

Part 4: Debt Statement

This Statement provides information on current and projected Government gross debt on issue, and estimated and projected Government net debt.

Net debt is expected to be 19.5 per cent of GDP (\$392.3 billion) in 2019-20. Net debt is then projected to decline as a share of GDP to 16.0 per cent in 2022-23, and further decline over the medium term to 1.8 per cent of GDP in 2029-30.

Gross debt, measured as the face value of Australian Government Securities (AGS) on issue, is expected to be 27.7 per cent of GDP (\$556 billion) at the end of 2019-20 before increasing to 25.5 per cent of GDP (\$576 billion) by the end of the forward estimates. By 2029-30, the total face value of AGS on issue is projected to fall to around 14.6 per cent of GDP (\$474 billion).

Australian Government Securities issuance

The Government finances its activities either through receipts or borrowing. When receipts fall short of payments, the Government borrows by issuing AGS to investors.

The Australian Office of Financial Management (AOFM) is responsible for issuing AGS and managing the Government's financing activities. The AOFM currently issues three types of securities:

- **Treasury Bonds:** medium-term to long-term securities with a fixed annual rate of interest payable every six months.
- **Treasury Indexed Bonds (TIBs):** medium-term to long-term securities for which the capital value of the security is adjusted for movements in the consumer price index (CPI). Interest on TIBs is paid quarterly, at a fixed rate, on the adjusted capital value.
- **Treasury Notes:** short-term securities generally maturing within six months of issuance. The volume of Treasury Notes on issue will vary over the course of the year, depending on the size and profile of the within-year funding flows.

Within these three broad categories of AGS, issuance is undertaken into a limited number of maturities (known as lines). Each of these lines has a fixed maturity date (the date on which the Government repays the principal it has borrowed) and, for Treasury Bonds and TIBs, a coupon rate (the annual fixed interest rate paid on the security).

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Concentrating AGS issuance into a limited number of lines (rather than issuing securities with a specific time value, such as 10 years) ensures each line is sufficiently large that it can easily be traded in the secondary market. Strong liquidity in the secondary market is attractive to investors and intermediaries, promotes demand for AGS and assists in lowering borrowing costs. All AGS issuance is undertaken in Australian dollars.

The AOFM exercises operational independence in the execution of its duties. Its announced issuance program for each year is therefore determined on the basis of maturing AGS, net new issuance required to fund the budget, funding balance sheet investments and other operational considerations.

Operational considerations often mean that the annual issuance program may not be equivalent to the financing task for a particular year. For example, the AOFM may decide there is merit in partially pre-funding the following year's financing task. Alternatively, the AOFM might choose to smooth issuance across several financial years in order to minimise changes in AGS supply from one financial year to the next.

The AOFM conducts regular buyback tenders for Treasury Bonds shorter than those comprising the primary three-year Treasury Bond futures contract. This operation assists the AOFM in its cash management task ahead of bond maturities and contributes to an orderly and efficient Treasury Bond market.

In recent years, the AOFM has taken the opportunity to lengthen the AGS yield curve to include a 30-year benchmark. This has provided for a lower risk profile of maturing debt, further broadened the investor base, and has been achieved during a period when borrowing costs have been low by historical standards.

At times when AGS issuance is not required to finance the Government's activities, successive Governments have continued to issue AGS for policy purposes such as to maintain a liquid AGS market.

While its fiscal strategy includes an objective of reducing gross debt, the Government remains committed to maintaining a well-functioning and liquid AGS market. In particular, the Government will focus on ensuring a market of sufficient size to maintain liquidity across the longer yield curve and to support the Treasury Bond futures market and other important benchmarks.

A well-functioning and liquid AGS market also supports the development of state government and corporate bond markets by providing a risk-free benchmark.

Estimates and projections of key debt aggregates

The level of current and projected Government debt on issue is commonly expressed in one of two ways: gross or net debt.

Gross debt measures the face value of AGS on issue at a point in time. While gross debt is measured in face value terms, estimates and projections of AGS on issue are published in both face value and market value terms in this Statement.

- The **face value** of AGS on issue is the amount that the Government pays back to investors at maturity, independent of fluctuations in market prices.¹ The total face value of AGS on issue changes when new securities are issued, or when securities are repurchased or reach maturity.
- The **market value** of AGS represents the value of securities as traded on the secondary market, which changes continuously with movements in market prices. Consistent with external reporting standards, the market value of AGS on issue is reported on the Australian Government general government sector balance sheet.

Net debt is equal to the sum of deposits held, government securities (at market value), loans and other borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements. As net debt incorporates both selected financial assets and liabilities at their fair value, it provides a broader measure of the financial obligations of the Commonwealth than gross debt.

Not all government assets or liabilities are included in the measurement of net debt. For example the Government's unfunded superannuation liability is not accounted for in net debt.

Estimates and projections of net debt

Table 4.1 contains estimates and projections of net debt to the end of the forward estimates period.

In 2019-20, net debt is expected to be \$392.3 billion, compared with \$361.1 billion at the time of the 2019 Pre-election Economic and Fiscal Outlook (PEFO). Over the forward estimates, net debt is projected to decline as a proportion of GDP from 19.5 per cent in 2019-20 to 16.0 per cent by 2022-23.

¹ For TIBs, the final repayment amount paid to investors includes an additional amount to reflect the impact of inflation over the life of the security. This additional amount is not included in the calculation of face value.

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Table 4.1: Liabilities and assets included in net debt

	Estimates		Projections	
	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
Liabilities included in net debt				
Deposits held	388	388	388	388
Government securities(a)	645,907	643,119	656,659	654,608
Loans	17,759	17,336	17,564	17,759
Lease liabilities(b)	19,139	18,558	18,207	18,581
Total liabilities included in net debt	683,193	679,400	692,819	691,336
Assets included in net debt				
Cash and deposits	7,204	7,207	7,557	7,726
Advances paid	85,155	89,078	93,204	97,089
Investments, loans and placements	198,528	203,900	227,555	225,704
Total assets included in net debt	290,888	300,185	328,316	330,519
Net debt	392,305	379,216	364,503	360,817

(a) Government securities are presented at market value.

(b) Includes impacts from the implementation of AASB 16.

Changes in net debt since the 2019 PEFO

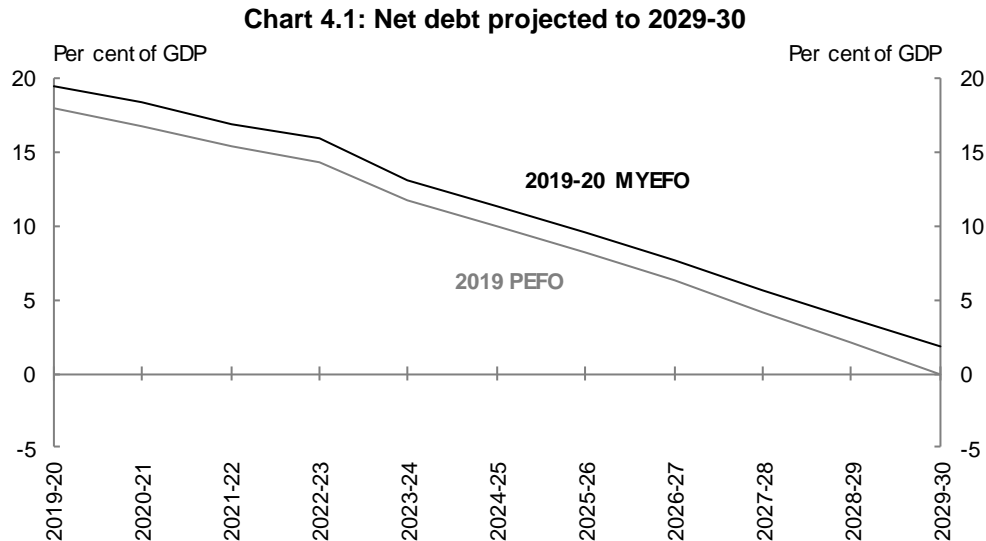
Table 4.2 shows the drivers of the change in net debt between the 2019 PEFO and the 2019-20 MYEFO.

Compared with the 2019 PEFO, net debt is estimated to be higher across the forward estimates. This primarily reflects a rise in the market value of AGS due to lower yields and lease liabilities recognised due to the implementation of AASB 16. In the absence of the implementation of the accounting change, net debt in 2019-20 would have been 18.6 per cent of GDP, which is below the outcome in 2018-19. Refer to *Part 7: Australian Government Budget Financial Statements* for further information.

Table 4.2: Net Debt — reconciliation from the 2019 PEFO to the 2019-20 MYEFO

	Estimates		Projections	
	2019-20 \$b	2020-21 \$b	2021-22 \$b	2022-23 \$b
Net debt as at 2019 PEFO	361.1	349.6	333.3	326.2
Changes in financing requirement	-5.5	-10.1	2.5	7.3
Impact of yields on AGS	31.9	30.7	28.8	26.8
Impact of AASB 16 on lease liabilities	17.7	17.1	16.8	17.3
Asset and other liability movements	-13.0	-8.1	-16.9	-16.7
<i>Cash and deposits</i>	-2.0	-1.8	-2.4	-1.4
<i>Advances paid</i>	-1.9	0.4	0.7	-1.8
<i>Investments, loans and placements</i>	-10.2	-7.2	-15.8	-14.1
<i>Other movements</i>	1.0	0.6	0.6	0.5
Total movements in net debt from 2019 PEFO to 2019-20 MYEFO	31.2	29.6	31.2	34.7
Net debt as at 2019-20 MYEFO	392.3	379.2	364.5	360.8

Chart 4.1 shows that net debt is projected to be 1.8 per cent of GDP in 2029-30, compared to 0 per cent in 2029-30 projected at the time of the 2019 PEFO. This primarily reflects lower projected surpluses and a change in the accounting treatment of leases due to the implementation of AASB 16.



Note: Tax receipts are projected to remain below the Government's tax-to-GDP cap of 23.9 per cent over the medium term.

Source: Treasury projections.

Estimates and projections of AGS on issue

Table 4.3 contains projections of the face value (end-of-year and within-year peak)² and the market value (end-of-year) of AGS on issue.

The *Commonwealth Inscribed Stock Act 1911* (CIS Act) requires the Treasurer to issue a direction to the AOFM stipulating the maximum face value of relevant AGS that may be on issue.³ As required by the *Charter of Budget Honesty Act 1998*, Table 4.3 reports projections of AGS on issue subject to the Treasurer's Direction.

When considering these projections, it is important to note that the AOFM publishes an issuance program for the budget year only. Projections beyond the budget year are based on a set of technical assumptions and will vary with changes to these assumptions and budget estimates and projections.

² End-of-year values are estimates or projections of AGS on issue at 30 June for the particular year. The precise timing of within-year peaks of AGS on issue cannot be determined with a high degree of accuracy. The timing of the within-year peak is therefore reported to the given month in the particular year.

³ On 9 May 2017, the Treasurer directed that the maximum face value of AGS that can be on issue is \$600 billion.

Table 4.3: Estimates and projections of Australian Government Securities on issue subject to the Treasurer's Direction^(a)

	Estimates		Projections	
	2019-20	2020-21	2021-22	2022-23
	\$b	\$b	\$b	\$b
Face value - end of year	556	558	576	576
Per cent of GDP	27.6	27.1	26.7	25.5
Face value - within-year peak ^(b)	575	577	591	593
Per cent of GDP ^(b)	28.6	28.0	27.4	26.3
Month of peak ^(b)	Apr-20	May-21	Dec-21	Mar-23
Market value - end of year ^(c)	646	643	657	655
Per cent of GDP	32.1	31.3	30.5	29.0

(a) The same stock and securities that were excluded from the previous legislative limit are excluded from the current limit set by the Treasurer's Direction. These exclusions are outlined in subsection 51JA(2A) of the CIS Act.

(b) The precise within-year timing of cash receipts and payments is not known. Projected peaks of AGS on issue are therefore subject to considerable uncertainty.

(c) The Treasurer's Direction applies only to the face value of AGS on issue. This table also shows the equivalent market value of AGS that are subject to the Treasurer's Direction. These figures will differ from the estimates and projections published in *Part 7: Australian Government Budget Financial Statements*, 'Table 7.2: Australian Government general government sector balance sheet' that refer to total AGS on issue.

Source: Australian Office of Financial Management.

The total amount of AGS on issue subject to the Treasurer's Direction is reported weekly on the AOFM website.

In 2019-20, the end-of-year face value of AGS on issue subject to the Treasurer's Direction is expected to be \$556 billion, compared to \$560 billion at the 2019 PEFO. The end-of-year face value of AGS on issue subject to the Treasurer's Direction is expected to reach \$576 billion in 2022-23.

In 2019-20, the face value of AGS on issue subject to the Treasurer's Direction is expected to reach a within-year peak of \$575 billion. In 2022-23, this is projected to rise to a within-year peak of \$593 billion.

Changes in AGS on issue since the 2019 PEFO

Table 4.4 shows the change in the projected end-of-year face value of AGS on issue subject to the Treasurer's Direction between the 2019 PEFO and the 2019-20 MYEFO.

Table 4.4: Estimates and projections of AGS on issue subject to the Treasurer's Direction — reconciliation from the 2019 PEFO to the 2019-20 MYEFO

	Estimates		Projections	
	2019-20	2020-21	2021-22	2022-23
	\$b	\$b	\$b	\$b
Total face value of AGS on issue subject to the Treasurer's Direction as at 2019 PEFO	560	567	573	569
Factors affecting the change in face value of AGS on issue from 2019 PEFO to 2019-20 MYEFO(a)				
Cumulative receipts decisions	-0.3	-0.3	-0.2	-0.2
Cumulative receipts variations	3.3	9.1	20.8	32.9
Cumulative payment decisions	2.4	5.4	7.3	8.3
Cumulative payment variations	-3.8	-7.6	-11.8	-19.7
Cumulative change in net investments in financial assets(b)	0.4	-7.3	-3.0	-1.1
Other contributors	-6.1	-8.9	-10.3	-13.3
Total face value of AGS on issue subject to the Treasurer's Direction as at 2019-20 MYEFO	556	558	576	576

(a) Cumulative impact of decisions and variations from 2019-20 to 2022-23. Increases to payments are shown as positive, and increases to receipts are shown as negative.

(b) Change in net cash flows from investments in policy and liquidity purposes.

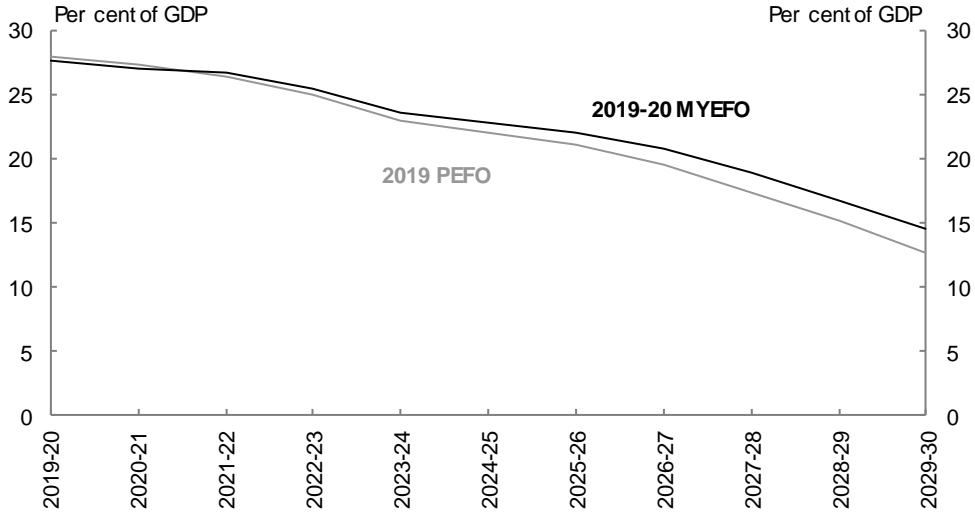
Note: End of year data.

The total face value of AGS on issue is projected to fall to around 14.6 per cent of GDP (\$474 billion) by 2029-30, compared to 12.8 per cent of GDP (\$417 billion) at the 2019 PEFO (Chart 4.2). By the end of the medium term, gross debt is now projected to be \$57 billion higher than at the 2019 PEFO. The projected increase in the total face value of AGS in 2029-30 reflects smaller underlying cash surpluses over the forward estimates and medium term than projected at the 2019 PEFO.

Further details on the changes to the underlying cash balance since the 2019 PEFO can be found in *Part 3: Fiscal Strategy and Outlook*.

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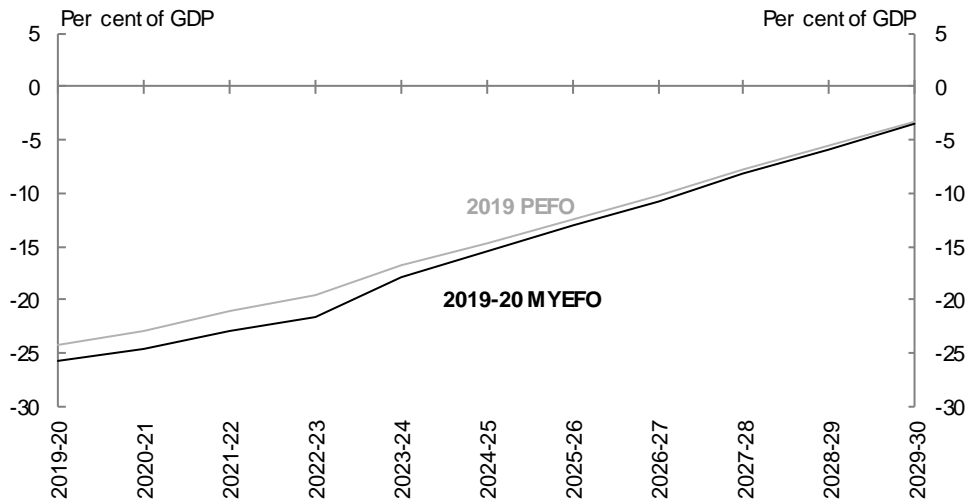
Chart 4.2: Face value of AGS on issue projected to 2029-30



Note: Tax receipts are projected to remain below the Government's tax-to-GDP cap of 23.9 per cent over the medium term.
 Source: Australian Office of Financial Management and Treasury projections.

Net financial worth is projected to improve from -25.8 per cent of GDP (-\$519 billion) in 2019-20 to -3.5 per cent of GDP (-\$112 billion) by 2029-30 (Chart 4.3).

Chart 4.3: Net financial worth projected to 2029-30



Breakdown of AGS currently on issue

Table 4.5 provides a breakdown of the AGS on issue by type of security as at 6 December 2019.

Table 4.5: Breakdown of current AGS on issue

	On issue as at 6 December 2019	
	Face value	Market value
	\$m	\$m
Treasury Bonds(a)	506,217	582,465
Treasury Indexed Bonds(a)	37,587	52,100
Treasury Notes(a)	13,686	13,656
Total AGS subject to Treasurer's Direction(a)(b)	557,490	648,220
Other stock and securities	6	6
Total AGS on issue	557,496	648,226

(a) The Treasurer's Direction applies only to the face value of AGS on issue. This table shows the equivalent market value of AGS that are subject to the Treasurer's Direction.

(b) The same stock and securities that were excluded from the previous legislative limit are excluded from the current limit set by the Treasurer's Direction. These exclusions are outlined in subsection 51JA(2A) of the CIS Act.

Source: Australian Office of Financial Management.

Treasury Bonds

Table 4.6 lists Treasury Bonds currently on issue, as well as the annual interest rate (the coupon) and the timing of coupon payments. As at 6 December 2019, there were 24 Treasury Bond lines on issue, with a weighted average term to maturity across all outstanding Treasury Bonds of around 7.6 years and the longest maturity extending to March 2047.

Since late 2010-11, the AOFM has incrementally lengthened the AGS yield curve. This supports increases in the average maturity and duration profile of the AOFM's debt portfolio, thereby lowering variability in future debt servicing costs and reducing refinancing risk.

Table 4.6: Treasury Bonds on issue

Coupon Per cent	Maturity	On issue as at 6 December 2019		Timing of interest payments(a)		
		\$m				
4.50	15-Apr-20	19,362	Twice yearly	15 Apr	15 Oct	
1.75	21-Nov-20	17,821	Twice yearly	21 Nov	21 May	
5.75	15-May-21	26,485	Twice yearly	15 May	15 Nov	
2.00	21-Dec-21	17,800	Twice yearly	21 Dec	21 Jun	
5.75	15-Jul-22	25,000	Twice yearly	15 Jul	15 Jan	
2.25	21-Nov-22	16,500	Twice yearly	21 Nov	21 May	
5.50	21-Apr-23	25,200	Twice yearly	21 Apr	21 Oct	
2.75	21-Apr-24	28,000	Twice yearly	21 Apr	21 Oct	
3.25	21-Apr-25	27,900	Twice yearly	21 Apr	21 Oct	
4.25	21-Apr-26	32,400	Twice yearly	21 Apr	21 Oct	
4.75	21-Apr-27	29,700	Twice yearly	21 Apr	21 Oct	
2.75	21-Nov-27	28,000	Twice yearly	21 Nov	21 May	
2.25	21-May-28	28,700	Twice yearly	21 May	21 Nov	
2.75	21-Nov-28	25,600	Twice yearly	21 Nov	21 May	
3.25	21-Apr-29	30,000	Twice yearly	21 Apr	21 Oct	
2.75	21-Nov-29	26,100	Twice yearly	21 Nov	21 May	
2.50	21-May-30	26,000	Twice yearly	21 May	21 Nov	
1.50	21-Jun-31	15,000	Twice yearly	21 Jun	21 Dec	
4.50	21-Apr-33	13,900	Twice yearly	21 Apr	21 Oct	
2.75	21-Jun-35	7,750	Twice yearly	21 Jun	21 Dec	
3.75	21-Apr-37	12,000	Twice yearly	21 Apr	21 Oct	
3.25	21-Jun-39	9,100	Twice yearly	21 Jun	21 Dec	
2.75	21-May-41	4,600	Twice yearly	21 May	21 Nov	
3.00	21-Mar-47	13,300	Twice yearly	21 Mar	21 Sep	

(a) Where the timing of an interest payment falls on a non-business day, the payment will occur on the following business day.

Source: Australian Office of Financial Management.

Treasury Indexed Bonds

Table 4.7 lists TIBs currently on issue, as well as the annual interest rate (the coupon) and the timing of coupon payments. As at 6 December 2019, there were 8 TIB lines on issue, with a weighted average term to maturity across all outstanding TIBs of around 10.1 years and the longest maturity extending to February 2050.

Table 4.7: Treasury Indexed Bonds on issue

Coupon Per cent	Maturity	On issue as at 6 December 2019		Timing of interest payments(a)			
		\$m					
4.00	20-Aug-20	2,061	Quarterly	20 Aug	20 Nov	20 Feb	20 May
1.25	21-Feb-22	6,840	Quarterly	21 Feb	21 May	21 Aug	21 Nov
3.00	20-Sep-25	7,593	Quarterly	20 Sep	20 Dec	20 Mar	20 Jun
0.75	21-Nov-27	4,850	Quarterly	21 Nov	21 Feb	21 May	21 Aug
2.50	20-Sep-30	4,893	Quarterly	20 Sep	20 Dec	20 Mar	20 Jun
2.00	21-Aug-35	3,950	Quarterly	21 Aug	21 Nov	21 Feb	21 May
1.25	21-Aug-40	3,550	Quarterly	21 Aug	21 Nov	21 Feb	21 May
1.00	21-Feb-50	3,850	Quarterly	21 Feb	21 May	21 Aug	21 Nov

(a) Where the timing of an interest payment falls on a non-business day, the payment will occur on the following business day.

Source: Australian Office of Financial Management.

Treasury Notes

Table 4.8 lists the Treasury Notes currently on issue. The face value of Treasury Notes on issue as at 6 December 2019 was \$13.7 billion. Treasury Notes do not pay a coupon, but instead are issued at a discount to their face value.

Table 4.8: Treasury Notes on issue

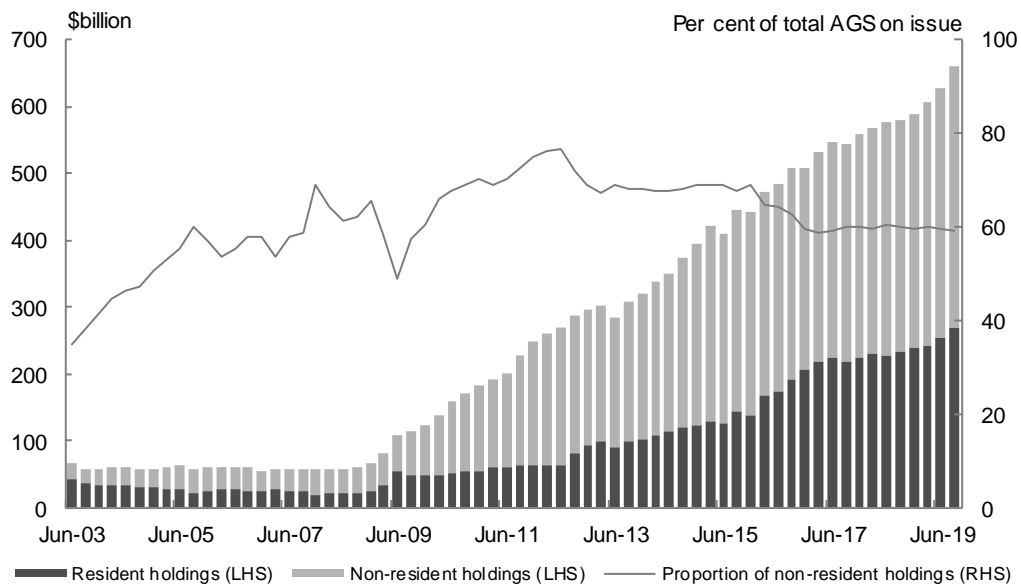
Maturity	On issue as at 6 December 2019		Timing of interest payment	
	\$m			
24-Jan-20	2,436		At maturity	24-Jan
21-Feb-20	6,500		At maturity	21-Feb
24-Apr-20	2,500		At maturity	24-Apr
22-May-20	2,250		At maturity	22-May

Source: Australian Office of Financial Management.

Non-resident holdings of AGS on issue

As at the September quarter 2019, the proportion of non-resident holdings of AGS was around 59 per cent (Chart 4.4). This proportion is down from historical highs of around 76 per cent in 2012.

Chart 4.4: Non-resident holdings of AGS



Note: Data refers to the market value of holdings. Data is adjusted to remove the impact of repurchase agreements from March 2009 onwards.

Source: ABS cat. no. 5302.0 and Australian Office of Financial Management.

Interest on AGS

The interest costs related to AGS are presented in this Statement in both cash and accrual accounting terms. The difference between the cash interest payments and accrual interest expense generally relates to the timing of when the interest cost is recognised.

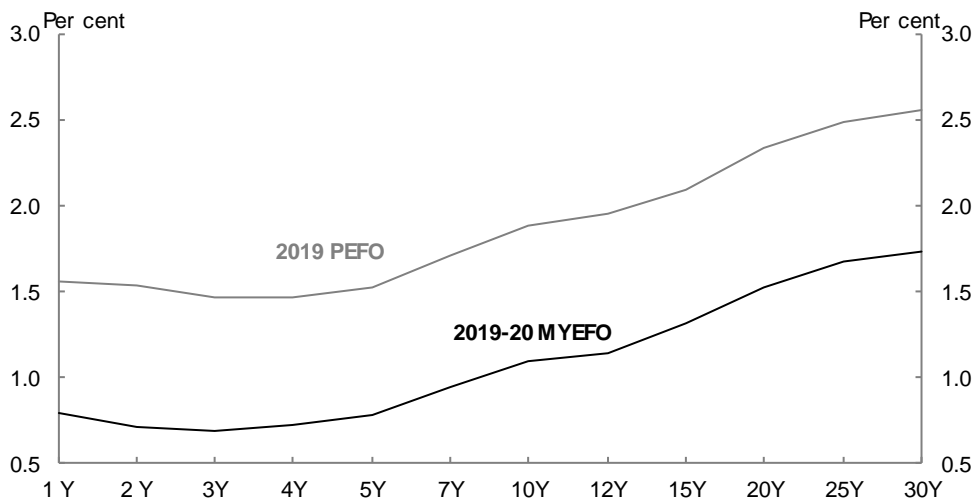
- **Interest payments** are recognised in the period when they are paid during the life of the security.
- **Interest expense** is recognised in the period in which an expense is incurred during the life of the security, rather when it is actually paid.

Estimates of the interest payments and interest expense of AGS on issue include the cost of AGS already on issue and future AGS issuance. The cost of:

- AGS already on issue uses the actual interest rates incurred at the time of issuance
- the expected future issuance of AGS is based on the prevailing market rates across the yield curve at the time of a budget estimates update.

The assumed market yields at the 2019-20 MYEFO result in a weighted average cost of borrowing of around 1.1 per cent for future issuance of Treasury Bonds in the forward estimates period, compared with around 1.9 per cent at the 2019 PEFO. Chart 4.5 shows the yield curve assumptions underpinning the 2019 PEFO and 2019-20 MYEFO.

Chart 4.5: Yield curve assumptions for 2019-20 to 2022-23



Source: Australian Office of Financial Management.

The Government's total interest payments in 2019-20 are estimated to be \$16.6 billion, of which \$16.0 billion relates to AGS on issue (Table 4.9).

Table 4.9: Interest payments, interest receipts and net interest payments^(a)

	Estimates		Projections	
	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
Interest payments on AGS	15,953	15,279	14,726	13,900
Per cent of GDP	0.8	0.7	0.7	0.6
Interest payments	16,564	15,903	15,341	14,525
Per cent of GDP	0.8	0.8	0.7	0.6
Interest receipts	5,134	6,060	6,376	6,632
Per cent of GDP	0.3	0.3	0.3	0.3
Net interest payments(b)	11,430	9,843	8,965	7,893
Per cent of GDP	0.6	0.5	0.4	0.3

(a) Interest payments and interest receipts are a cash measure, with the relevant amount recognised in the period in which the interest payment is made or interest is received.

(b) Net interest payments are equal to the difference between interest payments and interest receipts.

The Government's total interest expense in 2019-20 is estimated to be \$18.2 billion, of which \$16.6 billion relates to AGS on issue. Table 4.10 shows the Government's estimated interest expense, interest expense on AGS, interest income and net interest expense over the forward estimates.

Table 4.10: Interest expense, interest income and net interest expense^(a)

	Estimates		Projections	
	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
Interest expense on AGS	16,588	15,814	14,858	14,136
Per cent of GDP	0.8	0.8	0.7	0.6
Interest expense	18,215	17,436	16,490	16,066
Per cent of GDP	0.9	0.8	0.8	0.7
Interest income	5,247	6,240	6,557	6,993
Per cent of GDP	0.3	0.3	0.3	0.3
Net interest expense(b)	12,968	11,197	9,932	9,073
Per cent of GDP	0.6	0.5	0.5	0.4

(a) Interest expense is an accrual measure, with the relevant amount recognised in the period in which the expense is incurred, but not necessarily paid.

(b) Net interest expense is equal to the difference between interest expenses and interest income.

Climate spending

The Government's climate spending is shown on an aggregated basis in Table 4.11.

Table 4.11: Climate spending from 2019-20 to 2022-23

	Estimates		Projections	
	2019-20	2020-21	2021-22	2022-23
	\$b	\$b	\$b	\$b
Climate spending(a)	2.00	1.40	1.50	1.55

(a) Spending in this table is on a headline cash balance basis; that is, it includes payments and net cash flows from investments in financial assets for policy purposes, as well as estimated interest receipts associated with Clean Energy Finance Corporation investments.

The key components of climate spending are:

- the Clean Energy Finance Corporation, which invests in renewable energy, energy efficiency and low emissions technologies
- the Australian Renewable Energy Agency, which supports research and development of renewable energy and related technologies
- the Clean Energy Regulator, which administers legislation to reduce carbon emissions and increase the use of clean energy.

The above figures incorporate the Government's decision to provide \$3.5 billion over 15 years from 2018-19 for a Climate Solutions package, which provides incentives to support abatement activities across the economy.

Impact of climate spending on debt

Climate spending is financed through either receipts or debt. This Statement assumes that the proportion of climate spending being financed through new debt (as opposed to receipts) is equivalent to the proportion of total spending financed by debt. This is shown in Table 4.12.

Table 4.12: Impact on debt — climate spending as a proportion of total spending

	Estimates		Projections	
	2019-20	2020-21	2021-22	2022-23
	\$b	\$b	\$b	\$b
Climate spending(a)	2.00	1.40	1.50	1.55
Total Spending(b)	503	517	538	559
Climate spending (per cent of total spending)	0.4	0.3	0.3	0.3
Change in face value of AGS from previous year(c)	13.7	2.0	18.2	-0.2
Contribution to change in face value of AGS from climate spending	0.05	0.01	0.05	na

(a) The calculation of climate spending in this table is on a headline cash balance basis; that is, it includes payments and net cash flows from investments in financial assets for policy purposes, as well as estimated interest receipts associated with the Clean Energy Finance Corporation investments.

(b) The calculation of total spending in this table is on a headline cash balance basis; that is, it includes total payments and net cash flows from investments in financial assets for policy purposes.

(c) Calculations of the change in the face value of AGS are calculated using total AGS on issue.