies.
- (c) The functions of the National Native Title Tribunal will be placed in the Federal Court of Australia as part of the Court Efficiency measures.
- (d) The Telecommunications Universal Service Management Agency will commence on 1 July 2012.
- (e) The ASL for the Department of Climate Change and Energy Efficiency is projected to reduce in 2012-13 by 344 primarily due to the ending of a range of administered programs, including the Home Insulation Program and the Solar Hot Water Rebate Program.
- (f) The Climate Change Authority will commence operations on 1 July 2012.
- (g) The Clean Energy Regulator commenced operations on 2 April 2012 and therefore the estimated ASL for 2011-12 is only for a 3 month period. The ASL is expected to increase in 2012-13 as the Regulator reaches its full complement of staffing.
- (h) The projected decrease in ASL of 1,145 for the Department of Education, Employment and Workplace Relations (DEEWR) largely reflects the transfer of the tertiary education functions to the Department of Industry, Innovation, Science, Research and Tertiary Education (DIISRTE) during 2011-12, as well as some internal changes. Increases in ASL of 729 for DIISRTE largely reflects the transfer of the tertiary education functions.
- (i) On 1 June 2012, the Office of the Australian Building and Construction Commissioner (ABCC) was abolished and a new agency, the Office of the Fair Work Building Industry Inspectorate (FWBII), was

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created in its place. Although the FWBII was operational with staff for a short period in 2011-12 the ASL count is shown against ABCC.

- (j) 2011-12 was the first year of operation for the Australian Skills Quality Authority, with regulatory functions being transferred from the states and territories at different times across the financial year.
- (k) The Tertiary Education Quality and Standards Agency is a new agency established on 29 July 2011 and is expecting to achieve its full ongoing staffing profile in 2012-13.
- (l) The decrease in ASL for the Department of the Prime Minister and Cabinet between 2011-12 and 2012-13 largely reflects the completion of the 2011 Commonwealth Heads of Government Meeting (CHOGM) and the transfer of the arts and sport functions to the Department of Regional Australia, Local Government, Arts and Sport (DRALGAS). Increases in 91 ASL for DRALGAS largely reflect the transfer of the arts and sports functions.
- (m) The Australian Renewable Energy Agency will be established on 1 July 2012, with most departmental support functions being provided by the Department of Resources, Energy and Tourism.
- (n) The decrease in ASL for the Australian Bureau of Statistics is predominately due to the completion of the 2011 Census of Population and Housing, reflecting the end of non-ongoing staff retained to perform the Census.
- (o) The projected decrease of 1,039 ASL in 2012-13 represents the impact on the Australian Taxation Office of internal restructuring decisions and the implementation of further departmental efficiencies, offset by some ASL increases in new policy funding for 2012-13.

