

## **Appendix B: Supplementary expenses table and the Contingency Reserve**

### **Expenses**

Table B1 shows estimates of Australian Government general government expenses by function and sub-function for 2019-20 and the forward years.

**Table B1: Estimates of Australian Government general government sector expenses by function and sub-function<sup>(a)</sup>**

	Estimates						Projections					
	2019-20			2020-21			2021-22			2022-23		
	Budget	MYEFO	Change on Budget	Budget	MYEFO	Change on Budget	Budget	MYEFO	Change on Budget	Budget	MYEFO	Change on Budget
\$m	\$m	%	\$m	\$m	%	\$m	\$m	%	\$m	\$m	%	
<b>General public services</b>												
Legislative and executive affairs	1,196	1,355	13	1,197	1,339	12	1,528	1,668	9	1,199	1,345	12
Financial and fiscal affairs	7,344	7,275	-1	7,287	7,352	1	7,593	7,456	-2	7,495	7,402	-1
Foreign affairs and economic aid	6,253	6,293	1	6,211	6,242	0	5,697	5,718	0	5,918	5,944	0
General research	3,159	3,177	1	3,212	3,204	0	3,330	3,321	0	3,476	3,461	0
General services	651	675	4	592	587	-1	597	590	-1	581	574	-1
Government superannuation benefits	5,011	11,380	127	5,025	5,012	0	5,083	5,063	0	5,134	5,082	-1
<b>Defence</b>	32,243	32,783	2	32,772	34,129	4	34,739	36,318	5	37,629	40,462	8
<b>Public order and safety</b>	5,919	5,966	1	5,723	5,599	-2	5,730	5,524	-4	5,613	5,389	-4
<b>Education</b>	36,350	35,846	-1	38,047	37,590	-1	39,339	38,896	-1	40,893	40,590	-1
<b>Health</b>	81,777	83,425	2	82,530	82,974	1	85,552	86,034	1	89,544	90,042	1
<b>Social security and welfare</b>	180,125	180,782	0	186,852	187,847	1	193,607	193,451	0	200,217	200,297	0
<b>Housing and community amenities</b>	5,907	5,715	-3	5,264	5,159	-2	5,523	5,488	-1	4,767	4,457	-7
<b>Recreation and culture</b>	3,849	3,989	4	3,738	3,942	5	3,714	3,887	5	3,696	3,806	3
<b>Fuel and energy</b>	8,171	8,161	0	8,515	8,527	0	8,865	8,830	0	9,285	9,161	-1
<b>Agriculture, forestry and fishing</b>	2,871	3,025	5	3,075	3,260	6	2,983	3,515	18	3,014	3,142	4
<b>Mining, manufacturing and construction</b>	3,422	3,073	-10	3,730	3,027	-19	3,408	3,081	-10	2,926	3,284	12
<b>Transport and communication</b>	9,038	8,671	-4	9,225	10,770	17	9,717	11,183	15	11,149	11,727	5

**Table B1: Estimates of Australian Government general government sector expenses by function and sub-function<sup>(a)</sup>**  
(continued)

	Estimates						Projections					
	2019-20			2020-21			2021-22			2022-23		
	Budget	MYEFO	Change on Budget	Budget	MYEFO	Change on Budget	Budget	MYEFO	Change on Budget	Budget	MYEFO	Change on Budget
\$m	\$m	%	\$m	\$m	%	\$m	\$m	%	\$m	\$m	%	
<b>Other economic affairs</b>												
Tourism and area promotion	169	173	2	178	192	8	180	186	3	185	181	-2
Labour and employment affairs	3,707	3,587	-3	3,717	3,600	-3	3,746	3,602	-4	3,876	3,695	-5
Immigration	2,854	3,800	33	2,538	2,693	6	2,507	2,611	4	2,542	2,614	3
Other economic affairs nec	2,567	2,690	5	2,554	2,611	2	2,493	2,489	0	2,394	2,411	1
<b>Other purposes</b>												
Public debt interest	17,037	16,746	-2	16,625	15,830	-5	16,063	14,880	-7	15,747	14,164	-10
Nominal superannuation interest	11,127	7,715	-31	11,466	11,466	0	11,797	11,797	0	12,122	12,122	0
General purpose inter-government transactions	70,328	68,547	-3	73,912	71,485	-3	77,831	75,078	-4	81,491	78,524	-4
Natural disaster relief	11	38	245	2	11	450	0	3	na	0	0	0
Contingency reserve	-216	-1,707	690	2,117	676	-68	4,293	3,165	-26	8,982	5,712	-36
<b>Total expenses</b>	<b>500,872</b>	<b>503,180</b>	<b>0</b>	<b>516,105</b>	<b>515,123</b>	<b>0</b>	<b>535,915</b>	<b>533,833</b>	<b>0</b>	<b>559,874</b>	<b>555,589</b>	<b>-1</b>

(a) The 2019-20 Budget numbers are used in this table as this table was not published in the 2019 PEFO.

## **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 Mid-Year Economic and Fiscal Outlook (MYEFO). It is not a general policy reserve.

While the Contingency Reserve is designed to ensure that aggregate estimates are as close as possible to expected outcomes, it is not appropriated. Allowances that are included in the Contingency Reserve can only be drawn upon once they have been appropriated by Parliament. These allowances are allocated to specific entities for appropriation closer to the time when the associated events occur.

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 (CBA). The increase in expenses in the Contingency Reserve sub-function from 2019-20 is largely due to the CBA. Since the 2019-20 Budget, the allowance has been drawn down to:

- $\frac{1}{4}$  of a percentage point of total general government sector expenses (excluding GST payments to the states) in the first forward year 2020-21 (\$1.1 billion)
- $\frac{3}{4}$  of a percentage point of expenses in the second forward year 2021-22 (\$3.4 billion)
- $1\frac{1}{2}$  percentage point provision in the third forward year 2022-23 (\$7.1 billion).

The drawdown of the CBA reduced expenses by \$1.1 billion in 2020-21, \$1.2 billion in 2021-22, and \$2.4 billion in 2022-23. This is consistent with long standing practice and does not represent a saving.

In general, the Contingency Reserve can also include:

- a provision for underspends in the current financial year reflecting the tendency for budgeted expenses for some entities 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
- 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 entities or functions
- decisions taken but not yet announced by the Government, and decisions made too late for inclusion against individual entity estimates
- provisions for other specific events and pressures that are reasonably expected to affect the budget estimates.