# Appendix B: Supplementary Expenses Table and the Contingency Reserve

## Expenses

Table B.1 shows estimates of Australian Government general government expenses by function and sub‑function for 2024–25 and the forward years.

Table B.1: Estimates of Australian Government general government expenses by function and sub‑function

|  |  |
| --- | --- |
|   | Estimates |
|   | 2024‑25 | 2025‑26 | 2026‑27 | 2027‑28 |
|   |   |   | Change |   |   | Change |   |   | Change |   |   | Change |
|   |   |   | on |   |   | on |   |   | on |   |   | on |
|   | Budget | MYEFO | Budget | Budget | MYEFO | Budget | Budget | MYEFO | Budget | Budget | MYEFO | Budget |
|   | $m | $m | % | $m | $m | % | $m | $m | % | $m | $m | % |
| **General public services** |   |   |   |   |   |   |   |   |   |   |   |  |
| Legislative and executive affairs | 2,216 | 2,340 | 6 | 1,676 | 1,771 | 6 | 1,633 | 1,729 | 6 | 1,840 | 2,015 | 10 |
| Financial and fiscal affairs | 10,227 | 10,391 | 2 | 10,070 | 10,227 | 2 | 10,081 | 10,203 | 1 | 9,814 | 9,755 | ‑1 |
| Foreign affairs and economic aid | 8,730 | 8,774 | 1 | 7,667 | 7,830 | 2 | 8,105 | 8,300 | 2 | 8,632 | 8,902 | 3 |
| General research | 4,485 | 4,740 | 6 | 4,378 | 4,381 | 0 | 4,232 | 4,257 | 1 | 4,276 | 4,320 | 1 |
| General services | 1,253 | 1,258 | 0 | 1,221 | 1,245 | 2 | 1,235 | 1,247 | 1 | 1,268 | 1,291 | 2 |
| Government superannuation |   |   |   |   |   |   |   |   |   |   |   |   |
| benefits | 5,485 | 5,794 | 6 | 5,584 | 5,471 | ‑2 | 5,782 | 5,695 | ‑2 | 6,008 | 6,028 | 0 |
| **Defence** | 47,986 | 48,270 | 1 | 50,046 | 49,858 | 0 | 51,339 | 51,546 | 0 | 55,102 | 55,460 | 1 |
| **Public order and safety** | 8,421 | 8,776 | 4 | 6,993 | 8,258 | 18 | 6,832 | 7,891 | 16 | 6,756 | 7,711 | 14 |
| **Education** | 53,046 | 63,805 | 20 | 53,220 | 54,197 | 2 | 55,093 | 56,267 | 2 | 56,925 | 58,269 | 2 |
| **Health** | 112,693 | 116,887 | 4 | 115,913 | 120,306 | 4 | 118,512 | 122,420 | 3 | 122,801 | 126,688 | 3 |
| **Social security and welfare** | 266,693 | 274,667 | 3 | 282,057 | 291,233 | 3 | 290,665 | 299,647 | 3 | 304,093 | 309,645 | 2 |
| **Housing and community amenities** | 9,999 | 16,208 | 62 | 8,831 | 8,880 | 1 | 7,072 | 7,240 | 2 | 5,629 | 5,707 | 1 |
| **Recreation and culture** | 5,372 | 5,676 | 6 | 5,472 | 5,713 | 4 | 5,423 | 5,505 | 2 | 5,604 | 5,756 | 3 |
| **Fuel and energy** | 20,121 | 16,321 | ‑19 | 13,908 | 18,670 | 34 | 13,794 | 15,420 | 12 | 13,825 | 15,965 | 15 |
| **Agriculture, forestry and fishing** | 4,317 | 4,568 | 6 | 4,079 | 4,286 | 5 | 3,949 | 4,072 | 3 | 3,294 | 3,436 | 4 |
| **Mining, manufacturing**  |   |   |   |   |   |   |   |   |   |   |   |   |
| **and construction** | 5,511 | 5,544 | 1 | 5,563 | 5,528 | ‑1 | 5,776 | 5,639 | ‑2 | 6,172 | 6,044 | ‑2 |

Table B.1: Estimates of Australian Government general government expenses by function and sub‑function (continued)

|  |  |
| --- | --- |
|   | Estimates |
|   | 2024‑25 | 2025‑26 | 2026‑27 | 2027‑28 |
|   |   |   | Change |   |   | Change |   |   | Change |   |   | Change |
|   |   |   | on |   |   | on |   |   | on |   |   | on |
|   | Budget | MYEFO | Budget | Budget | MYEFO | Budget | Budget | MYEFO | Budget | Budget | MYEFO | Budget |
|   | $m | $m | % | $m | $m | % | $m | $m | % | $m | $m | % |
| **Transport and communication** | 16,769 | 15,974 | ‑5 | 16,717 | 16,339 | ‑2 | 16,375 | 16,693 | 2 | 14,656 | 16,086 | 10 |
| **Other economic affairs** |   |   |   |   |   |   |   |   |   |   |   |   |
| Tourism and area promotion | 192 | 205 | 7 | 191 | 193 | 1 | 191 | 190 | ‑1 | 191 | 190 | ‑1 |
| Labour and employment affairs | 5,881 | 6,125 | 4 | 5,575 | 5,697 | 2 | 5,198 | 5,291 | 2 | 5,081 | 5,136 | 1 |
| Immigration | 3,699 | 4,008 | 8 | 3,147 | 3,467 | 10 | 3,156 | 3,499 | 11 | 3,088 | 3,400 | 10 |
| Other economic affairs nec | 3,614 | 3,701 | 2 | 3,300 | 3,360 | 2 | 3,187 | 3,256 | 2 | 3,151 | 3,222 | 2 |
| **Other purposes** |   |   |   |   |   |   |   |   |   |   |   |   |
| Public debt interest | 24,107 | 24,380 | 1 | 28,269 | 28,963 | 2 | 32,432 | 33,897 | 5 | 35,744 | 38,338 | 7 |
| Nominal superannuation interest | 14,620 | 14,241 | ‑3 | 15,126 | 15,037 | ‑1 | 15,610 | 15,518 | ‑1 | 16,054 | 15,962 | ‑1 |
| General purpose inter‑government |   |   |   |   |   |   |   |   |   |   |   |   |
| transactions | 97,995 | 97,760 | 0 | 102,937 | 105,037 | 2 | 108,329 | 110,091 | 2 | 112,941 | 114,594 | 1 |
| Natural disaster relief | 921 | 810 | ‑12 | 676 | 814 | 20 | 408 | 569 | 39 | 314 | 332 | 6 |
| Contingency reserve | 167 | ‑2,575 | ‑1,642 | 14,674 | 7,856 | ‑46 | 19,357 | 12,898 | ‑33 | 26,496 | 20,394 | ‑23 |
|   |   |   |   |   |   |   |   |   |   |   |   |   |
| **Total expenses** | **734,518** | **758,648** | **3** | **767,290** | **784,618** | **2** | **793,765** | **808,980** | **2** | **829,755** | **844,646** | **2** |

## 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). Since the 2024–25 Budget, the allowance has been drawn down to:

* ¼ of a percentage point of total general government sector expenses (excluding GST payments to the states) in the first forward year 2025–26 ($1.7 billion)
* ¾ of a percentage point of expenses in the second forward year 2026–27 ($5.3 billion)
* 1½ of a percentage point of expenses in the third forward year 2027–28 ($10.9 billion).

The drawdown of the CBA reduced expenses by $1.6 billion in 2025–26, $1.5 billion in 2026–27, and $3.2 billion in 2027–28. 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 policy changes that may impact the budget estimates.