

Statement 5: Expenses and Net Capital Investment

This Statement presents estimates of Australian Government general government sector expenses and net capital investment, disaggregated into various functions of government, on an accrual accounting basis. The Government also reports spending on an underlying cash basis (including details about payments) in *Statement 3: Fiscal Strategy and Outlook*.

The 2025–26 Budget delivers on the Government’s economic plan, which is focused on finishing the fight against inflation, rolling out responsible cost-of-living relief and building a stronger economy and stronger budget. This Budget helps Australians now and builds Australia’s future by delivering responsible cost-of-living relief, strengthening Medicare, making it easier to buy and rent a home, investing in every stage of education, and building a stronger economy.

General government sector expenses are expected to be 27.3 per cent of GDP in 2025–26, easing to 26.8 per cent of GDP in 2028–29, reflecting the Government’s commitment to build a strong foundation for economic growth.

Significant areas of expenditure in 2025–26 will be in the **social security and welfare** (37.0 per cent of total expenses), **health** (15.9 per cent of total expenses), **education** (6.9 per cent of total expenses) and **defence** (6.6 per cent of total expenses) functions. Together, these functions account for around two thirds of all government expenses in 2025–26.

Real growth in expenses over the period 2025–26 to 2028–29 is expected to average 1.2 per cent per year. Significant contributions to real growth over the period are expected to occur in the **social security and welfare**, **defence**, **health** and **education** functions.

Major expense trends over the period 2025–26 to 2028–29 include movements in the following functions.

Social security and welfare: the increase in expenses is largely due to the Government’s ongoing investment in assistance to people with disability, both through the National Disability Insurance Scheme and the Disability Support Pension, and through funding under the Aged Care Services program. Expenses for services and payments, including aged care, child care and income support, are expected to increase over the period 2025–26 to 2028–29 as more recipients access government services and funding is provided to meet pay increases for critical workers.

Defence: the increase in expenses reflects that, under the 2024 *National Defence Strategy* and the 2024 *Integrated Investment Program*, the Government will invest in the acceleration of defence capabilities to defend Australia, deter actions against our national interests and respond to regional and global challenges.

Education: the increase in expenses reflects the Government's continued investment to improve education outcomes at all stages, including support for schools, higher education and vocational education programs. Expenditure is driven by more funding to states that have signed bilateral agreements under the Better and Fairer Schools Agreement, and school student enrolment growth, including higher enrolment rates for students with disability. It also reflects increased funding for universities driven by additional Commonwealth supported study places at universities, including support for students from under-represented backgrounds and those studying at regional campuses.

Mining, manufacturing and construction: the increase in expenses reflects the Government's continued investment in Australia's mining, manufacturing and construction industries. This includes expenses for the Critical Minerals Production Tax Incentive, which supports the downstream processing and refining of Australia's critical minerals.

Fuel and energy: the increase in expenses in 2025–26 for renewable energy investments reflects the Government's commitment to build Australia's renewable energy infrastructure through concessional loans made by the Clean Energy Finance Corporation under the Rewiring the Nation Fund. In the 2025–26 Budget, the Government is also extending the Energy Bill Relief Fund to deliver cost-of-living relief to all Australian households and eligible businesses.

Housing and community amenities: expenses reflect the Government's significant and continuing investments in building more homes and liveable communities, and ensuring Australians have access to safe, secure, and affordable housing.

Figures in the tables and text, and the analysis of trends, are presented in nominal terms, except in circumstances where real values are explicitly stated.

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Statement 5: Expenses and Net Capital Investment

Overview

Australian Government general government sector expenses are expected to increase from \$762.8 billion in 2024–25 to \$889.4 billion in 2028–29.

Table 5.1.1: Estimates of general government sector expenses

	MYEFO	Revised	Estimates			
	2024-25	2024-25	2025-26	2026-27	2027-28	2028-29
Total expenses (\$b)	758.6	762.8	785.7	806.6	842.9	889.4
Real growth on						
previous year (%) ^(a)	7.6	8.4	-0.2	0.0	2.1	2.9
Per cent of GDP	27.5	27.4	27.3	27.0	26.8	26.8

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

Average annual real growth in expenses over the period 2025–26 to 2028–29 is expected to be 1.2 per cent. As a percentage of GDP, total expenses are expected to be 27.3 per cent in 2025–26 and ease to 26.8 per cent of GDP by 2028–29.

More detail about general government sector expenses is provided in Table 5.3.1.

Table 5.1.2: Estimates of general government sector payments

	MYEFO	Revised	Estimates			
	2024-25	2024-25	2025-26	2026-27	2027-28	2028-29
Total payments (\$b)	731.1	731.5	777.5	801.7	834.6	877.7
Real growth on						
previous year (%) ^(a)	5.7	6.0	3.0	0.5	1.7	2.6
Per cent of GDP	26.5	26.2	27.0	26.8	26.5	26.4

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

Payment estimates are the cash equivalent of the accrual-based expense estimates.

Government payments are expected to increase in both nominal and real terms over the period 2025–26 to 2028–29, with average annual real growth estimated to be 1.9 per cent. As a percentage of GDP, total payments are expected to be 27.0 per cent in 2025–26 and are projected to decrease to 26.4 per cent by 2028–29.

More detail about general government sector payments is provided in Table 5.3.2 and *Statement 3: Fiscal Strategy and Outlook*.

Table 5.2 provides a reconciliation of expense estimates between the 2024–25 Budget and the 2025–26 Budget.

Table 5.2: Reconciliation of expense estimates

	Estimates				Total
	2024-25 \$m	2025-26 \$m	2026-27 \$m	2027-28 \$m	
2024-25 Budget expenses	734,518	767,290	793,765	829,755	3,125,329
Changes from 2024-25 Budget to 2024-25 MYEFO					
Effect of policy decisions(a)	12,739	8,635	6,188	4,487	32,049
Effect of parameter and other variations	11,390	8,693	9,027	10,404	39,514
Total variations	24,129	17,328	15,215	14,891	71,563
2024-25 MYEFO expenses	758,648	784,618	808,980	844,646	3,196,892
Changes from 2024-25 MYEFO to 2025-26 Budget					
Effect of policy decisions(a)	160	7,674	4,079	4,305	16,219
Effect of economic parameter variations					
Total economic parameter variations	-378	-549	-736	-121	-1,785
<i>Unemployment benefits</i>	-61	-463	-582	-392	-1,499
<i>Prices and wages</i>	-135	-503	-342	23	-957
<i>Interest and exchange rates</i>	171	422	345	399	1,337
<i>GST payments to the States</i>	-353	-5	-158	-151	-666
Public debt interest	-441	-534	-806	-838	-2,618
Program specific parameter variations	1,273	551	1,206	3,431	6,460
Other variations	3,495	-6,090	-6,130	-8,475	-17,199
Total variations	4,109	1,052	-2,387	-1,697	1,076
2025-26 Budget expenses	762,756	785,670	806,594	842,949	3,197,968
a) Excludes secondary impacts on public debt interest of policy decisions and offsets from the Contingency Reserve for decisions taken.					

In the 2025–26 Budget, policy decisions are estimated to increase expenses by \$16.2 billion over the four years from 2024–25 to 2027–28 compared with the 2024–25 MYEFO.

Economic parameters are estimated to decrease expenses by \$1.8 billion over the four years from 2024–25 to 2027–28 compared with the 2024–25 MYEFO, largely reflecting lower projections for unemployment benefits on account of strong labour market outcomes.

Since the 2024–25 MYEFO, program specific parameter variations (\$6.5 billion), variations associated with public debt interest (-\$2.6 billion), and other variations (-\$17.2 billion) have decreased expenses by \$13.4 billion over the four years from 2024–25 to 2027–28. More detail about variations in payments, the cash equivalent of accrual-based expenses, can be found in *Statement 3: Fiscal Strategy and Outlook*.

Estimated expenses by function

Estimates of general government sector expenses by function for the period 2024–25 to 2028–29 are set out in Table 5.3. The social security and welfare, health, education and defence functions account for around two thirds of all government expenses in 2025–26 (see Box 5.1). Further details of spending trends in all functions are set out under individual function headings.

Table 5.3: Estimates of expenses by function^(a)

	Estimates				
	2024-25	2025-26	2026-27	2027-28	2028-29
	\$m	\$m	\$m	\$m	\$m
General public services	33,052	31,418	31,695	32,502	32,829
Defence	49,344	51,483	52,567	56,487	61,238
Public order and safety	8,778	9,145	8,045	7,830	7,815
Education	63,503	54,030	56,157	58,395	60,397
Health	117,067	124,803	125,901	130,423	134,767
Social security and welfare	274,901	290,966	299,436	309,531	323,612
Housing and community amenities	18,122	8,952	7,021	5,562	5,125
Recreation and culture	5,859	5,867	5,709	5,974	6,378
Fuel and energy	16,437	19,237	15,079	16,213	18,273
Agriculture, forestry and fishing	4,461	4,427	4,152	3,511	3,156
Mining, manufacturing and construction	5,866	5,522	5,511	5,947	6,663
Transport and communication	15,980	16,557	16,380	16,320	16,484
Other economic affairs	14,063	13,558	12,636	12,263	12,285
Other purposes	135,322	149,706	166,306	181,992	200,374
Total expenses	762,756	785,670	806,594	842,949	889,397

a) The functions are based on an international standard classification of functions of government that is incorporated into the Government Finance Statistics (GFS) reporting framework.

Box 5.1: Where does government spending go in 2025–26?

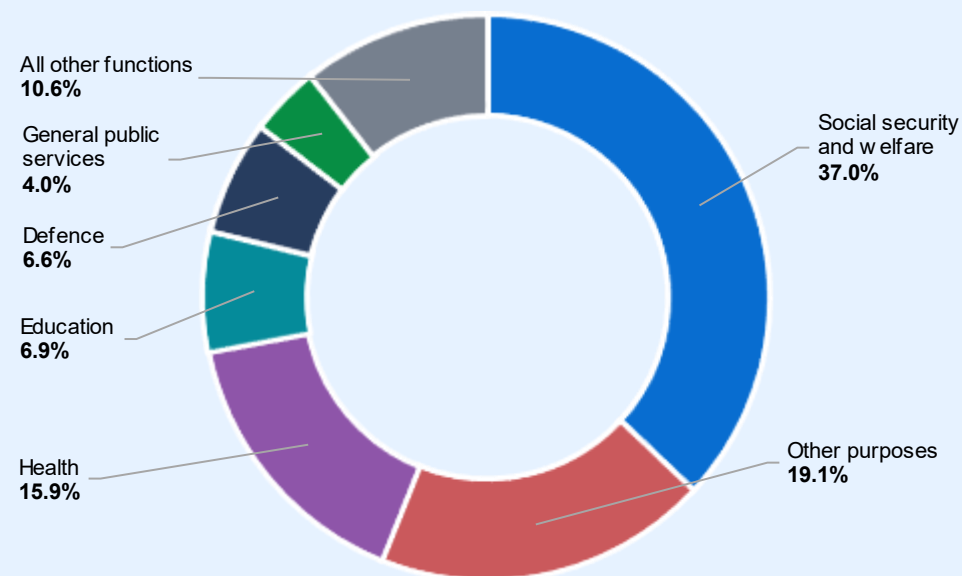
Government spending provides a wide range of services to the community. The most significant component of government spending relates to social security and welfare, with over one third of total expenses providing support to the aged, families with children, people with disabilities, veterans, carers and unemployed people.

Around a sixth of government expenses occur in health, including spending on the Medicare Benefits Schedule and the Pharmaceutical Benefits Scheme.

The Government also provides significant investment in education, supporting government and non-government schools, as well as higher education and vocational education and training.

Defence is another significant component of government expenditure, providing capability to the Australian Defence Force to protect Australia’s security and defend our national interests.

Chart 5.1: Expenses by function in 2025–26



Further details of spending trends in all functions are set out under individual function headings.

Program expenses

The top 20 expense programs in 2025–26 are presented in Table 5.3.1. These programs represent more than two thirds of total expenses in 2025–26.

Table 5.3.1: Top 20 programs by expense

Program(a)	Function	Estimates				
		2024-25 \$m	2025-26 \$m	2026-27 \$m	2027-28 \$m	2028-29 \$m
Revenue assistance to the States and Territories	Other purposes	96,280	100,625	106,358	111,960	117,513
Support for Seniors	SSW	62,035	65,045	67,956	70,737	73,813
National Disability Insurance Scheme(b)	SSW	48,503	52,291	55,074	58,960	63,614
Aged Care Services	SSW	37,168	41,358	44,012	45,630	48,755
Medical Benefits	Health	32,673	35,238	37,575	39,438	41,040
Assistance to the States for Healthcare Services	Health	30,221	33,928	34,247	36,471	38,841
Commonwealth Debt Management	Other purposes	23,940	28,429	33,091	37,501	41,715
Financial Support for People with Disability	SSW	23,355	24,263	25,210	26,102	27,217
Pharmaceutical Benefits	Health	20,885	21,542	21,553	21,613	21,727
Non-Government Schools National Support	Education	19,370	19,975	20,808	21,648	22,509
Support for Families	SSW	17,790	17,902	18,095	18,446	18,672
Job Seeker Income Support	SSW	16,458	16,955	17,257	16,788	17,565
Child Care Subsidy	SSW	15,429	16,242	16,821	17,796	18,446
Financial Support for Carers	SSW	11,732	12,272	12,760	13,362	13,834
Government Schools National Support	Education	11,712	12,233	12,801	13,356	14,000
Fuel Tax Credits Scheme	Fuel and energy	10,151	10,805	11,515	12,254	13,107
Public Sector Superannuation - Benefits(c)	Other purposes; General public services	9,955	10,355	10,496	10,566	10,678
Army Capabilities	Defence	9,819	10,301	11,214	11,561	12,459
Defence Force Superannuation - Benefits(c)	Other purposes; General public services	9,677	10,053	10,624	11,264	11,955
Air Force Capabilities	Defence	9,138	9,454	9,948	10,261	11,203
Sub-total		516,290	549,265	577,413	605,713	638,662
Other programs		246,466	236,406	229,181	237,235	250,735
Total expenses		762,756	785,670	806,594	842,949	889,397

a) The entry for each program includes eliminations for inter-agency transactions within that program.

b) This program is a combination of agency costs, support for participants and administered expenses.

c) This program is a combination of superannuation nominal interest and accrual expenses.

Program payments

The top 20 payment programs in 2025–26 are presented in Table 5.3.2. Although broadly similar to the top 20 expense programs, there are some differences in the timing of reporting between payments and expenses, and the reported payment figures include capital investment but exclude depreciation.

Table 5.3.2: Top 20 programs by payment

Program(a)	Function	Estimates				
		2024-25 \$m	2025-26 \$m	2026-27 \$m	2027-28 \$m	2028-29 \$m
Revenue assistance to the States and Territories	Other purposes	95,636	100,615	106,365	111,960	117,521
Support for Seniors	SSW	62,150	65,152	68,162	70,968	73,725
National Disability Insurance Scheme(b)	SSW	47,206	50,826	53,976	58,358	63,048
Aged Care Services	SSW	37,152	41,342	42,884	44,321	48,512
Medical Benefits	Health	32,640	35,198	37,535	39,410	40,989
Assistance to the States for Healthcare Services	Health	30,221	33,928	34,247	36,471	38,841
Commonwealth Debt Management	Other purposes	22,666	26,303	28,628	35,092	36,623
Financial Support for People with Disability	SSW	23,421	24,331	25,310	26,313	27,215
Pharmaceutical Benefits	Health	20,755	21,689	21,553	21,611	21,724
Non-Government Schools National Support	Education	19,373	19,976	20,808	21,648	22,509
Support for Families	SSW	17,873	18,096	18,490	18,702	18,962
Job Seeker Income Support	SSW	16,556	17,171	17,467	17,025	17,706
Child Care Subsidy	SSW	15,171	16,134	16,911	17,775	18,415
Army Capabilities	Defence	11,785	12,566	13,404	14,304	14,648
Financial Support for Carers	SSW	11,749	12,301	12,800	13,335	13,840
Government Schools National Support	Education	11,714	12,235	12,803	13,357	14,000
Navy Capabilities	Defence	11,400	11,579	12,596	12,712	14,208
Fuel Tax Credits Scheme	Fuel and energy	10,117	10,704	11,412	12,147	12,983
Public Sector Superannuation - Benefits	General public services	9,820	10,313	10,672	11,062	11,507
Air Force Capabilities	Defence	9,656	9,567	10,473	10,934	12,509
Sub-total		517,059	550,024	576,494	607,505	639,486
Other programs		214,468	227,451	225,182	227,122	238,208
Total payments		731,527	777,475	801,676	834,627	877,694

a) The entry for each program includes eliminations for inter-agency transactions within that program.

b) This program is a combination of agency costs, support for participants and administered expenses.

General government sector expenses

General public services

The general public services function includes expenses to support the organisation and operation of government. These expenses include those relating to the Parliament, the Governor-General, the 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 foreign affairs.

The general public services function also includes expenses related to:

- research in areas not otherwise connected with a specific function (including research undertaken 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)
- overall economic and statistical services
- 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 5.4: Summary of expenses – general public services

Sub-function	Estimates				
	2024-25	2025-26	2026-27	2027-28	2028-29
	\$m	\$m	\$m	\$m	\$m
Legislative and executive affairs	2,335	1,895	1,803	2,060	1,704
Financial and fiscal affairs	10,364	10,428	10,353	9,849	9,997
Foreign affairs and economic aid(a)	8,760	7,878	8,352	8,965	8,951
General research(b)	4,775	4,527	4,259	4,330	4,425
General services	1,240	1,287	1,300	1,360	1,443
Government superannuation benefits	5,578	5,403	5,627	5,938	6,308
Total general public services	33,052	31,418	31,695	32,502	32,829

a) A further breakdown of the foreign affairs and economic aid sub-function is provided in Table 5.4.1.

b) A further breakdown of the general research sub-function is provided in Table 5.4.2.

Total general public services expenses are estimated to increase by 4.5 per cent over the period 2025–26 to 2028–29. The largest movement in expenses are for **government superannuation benefits, foreign affairs and economic aid and financial and fiscal affairs**.

Legislative and executive affairs expenses largely reflect the maintenance of parliamentary functions and personnel, and the expenditure profile of the Australian Electoral Commission (AEC). The decrease in expenses from 2024–25 to 2026–27 reflects the reduction in estimated AEC expenses following the federal election in 2024–25. The

decrease in expenses from 2027–28 to 2028–29 reflects the reduction in estimated AEC expenses following the federal election expected in 2027–28.

Financial and fiscal affairs expenses are expected to decrease over the period 2025–26 to 2028–29. These expenses include the Government’s extension of several Australian Taxation Office compliance programs in the 2025–26 Budget, to ensure multinationals, businesses and individuals are paying the right amount of tax in Australia.

Foreign affairs and economic aid expenses are expected to increase over the period 2025–26 to 2028–29. This largely reflects payment cycles of Australia’s contributions under funding arrangements for multilateral funds.

Table 5.4.1 sets out the major components of the **foreign affairs and economic aid** sub-function.

Table 5.4.1: Trends in the major components of the foreign affairs and economic aid sub-function expense

Component(a)	Estimates				
	2024-25	2025-26	2026-27	2027-28	2028-29
	\$m	\$m	\$m	\$m	\$m
Foreign aid(b)	5,176	4,247	4,565	5,083	5,082
Diplomacy(c)	1,688	1,718	1,761	1,783	1,823
Payments to international organisations	460	460	460	460	461
Passport services	389	363	423	429	435
International police assistance	276	332	361	398	381
International agriculture research and development	129	135	134	134	135
Consular services	160	151	158	158	160
Finance and insurance services for Australian exporters and investors	259	210	254	289	222
Other	222	261	235	231	252
Total	8,760	7,878	8,352	8,965	8,951

a) The entry for each component includes eliminations for inter-agency transactions within that component.

b) The foreign aid figures reflect aid spending by the Department of Foreign Affairs and Trade in accrual terms. This differs from the international measure of aid, Official Development Assistance reporting, which is in cash terms. Aid spending by other entities is usually reflected in other sub-functions.

c) Diplomacy includes departmental expenditure for the Department of Foreign Affairs and Trade’s operations, security and IT, overseas property and international climate change engagement.

General research expenses are expected to remain broadly stable over the period 2025–26 to 2028–29, with moderate fluctuations reflecting funding allocations to research and research infrastructure programs.

Table 5.4.2 sets out the major components of the **general research** sub-function.

Table 5.4.2: Trends in the major components of general research sub-function expense

Component(a)	Estimates				
	2024-25 \$m	2025-26 \$m	2026-27 \$m	2027-28 \$m	2028-29 \$m
Research – science services and innovation fund	1,753	1,676	1,588	1,593	1,647
Discovery – research and research training	630	630	649	669	685
Science and technology solutions	510	547	525	540	541
Linkage – cross sector research partnerships	398	406	436	449	460
Supporting science and commercialisation	467	317	293	315	287
Research capacity	822	764	595	586	624
Other	195	187	174	179	180
Total	4,775	4,527	4,259	4,330	4,425

a) The entry for each component includes eliminations for inter-agency transactions within that component.

Expenses for **general services** are largely incurred by the Department of Finance, the Australian Public Service Commission, and Comcare. **General services** expenses are estimated to increase over the period 2025–26 to 2028–29. This largely reflects the impact of insurance claims expenditure.

Expenses for **government superannuation benefits** are estimated to increase over the period 2025–26 to 2028–29. The higher estimated expenses in 2024–25 primarily reflect the use of different discount rates. In accordance with accounting standards, superannuation expenses for 2024–25 are calculated using the long-term government bond rate that best matched each individual scheme's duration of liabilities at the start of the financial year. These rates are between 4.2 and 4.8 per cent per year. In preparing the latest Long Term Cost Reports, the scheme actuaries have determined that a discount rate of 5.0 per cent should be applied to the 2025–26 Budget year and forward estimates as per usual practice.

Defence

The defence function includes expenses incurred by the Department of Defence (Defence) and other agencies that support:

- Australian military operations
- National defence, through strategic policy advice and the delivery of capabilities to achieve an integrated and focused force, harnessing effects across the maritime, land, air, space, and cyber domains.

The defence function does not include expenses incurred by the Department of Veterans' Affairs, superannuation payments to retired military personnel, related nominal superannuation interest, and housing assistance provided through Defence Housing Australia. These expenses are reported in the social security and welfare, general public services, other purposes, and housing and community amenities functions, respectively.

Table 5.5: Summary of expenses – defence

Sub-function	Estimates				
	2024-25 \$m	2025-26 \$m	2026-27 \$m	2027-28 \$m	2028-29 \$m
Defence	49,344	51,483	52,567	56,487	61,238
Total defence	49,344	51,483	52,567	56,487	61,238

Total expenses for the **defence** sub-function are estimated to increase by 18.9 per cent over the period 2025–26 to 2028–29. This growth reflects the funding required to deliver the 2024 *National Defence Strategy* and 2024 *Integrated Investment Program* and includes the Government's previous commitment of an additional \$50.3 billion over ten years from 2024–25, and \$7.7 billion per year ongoing, to prioritise Defence capabilities that support an integrated, focused force that is positioned to safeguard Australia's security and prosperity.

Public order and safety

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

Table 5.6: Summary of expenses – public order and safety

Sub-function	Estimates				
	2024-25 \$m	2025-26 \$m	2026-27 \$m	2027-28 \$m	2028-29 \$m
Courts and legal services	1,811	2,003	1,925	1,961	1,974
Other public order and safety(a)	6,967	7,142	6,120	5,869	5,842
Total public order and safety	8,778	9,145	8,045	7,830	7,815

a) A further breakdown of the other public order and safety sub-function is provided in Table 5.6.1.

Total expenses for public order and safety are estimated to decrease by 14.5 per cent over the period 2025–26 to 2028–29, largely due to a reduction in expenses for **other public order and safety**.

Courts and legal services expenses are expected to remain relatively stable over the period 2025–26 to 2028–29, with a slight increase in expenditure in 2025–26 for the Administrative Review Tribunal and migration-related legal matters in accordance with demand. These expenses include the Government's investment in a new National Access to Justice Partnership in the 2024–25 MYEFO, including a commitment to ongoing funding.

The profile of **other public order and safety** expenses is largely a result of three factors. First, from 2025–26, funding is currently scheduled to end for some National Partnership Payments for public order and safety. This funding will be considered for extension by the Government in a future economic update. Second, consistent with past practice, supplementary funding is provided to the Australian Border Force on an annual basis for border protection activities, based on operational requirements. In 2025–26, the supplementary increase to border protection funding is \$267.0 million, bringing total funding in 2025–26 to \$2.0 billion. Third, the Government's investment through the 2025–26 Budget measure *Illicit Tobacco Compliance and Enforcement Package – direct and targeted enforcement to counter profits from illicit tobacco* contributes to the expenses in 2025–26 and 2026–27.

Table 5.6.1 sets out the major components of the **other public order and safety** sub-function.

Table 5.6.1: Trends in the major components of the other public order and safety sub-function expense

Component(a)	Estimates				
	2024-25	2025-26	2026-27	2027-28	2028-29
	\$m	\$m	\$m	\$m	\$m
Policing and law enforcement	5,047	5,117	4,562	4,381	4,360
Border Protection	1,920	2,025	1,558	1,488	1,482
Total	6,967	7,142	6,120	5,869	5,842

a) The entry for each component includes eliminations for inter-agency transactions within that component.

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 schools.

Table 5.7: Summary of expenses – education

Sub-function	Estimates				
	2024-25	2025-26	2026-27	2027-28	2028-29
	\$m	\$m	\$m	\$m	\$m
Higher education	11,515	12,139	12,531	12,985	13,494
Vocational and other education	2,638	2,671	2,743	2,723	2,407
Schools	31,082	32,208	33,609	35,003	36,509
<i>Non-government schools</i>	<i>19,370</i>	<i>19,975</i>	<i>20,808</i>	<i>21,648</i>	<i>22,509</i>
<i>Government schools</i>	<i>11,712</i>	<i>12,233</i>	<i>12,801</i>	<i>13,356</i>	<i>14,000</i>
School education – specific funding	956	874	841	832	813
Student assistance	16,972	5,794	6,114	6,544	6,873
General administration	340	344	320	308	302
Total education	63,503	54,030	56,157	58,395	60,397

Total education expenses are estimated to increase by 11.8 per cent over the period 2025–26 to 2028–29, reflecting the Government’s ongoing investment in schools, higher education, and vocational education and training programs.

Higher education expenses are estimated to increase over the period 2025–26 to 2028–29, primarily driven by growth in funding for Commonwealth supported study places at universities, including funding to better support students from under-represented backgrounds and those studying at regional campuses.

Vocational and other education expenses are estimated to decrease over the period 2025–26 to 2028–29. This reflects the profile of Government investment in vocational education and training under the five-year *National Skills Agreement*, which commenced on 1 January 2024, and is currently due to end on 31 December 2028.

Non-government schools and **government schools** expenses are both estimated to increase over the period 2025–26 to 2028–29 due to an increase in the number of students that are eligible to attract a ‘student with disability’ loading. Increases in expenses are also due to growth in general non-government school student enrolments and the Commonwealth increasing funding for government schools through bilateral agreements under the new Better and Fairer Schools Agreement.

Student assistance expenses are estimated to increase over the period 2025–26 to 2028–29, primarily driven by growth in student numbers. This follows a peak in expenses in 2024–25 resulting from the one-off 20 per cent reduction on the outstanding balance of student loan debts announced in the 2024–25 MYEFO measure *Building Australia’s Future – A fairer deal for students*.

Health

The health function includes expenses relating to medical services funded through Medicare, payments to the states and territories to deliver essential health services (including public hospitals), the Pharmaceutical Benefits and Repatriation Pharmaceutical Benefits Schemes, the Private Health Insurance Rebate, Aboriginal and Torres Strait Islander health programs, mental health services, and health workforce initiatives.

Table 5.8: Summary of expenses – health

Sub-function	Estimates				
	2024-25	2025-26	2026-27	2027-28	2028-29
	\$m	\$m	\$m	\$m	\$m
Medical services and benefits(a)	42,027	44,832	47,291	49,408	51,231
Pharmaceutical benefits and services(b)	22,036	22,586	22,591	22,593	22,728
Assistance to the states for public hospitals	30,221	33,928	34,247	36,471	38,841
Hospital services(c)	1,180	1,226	1,237	1,266	1,161
Health services	15,152	15,422	14,530	14,744	14,835
General administration	5,105	5,425	4,697	4,658	4,695
Aboriginal and Torres Strait Islander health	1,345	1,383	1,309	1,283	1,275
Total health	117,067	124,803	125,901	130,423	134,767

a) A further breakdown of the medical services and benefits sub-function is provided in Table 5.8.1.

b) A further breakdown of the pharmaceutical benefits and services sub-function is provided in Table 5.8.2.

c) The hospital services sub-function predominantly reflects Commonwealth funding to the states and territories for veterans' hospital services.

Expenses for the health function are expected to increase by 8.0 per cent over the period 2025–26 to 2028–29. The largest movement in expenses for the health function is estimated to occur in **medical services and benefits** and **assistance to the states for public hospitals**. Expenses for the remaining sub-functions are expected to remain relatively stable over the period 2025–26 to 2028–29.

Medical services and benefits expenses, which primarily consist of Medical Benefits and Private Health Insurance expenses, comprise 35.9 per cent of total estimated health expenses for 2025–26. These expenses are expected to increase over the period 2025–26 to 2028–29, primarily driven by growth in the Medical Benefits program as a result of the 2025–26 Budget measure *Strengthening Medicare*, as well as ongoing growth in the use of medical services.

Table 5.8.1 sets out the major components of the **medical services and benefits** sub-function.

Table 5.8.1: Trends in the major components of the medical services and benefits sub-function expense

Component(a)	Estimates				
	2024-25	2025-26	2026-27	2027-28	2028-29
	\$m	\$m	\$m	\$m	\$m
Medical benefits	32,673	35,238	37,575	39,438	41,040
Private health insurance	7,602	7,835	8,005	8,208	8,410
General medical consultations and services	719	731	712	742	741
Dental services(b)	365	326	325	325	324
Other	668	702	675	696	716
Total	42,027	44,832	47,291	49,408	51,231

a) The entry for each component includes eliminations for inter-agency transactions within that component.

b) Payments under the funding agreements on Public Dental Services for Adults from 2020–21 are provided for under the health services sub-function in Table 5.8.

Pharmaceutical benefits and services expenses, primarily the Pharmaceutical Benefits Scheme (PBS), comprise 18.1 per cent of total estimated health expenses for 2025–26. The Government is investing more than \$3.2 billion over five years from 2024–25 through a range of 2025–26 Budget measures to ensure ongoing affordable access to medicines. This includes new and amended listings on the PBS, reducing the general patient PBS co-payment to \$25 and improving access to medicines through the 2025–26 Budget measure *Improving Access to Medicines and Pharmacy Programs*.

Table 5.8.2 sets out the major components of the **pharmaceutical benefits and services** sub-function.

Table 5.8.2: Trends in the major components of the pharmaceutical benefits and services sub-function expense

Component(a)	Estimates				
	2024-25	2025-26	2026-27	2027-28	2028-29
	\$m	\$m	\$m	\$m	\$m
Pharmaceutical benefits, services and supply	20,900	21,560	21,566	21,613	21,727
Immunisation	756	636	633	581	598
Veterans' pharmaceutical benefits	381	390	392	398	403
Total	22,036	22,586	22,591	22,593	22,728

a) The entry for each component includes eliminations for inter-agency transactions within that component.

The Government's contribution to public hospitals is reported through the **assistance to the states for public hospitals** sub-function. Hospital services covered by this sub-function include all admitted services, programs that deliver hospital services in the home, and emergency department services. Expenses for this sub-function are expected to increase over the period 2025–26 to 2028–29, reflecting the Government's agreement with the states and territories to extend the 2020–2025 National Health Reform Agreement Addendum for one year in 2025–26, and provide additional funding in 2025–26 to help cut elective surgery waiting lists, reduce waiting times in emergency departments, and manage ambulance ramping.

Health services include expenses associated with the delivery of medical research, mental health, blood and blood products, disbursements from the Medical Research Future Fund, preventive health, and health protection. Expenses are expected to decrease over the period 2025–26 to 2028–29, reflecting the currently scheduled end date of some national partnership agreements, and preventive health and chronic disease measures which will be considered for extension in a future economic update. The decrease in expenses is partially offset by increases in estimated expenses for blood and blood products.

Expenses for **general administration** include the Government’s general administrative costs associated with health and aged care, funding for primary health care and coordination, investment in health workforce measures, and support for rural health initiatives. Expenses are expected to decrease over the period 2025–26 to 2028–29, largely reflecting the completion of ICT projects to deliver essential enhancements to critical aged care digital systems, and time-limited funding to support implementation of aged care reform.

Expenses for **Aboriginal and Torres Strait Islander health** are expected to increase from 2024–25 to 2025–26, reflecting the Government’s commitment to Closing the Gap for First Nations peoples’ health and wellbeing. Expenses are expected to marginally decrease over the period 2025–26 to 2028–29, due to the currently scheduled end date of some measures which will be considered for extension in a future economic update.

Social security and welfare

The social security and welfare function includes expenses for pensions and services to the aged, assistance to the unemployed and the sick, 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 that has not been included under other functions.

Table 5.9: Summary of expenses – social security and welfare

Sub-function	Estimates				
	2024-25 \$m	2025-26 \$m	2026-27 \$m	2027-28 \$m	2028-29 \$m
Assistance to the aged(a)	102,448	109,463	114,444	118,849	125,076
Assistance to veterans and dependants	10,724	10,301	9,422	9,971	9,940
Assistance to people with disabilities(b)	85,606	90,884	95,037	100,309	106,568
Assistance to families with children(c)	48,873	52,486	53,486	54,077	55,129
Assistance to the unemployed and the sick	16,458	16,955	17,257	16,788	17,565
Other welfare programs	1,760	1,927	1,812	1,711	1,714
Assistance for Indigenous Australians nec	3,386	3,460	3,357	3,241	3,031
General administration	5,646	5,489	4,621	4,585	4,589
Total social security and welfare	274,901	290,966	299,436	309,531	323,612

a) A further breakdown of the assistance to the aged sub-function is provided in Table 5.9.1.

b) A further breakdown of the assistance to people with disabilities sub-function is provided in Table 5.9.2.

c) A further breakdown of the assistance to families with children sub-function is provided in Table 5.9.3.

Expenses in social security and welfare are estimated to increase by 11.2 per cent over the period 2025–26 to 2028–29. The largest movements in expenses are expected to occur in **assistance to people with disabilities, assistance to the aged** and **assistance to families with children**. The remaining sub-functions are estimated to remain broadly stable over the period 2025–26 to 2028–29.

Assistance to the aged expenses are estimated to increase over the period 2025–26 to 2028–29, primarily driven by increases in expenditure in the Support for Seniors and Aged Care Services programs.

The Support for Seniors program is estimated to increase over the period 2025–26 to 2028–29, reflecting the expected increase in the number of Age Pension recipients as the Australian population ages.

The significant drivers of growth in the Aged Care Services program are the expanding ageing population, rising demand for aged care services, and increased funding for aged care workers' wages due to the Fair Work Commission's Aged Care Work Value case decisions. This growth in estimated expenses is also due to the implementation of aged care reforms, including the new Support at Home program from 1 July 2025. The growth in estimated expenses is partially offset by increases in means-tested contributions for people entering residential aged care and a new participant contribution framework for the Support at Home program.

Table 5.9.1 sets out the major components of the **assistance to the aged** sub-function.

Table 5.9.1: Trends in the major components of the assistance to the aged sub-function expense

Component(a)	Estimates				
	2024-25	2025-26	2026-27	2027-28	2028-29
	\$m	\$m	\$m	\$m	\$m
Support for seniors	62,035	65,045	67,956	70,737	73,813
Aged care services	37,168	41,358	44,012	45,630	48,755
Veterans' community care and support	1,155	1,179	1,069	1,135	1,254
Aged care quality	628	453	302	236	240
Access and information	918	859	747	770	808
National Partnership Payments – Assistance to the aged	199	175	148	139	0
Other	344	395	209	204	206
Total	102,448	109,463	114,444	118,849	125,076

a) The entry for each component includes eliminations for inter-agency transactions within that component.

Assistance to veterans and dependants expenses are estimated to decrease slightly over the period 2025–26 to 2028–29, reflecting a reduction in expenses for income support and compensation payments to veterans due to a forecast reduction in the volume of claims. This follows an increase in the volume of claims lodged in 2024–25 and the processing of outstanding claims following the clearance of the claims backlog due to the Government's investments in the Department of Veterans' Affairs. Expenses are projected to peak in 2024–25 and remain elevated in 2025–26, before decreasing in 2026–27 once the outstanding permanent impairment claims have been processed.

Assistance to people with disabilities expenses are expected to increase over the period 2025–26 to 2028–29, reflecting an increase in the number of people with disability participating in the NDIS and increases in individual support costs, and continued growth in Disability Support Pension recipient numbers and average payment rates along with the gradual resolution of the claims backlog.

Table 5.9.2 sets out the major components of the **assistance to people with disabilities** sub-function.

Table 5.9.2: Trends in the major components of the assistance to people with disabilities sub-function expense

Component(a)	Estimates				
	2024-25 \$m	2025-26 \$m	2026-27 \$m	2027-28 \$m	2028-29 \$m
National Disability Insurance Scheme(b)	48,503	52,291	55,074	58,960	63,614
National Disability Insurance Scheme – quality and safeguards	160	182	182	107	111
Financial support for people with disability	23,355	24,263	25,210	26,102	27,217
Financial support for carers	13,578	14,143	14,570	15,139	15,626
National Partnership Payments – Assistance to people with disabilities	10	4	1	0	0
Total	85,606	90,884	95,037	100,309	106,568

a) The entry for each component includes eliminations for inter-agency transactions within that component.

b) Includes both Commonwealth and State contributions to the cost of the National Disability Insurance Scheme delivered through the National Disability Insurance Agency, which is a Commonwealth agency in the general government sector, and the cost of the NDIS program administered by the Department of Social Services.

Assistance to families with children expenses are expected to increase over the period 2025–26 to 2028–29. This increase primarily reflects increases in the Child Care Subsidy and the 2024–25 MYEFO measures *Building Australia's Future – delivering pay rises for early educators* and *Building Australia's Future – Early Childhood Education and Care Reforms*.

Assistance to families with children expenses are expected to increase due to higher Parental Leave Pay expenses, including an increase in both the number of recipients and the average payment rates due to recent legislative changes to the Paid Parental Leave Scheme. On 20 March 2024, amendments were made to the *Paid Parental Leave Amendment (More Support for Working Families) Act 2024* to provide an additional two weeks of payment to Parental Leave Pay each year in July 2025 and July 2026. On 1 October 2024, amendments were made to the *Paid Parental Leave Amendment (Adding Superannuation for a More Secure Retirement) Act 2024* to include a superannuation payment on government-funded Paid Parental Leave Scheme payments for births and adoptions on or after 1 July 2025.

Table 5.9.3 sets out the major components of the **assistance to families with children** sub-function.

Table 5.9.3: Trends in the major components of the assistance to families with children sub-function expense

Component(a)	Estimates				
	2024-25	2025-26	2026-27	2027-28	2028-29
	\$m	\$m	\$m	\$m	\$m
Family assistance	21,176	22,184	22,938	23,493	24,097
Child care subsidy	15,429	16,242	16,821	17,796	18,446
Parents income support	7,891	8,192	8,545	8,717	8,902
Child support	2,004	2,048	2,084	2,116	2,150
Support for the child care system	1,119	2,367	1,613	526	327
Families and children	954	1,145	1,181	1,123	893
Family relationship services	275	285	284	287	293
Other	23	23	20	19	20
Total	48,873	52,486	53,486	54,077	55,129

a) The entry for each component includes eliminations for inter-agency transactions within that component.

Expenses for **assistance to the unemployed and the sick** are estimated to increase slightly over the period 2025–26 to 2028–29, primarily driven by growth in the expected number of JobSeeker Payment recipients, as the current close-to-historic low unemployment rate is expected to modestly increase.

Expenses for **assistance for Indigenous Australians nec** (not elsewhere classified) includes investments in a range of measures to deliver outcomes across portfolios addressing the Priority Reforms and Socioeconomic Targets under the *National Agreement on Closing the Gap*. Major investments through the 2025–26 Budget measures *Northern Territory Remote Aboriginal Investment – future arrangements* and *Closing the Gap – further investments* and the 2024–25 Budget measure *Remote Jobs and Economic Development Program* deliver on the Government's commitment to improve outcomes for First Nations people in remote Australia.

Housing and community amenities

The housing and community amenities function includes expenses for the Government's contribution to the *National Agreement on Social Housing and Homelessness*, other Australian Government housing programs, the expenses of Defence Housing Australia (DHA), urban and regional development programs and environmental protection initiatives.

Table 5.10: Summary of expenses – housing and community amenities

Sub-function	Estimates				
	2024-25	2025-26	2026-27	2027-28	2028-29
	\$m	\$m	\$m	\$m	\$m
Housing	12,039	4,402	4,066	3,742	3,527
Urban and regional development	3,521	2,062	1,088	474	414
Environment protection	2,562	2,488	1,866	1,345	1,185
Total housing and community amenities	18,122	8,952	7,021	5,562	5,125

Expenses for housing and community amenities are expected to decrease by 42.7 per cent over the period 2025–26 to 2028–29, primarily driven by a decrease in expenses for **urban and regional development** and **environment protection**.

Housing expenses include the provision of housing for the general public and people with special needs, DHA expenses and the Government's contribution of \$9.3 billion over five years from 2024–25 for the *National Agreement on Social Housing and Homelessness*, which supports states and territories to provide social housing and homelessness services. Expenses are estimated to decrease from 2025–26 to 2028–29, primarily driven by expected timing of grant payments under the National Housing Infrastructure Facility and a change in accounting treatment of grant funding under the Housing Australia Future Fund Facility (HAFFF) and National Housing Accord Facility (NHAF).

The Government has committed to a significant investment in housing through Rounds 1 and 2 of the HAFFF and NHAF. In accordance with accounting standards, Housing Australia reflects its liability for all future availability payments under the HAFFF and NHAF as expenditure at the point it enters into contracts. This will occur in 2024–25 for Rounds 1 and 2, resulting in \$6.4 billion being recognised in 2024–25 and no longer being reflected in future years (payments will continue to be made over the 25-year period). Remaining Housing Australia Future Fund disbursements are allocated across the forward estimates as funding for future housing funding rounds will be recognised in the same way, once the parameters for each funding round are established.

Expenses for **urban and regional development** comprise urban development, services to territories, and regional development programs. Expenses are estimated to decrease over the period 2024–25 to 2028–29, primarily reflecting the profile of funding for the Priority Community Infrastructure Program, the Investing in Our Communities Program, the Growing Regions Program, and the conclusion of the final grants under the Community Development Grants Programme.

Environment protection expenses comprise a variety of initiatives, including the protection and conservation of the environment, water and waste management, pollution abatement and environmental research. Expenses are estimated to decrease over the period 2025–26 to 2028–29, primarily due to the deferral of construction for the Paradise Dam and Big Rocks Weir projects and the Hughenden Irrigation Scheme until beyond 2028–29, and the planned termination of the Critical Inputs to Clean Energy Industries program from 2026–27.

Recreation and culture

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

Table 5.11: Summary of expenses – recreation and culture

Sub-function	Estimates				
	2024-25	2025-26	2026-27	2027-28	2028-29
	\$m	\$m	\$m	\$m	\$m
Broadcasting(a)	1,781	1,834	1,867	1,886	1,925
Arts and cultural heritage	2,348	2,085	2,085	2,095	2,127
Sport and recreation	937	1,140	993	1,221	1,539
National estate and parks	793	809	764	771	788
Total recreation and culture	5,859	5,867	5,709	5,974	6,378

a) A further breakdown of the broadcasting sub-function is provided in Table 5.11.1.

Total expenses under the recreation and culture function are estimated to increase by 8.7 per cent over the period 2025–26 to 2028–29. This is primarily driven by expenses in **sport and recreation**, which are linked to the Government’s investment in venue infrastructure for the 2032 Brisbane Olympic and Paralympic Games.

Broadcasting expenses reflect the five-year funding terms for the Australian Broadcasting Corporation and Special Broadcasting Services Corporation that commenced on 1 July 2023.

Table 5.11.1 sets out the major components of the **broadcasting** sub-function.

Table 5.11.1: Trends in the major components of the broadcasting sub-function expense

Component(a)	Estimates				
	2024-25	2025-26	2026-27	2027-28	2028-29
	\$m	\$m	\$m	\$m	\$m
ABC general operational activities	1,071	1,089	1,111	1,134	1,157
SBS general operational activities	425	452	459	449	458
ABC transmission and distribution services	207	213	216	222	226
SBS transmission and distribution services	78	80	81	82	83
Total	1,781	1,834	1,867	1,886	1,925

a) The entry for each component includes eliminations for inter-agency transactions within that component.

Expenses under **arts and cultural heritage** are estimated to decrease from 2024–25 to 2025–26 and remain broadly stable over the period 2025–26 to 2028–29. The expenditure reflects estimated payments under the Australian Screen Production Incentives and Digital Game Production Offset programs.

Sport and recreation expenses are estimated to increase over the period 2025–26 to 2028–29 reflecting the Government’s investment in venue infrastructure for the 2032 Brisbane Olympic and Paralympic Games.

National estate and parks expenses are estimated to remain broadly stable over the period 2025–26 to 2028–29. The expenditure reflects the Government’s ongoing investment in

Australia's national terrestrial and marine parks, including funding committed in the 2025–26 Budget measure *Protecting Australia's Iconic National Parks – continuing delivery*.

Fuel and energy

The fuel and energy function includes expenses for the Fuel Tax Credits and Product Stewardship for 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 and use of renewable energy.

Table 5.12: Summary of expenses – fuel and energy

Sub-function	Estimates				
	2024-25	2025-26	2026-27	2027-28	2028-29
	\$m	\$m	\$m	\$m	\$m
Fuel and energy(a)	16,437	19,237	15,079	16,213	18,273
Total fuel and energy	16,437	19,237	15,079	16,213	18,273

a) A further breakdown of the fuel and energy sub-function is provided in Table 5.12.1.

Total fuel and energy expenses are estimated to decrease by 5.0 per cent over the period 2025–26 to 2028–29.

Table 5.12.1 sets out the major components of the **fuel and energy** sub-function.

Table 5.12.1: Trends in the major components of the fuel and energy sub-function expense

Component(a)	Estimates				
	2024-25	2025-26	2026-27	2027-28	2028-29
	\$m	\$m	\$m	\$m	\$m
Fuel Tax Credits Scheme	10,151	10,805	11,515	12,254	13,107
Resources and energy	5,012	3,077	1,033	956	2,052
Renewable energy	825	4,951	2,208	2,711	2,838
Other	450	403	324	292	275
Total	16,437	19,237	15,079	16,213	18,273

a) The entry for each component includes eliminations for inter-agency transactions within that component.

The major program within this function is the **fuel tax credits scheme**, for which payments are expected to increase over the period 2025–26 to 2028–29. This largely reflects an expected increase in the use of fuels that are eligible for the Fuel Tax Credits Scheme.

Resources and energy expenses are expected to fluctuate over the period 2024–25 to 2028–29. The 2025–26 Budget measure *Energy Bill Relief Fund Extension* is expected to increase expenses in 2025–26, reflecting the Government's focus on providing immediate cost-of-living relief.

Expenses for the **renewable energy** component are expected to increase in 2025–26, before decreasing in 2026–27 and returning to a stable trend, reflecting the profile of expenses for the concessional component of the concessional loan deployment by the Clean Energy

Finance Corporation. The forecasted loan deployment is primarily expected to be made under the Rewiring the Nation Program, established in the 2022–23 October Budget and recapitalised in the 2024–25 MYEFO.

Agriculture, forestry and fishing

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

Table 5.13: Summary of expenses – agriculture, forestry and fishing

Sub-function	Estimates				
	2024-25	2025-26	2026-27	2027-28	2028-29
	\$m	\$m	\$m	\$m	\$m
Wool industry	62	62	73	79	84
Grains industry	292	305	318	330	340
Dairy industry	58	58	58	57	58
Cattle, sheep and pig industry	272	279	277	279	274
Fishing, horticulture and other agriculture	630	590	531	478	424
General assistance not allocated to specific industries	50	54	50	51	52
Rural assistance	394	413	379	384	333
Natural resources development	1,313	1,265	1,181	571	304
General administration	1,391	1,400	1,284	1,283	1,287
Total agriculture, forestry and fishing	4,461	4,427	4,152	3,511	3,156

Total expenses for agriculture, forestry and fishing are estimated to decrease by 28.7 per cent over the period 2025–26 to 2028–29. The expected decrease largely reflects the reduction in **natural resources development** primarily due to the schedule of water reform activities to deliver the Murray–Darling Basin Plan 2012 by the 31 December 2027 deadline set out in the *Water Amendment (Restoring Our Rivers) Act 2023*.

Mining, manufacturing and construction

The mining, manufacturing and construction function includes expenses for programs designed to promote the efficiency and competitiveness of Australian industries. The major components include the Research and Development Tax Incentive and industry assistance programs.

Table 5.14: Summary of expenses – mining, manufacturing and construction

Sub-function	Estimates				
	2024-25	2025-26	2026-27	2027-28	2028-29
	\$m	\$m	\$m	\$m	\$m
Mining, manufacturing and construction(a)	5,866	5,522	5,511	5,947	6,663
Total mining, manufacturing and construction	5,866	5,522	5,511	5,947	6,663

a) A further breakdown of the mining, manufacturing and construction sub-function is provided in Table 5.14.1.

Total expenses for mining, manufacturing and construction are expected to increase by 20.7 per cent over the period 2025–26 to 2028–29, reflecting the Government's increased support for the Australian mining, manufacturing, and construction industries.

Table 5.14.1 sets out the major components of the **mining, manufacturing and construction** sub-function.

Table 5.14.1: Trends in the major components of the mining, manufacturing and construction sub-function expense

Component(a)	Estimates				
	2024-25	2025-26	2026-27	2027-28	2028-29
	\$m	\$m	\$m	\$m	\$m
Research and development tax incentive	4,748	4,547	4,601	4,775	5,010
Growing business investment	386	261	205	154	87
Northern Australia Infrastructure Facility	121	234	282	235	223
Other	611	480	422	783	1,343
Total	5,866	5,522	5,511	5,947	6,663

a) The entry for each component includes eliminations for inter-agency transactions within that component.

Expenses for the **research and development tax incentive** administered by the Australian Taxation Office are expected to increase over the period 2025–26 to 2028–29 due to increases in the number and value of expected claims from eligible companies.

Expenses under the **growing business investment** component are expected to decrease over the period 2025–26 to 2028–29, due to the currently scheduled end date of some measures which will be considered for extension in a future economic update.

The **Northern Australia Infrastructure Facility** offers debt and equity finance to projects that contribute to the establishment or enhancement of economic activity in northern Australia. Expenses are expected to remain stable over the period 2025–26 to 2028–29, reflecting concessional loan discount expenses associated with the expected commitment of concessional loans.

Expenses under the **other** component are expected to increase over the period 2025–26 to 2028–29, largely driven by the Critical Minerals Production Tax Incentive, commencing from 2027–28.

Transport and communication

The transport and communication function includes expenses to support the infrastructure and regulatory framework for Australia's transport and communication sectors. Expenses for the transport and communication function primarily reflect the Government's investment in road and rail transport through the Infrastructure Investment Program. This function also includes expenditure for communications activities and support for the digital economy through the Department of Infrastructure, Transport, Regional Development, Communications and the Arts, and the Australian Communications and Media Authority.

Table 5.15: Summary of expenses – transport and communication

Sub-function	Estimates				
	2024-25	2025-26	2026-27	2027-28	2028-29
	\$m	\$m	\$m	\$m	\$m
Communication	1,922	1,945	1,810	1,776	1,767
Rail transport	4,112	3,086	2,805	3,187	3,420
Air transport	488	479	384	298	297
Road transport	8,568	10,135	10,552	10,225	10,180
Sea transport	509	563	543	546	551
Other transport and communication	381	349	285	287	269
Total transport and communication	15,980	16,557	16,380	16,320	16,484

Total expenses under this function are estimated to remain relatively stable from 2025–26 to 2028–29, with movements in the function largely reflecting the timing of priority infrastructure projects under the Infrastructure Investment Program.

Communication expenses are estimated to decrease over the period 2025–26 to 2028–29, primarily reflecting the funding profile for the Better Connectivity Plan for Regional and Rural Australia.

Rail transport expenses are estimated to decrease from 2024–25 to 2025–26 and fluctuate over the period 2025–26 and 2028–29, reflecting the delivery schedules of major rail infrastructure projects, including projects under the METRONET program and Melbourne Airport Rail Link.

Air transport expenses primarily relate to activities of the Civil Aviation Safety Authority and aviation related initiatives. Total expenses are estimated to decrease over the period 2025–26 to 2028–29 due to the completion of preparatory work for the Western Sydney International (Nancy-Bird Walton) Airport, finalisation of investigations for per- and polyfluoroalkyl substances (PFAS) at airports, and the timing of expenditure associated with regional aviation programs.

Road transport expenses are estimated to increase from 2024–25 to 2025–26 and remain relatively stable over the period 2025–26 to 2028–29. The expenditure profile reflects continued investment in priority road infrastructure projects and realignment of funding to more accurately reflect project delivery schedules. Through the 2025–26 Budget measure *Building a Better Future Through Considered Infrastructure Investment*, the Government is providing \$17.1 billion over 10 years from 2024–25 towards priority road and rail projects.

Total expenses for **other transport and communication** are estimated to decrease over the period 2025–26 to 2028–29, primarily reflecting the timeline of departmental activities to support the delivery of priority infrastructure and transport initiatives and the expected conclusion of the Regional Roads Australia Mobile Program.

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 5.16: Summary of expenses – other economic affairs

Sub-function	Estimates				
	2024-25	2025-26	2026-27	2027-28	2028-29
	\$m	\$m	\$m	\$m	\$m
Tourism and area promotion	197	206	194	194	192
Total labour and employment affairs	6,104	5,854	5,521	5,397	5,508
<i>Vocational and industry training</i>	2,599	2,261	1,875	1,787	1,832
<i>Labour market assistance to job seekers and industry</i>	2,395	2,502	2,572	2,524	2,601
<i>Industrial relations</i>	1,111	1,091	1,074	1,085	1,075
Immigration(a)	3,963	3,895	3,452	3,341	3,311
Other economic affairs nec(b)	3,799	3,603	3,469	3,332	3,274
Total other economic affairs	14,063	13,558	12,636	12,263	12,285

a) A further breakdown of the immigration sub-function is provided in Table 5.16.1.

b) A further breakdown of the other economic affairs nec sub-function is provided in Table 5.16.2.

Total expenses for other economic affairs are estimated to decrease by 9.4 per cent over the period 2025–26 to 2028–29 largely reflecting forecast reductions in expenses for **immigration** and **vocational and industry training**.

Vocational and industry training expenses are estimated to decrease over the period 2025–26 to 2028–29, primarily reflecting the continuing transition in apprenticeship incentives from their peak during the COVID-19 pandemic. This includes the cessation of the temporary Boosting Apprenticeship Commencements wage subsidy, which is closed to new applicants, and the scheduled step-down in ongoing priority apprenticeship incentives from 1 January 2026. The decrease is partially offset by additional support the Government is providing to apprentices and their employers through the 2025–26 Budget measure *Building Australia's Future – Increased Support for Apprentices*, which includes targeted incentives to boost apprenticeship commencements in critical construction occupations to be introduced from 1 July 2025.

Labour market assistance to job seekers and industry expenses are estimated to increase over the period 2025–26 to 2028–29, reflecting the Government's commitment to strengthen Australia's employment services system and improve outcomes for individuals accessing employment services more broadly.

Industrial relations expenses are estimated to slightly decrease over the period 2025–26 to 2028–29, largely due to the cessation of components in the 2024–25 Budget measure *Workplace Relations*. This decrease is expected to be partially offset by a range of supports to progress the Government's workplace relations agenda, critical to the implementation of changes made by the *Fair Work Legislation Amendment (Closing Loopholes) Act 2023*, and further reforms passed in the *Fair Work Legislation Amendment (Closing Loopholes No.2) Act 2024*.

The **immigration** sub-function includes the provision of migration and citizenship services, the management of unlawful non-citizens, regional cooperation, and refugee and humanitarian assistance. **Immigration** expenses are expected to decrease over the period 2025–26 to 2028–29, primarily reflecting forecast reductions in the transitory population in the offshore processing centre, and persons accessing migrant and humanitarian services.

Table 5.16.1 sets out the major components of the **immigration** sub-function.

Table 5.16.1: Trends in the major components of the immigration sub-function expense

Component(a)	Estimates				
	2024-25 \$m	2025-26 \$m	2026-27 \$m	2027-28 \$m	2028-29 \$m
Management of unlawful non-citizens	1,819	1,919	1,618	1,636	1,660
Citizenship, visas and migration	1,003	1,016	933	895	853
Regional co-operation and refugee and humanitarian assistance	1,141	960	902	810	798
Total	3,963	3,895	3,452	3,341	3,311

a) The entry for each component includes eliminations for inter-agency transactions within that component.

Expenses for **other economic affairs nec** are expected to decrease over the period 2025–26 to 2028–29, reflecting a decrease in departmental expenses for the Department of Industry, Science, and Resources and the Australian Securities and Investments Commission (ASIC).

The departmental expense projections for the Department of Industry, Science and Resources over the period 2025–26 to 2028–29 reflect the 2025–26 Budget measure *Investing in the Future of Science*. This includes time-limited funding to the National Measurement Institute in 2025–26 to address critical remediation works and sustain reliable Australian measurement capability to underpin the Government's *Future Made in Australia* agenda.

The decrease in departmental expenses for ASIC over the period 2025–26 to 2028–29 is mainly driven by the funding profile of the stabilisation and uplift of business registers component of the 2025–26 Budget measure *Treasury Portfolio – additional resourcing*. This will provide funding to deliver the second tranche of stabilisation and uplift of ASIC's business registers, with expenses reducing due to completion of the current phase of work and termination of other measures over the period.

Table 5.16.2 sets out the major components of the **other economic affairs nec** sub-function.

Table 5.16.2: Trends in the major components of the other economic affairs nec sub-function expense

Component(a)	Estimates				
	2024-25 \$m	2025-26 \$m	2026-27 \$m	2027-28 \$m	2028-29 \$m
Promotion of Australia's export and other international economic interests	448	381	369	360	350
Operating costs for:					
Department of Industry, Science and Resources	797	750	641	627	587
Australian Securities and Investments Commission	865	858	906	779	782
Bureau of Meteorology	617	536	547	550	554
IP Australia	264	274	284	293	302
Australian Competition and Consumer Commission	318	297	250	246	223
Australian Prudential Regulation Authority	270	268	259	259	257
Other	220	241	214	219	218
Total	3,799	3,603	3,469	3,332	3,274

a) The entry for each component includes eliminations for inter-agency transactions within that component.

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 as natural disaster relief, the contingency reserve, and expenses related to the nominal interest on unfunded liabilities for government superannuation benefits.

Table 5.17: Summary of expenses – other purposes

Sub-function	Estimates				
	2024-25 \$m	2025-26 \$m	2026-27 \$m	2027-28 \$m	2028-29 \$m
Public debt interest	23,940	28,429	33,091	37,501	41,715
<i>Interest on Commonwealth Government's behalf</i>	23,940	28,429	33,091	37,501	41,715
Nominal superannuation interest	14,241	15,198	15,685	16,084	16,517
General purpose inter-government transactions	97,382	104,363	109,946	115,684	121,377
<i>General revenue assistance – states and territories</i>	96,280	100,625	106,358	111,960	117,513
<i>Local government assistance</i>	1,102	3,738	3,588	3,724	3,863
Natural disaster relief	1,506	874	612	338	126
Contingency reserve	-1,747	842	6,972	12,385	20,639
Total other purposes	135,322	149,706	166,306	181,992	200,374

Total expenses for other purposes are estimated to increase by 33.8 per cent over the period 2025–26 to 2028–29.

The main drivers of the increase in other purposes expenses are **general purpose inter-government transactions**, **public debt interest** and the **contingency reserve**.

Public debt interest expenses are expected to increase over the period 2025–26 to 2028–29, largely reflecting higher debt servicing costs.

The increase in **nominal superannuation interest** expenses from 2024–25 to 2025–26 primarily reflects the use of updated discount rates. In accordance with accounting standards, superannuation expenses for 2024–25 are calculated using the long-term government bond rate that best matched each individual scheme's duration of liabilities at the start of the financial year. These rates were between 4.2 and 4.8 per cent per year. In preparing the latest Long Term Cost Reports, the scheme actuaries have determined that a discount rate of 5.0 per cent should be applied to the estimates in the budget year and forward estimates as per usual practice.

General purpose inter-government transactions expenses are made up of general revenue assistance paid to state and territory governments and local government assistance and are expected to increase over the period 2025–26 to 2028–29. Nearly all these expenses relate to general revenue assistance, largely comprised of payments of GST entitlements provided to state and territory governments on an 'untied' basis. Payments to state and territory governments tied to specific purposes are reported under the relevant functions in this Statement. Further information on general revenue assistance to the states and territories can be found in Budget Paper No. 3, *Federal Financial Relations*.

Expenses for **natural disaster relief** reflect financial support provided by the Australian Government to states and territories under the Natural Disaster Relief and Recovery Arrangements and, since November 2018, the Disaster Recovery Funding Arrangements. Expenses also reflect departmental funding for the National Emergency Management Agency. The majority of funding over the period 2025–26 to 2027–28 reflects expected payments to the states in relation to disaster events that have already occurred. As provisions are not generally made for future disasters, the amount reduces over time. Additional funding is provisioned as needed in response to natural disasters. In the 2025–26 Budget, a provision of \$1.2 billion has been included in the **contingency reserve** sub-function to meet the disaster recovery costs associated with recent natural disasters, including ex-Tropical Cyclone Alfred.

The **contingency reserve** is estimated to increase expenses by \$40.8 billion over the period 2025–26 to 2028–29. Nearly two thirds of this is the conservative bias allowance, which makes provision for the tendency for the estimate of expenses for existing government policy (excluding GST payments to the states) to be revised upwards in the forward years. The 2025–26 Budget includes a provision of:

- nil in the Budget year 2025–26
- half of a percentage point of total general government sector expenses in the first forward year 2026–27 (\$3.5 billion)
- 1 per cent of general government sector expenses in the second forward year 2027–28 (\$7.3 billion)
- 2 per cent of general government sector expenses in the third forward year 2028–29 (\$15.3 billion).

The drawdown of the conservative bias allowance decreased expenses by \$1.7 billion in 2025–26, \$1.7 billion in 2026–27, \$3.6 billion in 2027–28 and \$2.9 billion in 2028–29. This is consistent with long standing practice and does not represent a saving or offset to spending measures.

The contingency reserve also includes a provision to reflect expected increased contributions to the states and territories for the future National Health Reform Agreement Addendum, Disability Foundational Supports and the Better and Fairer Schools Agreement.

In general, the contingency reserve can include:

- commercial-in-confidence and national security-in-confidence items that cannot be disclosed separately
- financial assistance to state and territory governments for future programs and reforms subject to negotiations, including commitments made by National Cabinet

- 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 policy changes that may impact the budget estimates, including the continuation of terminating measures
- a provision for underspends in the current financial year reflecting the tendency for budgeted expenses for some entities or functions not to be met.

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.

Government capital spending involves the acquisition of physical assets and financial assets, and the provision of grants and subsidies to others (primarily state and territory governments), which they then use to acquire assets.

Australian Government general government sector net capital investment is expected to grow from \$8.8 billion in 2025–26 to \$10.2 billion in 2028–29. This growth, along with the significant increase from 2024–25 to 2025–26, primarily reflects capability investments prioritised in the *2024 National Defence Strategy* and *2024 Integrated Investment Program*.

Details of movements are further explained in the following section.

Table 5.18: Estimates of total net capital investment

	MYEFO	Revised	Estimates			
	2024-25	2024-25	2025-26	2026-27	2027-28	2028-29
Total net capital investment (\$m)	5,493	5,459	8,771	9,140	12,025	10,196
Per cent of GDP	0.2	0.2	0.3	0.3	0.4	0.3

Reconciliation of net capital investment since the 2024–25 Budget

A reconciliation of the net capital investment estimates, showing the effect of policy decisions and parameter and other variations since the 2024–25 Budget, is provided in Table 5.19.

Table 5.19: Reconciliation of net capital investment estimates

	Estimates				Total \$m
	2024-25 \$m	2025-26 \$m	2026-27 \$m	2027-28 \$m	
2024-25 Budget net capital investment	6,303	8,055	8,988	11,899	35,244
Changes from 2024-25 Budget to 2024-25 MYEFO					
Effect of policy decisions(a)	38	466	504	97	1,105
Effect of parameter and other variations	-848	-232	-1,095	-756	-2,932
Total variations	-810	234	-591	-659	-1,827
2024-25 MYEFO net capital investment	5,493	8,288	8,396	11,240	33,417
Changes from 2024-25 MYEFO to 2025-26 Budget					
Effect of policy decisions(a)	-1	122	122	201	444
Effect of parameter and other variations	-33	360	622	584	1,534
Total variations	-33	482	744	786	1,978
2025-26 Budget net capital investment	5,459	8,771	9,140	12,025	35,395
a) Excludes secondary impacts on public debt interest of policy decisions and offsets from the contingency reserve for decisions taken.					

Estimated net capital investment for 2025–26 is \$0.7 billion higher when compared to the estimate for 2025–26 in the 2024–25 Budget. This is driven by an increase of \$0.6 billion from policy decisions and an increase of \$0.1 billion due to parameter and other variations.

Net capital investment estimates by function

Estimates for Australian Government general government sector net capital investment by function for the period 2024–25 to 2028–29 are provided in Table 5.20.

Table 5.20: Estimates of net capital investment by function

	Estimates				
	2024-25	2025-26	2026-27	2027-28	2028-29
	\$m	\$m	\$m	\$m	\$m
General public services	283	582	795	1,421	-411
Defence	5,915	7,029	8,612	11,192	11,671
Public order and safety	202	102	-61	-46	-243
Education	46	30	-2	1	-3
Health	-268	294	-36	-90	-57
Social security and welfare	1	-458	-555	-566	-508
Housing and community amenities	206	227	218	56	33
Recreation and culture	442	286	30	33	-125
Fuel and energy	22	-3	-9	-6	-5
Agriculture, forestry and fishing	615	680	483	75	52
Mining, manufacturing and construction	-36	-22	-23	-38	-53
Transport and communication	-2,063	-22	-69	-43	-7
Other economic affairs	48	-34	-310	-23	-244
Other purposes	46	80	69	58	96
Total net capital investment	5,459	8,771	9,140	12,025	10,196

A significant component of the Government's net capital investment occurs in the defence function and primarily relates to Defence capability investments. Major factors contributing to changes in net capital investment are expected to occur in the following functions:

- **Defence** – the increase in net capital investment from 2025–26 to 2028–29 reflects funding for capability investments prioritised in the *2024 National Defence Strategy* and *2024 Integrated Investment Program*.
- **General public services** – the increase in net capital investment from 2025–26 to 2027–28 followed by the decrease in 2028–29 largely reflects the timing of estimated renewal of property leases that are due to expire and the timing of building and equipment purchases and refurbishment.
- **Social security and welfare** – the decrease in net capital investment over the period 2025–26 to 2028–29 is largely driven by the depreciation and amortisation of prior Commonwealth investments into Services Australia's assets, including ICT capabilities and infrastructure.
- **Housing and community amenities** – the increase in net capital investment from 2024–25 to 2026–27 and decrease in 2027–28 and 2028–29 largely reflects Defence Housing Australia's property investment strategy to meet the housing needs of Australian Defence Force personnel.

- **Recreation and culture** – the decrease in net capital investment over the period 2025–26 to 2028–29 primarily reflects the expected completion of capital investments at the Australian War Memorial, the anticipated timing of projects under the 2024–25 Budget measure *Australian Institute of Sport Site Redevelopment*, various projects being delivered by the Director of National Parks and capital projects at the National Collecting Institutions.
- **Transport and communication** – the variable profile of net capital investment reflects the sale of non-financial assets through the 850/900 MHz spectrum auctions.
- **Other economic affairs** – the profile of net capital investment over the period 2025–26 to 2028–29 primarily reflects forecast renewal of the Department of Home Affairs' property leases.

Table 5.21 reports the acquisition of non-financial assets by function before taking into account depreciation or amortisation.

Table 5.21: Australian Government general government sector purchases of non-financial assets by function

	Estimates				
	2024-25	2025-26	2026-27	2027-28	2028-29
	\$m	\$m	\$m	\$m	\$m
General public services	2,156	2,264	2,444	3,062	1,253
Defence	14,130	14,876	17,047	19,734	21,056
Public order and safety	1,056	966	789	820	625
Education	66	54	21	24	22
Health	275	297	108	52	79
Social security and welfare	982	503	365	307	341
Housing and community amenities	666	638	740	643	571
Recreation and culture	952	812	561	564	421
Fuel and energy	34	12	4	7	8
Agriculture, forestry and fishing	741	802	597	181	143
Mining, manufacturing and construction	15	35	36	24	9
Transport and communication	147	96	48	73	88
Other economic affairs	864	784	522	808	591
Other purposes	51	85	74	63	101
General government purchases of non-financial assets	22,133	22,224	23,355	26,362	25,308

Appendix A: Expense by function and sub-function

Table A.5.1: Estimates of expenses by function and sub-function

	Actual		Estimates			
	2023-24 \$m	2024-25 \$m	2025-26 \$m	2026-27 \$m	2027-28 \$m	2028-29 \$m
General public services						
Legislative and executive affairs	2,125	2,335	1,895	1,803	2,060	1,704
Financial and fiscal affairs	10,666	10,364	10,428	10,353	9,849	9,997
Foreign affairs and economic aid	7,141	8,760	7,878	8,352	8,965	8,951
General research	3,947	4,775	4,527	4,259	4,330	4,425
General services	1,359	1,240	1,287	1,300	1,360	1,443
Government superannuation benefits	6,325	5,578	5,403	5,627	5,938	6,308
Total general public services	31,563	33,052	31,418	31,695	32,502	32,829
Defence	45,103	49,344	51,483	52,567	56,487	61,238
Public order and safety						
Courts and legal services	1,827	1,811	2,003	1,925	1,961	1,974
Other public order and safety	5,912	6,967	7,142	6,120	5,869	5,842
Total public order and safety	7,739	8,778	9,145	8,045	7,830	7,815
Education						
Higher education	10,788	11,515	12,139	12,531	12,985	13,494
Vocational and other education	2,237	2,638	2,671	2,743	2,723	2,407
Schools	29,122	31,082	32,208	33,609	35,003	36,509
<i>Non-government schools</i>	<i>18,021</i>	<i>19,370</i>	<i>19,975</i>	<i>20,808</i>	<i>21,648</i>	<i>22,509</i>
<i>Government schools</i>	<i>11,101</i>	<i>11,712</i>	<i>12,233</i>	<i>12,801</i>	<i>13,356</i>	<i>14,000</i>
School education – specific funding	1,122	956	874	841	832	813
Student assistance	4,434	16,972	5,794	6,114	6,544	6,873
General administration	308	340	344	320	308	302
Total education	48,011	63,503	54,030	56,157	58,395	60,397
Health						
Medical services and benefits	38,593	42,027	44,832	47,291	49,408	51,231
Pharmaceutical benefits and services	19,430	22,036	22,586	22,591	22,593	22,728
Assistance to the states for public hospitals	27,855	30,221	33,928	34,247	36,471	38,841
Hospital services(a)	1,136	1,180	1,226	1,237	1,266	1,161
Health services	14,018	15,152	15,422	14,530	14,744	14,835
General administration	4,334	5,105	5,425	4,697	4,658	4,695
Aboriginal and Torres Strait Islander health	1,224	1,345	1,383	1,309	1,283	1,275
Total health	106,589	117,067	124,803	125,901	130,423	134,767

Table A.5.1: Estimates of expenses by function and sub-function (continued)

	Actual		Estimates			
	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
	\$m	\$m	\$m	\$m	\$m	\$m
Social security and welfare						
Assistance to the aged	94,849	102,448	109,463	114,444	118,849	125,076
Assistance to veterans and dependants	11,002	10,724	10,301	9,422	9,971	9,940
Assistance to people with disabilities	78,996	85,606	90,884	95,037	100,309	106,568
Assistance to families with children	44,107	48,873	52,486	53,486	54,077	55,129
Assistance to the unemployed and the sick	14,859	16,458	16,955	17,257	16,788	17,565
Other welfare programs	1,622	1,760	1,927	1,812	1,711	1,714
Assistance for Indigenous Australians nec	2,853	3,386	3,460	3,357	3,241	3,031
General administration	4,896	5,646	5,489	4,621	4,585	4,589
Total social security and welfare	253,184	274,901	290,966	299,436	309,531	323,612
Housing and community amenities						
Housing	3,979	12,039	4,402	4,066	3,742	3,527
Urban and regional development	1,430	3,521	2,062	1,088	474	414
Environment protection	1,574	2,562	2,488	1,866	1,345	1,185
Total housing and community amenities	6,982	18,122	8,952	7,021	5,562	5,125
Recreation and culture						
Broadcasting	1,689	1,781	1,834	1,867	1,886	1,925
Arts and cultural heritage	2,041	2,348	2,085	2,085	2,095	2,127
Sport and recreation	597	937	1,140	993	1,221	1,539
National estate and parks	761	793	809	764	771	788
Total recreation and culture	5,088	5,859	5,867	5,709	5,974	6,378
Fuel and energy	12,988	16,437	19,237	15,079	16,213	18,273
Agriculture, forestry and fishing						
Wool industry	51	62	62	73	79	84
Grains industry	235	292	305	318	330	340
Dairy industry	55	58	58	58	57	58
Cattle, sheep and pig industry	252	272	279	277	279	274
Fishing, horticulture and other agriculture	464	630	590	531	478	424
General assistance not allocated to specific industries	44	50	54	50	51	52
Rural assistance	326	394	413	379	384	333
Natural resources development	851	1,313	1,265	1,181	571	304
General administration	1,275	1,391	1,400	1,284	1,283	1,287
Total agriculture, forestry and fishing	3,554	4,461	4,427	4,152	3,511	3,156

Table A.5.1: Estimates of expenses by function and sub-function (continued)

	Actual	Estimates				
	2023-24 \$m	2024-25 \$m	2025-26 \$m	2026-27 \$m	2027-28 \$m	2028-29 \$m
Mining, manufacturing and construction	5,123	5,866	5,522	5,511	5,947	6,663
Transport and communication						
Communication	1,654	1,922	1,945	1,810	1,776	1,767
Rail transport	2,852	4,112	3,086	2,805	3,187	3,420
Air transport	368	488	479	384	298	297
Road transport	8,380	8,568	10,135	10,552	10,225	10,180
Sea transport	503	509	563	543	546	551
Other transport and communication	284	381	349	285	287	269
Total transport and communication	14,041	15,980	16,557	16,380	16,320	16,484
Other economic affairs						
Tourism and area promotion	192	197	206	194	194	192
Total labour and employment affairs	6,094	6,104	5,854	5,521	5,397	5,508
<i>Vocational and industry training</i>	2,999	2,599	2,261	1,875	1,787	1,832
<i>Labour market assistance to job seekers and industry</i>	2,164	2,395	2,502	2,572	2,524	2,601
<i>Industrial relations</i>	931	1,111	1,091	1,074	1,085	1,075
Immigration	3,367	3,963	3,895	3,452	3,341	3,311
Other economic affairs nec	3,838	3,799	3,603	3,469	3,332	3,274
Total other economic affairs	13,490	14,063	13,558	12,636	12,263	12,285
Other purposes						
Public debt interest	22,504	23,940	28,429	33,091	37,501	41,715
<i>Interest on Commonwealth Government's behalf</i>	22,504	23,940	28,429	33,091	37,501	41,715
Nominal superannuation interest	13,375	14,241	15,198	15,685	16,084	16,517
General purpose inter-government transactions	94,607	97,382	104,363	109,946	115,684	121,377
<i>General revenue assistance – states and territories</i>	91,305	96,280	100,625	106,358	111,960	117,513
<i>Local government assistance</i>	3,301	1,102	3,738	3,588	3,724	3,863
Natural disaster relief	1,913	1,506	874	612	338	126
Contingency reserve	0	-1,747	842	6,972	12,385	20,639
Total other purposes	132,399	135,322	149,706	166,306	181,992	200,374
Total expenses	685,857	762,756	785,670	806,594	842,949	889,397

a) The hospital services sub-function predominantly reflects Commonwealth funding to the states and territories for veterans' hospital services.