

# **MID-YEAR ECONOMIC AND FISCAL OUTLOOK 2005-06**

STATEMENT BY  
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December 2005

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ISBN 0 642 74308 8

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Printed by CanPrint Communications Pty Ltd

# FOREWORD

The *Mid-Year Economic and Fiscal Outlook 2005-06* (MYEFO) has been prepared in accordance with the *Charter of Budget Honesty Act 1998*. The Charter requires that the Government provide a mid-year budget report which provides updated information to allow the assessment of the Government's fiscal performance against its fiscal strategy.

Consistent with these requirements:

- **Part 1: Overview** – contains summary information on the key fiscal and economic indicators.
- **Part 2: Economic outlook** – discusses the domestic and international economic forecasts that underpin the budget estimates.
- **Part 3: Fiscal outlook** – provides a discussion of the budget outlook and a summary of the factors explaining variations in the operating statement, balance sheet and cash flow statement since the 2005-06 Budget. This part also discusses the sensitivity of the forward budget estimates to changes in major economic parameters.
- **Appendix A: Policy decisions taken since the 2005-06 Budget** – provides details of decisions taken since the 2005-06 Budget that affect revenue, expenses and capital estimates.
- **Appendix B: Government Finance Statistics (GFS) statements** – provides the general government and consolidated whole of government financial statements on a GFS basis, consistent with the *Accrual Uniform Presentation Framework*.
- **Appendix C: Australian Accounting Standards (AAS) financial statements** – provides AAS statements and notes to the financial statements.
- **Appendix D: Statement of Risks** – provides details of general developments or specific events that may have an impact on the fiscal position, and contingent liabilities which are costs the government may possibly face, some of which are quantified.
- **Appendix E: Financial reporting standards and budget concepts** – provides a discussion of key budget concepts relevant to the MYEFO and the external reporting standards upon which the MYEFO is based.
- **Appendix F: Historical Australian Government data** – provides historical data for the Australian Government's key fiscal aggregates.



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## NOTES

- (a) The following definitions are used in the MYEFO:
- ‘real’ means adjusted for the effect of inflation;
  - real growth in expenses is measured by the non-farm Gross Domestic Product (GDP) deflator;
  - one billion is equal to one thousand million; and
  - the budget year refers to 2005-06, while the forward years refer to 2006-07, 2007-08 and 2008-09.
- (b) Figures in tables and generally in the text have been rounded. Discrepancies in tables between totals and sums of components are due to rounding:
- estimates under \$100,000 are rounded to the nearest thousand;
  - estimates \$100,000 and over are generally rounded to the nearest tenth of a million;
  - estimates midway between rounding points are rounded up; and
  - the percentage changes in statistical tables are calculated using unrounded data.
- (c) For the budget balance, a negative sign indicates a deficit while no sign indicates a surplus.
- (d) The following notations are used:
- |         |   |
|---------|---|
| *       | The nature of this measure is such that a reliable estimate cannot be provided. |
| NEC/nec | not elsewhere classified  |
| -       | nil   |
| ..      | not zero, but rounded to zero   |
| na      | not applicable (unless otherwise specified)                                     |
| nfp     | not for publication   |
| \$m     | \$ million  |
| \$b     | \$ billion  |

(e) The Australian Capital Territory and the Northern Territory are referred to as 'the Territories'. References to the 'States' or 'each State' include the Territories. The following abbreviations are used for the names of the States, where appropriate:

NSW      New South Wales

VIC      Victoria

QLD      Queensland

WA      Western Australia

SA      South Australia

TAS      Tasmania

ACT      Australian Capital Territory

NT      Northern Territory





## PART 1: OVERVIEW

The economic and fiscal outlook for Australia remains strong. The Australian economy is expected to grow solidly in 2005-06, with the forecast for real economic growth unchanged since the 2005-06 Budget, notwithstanding the September quarter National Accounts. Strong fiscal outcomes are forecast and projected across the forward estimates.

An underlying cash surplus of \$11.5 billion is forecast for 2005-06, stronger than forecast at Budget, largely reflecting an increase in estimated cash receipts only partially offset by an increase in cash payments.

The increase in estimated cash receipts since the 2005-06 Budget reflects increased dividends principally special dividends from Telstra, prior year corporate profits affecting this year's company tax receipts, and strong employment growth affecting personal withholding receipts.

The increase in estimated cash payments largely reflects policy measures announced since Budget, including additional drought relief to support drought affected regions, improving access to communications infrastructure in rural and regional Australia, and a structural adjustment package for the Australian fishing industry to help secure fish stocks.

Table 1 presents the fiscal and underlying cash balances for 2005-06 and the forward years.

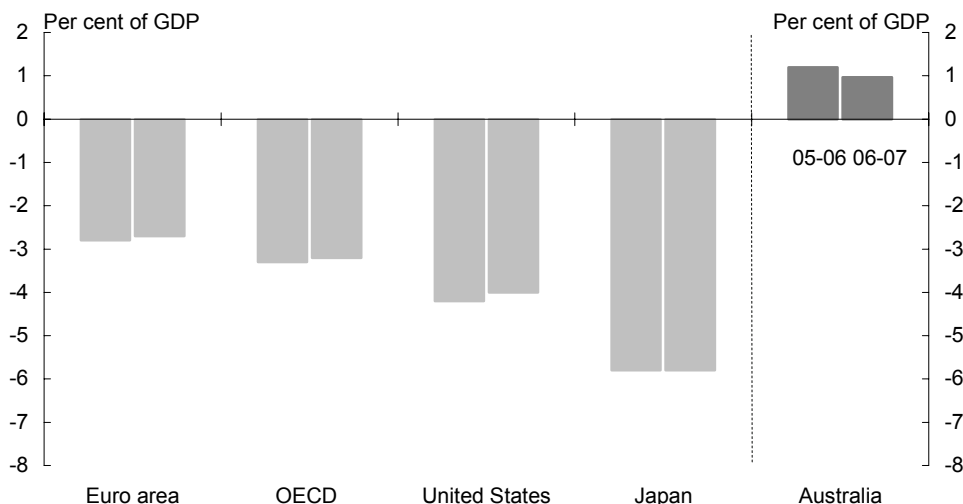
**Table 1: Summary of budget aggregates**

	Estimates			
	2005-06		2006-07	
	Budget	MYEFO	Budget	MYEFO
<b>Underlying cash balance (\$b)(a)</b>	<b>8.9</b>	<b>11.5</b>	<b>7.9</b>	<b>9.7</b>
Per cent of GDP	1.0	1.2	0.8	1.0
<b>Fiscal balance (\$b)</b>	<b>7.4</b>	<b>10.4</b>	<b>7.5</b>	<b>9.7</b>
Per cent of GDP	0.8	1.1	0.8	1.0
	Projections			
	2007-08		2008-09	
	Budget	MYEFO	Budget	MYEFO
<b>Underlying cash balance (\$b)(a)</b>	<b>8.5</b>	<b>10.1</b>	<b>9.3</b>	<b>10.7</b>
Per cent of GDP	0.8	1.0	0.9	1.0
<b>Fiscal balance (\$b)</b>	<b>8.0</b>	<b>11.0</b>	<b>9.0</b>	<b>11.8</b>
Per cent of GDP	0.8	1.0	0.9	1.1

(a) Excludes expected Future Fund earnings.

The underlying cash surpluses projected for the future years emphasise Australia's sound fiscal outlook at a time when many of the major advanced economies are continuing to experience significant deficits.

**Chart 1: International comparison of budget balances 2006 and 2007<sup>(a)</sup>**



(a) International data are for the total general government sector, sourced from OECD Economic Outlook 78, November 2005. Australian data is for the Australian Government general government sector.

In accrual terms, the fiscal balance is expected to record a \$10.4 billion surplus in 2005-06, higher than was forecast at the 2005-06 Budget. The fiscal balance is expected to remain in surplus over the forward estimates.

Further details on the accrual and cash budget estimates are provided in Part 3.

## DOMESTIC AND INTERNATIONAL ECONOMIC OUTLOOK

The Australian economy is expected to grow solidly in 2005-06 and 2006-07, with GDP forecast to increase by 3 per cent in both years. While the forecast for GDP growth in 2005-06 is unchanged from that presented in the 2005-06 Budget, there have been some changes to the composition of growth. Business and dwelling investment are anticipated to be stronger than forecast at budget, while consumption and exports are expected to be weaker.

The outlook for the global economy remains favourable. The forecast for world growth has improved from Budget, with growth up  $\frac{1}{4}$  of a percentage point in 2005 to  $4\frac{1}{2}$  per cent, and  $\frac{1}{2}$  of a percentage point higher in 2006 to  $4\frac{1}{2}$  per cent. Major trading partner growth is expected to be  $\frac{1}{2}$  of a percentage point higher in each year, reflecting stronger growth in China, Japan and India.

In Australia, consumption is expected to moderate over 2005-06 and 2006-07, from the very strong growth of recent years. While the increase in petrol prices during 2005 will have contributed to the slowing in consumption, the moderation predominantly reflects the plateau in house prices. Dwelling investment has also moderated, although the current dwelling cycle is likely to be very muted compared with past cycles. In

contrast, business investment remains strong and is expected to continue to grow strongly over the forecast period. Strong demand for commodities and high rates of capacity utilisation should support business investment.

Exports are expected to grow more quickly in 2005-06 and 2006-07 than in recent years. The downward revision to export growth from Budget in 2005-06 reflects the lingering effects of disappointing winter crops in 2004 and lower growth in oil production than anticipated. Non-rural commodities are expected to be the main driver of export growth.

While employment has grown rapidly over the past year, growth is expected to ease over 2005-06, although remain strong enough to maintain the unemployment rate around its current low levels. Inflation is expected to rise in 2005-06 ahead of what was forecast at Budget, reflecting increases in petrol prices. In line with moderating employment and wage growth and assumed stable oil prices, headline inflation should ease from near the top to around the middle of the target band in 2006-07. Underlying inflationary pressures are expected to remain contained during this period of high headline inflation.

The risks to the domestic economy are around developments in non-rural commodities including oil, and the ongoing adjustment in housing and consumption. High commodity prices and the associated boom in resources activity are providing substantial impetus to the Australian economy. While these influences are expected to begin to wane, they are likely to continue to support growth over the forecast period. It may be the case that prices of non-rural commodities remain higher than expected, stimulating stronger growth in incomes than is currently forecast. To date, growth in non-rural commodity export volumes has been weaker than anticipated. If this sluggishness were to persist, GDP growth may be lower than forecast.

Were oil prices to continue to rise, this would present an upside risk to inflation and a downside risk to growth. However, to date, both the global and domestic economies have adapted remarkably well to higher oil prices. As noted at Budget, the risk of a disorderly adjustment in the housing market has continued to abate. However, it is still possible that consumption growth declines more than anticipated reflecting the cessation of rapid growth in house prices.

Table 2 presents the major economic parameters used in preparing the *Mid-Year Economic and Fiscal Outlook 2005-06*. The parameters for 2005-06 and 2006-07 are forecasts while those for 2007-08 and 2008-09 are projections. The projections of economic growth are based on analysis of underlying trends in employment and productivity combined with certain technical assumptions. As at Budget, commodity prices are assumed to return to their long-run average level over the two projection years. For a discussion of changes to the projections of employment and wages from 2008-09 onwards and commodity price assumptions, see the 2005-06 Budget. The projections of inflation are consistent with the medium-term inflation target band.

**Table 2: Major economic parameters**<sup>(a)</sup>

	Forecasts		Projections	
	2005-06	2006-07	2007-08	2008-09
Real GDP	3	3	3 1/2	3 1/4
Employment	2	1	1 1/2	1 1/4
Wage Price Index	4 1/4	4	3 3/4	4
CPI	3	2 1/2	2 1/2	2 1/2

(a) Year-average percentage change.

## PART 2: ECONOMIC OUTLOOK

The Australian economy is expected to grow solidly in 2005-06 and 2006-07, with GDP forecast to increase by 3 per cent in both years. The forecast for GDP growth in 2005-06 is unchanged from that presented in the 2005-06 Budget. An acceleration of exports is expected to support economic growth, while growth in household consumption and dwelling investment is expected to be relatively subdued. This gradual rebalancing of growth from domestic to external sources is desirable and will underpin the sustainability of the current economic expansion. A major change to the economic environment since the Budget has been a further increase in oil prices. As the effects of these higher oil prices flow through the economy, inflation is expected to rise to 3 per cent in 2005-06, before easing back to 2½ per cent in 2006-07.

Prospects for world economic growth remain favourable. World GDP is forecast to grow by 4½ per cent in 2005, ¼ of a percentage point higher than at Budget. In 2006, world GDP is forecast to grow by 4½ per cent, up from the 4 per cent forecast in the 2005-06 Budget. The revised forecasts reflect an improved outlook for the economies of China, Japan and India. Strong growth in the world economy is contributing to higher prices for some commodities, notably oil, coal and iron ore.

The effects of high commodity prices on the Australian economy have been significant. Australia's real purchasing power increased strongly in 2004-05, with real gross domestic income increasing by 4.1 per cent, well above the GDP growth rate of 2.4 per cent. Gross domestic income is also forecast to increase faster than GDP in 2005-06, as the effect of higher coal and iron ore prices flows through to export income. As additional supply of coal and iron ore reaches world markets, their prices are forecast to stabilise in 2006, but still remain well above the prices that prevailed before 2004.

The strong growth in incomes has been supporting domestic spending, with gross national expenditure expanding by 4.1 per cent in 2004-05. Gross national expenditure is forecast to slow to 3½ per cent in 2005-06 and 3¼ per cent in 2006-07, mainly reflecting slower forecast growth for household consumption.

Household consumption grew quickly in 2004-05. In recent quarters, higher petrol prices and slower growth in housing wealth have constrained household spending and consumption growth in 2005-06 is expected to be lower than in 2004-05. However, consumption will continue to be supported by strong employment and 2005-06 Budget measures that provide tax cuts and increased support for families.

Business investment is expected to remain solid in both 2005-06 and 2006-07 as businesses take advantage of strong balance sheets to fund increases in productive capacity. The latest expectations data from the Australian Bureau of Statistics indicate that business investment growth should be broadly based across industries. Investment in the mining sector will continue to be spurred by high commodity prices.

Strong world demand is expected to support solid export growth in 2005-06 and 2006-07. An expansion of output in the mining sector will contribute to higher growth in non-rural commodity exports. High commodity prices are likely to continue to support the exchange rate, which will constrain growth in manufactured and service exports, as will strong competition from newly industrialising countries. World tourism continues to be affected by security and health-related concerns.

Employment growth was very strong through 2004-05, leading to a fall in the unemployment rate to 28-year lows. Employment growth is forecast to slow through 2005-06 and 2006-07 in response to slower GDP growth through late 2004 and early 2005. Easing employment growth should see the unemployment rate stabilise near current levels.

Aggregate wage growth has increased reflecting tighter labour market conditions over the past year. Wage growth is expected to peak in 2005-06, before slowing in 2006-07. The increase in wage growth has been concentrated in those sectors experiencing strong demand, such as construction and mining, with a smaller pass-through to wage outcomes in other sectors than would have been the case in the past. This enhanced relative wage flexibility is a benefit of Australia's more efficient labour market and reduces the propensity of higher wage outcomes in some sectors to flow through to higher consumer prices.

Higher petrol prices are forecast to contribute  $\frac{1}{2}$  of a percentage point to inflation through the year to the June quarter 2006. As a result, headline inflation is expected to be 3 per cent in 2005-06, before falling back to  $2\frac{1}{2}$  per cent in 2006-07. Inflation expectations remain well-anchored and the second-round effects from higher petrol prices are expected to be modest.

## **RISKS TO THE OUTLOOK**

As identified at Budget, the path of commodity prices remains an important risk for the Australian economy. The timing and extent of the expected increase in the world supply of commodities and the likely reversion of prices to more normal levels is uncertain. In the forecast period, aggregate non-rural commodity prices are expected to stabilise and remain at very high levels compared with the experience of recent years. Beyond the forecast period, a broader fall in non-rural commodity prices is incorporated into the projections – this follows the methodology adopted in the 2005-06 Budget.

Oil prices are assumed to remain high over the forecast period, in line with expectations from the futures market. Nevertheless, conditions in the oil market are volatile, making the future path of oil prices uncertain. Were oil prices to increase above their current levels, it is likely that consumption growth would slow by more than expected. However, to the extent that any increase was reflected in the prices of

other energy products such as coal and liquefied natural gas, Australia may benefit through a higher terms of trade.

Strengthening wage growth has been largely confined to particular industries and geographic regions that have been experiencing strong growth. To date, strong wage growth in some sectors has not spilled over into more generalised wage pressures. However, the risk that higher wage demands may flow to other sectors remains, particularly as higher petrol prices push headline inflation temporarily higher. Were higher wage demands to be met without offsetting productivity increases, then this would present an upside risk to the inflation forecasts.

House prices have begun to adjust following the run-up experienced through the first half of this decade. Prices have plateaued in most capital cities over the past year, and fallen in some. This steady adjustment path is expected to continue over the next few years. Nevertheless, there remains a risk that a shock to the economy could induce a sharper adjustment in house prices, with negative implications for consumption and dwelling investment. Even without a large fall in house prices, there is still a possibility that consumption is weaker than expected, with households choosing to consolidate their balance sheets more rapidly.

Forecasts for world growth have been revised up since Budget, with some earlier risks affecting the near term outlook ameliorating somewhat. Nevertheless, some negative risks remain. In particular, while oil prices have moderated from spikes in August and September they remain relatively high and volatile. A sustained period of high oil prices could adversely affect global growth. In addition, there remains the potential for a disorderly adjustment of global saving and investment imbalances. Such an outcome could have substantial impacts on exchange rates and global growth. Notwithstanding these downside risks, several factors continue to support the global expansion. Monetary policy is still, on balance, accommodative; corporate balance sheets are strong; and financial market conditions are generally benign across most regions.

## **INTERNATIONAL ECONOMIC OUTLOOK**

At Budget, the world economy was slowing from the exceptional pace recorded in 2004. The return to a more sustainable, but still robust, growth path in 2005 reflects the unwinding of expansionary monetary and fiscal policies across a wide group of economies and higher oil prices. In 2006, barring major unforeseen events, monetary policy in the United States should be less accommodative than in 2005 and oil prices are likely to remain at high levels (although below the peaks reached in late August 2005). The global economic outlook remains positive, given the expected continuation of robust growth in the US, the strong performance of the Chinese and Indian economies, and the recovery in Japan.

The August and September hurricanes in the Gulf of Mexico caused major disruptions to already tight global energy markets. However the world economy appears to have

weathered the impacts of this disruption, and growth remains on track. This resilience is testament to the strength of the underlying fundamentals supporting the global economy, particularly benign financial conditions and the healthy corporate balance sheets in the major regions. Some inflationary pressures are emerging, but inflation expectations remain reasonably well contained.

The world growth forecast for 2005 has been revised to 4½ per cent, ¼ of a percentage point higher than at Budget, while the 2006 forecast has been revised to 4½ per cent, ½ of a percentage point higher than at Budget (Table 3). Major trading partner (MTP) growth is expected to be 4¼ per cent in 2005 and 2006, an upward revision from Budget of ½ of a percentage point in each year. These upward revisions are due largely to higher expected growth in China, Japan and India.

**Table 3: International GDP growth forecasts**<sup>(a)(b)</sup>

	Actual	Forecasts	
	2004	2005	2006
United States	4.2	3 3/4	3 1/2
Euro area	2.0	1 1/2	1 3/4
Japan	2.3	2 1/2	2
China	9.5	9 1/4	8 3/4
Other East Asia(c)	6.1	4 3/4	5
Major Trading Partners	4.9	4 1/4	4 1/4
Total OECD	3.4	2 3/4	3
World	5.1	4 1/2	4 1/2

(a) Percentage change from preceding year.

(b) Growth rates for the World and euro area are calculated using GDP weights based on purchasing power parity, while growth rates for Major Trading Partners and other East Asia are calculated using export trade weights.

(c) Other East Asia comprises Korea, Singapore, Taiwan, Hong Kong, Indonesia, Malaysia, Thailand, and the Philippines.

Source: National statistical publications, IMF and Treasury.

The economic expansion in the **United States** has matured, and growth is expected to remain around recent trend rates. US growth is forecast to be 3¾ per cent in 2005 and 3½ per cent in 2006.

To date, domestic demand has shown a high degree of resilience to tightening policy and adverse economic shocks, and is likely to remain the key driver of growth. Conditions for business investment remain positive, with corporate profits around record levels and external financing conditions still favourable. Against this background, the labour market is expected to continue to firm at a steady pace. Combined with recent increases in house prices, this should provide support for household consumption as the effects of higher interest rates and energy prices take hold.

Headline inflation has spiked in recent months reflecting the effects of higher petrol prices, although, to date, underlying measures of inflation remain contained. A key



risk remains that higher energy prices could result in more generalised inflationary pressure, particularly as excess capacity in the economy is reduced.

In **Japan**, economic activity has picked up since budget, with GDP growing by 2.9 per cent through the year to the September quarter 2005. GDP growth to date in 2005 has been relatively balanced, with contributions from nearly all sectors of the economy. This growth pattern is encouraging for a sustainable economic recovery. The deflation that has plagued the economy for over five years is waning and the decade long decline in asset prices appears to have bottomed out.

Growth in the **Chinese** economy has been stronger than anticipated, with GDP expanding by 9.4 per cent through the year to the September quarter 2005. Recent signs suggest that this growth is being underpinned by a recovery in domestic demand, following a slowdown engineered by the Chinese authorities in response to the investment boom in 2004. A shift in investment from overheated sectors to those experiencing bottlenecks suggests that current levels of investment may be less worrisome than in the past, particularly as this investment is being led by the private sector rather than state-owned enterprises. While expectations remain for a gradual deceleration in growth, the timing of the slowdown has been pushed out.

In the **rest of East Asia**, economic activity moderated in the first half of 2005, reflecting higher oil prices, weaker Chinese imports, and slower world demand for information and communication technology (ICT) products. High oil and commodity prices and the reduction of oil subsidies generated inflationary pressures in some East Asian economies, prompting central banks to tighten monetary policy. The outlook is for growth to pickup in 2006, supported by an upturn in the world ICT cycle and solid domestic demand, particularly in Korea. However, high and volatile oil prices remain a significant risk to East Asia, due to the region's heavy dependence on oil imports and because oil costs form a relatively large part of these economies' expenditure baskets.

Expectations for **euro area** GDP growth in 2005 have remained on track since Budget, but the 2006 forecast has been revised down by  $\frac{1}{4}$  of a percentage point to  $1\frac{3}{4}$  per cent. GDP grew by 0.6 per cent in the September quarter 2005 to be 1.6 per cent higher through the year. This growth was supported by accommodative monetary conditions, a pick-up in business investment, and a positive contribution from net exports. The recovery remains fragile however, as consumption and household sentiment indicators remain weak, partly due to high oil prices. Headline inflation in the euro area is around  $2\frac{1}{2}$  per cent and the European Central Bank raised official interest rates in December 2005 to  $2\frac{1}{4}$  per cent, noting that monetary conditions are still accommodative. The euro area unemployment rate has steadily declined in 2005 to be 8.3 per cent in October.

In the **United Kingdom**, growth has moderated from the strong pace recorded in 2004. GDP increased by 0.4 per cent in the September quarter, to be 1.6 per cent higher through the year. Consumption growth fell away markedly in the first half of 2005, reflecting the lagged effects of past interest rate increases, sharp reductions in house

price growth and some easing in the labour market. Recent indicators suggest that growth is expected to pick up in 2006 and 2007.

The risks to the near term world economic outlook are broadly balanced. A positive development is the broadening of world growth, with the strengthening of the Japanese economy and an expected improvement in activity in the euro area. Though oil prices have moderated somewhat from the highs experienced in August and September following the hurricanes in the Gulf of Mexico, they remain high and volatile. A sustained period of high oil prices could adversely affect world growth. To date, the inflationary effects of high oil prices have been limited, with significant second round effects yet to be seen in most major economies and regions.

There remains the potential for a disorderly adjustment of global saving and investment imbalances. Such an outcome could affect exchange rates and global growth. Since Budget, global imbalances have continued to widen, with the US current account deficit now at a record 6.4 per cent of GDP. In oil exporting nations, such as Saudi Arabia, higher oil prices have led to considerable increases in public saving.

That said, several factors are supporting the global expansion, particularly accommodative monetary policy, generally benign global financial market conditions, and strong corporate balance sheets in the major regions.

## **DOMESTIC FORECASTS**

The forecasts for the domestic economy are underpinned by several technical assumptions. The exchange rate is assumed to remain around the average level of recent months (a trade weighted index of around 64 and a \$US exchange rate of around 74c). Interest rates are assumed to remain unchanged at current levels. World oil prices (West Texas Intermediate) are assumed to remain around \$US60 per barrel until June 2007, in line with current market expectations. The farm sector forecasts are based on an assumption of average seasonal conditions in 2006-07.

The Australian economy is forecast to grow by 3 per cent in both 2005-06 and 2006-07. The key domestic economic forecasts are summarised in Table 4.

**Table 4: Domestic economy forecasts<sup>(a)</sup>**

	2004-05	2005-06	
	Outcomes(b)	Forecasts	
		Year average	Budget Year average
<b>Panel A - Demand and output(c)</b>			
Household consumption	4.3	3 1/4	2 3/4
Private investment			
Dwellings	-1.6	-2	0
Total business investment(d)	12.2	6	11
Non-dwelling construction(d)	7.7	2	8
Machinery and equipment(d)	16.5	7	13
Private final demand(d)	4.5	3 1/2	3 3/4
Public final demand(d)	4.4	3 3/4	3
Total final demand	4.5	3 1/2	3 1/2
Change in inventories(e)			
Private non-farm	-0.3	1/4	0
Farm and public authorities(f)	-0.1	0	0
Gross national expenditure	4.1	3 3/4	3 1/2
Exports of goods and services	2.5	7	4
Imports of goods and services	12.0	8	7
Net exports(e)	-2.0	-1	- 3/4
Gross domestic product	2.4	3	3
Non-farm product	2.6	3	3
Farm product	-6.5	5	0
<b>Panel B - Other selected economic measures</b>			
External accounts			
Terms of trade	10.0	12 1/4	9 1/2
Current account balance			
\$billion	-57.5	-48	-51 1/2
Percentage of GDP	-6.4	-5 1/4	-5 1/2
Labour market			
Employment (labour force survey basis)	3.0	1 3/4	2
Unemployment rate (per cent)	5.3	5	5 1/4
Participation rate (per cent)	64.0	63 3/4	64 1/4
Prices and wages			
Consumer Price Index	2.4	2 3/4	3
Gross non-farm product deflator	3.9	4 1/2	4
Wage Price Index	3.8	4	4 1/4

(a) Percentage change on preceding year unless otherwise indicated.

(b) Calculated using original data. Outcomes have been calculated using September 2005 Quarterly National Accounts, where possible.

(c) Chain volume measure.

(d) Excluding transfers of second-hand asset sales from the public sector to the private sector.

(e) Percentage point contribution to growth in GDP.

(f) For presentational purposes, forecast changes in inventories held by privatised marketing authorities are included with the inventories of the farm sector and public marketing authorities.

Source: Australian Bureau of Statistics (ABS) Cat. No. 5206.0, 5302.0, 6202.0, 6401.0, unpublished ABS data and Treasury.

**Household consumption** is forecast to grow by 2¾ per cent in both 2005-06 and 2006-07, significantly slower than the 4.3 per cent growth recorded in 2004-05. A slowing in household consumption was evident through the year to the September quarter 2005, suggesting that the combined impact of lower growth in housing wealth, higher debt servicing ratios and higher petrol prices are affecting households' consumption decisions. Despite the anticipated consolidation of household finances over the next two years, continuing high house prices are likely to result in further increases in household debt-to-income levels.

Petrol prices increased from an average of around \$0.60 per litre in early 1999 to close to \$1.00 per litre in late 2000 and remained around that level until early 2005. The increase in oil prices in 2005, however, has seen petrol prices move significantly higher, to average between \$1.20 and \$1.30 per litre in recent months. Following this increase, there has been some evidence of increased usage of public transport and a shift to purchases of more fuel efficient vehicles by some households, but it is difficult for households to reduce their consumption of petrol in the short run. Therefore, higher petrol prices are expected to remain a significant factor for household budgets through 2005-06, reducing the scope for faster growth in the volume of consumption.

Very strong employment growth has supported household incomes over the past year, partly offsetting the negative impact of higher petrol prices. Employment growth is expected to slow through 2005-06 in response to relatively slow GDP growth through 2004-05, but household incomes will continue to benefit from the tax cuts and increases to family assistance announced in the 2005-06 Budget.

**Dwelling investment** plateaued through 2004-05, after strong growth in earlier years. Dwelling investment is expected to be flat in 2005-06. The current housing construction cycle has been very moderate compared with past cycles, in part reflecting the stability of the broader macroeconomic environment. The sharp run-up in established house prices experienced in the first half of this decade has come to an end and the adjustment process to date has been very orderly. The forecasts assume that established house prices remain flat on average as this adjustment process continues.

The investor segment of the housing market, in particular, has been affected by the slowdown in house price growth. By mid-2005, finance for investor housing had fallen to a little above \$5 billion per month, well below its peak of \$7.7 billion in October 2003. Finance for owner occupied housing, in contrast, has surpassed its 2003 peak, and first home buyers are moving back into the housing market in larger numbers. These trends are expected to continue into 2005-06.

**Business investment** is expected to grow by 11 per cent in 2005-06 and 7 per cent in 2006-07. Growth in both non-dwelling construction and machinery and equipment investment is expected to be strong through the forecast period.

As outlined at Budget, strong world demand for commodities is spurring investment in the mining industry. This has led to substantial activity on mining production

facilities and associated infrastructure, particularly in Western Australia. With commodity prices expected to remain high for some time yet, the incentive to invest remains strong. The Australian Bureau of Statistics' most recent CAPEX survey estimate of mining investment intentions for 2005-06 was 23.4 per cent higher in nominal terms than the equivalent estimate for 2004-05. The CAPEX survey also pointed to strong investment intentions for other industries in 2005-06, with expectations for the manufacturing and other selected industries categories also increasing by around 16 per cent on the equivalent 2004-05 estimates. These increases would build on the widespread increase in business investment seen since early 2002.

**Public final demand** is forecast to grow by 3 per cent in 2005-06 and 2¾ per cent in 2006-07. Continuing solid public investment spending is expected to support growth in 2005-06 and 2006-07.

**Net exports** are expected to subtract ¾ of a percentage point from GDP growth in 2005-06 and ½ of a percentage point in 2006-07. Export growth is forecast to increase in 2005-06, with the largest contribution coming from non-rural commodity exports. Import growth is expected to ease in 2005-06 and 2006-07 as gross national expenditure slows.

**Exports** are forecast to increase by 4 per cent in 2005-06 and 6 per cent in 2006-07. Rural exports are expected to fall in 2005-06, before increasing in 2006-07, while the other categories of exports are expected to grow solidly in both years.

Disappointing winter crops in 2004 led to a fall in rural export volumes that will be felt into 2005-06. While dry weather conditions earlier in 2005 saw a smaller area planted for winter crops than would normally be the case, good spring weather conditions have resulted in higher yields. Improved weather conditions this spring will also assist with rebuilding livestock numbers after the drier conditions of recent years.

Non-rural commodity exports are expected to grow strongly over the next two years reflecting significantly increased capacity in the mining sector. However, since Budget, forecast growth for non-rural commodity exports has been revised down. This partly reflects lower than expected growth in oil production. Exports fell in the September quarter 2005, reflecting delays to the export of some liquefied natural gas and iron ore from Western Australia and the closure of the Hay Point coal terminal in Queensland for upgrade work. These factors are expected to be temporary and, as they recede, export growth is expected to lift significantly in coming quarters.

Exports of elaborately transformed manufactures (ETMs) are forecast to grow solidly over the next two years, supported by continuing strong world growth. Two factors are, nevertheless, likely to continue to constrain ETM export growth over the period ahead. Australian manufacturers are facing increased competition from manufacturers in industrialising countries and high commodity prices may also be contributing to the exchange rate remaining higher than would otherwise be the case.

Service exports are expected to grow only slowly over the next two years. As for ETM exports, strong world demand will support service exports, partly offset by the effects of the exchange rate. Exports of tourism services are also likely to be constrained by continuing global health and security concerns.

**Imports** are forecast to grow by 7 per cent in 2005-06, before slowing to 6 per cent in 2006-07. The forecast for import growth reflects the expected slowing in gross national expenditure. Falling prices for a range of imported consumer and capital goods, particularly those with a high technology component, should support growth in those categories of imports.

The **terms of trade** are expected to increase by 9½ per cent in 2005-06 before falling by ½ per cent in 2006-07. The expected increase in 2005-06 largely reflects movements in contract prices for Australia's coal and iron ore exports. The expected increase, if realised, will take the terms of trade to around 30-year highs.

New contracts negotiated in early 2005 were for an increase in iron ore prices of around 70 per cent and an increase in metallurgical coal prices of around 120 per cent. These increases have already begun to affect the terms of trade and will continue to do so into 2006 as existing contracts are fulfilled and rolled over. Iron ore and coal prices are expected to stabilise in the next round of contract negotiations, although there is considerable uncertainty around this forecast.

The **current account deficit** (CAD) is expected to narrow to around 5½ per cent of GDP in 2005-06. Increasing commodity prices are contributing to an improvement in the trade deficit, but this is being partially offset by an increase in the net income deficit as the ownership of part of the additional profits accrues overseas.

**Employment** growth was very strong in 2004-05, supported by high levels of activity in the construction and mining sectors of the economy. Employment is expected to slow to 2 per cent in 2005-06 and 1 per cent in 2006-07 in response to the lower GDP growth experienced through 2004-05. This would imply a cyclical rebound in productivity growth.

The unemployment rate is anticipated to remain around 5¼ per cent in 2005-06, slightly above the Budget forecast. In 2006-07, the unemployment rate is expected to stay at 5¼ per cent.

**Wage** growth is expected to increase in 2005-06 following strong growth in employment, before moderating in 2006-07 as employment growth eases. The Wage Price Index is forecast to grow by 4¼ per cent in 2005-06 and 4 per cent in 2006-07. Tight labour market conditions in some sectors, such as mining and construction, have led to substantial relative wage movements. However, these pressures are not expected to spill over into significant generalised wage increases.

**Inflation** is forecast to increase to 3 per cent in 2005-06, before falling back to 2½ per cent in 2006-07. The forecast rise in inflation in 2005-06 largely reflects higher oil prices, with petrol prices expected to add around ½ of a percentage point to inflation through the year to the June quarter 2006. While the increase in petrol prices has led to some increases in other prices, particularly in the transport sector, the overall impact is expected to remain contained.

The cyclical slowing in labour productivity over the past year has contributed to an acceleration of unit labour costs. However, as noted, with employment growth slowing through 2005-06 and 2006-07, labour productivity growth is expected to strengthen. This will cause growth in unit labour costs to moderate through 2006-07, reducing the pressure on inflation from labour costs.





## PART 3: FISCAL OUTLOOK

### OVERVIEW

The Australian Government's underlying cash surplus for 2005-06 is estimated to be \$11.5 billion, an improvement on the 2005-06 Budget forecast. In accrual terms, a fiscal surplus of \$10.4 billion is estimated for 2005-06, an improvement of \$3.0 billion on the 2005-06 Budget forecast. The fiscal outlook is for continuing underlying cash and fiscal surpluses in the forward years.

**Table 5: Australian Government general government sector budget aggregates<sup>(a)(b)</sup>**

	Estimates(c)			
	2005-06		2006-07	
	Budget	MYEFO	Budget	MYEFO
<b>Revenue (\$b)</b>	<b>214.5</b>	<b>218.6</b>	<b>222.9</b>	<b>227.4</b>
Per cent of GDP	23.1	22.9	23.0	22.6
<b>Expenses (\$b)</b>	<b>206.1</b>	<b>207.0</b>	<b>214.8</b>	<b>216.9</b>
Per cent of GDP	22.2	21.6	22.2	21.5
Net operating balance (\$b)	8.4	11.6	8.1	10.6
Net capital investment (\$b)	1.0	1.2	0.6	0.9
<b>Fiscal balance (\$b)</b>	<b>7.4</b>	<b>10.4</b>	<b>7.5</b>	<b>9.7</b>
Per cent of GDP	0.8	1.1	0.8	1.0
<b>Underlying cash balance (\$b)(d)</b>	<b>8.9</b>	<b>11.5</b>	<b>7.9</b>	<b>9.7</b>
Per cent of GDP	1.0	1.2	0.8	1.0
<i>Memorandum item:</i>				
Headline cash balance (\$b)	<b>7.9</b>	<b>10.2</b>	<b>18.2</b>	<b>36.2</b>
	Projections			
	2007-08		2008-09	
	Budget	MYEFO	Budget	MYEFO
<b>Revenue (\$b)</b>	<b>233.4</b>	<b>238.3</b>	<b>245.3</b>	<b>249.7</b>
Per cent of GDP	23.2	22.6	23.1	22.7
<b>Expenses (\$b)</b>	<b>225.4</b>	<b>227.3</b>	<b>236.6</b>	<b>237.8</b>
Per cent of GDP	22.4	21.6	22.3	21.6
Net operating balance (\$b)	8.0	11.0	8.8	11.9
Net capital investment (\$b)	0.0	0.1	-0.3	0.1
<b>Fiscal balance (\$b)</b>	<b>8.0</b>	<b>11.0</b>	<b>9.0</b>	<b>11.8</b>
Per cent of GDP	0.8	1.0	0.9	1.1
<b>Underlying cash balance (\$b)(d)</b>	<b>8.5</b>	<b>10.1</b>	<b>9.3</b>	<b>10.7</b>
Per cent of GDP	0.8	1.0	0.9	1.0
<i>Memorandum item:</i>				
Headline cash balance (\$b)	<b>18.6</b>	<b>10.5</b>	<b>19.4</b>	<b>11.2</b>

(a) All estimates are based on Government Finance Statistics (GFS) standards, but with goods and services tax (GST) revenue collected on behalf of the States and Territories netted off revenue and expenses.

(b) Budget estimates, including the per cent of GDP, are as published in Budget Paper No. 1, *Budget Strategy and Outlook 2005-06*.

(c) For the 2005-06 MYEFO, 2006-07 has moved from a projection to an estimates year.

(d) Excludes expected Future Fund earnings.

Table 6 provides a reconciliation of the fiscal balance estimates between the 2005-06 Budget and the *Mid-Year Economic and Fiscal Outlook 2005-06* (MYEFO).

**Table 6: Reconciliation of general government sector fiscal balance estimates<sup>(a)</sup>**

	Estimates		Projections	
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
<b>2005-06 Budget fiscal balance</b>	<b>7,410</b>	<b>7,458</b>	<b>8,003</b>	<b>9,022</b>
Per cent of GDP	0.8	0.8	0.8	0.9
<b>Changes between 2005-06 Budget and MYEFO</b>				
Effect of policy decisions <sup>(b)</sup>				
Revenue	-81	-129	-126	-141
Expenses	1,525	1,229	1,099	1,115
Net capital investment	230	59	-15	4
Total policy decisions	-1,836	-1,416	-1,210	-1,260
Effect of parameter and other variations				
Revenue	4,192	4,681	5,023	4,550
Expenses	-568	824	764	160
Net capital investment	-63	185	102	372
Total parameter and other variations	4,823	3,672	4,157	4,017
<b>2005-06 MYEFO fiscal balance</b>	<b>10,398</b>	<b>9,714</b>	<b>10,950</b>	<b>11,779</b>
Per cent of GDP	1.1	1.0	1.0	1.1

(a) A positive number for revenue indicates an increase in the fiscal balance, while a positive number for expenses and net capital investment indicates a decrease in the fiscal balance.

(b) Excludes the public debt net interest effect of policy measures.

The estimates for 2005-06 and 2006-07 are constructed using the 2004-05 outcomes, year-to-date results and an updated economic outlook. However, the projection years – 2007-08 and 2008-09 – are based mainly on underlying trends in economic parameters and no account is taken of cyclical influences on economic activity.

## REVENUE

Total accrual revenue in 2005-06 is expected to be \$4.1 billion higher than forecast at the 2005-06 Budget, comprising \$1.6 billion in non-tax revenue and \$2.5 billion in tax revenue, driven by the effect of a higher than expected company tax revenue outcome in 2004-05, and stronger than expected employment growth. The increase in non-tax revenue largely reflects Telstra's special dividend.

Policy decisions since Budget have reduced revenue by \$81 million in 2005-06 and \$129 million in 2006-07. Major policy measures reducing revenue over the four year period 2005-06 to 2008-09 include:

- \$26.5 million in 2005-06 (\$63 million over four years) from additions to the listing of prescribed private funds which will assist in promoting private philanthropy; and
- \$3.5 million in 2005-06 (\$59 million over four years) owing to changes to market-linked and other life-expectancy income streams which will provide retirees with smoother and more stable income payments and a greater degree of certainty with respect to pension planning.

A full list of revenue measures announced since the 2005-06 Budget is provided at Appendix A.

Detailed Australian Government general government sector revenue estimates for 2005-06, compared with the estimates published in the 2005-06 Budget, are provided in Table 7.<sup>1</sup> Detailed cash estimates are listed in Table F3 (Appendix F).

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<sup>1</sup> For a description of the revenue heads, refer to Appendix B of Budget Statement 5, Budget Paper No.1, *Budget Strategy and Outlook 2005-06*.

**Table 7: Australian Government general government sector revenue**

	2005-06			
	Budget \$m	MYEFO \$m	Change on Budget \$m %	
<i>Income taxation</i>				
Individuals and other withholding				
Gross income tax withholding	101,140	102,030	890	0.9
Gross other individuals	25,440	25,110	-330	-1.3
less: Refunds	15,000	15,000	0	0.0
Total individuals and other withholding	111,580	112,140	560	0.5
Companies	48,040	48,740	700	1.5
Superannuation funds				
Contributions and earnings	5,070	5,280	210	4.1
Superannuation surcharge	1,240	1,410	170	13.7
Total superannuation funds	6,310	6,690	380	6.0
Petroleum resource rent tax	1,350	2,130	780	57.8
<b>Income taxation revenue</b>	<b>167,280</b>	<b>169,700</b>	<b>2,420</b>	<b>1.4</b>
<i>Excise and customs</i>				
Excise duty				
Petrol	7,410	7,210	-200	-2.7
Diesel	6,420	6,260	-160	-2.5
Other fuel products	150	170	20	13.3
Crude oil	620	480	-140	-22.6
Beer	1,710	1,690	-20	-1.2
Potable spirits	840	790	-50	-6.0
Tobacco	5,340	5,300	-40	-0.7
Total excise duty	22,490	21,900	-590	-2.6
Customs duty				
Textiles, clothing and footwear	790	790	0	0.0
Passenger motor vehicles	1,448	1,350	-98	-6.8
Excise-like goods	1,600	1,700	100	6.3
Other imports	1,533	1,522	-11	-0.7
less: Refunds and drawbacks	300	300	0	0.0
Total customs duty	5,071	5,062	-9	-0.2
<b>Excise and customs revenue</b>	<b>27,561</b>	<b>26,962</b>	<b>-599</b>	<b>-2.2</b>
<i>Indirect taxation</i>				
Wine equalisation tax	700	660	-40	-5.7
Luxury car tax	310	310	0	0.0
Other taxes	220	220	0	0.0
<b>Indirect taxation revenue</b>	<b>1,230</b>	<b>1,190</b>	<b>-40</b>	<b>-3.3</b>
<i>Other taxation</i>				
Fringe benefits tax	3,350	3,470	120	3.6
Agricultural levies	583	599	16	2.8
Other levies	192	192	0	-0.1
Broadcasting licence fees	264	263	-1	-0.4
Other taxes	808	1,402	594	73.5
<b>Other taxation revenue</b>	<b>5,196</b>	<b>5,925</b>	<b>729</b>	<b>14.0</b>
<b>Taxation revenue</b>	<b>201,267</b>	<b>203,777</b>	<b>2,510</b>	<b>1.2</b>
<i>Non-taxation</i>				
Sales of goods and services	4,965	4,900	-65	-1.3
Dividends	3,312	4,318	1,006	30.4
Interest received	2,000	2,319	319	15.9
Other	2,967	3,307	340	11.5
<b>Non-taxation revenue</b>	<b>13,245</b>	<b>14,845</b>	<b>1,600</b>	<b>12.1</b>
<b>Total revenue</b>	<b>214,511</b>	<b>218,622</b>	<b>4,111</b>	<b>1.9</b>

Total taxation revenue in 2005-06 is expected to be \$2.5 billion higher than forecast at the 2005-06 Budget. The upward revision has been driven by higher expected revenue from wage and salary earners and companies, and reflects the effect of a higher than expected company tax revenue outcome in 2004-05, and stronger expected employment growth.

Estimated revenue from gross income tax withholding for 2005-06 has increased by \$890 million since the 2005-06 Budget, reflecting the flow-on effects of stronger than expected employment growth in 2004-05 and continuing strong employment growth in the first quarter of 2005-06.

Company taxation revenue in 2005-06 is expected to be \$700 million higher than the 2005-06 Budget estimate, largely as a result of a higher than expected outcome in 2004-05.

Higher than expected oil prices and the effect of new fields on petroleum production have led to increases in expected revenue from petroleum resource rent tax, which has been revised up by \$780 million in 2005-06 since the 2005-06 Budget, partly offset by the negative impact higher oil prices have had on oil-related excises which have been revised down by \$480 million.

Expected revenue from other taxes has increased by \$594 million since the 2005-06 Budget, principally as a result of a change in the accounting treatment of the passenger movement charge and the import processing charge from non-taxation revenue.

Non-taxation revenue in 2005-06 is expected to be \$1.6 billion higher than the 2005-06 Budget estimate, including a \$774 million increase in special dividends announced as part of the implementation of Telstra's capital management programme and a \$412 million increase in interest received by the Australian Office of Financial Management on term deposits.

## **EXPENSES**

Estimated accrual expenses in 2005-06 have increased by \$957 million since the 2005-06 Budget. This increase reflects new policy measures of \$1.5 billion in 2005-06, partially offset by a net decrease of \$568 million due to parameter and other variations.

**Table 8: Reconciliation of general government sector expense estimates**

	Estimates		Projections	
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
<b>2005-06 Budget expenses</b>	<b>206,081</b>	<b>214,806</b>	<b>225,400</b>	<b>236,568</b>
<b>Changes between 2005-06 Budget and MYEFO</b>				
Effect of policy decisions(a)	1,525	1,229	1,099	1,115
Effect of economic parameter variations				
Unemployment benefits	151	281	312	355
Prices and wages	243	1,221	1,141	971
Interest and exchange rates	64	93	64	97
<i>Total economic parameter variations</i>	<i>458</i>	<i>1,595</i>	<i>1,516</i>	<i>1,423</i>
Public debt interest	29	37	89	145
Programme specific parameter variations	-1,332	-594	-576	-422
Other variations(b)	277	-214	-264	-985
<b>Total variations</b>	<b>957</b>	<b>2,052</b>	<b>1,863</b>	<b>1,275</b>
<b>2005-06 MYEFO expenses</b>	<b>207,038</b>	<b>216,858</b>	<b>227,263</b>	<b>237,843</b>

(a) Excludes the public debt net interest effect of policy measures.

(b) The contingency reserve includes an allowance for the established tendency of existing government policy (particularly demand driven programmes) to be higher than estimated in the forward years. This allowance, known as the conservative bias allowance, is progressively reduced so that the budget year conservative bias is zero by the budget. As is standard practice, the conservative bias has been reduced at this MYEFO in the forward years from 2006-07 onwards.

Policy decisions announced since the 2005-06 Budget increase estimated expenses by \$1.5 billion in 2005-06 and include:

- \$534 million in 2005-06 (\$633 million over two years) for additional drought relief funding to support primary producers in regions that have been declared eligible for Exceptional Circumstances assistance;
- \$154 million in 2005-06 (\$1.1 billion over four years) for the Connect Australia package. This will improve access to broadband, mobile coverage and communications infrastructure for regional, rural and remote Australia;
- \$111 million in 2005-06 (\$206 million over four years) for the Commonwealth Fisheries Structural Adjustment package which will provide assistance to fishing and related businesses to help secure Australian fish stocks;
- \$99 million in 2005-06 (\$403 million over four years) for the development and implementation of workplace relations reforms, including the introduction of a national workplace relations system, simplification of workplace agreement making processes and better balancing of unfair dismissal laws;
- \$56 million in 2005-06 (\$137 million over four years) as part of the Government's election commitment *A Sustainable Future for Tasmania*; and

- \$50 million in 2005-06 to extend the Higher Bandwidth Incentive Scheme (HiBIS), which will enable the Government to meet strong increases in demand and provide certainty to HiBIS providers.

A full list of expense measures since the 2005-06 Budget is provided at Appendix A.

Since the 2005-06 Budget, parameter and other variations have reduced forecast expenses by \$568 million in 2005-06. This includes:

- a \$283 million reduction in expenses for the Pharmaceutical Benefits Scheme due to revised expectations of growth, driven predominantly by reduced consumption across certain drug groups;
- a \$197 million reduction in Disability Support Pension and Parenting Payment expenses primarily due to lower than forecast recipient numbers;
- a \$194 million reduction in general budget assistance provided to the States and Territories (which, in 2005-06, includes residual adjustment amounts),<sup>2</sup> largely reflecting the difference in 2004-05 GST entitlements and actual GST cash receipts for 2004-05, which is reconciled and accounted for in 2005-06;
- a \$176 million reduction in the Energy Grants Credit Scheme expenses due to a reduction in forecast applications; and
- a reduction in expense estimates following the inclusion of the provision for underspends in 2005-06. A provision is included each year at the MYEFO to provide for the established tendency of departments and agencies to underspend their budgets in the current financial year.

The above reduction in expenses has been partly offset by:

- a \$259 million increase in expenses reflecting the reprofiling of grants from 2004-05 under the Schools Infrastructure Programme and Indigenous Education Agreements;
- a \$182 million increase in projected Medicare benefits payments reflecting revised expectations of the use of Medicare services based on observed trends in spending; and

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2 See the *Final Budget Outcome 2004-05*, page 85, for further information on general budget assistance.

- a \$136 million increase in the Age Pension expenses largely due to an upwards revision to the forecast for wages growth, reflecting the Government's ongoing commitment to maintain selected pensions at 25 per cent of Male Total Average Weekly Earnings.

## NET CAPITAL INVESTMENT

Estimated net capital investment in 2005-06 has increased by \$167 million since the 2005-06 Budget. This reflects new policy decisions of \$230 million, including \$116 million for a national medical stockpile associated with the Pandemic Influenza Preparedness package and \$44 million (\$49 million over four years) for property and information technology costs associated with the development and implementation of the workplace relations reforms. This is partially offset by a reduction in parameter and other variations of \$63 million, primarily due to the re-phasing of spending on security for Australian diplomatic missions.

**Table 9: Reconciliation of general government sector net capital investment estimates<sup>(a)</sup>**

	Estimates		Projections	
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
<b>2005-06 Budget net capital investment</b>	<b>1,020</b>	<b>617</b>	<b>1</b>	<b>-264</b>
<b>Changes between 2005-06 Budget and MYEFO</b>				
Effect of policy decisions(b)	230	59	-15	4
Effect of parameter and other variations	-63	185	102	372
<b>Total variations</b>	<b>167</b>	<b>244</b>	<b>87</b>	<b>377</b>
<b>2005-06 MYEFO net capital investment</b>	<b>1,186</b>	<b>862</b>	<b>88</b>	<b>113</b>

(a) Net capital investment is defined as net acquisition of non-financial assets.

(b) Excludes the public debt net interest affect of policy measures.

## CASH FLOWS

In 2005-06, the underlying cash balance is expected to be a surplus of \$11.5 billion compared to an estimate of \$8.9 billion at the 2005-06 Budget.

Future Fund earnings are excluded from the underlying cash balance. Projected Future Fund earnings from 2006-07 have increased since the 2005-06 Budget due to the provision of an additional \$2 billion of seed capital (\$18 billion in total) and the assumption that the gross proceeds from the sale of Telstra will be transferred to the Future Fund.



**Table 10: Summary of Australian Government general government sector cash flows (\$b)<sup>(a)</sup>**

	Estimates			
	2005-06		2006-07	
	Budget	MYEFO	Budget	MYEFO
Cash receipts				
Operating cash receipts	214.2	218.2	221.7	226.8
Capital cash receipts(b)	0.3	0.3	0.2	0.2
Total cash receipts	214.5	218.5	221.9	227.0
Cash payments				
Operating cash payments	202.0	203.7	210.4	212.7
Capital cash payments(c)	3.1	3.1	2.5	2.6
Total cash payments	205.1	206.8	213.0	215.3
Finance leases and similar arrangements(d)	0.0	0.0	0.0	-0.1
<b>GFS cash surplus(+)/deficit(-)</b>	<b>9.4</b>	<b>11.7</b>	<b>8.9</b>	<b>11.6</b>
Per cent of GDP	1.0	1.2	0.9	1.1
<i>less</i> Future Fund earnings	0.5	0.2	0.9	1.9
<b>Underlying cash balance</b>	<b>8.9</b>	<b>11.5</b>	<b>7.9</b>	<b>9.7</b>
Per cent of GDP	1.0	1.2	0.8	1.0
<i>Memorandum items:</i>				
Net cash flows from investments in financial assets for policy purposes(e)	-1.5	-1.4	9.3	24.6
<i>plus</i> Future Fund earnings(f)	0.5	0.2	0.9	1.9
<b>Headline cash balance</b>	<b>7.9</b>	<b>10.2</b>	<b>18.2</b>	<b>36.2</b>
	Projections			
	2007-08		2008-09	
	Budget	MYEFO	Budget	MYEFO
Cash receipts				
Operating cash receipts	232.3	237.6	244.1	248.8
Capital cash receipts(b)	0.3	0.2	0.2	0.2
Total cash receipts	232.5	237.8	244.2	249.0
Cash payments				
Operating cash payments	220.7	222.7	231.9	233.3
Capital cash payments(c)	2.3	2.3	2.0	2.2
Total cash payments	223.0	225.0	233.9	235.5
Finance leases and similar arrangements(d)	0.0	0.0	0.0	0.0
<b>GFS cash surplus(+)/deficit(-)</b>	<b>9.5</b>	<b>12.8</b>	<b>10.3</b>	<b>13.5</b>
Per cent of GDP	0.9	1.2	1.0	1.2
<i>less</i> Future Fund earnings	1.0	2.6	1.1	2.8
<b>Underlying cash balance</b>	<b>8.5</b>	<b>10.1</b>	<b>9.3</b>	<b>10.7</b>
Per cent of GDP	0.8	1.0	0.9	1.0
<i>Memorandum items:</i>				
Net cash flows from investments in financial assets for policy purposes(e)	9.1	-2.3	9.0	-2.3
<i>plus</i> Future Fund earnings(f)	1.0	2.6	1.1	2.8
<b>Headline cash balance</b>	<b>18.6</b>	<b>10.5</b>	<b>19.4</b>	<b>11.2</b>

(a) Cash flows are derived from the accrual GFS framework excluding GST.

(b) Equivalent to cash receipts from the sale of non-financial assets in the GFS cash flow statement.

(c) Equivalent to cash payments for purchases of new and second-hand non-financial assets in the GFS cash flow statement.

(d) The acquisition of assets under finance leases decreases the underlying cash balance. The disposal of assets previously held under finance leases increases the underlying cash balance.

(e) Under the cash budgeting framework, these cash flows were referred to as net advances.

(f) The earnings assume the gross proceeds from the sale of Telstra are transferred to the Future Fund. The Future Fund is assumed to earn a rate of return equal to the yield on other term deposits held by the Government.

Major new policy decisions and parameter and other variations since the 2005-06 Budget have largely had the same impact on the 2005-06 underlying cash balance as the fiscal balance.

Table 11 provides a reconciliation of the variations in the underlying cash balance estimates.

**Table 11: Reconciliation of Australian Government general government sector underlying cash balance estimates**

	Estimates		Projections	
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
<b>2005-06 Budget underlying cash balance</b>	<b>8,921</b>	<b>7,933</b>	<b>8,500</b>	<b>9,284</b>
<b>Changes from 2005-06 Budget to MYEFO</b>				
Effect of policy decisions(a)	-1,829	-1,427	-1,202	-1,252
Effect of parameter and other variations	4,360	3,196	2,836	2,693
<b>Total variations</b>	<b>2,531</b>	<b>1,769</b>	<b>1,634</b>	<b>1,440</b>
<b>2005-06 MYEFO underlying cash balance</b>	<b>11,452</b>	<b>9,702</b>	<b>10,134</b>	<b>10,725</b>

(a) Excludes the public debt net interest effect of policy measures.

## NET DEBT AND NET WORTH

Net debt is expected to be eliminated by the end of 2005-06 after falling from a peak of \$95.8 billion (18.5 per cent of GDP) in 1995-96. Since the 2005-06 Budget, the forecast level of net debt has fallen from \$6.1 billion to -\$1.3 billion – reflecting a higher than anticipated final budget outcome for 2004-05 and an upward revision to the estimated surplus in 2005-06.

Over the forward years net debt is expected to fall further, primarily reflecting the assumption that the full sale of Telstra is achieved in the second half of 2006. However, the net debt projections are sensitive to the financial asset composition of the Future Fund flowing from the finalisation of an investment strategy by the Future Fund Board of Guardians.

The estimating assumption for Telstra sale proceeds is based on a historic 90 day average. This figure has no implications for future judgements on sale or on appropriate return. The estimating assumption for the sale structure is based on sale of all the Government's shares in the second half of 2006, on a single instalment basis. The Government has not made any decision to sell, or if the sale proceeds, the structure of the sale, the nature of securities to be sold or the quantity of shares to be sold. The structure ultimately adopted may well be different depending on market circumstances and expert advice at the time. Transfer of Telstra sale proceeds to the Future Fund has also been adopted as an estimation assumption.

As a result of the lower level of net debt, net interest payments will continue to fall in 2005-06 and beyond. Having peaked at \$8.4 billion in 1996-97, net interest payments are expected to decline to \$2.5 billion in 2005-06.

With the budget remaining in surplus, Australian Government general government sector net worth is expected to improve to -\$26.7 billion in 2005-06 compared with -\$27.8 billion at the 2005-06 Budget. Net worth over the forward estimates is expected to continue to strengthen with the establishment of the Future Fund and, for the first time, is projected to become positive in 2008-09.

**Table 12: Australian Government general government sector net worth, net debt and net interest payments**

	Estimates			
	2005-06		2006-07	
	Budget	MYEFO	Budget	MYEFO
Financial assets (\$b)	127.9	129.5	138.5	142.2
Non-financial assets (\$b)	42.4	44.4	43.1	45.3
<b>Total assets (\$b)</b>	<b>170.3</b>	<b>173.9</b>	<b>181.6</b>	<b>187.6</b>
<b>Total liabilities (\$b)</b>	<b>198.1</b>	<b>200.7</b>	<b>202.0</b>	<b>204.5</b>
<b>Net worth (\$b)</b>	<b>-27.8</b>	<b>-26.7</b>	<b>-20.4</b>	<b>-16.9</b>
<b>Net debt (\$b)(a)(b)</b>	<b>6.1</b>	<b>-1.3</b>	<b>-14.0</b>	<b>-39.8</b>
Per cent of GDP	0.7	-0.1	-1.5	-4.0
<b>Net interest payments (\$b)(c)</b>	<b>2.8</b>	<b>2.5</b>	<b>1.2</b>	<b>0.3</b>
Per cent of GDP	0.3	0.3	0.1	0.0
	Projections			
	2007-08		2008-09	
	Budget	MYEFO	Budget	MYEFO
Financial assets (\$b)	151.5	158.1	163.4	172.9
Non-financial assets (\$b)	43.0	45.4	42.8	45.6
<b>Total assets (\$b)</b>	<b>194.5</b>	<b>203.6</b>	<b>206.2</b>	<b>218.5</b>
<b>Total liabilities (\$b)</b>	<b>208.2</b>	<b>210.6</b>	<b>212.1</b>	<b>214.6</b>
<b>Net worth (\$b)</b>	<b>-13.7</b>	<b>-7.0</b>	<b>-5.9</b>	<b>3.9</b>
<b>Net debt (\$b)(a)(b)</b>	<b>-34.6</b>	<b>-52.7</b>	<b>-56.4</b>	<b>-66.6</b>
Per cent of GDP	-3.4	-5.0	-5.3	-6.1
<b>Net interest payments (\$b)(c)</b>	<b>-0.2</b>	<b>-1.3</b>	<b>-1.3</b>	<b>-2.0</b>
Per cent of GDP	0.0	-0.1	-0.1	-0.2

(a) Net debt equals the sum of deposits held, advances received, government securities, loans and other borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

(b) Includes the impact of the further sale of the Australian Government's shareholding in Telstra and the assumption that gross receipts are transferred to the Future Fund. Pending the establishment of an investment strategy for the Fund, the estimates assume that the Future Fund earns a rate of return equal to the yield on other term deposits held by the Government.

(c) Australian Government cash interest payments less cash interest receipts. The 2005-06 estimates include the recognition in cash terms of the capital growth on inflation indexed bonds maturing in that year.

### REPORTING STANDARDS

The *Charter of Budget Honesty Act 1998* requires that the Mid-Year Economic and Fiscal Outlook (MYEFO) be based on external reporting standards, and that departures from applicable external reporting standards be identified.

The major external standards used for MYEFO reporting purposes are:

- the Australian Bureau of Statistics' (ABS) accrual Government Finance Statistics (GFS) publication, *Australian System of Government Finance Statistics: Concepts, Sources and Methods* Cat. No. 5514.0, which in turn is based on the International Monetary Fund (IMF) accrual GFS framework; and
- Australian Accounting Standards (AAS), being the Australian Equivalents to International Financial Reporting Standards (AEIFRS) and AAS 31 *Financial Reporting by Governments*.

The Australian Equivalents to International Financial Reporting Standards reporting requirements apply to reporting periods on or after 1 January 2005. The financial statements and related notes in Appendix C of this document are prepared in accordance with these standards.

The MYEFO tables, with the exception of tables in Appendix B, do not include goods and services tax (GST) collections and equivalent payments to the States and Territories (the States). However, under the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations*, all GST receipts are appropriated to the States and thus are not available for expenditure by the Australian Government. Because the Australian Taxation Office collects GST as an agent for the States, GST receipts are not shown as Australian Government revenue. Estimates of GST receipts are provided in Table E2 of Appendix E.

ABS GFS requires that provisions for bad and doubtful debts be excluded from the balance sheet. This treatment has not been adopted because excluding such provisions would overstate the value of Australian Government assets in the balance sheet (and would, therefore, be inconsistent with the market valuation principle).

The AAS financial statements currently record IMF Special Drawing Rights (SDRs) as a liability. This is consistent with AAS. The GFS statements also record SDRs as a liability. However, in accordance with the IMF's GFS manual, IMF SDRs are not treated as a liability in ABS GFS although they are treated this way in other IMF documentation. In view of these differences, the current approach will remain in place pending further consultation with the ABS and IMF, and developments in train to harmonise GFS and AAS.

Similarly, the GFS financial statements currently adopt the AAS treatment for circulating coins. Under this treatment revenue is recognised upon the issue of coins and no liability is recorded, as there is no legal obligation requiring coins on issue to be repurchased by the Australian Government. However, in ABS GFS, coins on issue are treated as a liability and no revenue is recognised. The current accounting treatment will remain in place pending further consultation with the ABS and IMF, and developments in train to harmonise GFS and AAS.

ABS GFS also requires defence weapons be treated as expenses. Defence weapons inventories are recorded as capital investment rather than expenses until such inventories can be reliably identified and measured. This treatment does not affect the underlying cash and fiscal balances.

In order to ensure the reporting of reliable GFS and AAS budget estimates and outcomes, taxation revenue is recognised the earlier of when an assessment of a tax liability is made or cash payment is received by the Australian Taxation Office or the Australian Customs Service. This method is permitted under both GFS and AAS when there is an inability to reliably measure taxation revenues at the time the underlying transactions or events occur. Accordingly, for most categories of taxation revenue, there is a short lag between the time at which the underlying economic activity giving rise to the tax liability occurs and when the revenue is recognised. Longer lags of up to a year occur for some elements of company and superannuation funds taxation.

Additional information on the reporting standards and budget concepts is provided in Appendix E.

## **BUDGET FINANCIAL STATEMENTS**

The budget financial statements consist of an operating statement, balance sheet, cash flow statement and statement of other economic flows (reconciliation of net worth) for the Australian Government general government sector. The budget financial statements are based on GFS standards with the exception of the divergences discussed in Attachment A.

**Table 13: Australian Government general government sector operating statement**

	Estimates		Projections	
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
<b>Revenue</b>				
Taxation revenue	203,777	212,906	223,259	234,062
Current grants and subsidies	0	0	0	0
Sales of goods and services	4,900	4,855	4,976	4,835
Interest income	2,319	3,858	5,077	5,712
Dividend income	4,318	2,464	1,575	1,668
Other	3,307	3,350	3,414	3,457
<b>Total revenue</b>	<b>218,622</b>	<b>227,434</b>	<b>238,301</b>	<b>249,735</b>
<b>Expenses</b>				
Gross operating expenses				
Depreciation	2,080	2,187	2,274	2,289
Superannuation	2,424	2,466	2,525	2,607
Salaries and wages	12,755	12,949	13,303	13,567
Payment for supply of goods and services	49,338	51,759	53,484	54,922
Other operating expenses	2,142	2,523	2,661	2,848
<i>Total gross operating expenses</i>	<i>68,739</i>	<i>71,885</i>	<i>74,247</i>	<i>76,232</i>
Nominal superannuation interest expense	5,793	5,708	5,684	5,970
Other interest expenses	3,910	3,807	3,787	3,588
Other property expenses	0	0	0	0
Current transfers				
Grant expenses	40,028	41,234	42,771	43,511
Subsidy expenses	6,629	6,624	6,881	7,478
Personal benefit payments in cash	78,026	83,459	89,554	96,793
Other current transfers	0	0	0	0
<i>Total current transfers</i>	<i>124,684</i>	<i>131,317</i>	<i>139,206</i>	<i>147,782</i>
Capital transfers	3,912	4,143	4,339	4,271
<b>Total expenses</b>	<b>207,038</b>	<b>216,858</b>	<b>227,263</b>	<b>237,843</b>
<b>Net operating balance</b>	<b>11,584</b>	<b>10,575</b>	<b>11,038</b>	<b>11,892</b>
<b>Net acquisition of non-financial assets</b>				
Purchases of non-financial assets	3,074	2,582	2,232	2,252
<i>less</i> Sales of non-financial assets	<i>275</i>	<i>172</i>	<i>180</i>	<i>168</i>
<i>less</i> Depreciation	<i>2,080</i>	<i>2,187</i>	<i>2,274</i>	<i>2,289</i>
<i>plus</i> Change in inventories	<i>402</i>	<i>492</i>	<i>189</i>	<i>359</i>
<i>plus</i> Other movements in non-financial assets	<i>66</i>	<i>147</i>	<i>121</i>	<i>-41</i>
<b>Total net acquisition of non-financial assets</b>	<b>1,186</b>	<b>862</b>	<b>88</b>	<b>113</b>
<b>Net lending/fiscal balance(a)</b>	<b>10,398</b>	<b>9,714</b>	<b>10,950</b>	<b>11,779</b>

(a) The term fiscal balance is not used by the ABS.

**Table 14: Australian Government general government sector balance sheet**

	Estimates		Projections	
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
<b>Assets</b>				
Financial assets				
Cash and deposits	1,228	1,231	1,203	1,191
Advances paid	21,459	23,155	25,301	27,669
Investments, loans and placements	44,414	81,034	93,661	104,559
Other non-equity assets	17,519	18,489	19,744	21,274
Equity(a)	44,930	18,319	18,238	18,203
<i>Total financial assets</i>	<i>129,549</i>	<i>142,228</i>	<i>158,146</i>	<i>172,897</i>
Non-financial assets				
Land	5,969	5,952	5,912	5,856
Buildings	13,439	13,682	13,623	13,818
Plant, equipment and infrastructure	9,039	9,214	9,043	8,830
Inventories	4,884	5,376	5,564	5,923
Heritage buildings and collections	7,743	7,776	7,803	7,829
Other non-financial assets	3,310	3,340	3,504	3,373
<i>Total non-financial assets</i>	<i>44,384</i>	<i>45,339</i>	<i>45,449</i>	<i>45,629</i>
<b>Total assets</b>	<b>173,933</b>	<b>187,567</b>	<b>203,596</b>	<b>218,526</b>
<b>Liabilities</b>				
Deposits held	405	405	405	405
Advances received	0	0	0	0
Government securities	59,822	59,618	61,439	61,102
Loans	5,296	5,320	5,342	5,044
Other borrowing	250	227	254	264
Superannuation liability	94,647	98,105	101,344	104,690
Other employee entitlements and provisions	8,016	8,183	8,330	8,560
Other non-equity liabilities	32,231	32,639	33,528	34,531
<b>Total liabilities</b>	<b>200,666</b>	<b>204,497</b>	<b>210,643</b>	<b>214,596</b>
<b>Net worth(b)</b>	<b>-26,733</b>	<b>-16,930</b>	<b>-7,048</b>	<b>3,930</b>
Net debt(c)	-1,327	-39,850	-52,724	-66,605

(a) In 2005-06 equity includes the valuation of the Telstra shareholding, which is valued at the average of the daily share price over a 90-day period.

(b) Net worth is calculated as total assets minus total liabilities.

(c) Net debt equals the sum of deposits held, advances received, government securities, loans and other borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.



**Table 15: Australian Government general government sector cash flow statement<sup>(a)</sup>**

	Estimates		Projections	
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
<b>Cash receipts from operating activities</b>				
Taxes received	200,544	209,357	219,698	230,350
Receipts from sales of goods and services	5,144	5,032	5,153	5,019
Grants and subsidies received	0	0	0	0
Interest receipts	2,170	3,522	4,851	5,462
Dividends	4,318	2,763	1,595	1,668
GST input credits received by general government	2,955	3,022	3,098	3,105
Other receipts	3,077	3,153	3,207	3,243
<b>Total operating receipts</b>	<b>218,208</b>	<b>226,850</b>	<b>237,601</b>	<b>248,847</b>
<b>Cash payments for operating activities</b>				
Payments for goods and services	-52,664	-55,360	-56,819	-58,449
Grants and subsidies paid	-48,954	-50,691	-52,540	-53,267
Interest paid	-4,627	-3,844	-3,563	-3,472
Personal benefit payments	-77,347	-82,711	-88,869	-96,519
Salaries, wages and other entitlements	-17,677	-17,618	-18,221	-18,755
GST payments by general government to taxation authority	-122	-115	-115	-116
Other payments for operating activities	-2,317	-2,363	-2,525	-2,718
<b>Total operating payments</b>	<b>-203,707</b>	<b>-212,702</b>	<b>-222,652</b>	<b>-233,296</b>
<b>Net cash flows from operating activities</b>	<b>14,501</b>	<b>14,147</b>	<b>14,948</b>	<b>15,552</b>
<b>Cash flows from investments in non-financial assets</b>				
Sales of non-financial assets	301	172	180	168
Purchases of new and secondhand non-financial assets	-3,114	-2,645	-2,349	-2,201
<b>Net cash flows from investments in non-financial assets</b>	<b>-2,813</b>	<b>-2,473</b>	<b>-2,169</b>	<b>-2,033</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-1,419</b>	<b>24,649</b>	<b>-2,307</b>	<b>-2,310</b>
<b>Cash flows from investments in financial assets for liquidity purposes</b>				
Increase in investments	-9,677	-36,651	-12,616	-10,930
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-9,677</b>	<b>-36,651</b>	<b>-12,616</b>	<b>-10,930</b>
<b>Cash flows from financing activities</b>				
Advances received (net)	0	0	0	0
Borrowing (net)	-1,574	155	2,136	-345
Deposits received (net)	0	0	0	0
Other financing (net)	410	175	-21	55
<b>Net cash flows from financing activities</b>	<b>-1,164</b>	<b>331</b>	<b>2,115</b>	<b>-290</b>
<b>Net increase/decrease in cash held</b>	<b>-572</b>	<b>3</b>	<b>-28</b>	<b>-11</b>

**Table 15: Australian Government general government sector cash flow statement<sup>(a)</sup> (continued)**

	Estimates		Projections	
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
<b>Net cash from operating activities and investments in non-financial assets</b>	<b>11,688</b>	<b>11,674</b>	<b>12,779</b>	<b>13,519</b>
Finance leases and similar arrangements(b)	-23	-83	-3	-11
<b>GFS cash surplus(+)/deficit(-)</b>	<b>11,664</b>	<b>11,591</b>	<b>12,776</b>	<b>13,508</b>
less Future Fund earnings	212	1,889	2,642	2,783
<b>Equals underlying cash balance(c)</b>	<b>11,452</b>	<b>9,702</b>	<b>10,134</b>	<b>10,725</b>
plus net cash flows from investments in financial assets for policy purposes	-1,419	24,649	-2,307	-2,310
plus Future Fund earnings	212	1,889	2,642	2,783
<b>Equals headline cash balance</b>	<b>10,245</b>	<b>36,240</b>	<b>10,469</b>	<b>11,198</b>

(a) A positive number denotes a cash inflow, a negative sign denotes a cash outflow.

(b) The acquisition of assets under finance leases decreases the underlying cash balance. The disposal of assets previously held under finance leases increases the underlying cash balance.

(c) The term underlying cash balance is not used by the ABS.

**Table 16: Australian Government general government sector statement of other economic flows (reconciliation of net worth)**

	Estimates		Projections	
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
<b>Opening net worth</b>	<b>-31,979</b>	<b>-26,733</b>	<b>-16,930</b>	<b>-7,048</b>
<b>Opening net worth adjustments(a)</b>	<b>-778</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Adjusted opening net worth</b>	<b>-32,758</b>	<b>-26,733</b>	<b>-16,930</b>	<b>-7,048</b>
<b>Change in net worth from operating transactions</b>	<b>11,584</b>	<b>10,575</b>	<b>11,038</b>	<b>11,892</b>
<b>Change in net worth from other economic flows</b>				
Revaluation of equity(b)	-5,206	92	26	25
Net writedowns of assets (including bad and doubtful debts)	-1,295	-1,456	-1,587	-1,252
Assets recognised for the first time	7	27	23	23
Liabilities recognised for the first time	0	0	0	0
Actuarial revaluations	0	0	0	0
Net foreign exchange gains	86	0	0	0
Net swap interest received	139	140	115	99
Market valuation of debt	585	342	266	171
Other economic revaluations(c)	126	82	1	20
<b>Total other economic flows</b>	<b>-5,559</b>	<b>-773</b>	<b>-1,157</b>	<b>-913</b>
<b>Closing net worth</b>	<b>-26,733</b>	<b>-16,930</b>	<b>-7,048</b>	<b>3,930</b>

(a) Adjustments in opening net worth arise from a change in 2004-05 outcomes for the Australian Taxation Office and the Department of Defence and the impact of moving to new international accounting standards.

(b) Revaluations of equity reflects changes in the market valuation of commercial entities, including for 2005-06 a change in the value of the Telstra shareholding which is valued at the average daily share price over a 90-day period. This line also reflects any equity revaluations at the point of disposal or sale.

(c) Largely reflects revaluations of assets and liabilities.

## SENSITIVITY OF FISCAL EXPENSES AND REVENUE TO ECONOMIC DEVELOPMENTS

A guide to the sensitivity of the forward estimates of expenses and revenue due to variations in economic parameters in 2005-06 is provided in Table 17. It is important to note that the sensitivity analysis gives only a 'rule of thumb' indication of the impact on the budget of changes in prices, wages and other parameters. In each case, the analysis presents the estimated effects of a change in one economic variable only, and does not attempt to capture the linkages between economic variables that characterise changes in the economy more broadly.

**Table 17: Sensitivity of fiscal expenses and revenue to changes in economic parameters**

	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
<b>Expenses</b>				
Prices	950	650	980	940
Wages	0	340	500	530
Unemployment benefit recipients	130	260	260	270
<b>Revenue</b>				
Prices	10	120	130	140
Wages	800	1,750	1,870	2,010
Employment	530	1,160	1,240	1,340
Private final demand	130	290	300	310
Profit	160	550	590	630

## EXPENSES

On the expenses side, the sensitivity analysis of the estimates provides for the following assumptions about changes to three broad groups of parameters. An increase in any of the parameters considered will lead to an increase in expenses, and a decrease in any of the parameters will lead to a reduction in expenses.

### Prices

All price growth rates are assumed to change by one percentage point in the March quarter 2006 and to remain unchanged subsequently, with all wage and salary growth rates left unchanged through the Budget and forward years.

- The effect of a change in prices is due to the indexation of Australian Government expenses and a large one-off impact on superannuation liabilities in 2005-06 (which in turn impacts on the superannuation interest expense).

## **Wages**

All wage and salary growth rates are assumed to change by one percentage point in the March quarter 2006 and to remain unchanged subsequently, with all price growth rates left unchanged through the Budget and forward years.

- The effect of a change in wage and salary growth rates is largely due to the Government's commitment to maintain selected pensions at a minimum of 25 per cent of Male Total Average Weekly Earnings. The wages effect in Table 17 above does not include changes to wage and salary payments in Australian Government departmental expenses.

## **Unemployment Benefit Recipients (Newstart Allowance and Unemployed Youth Allowance recipients)**

The total number of recipients is assumed to change by 2.5 per cent in the Budget year and by 5 per cent in all the forward years.

## **REVENUE**

On the revenue side, the sensitivity analysis of the estimates provides for the following assumptions about changes to five broad groups of parameters. An increase in any of the parameters considered will lead to an increase in revenue, and a decrease in any of the parameters will lead to a reduction in revenue.

### **Prices**

All price deflators are assumed to change by one percentage point at the start of the March quarter 2006, with wage deflators left unchanged.

- A change in prices affects revenue primarily through changes in excise revenue and petroleum resource rent tax.

### **Wages**

All wage and salary growth rates are assumed to change by one percentage point from the beginning of the March quarter 2006, with price deflators left unchanged.

- A change in wage and salary growth rates affects revenue through changes in gross income tax withholding and fringe benefits tax.

### **Employment**

The level of employment is assumed to change by one percentage point from the beginning of the March quarter 2006, with no change in the composition of employment.

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- A change in employment affects revenue through changes in gross income tax withholding.

**Private final demand**

The level of private final demand (consumption plus investment) is assumed to change by one percentage point from the beginning of the March quarter 2006, with no change in the composition of demand.

- A change in private final demand affects revenue primarily through changes in excise and customs duty collections.

**Profits**

The level of company profits is assumed to change by one percentage point from the beginning of the March quarter 2006.

- A change in the level of company profits affects revenue through changes in company tax collections.

## TAX EXPENDITURES

Individuals and businesses derive financial benefits from various tax concessions. These concessions can be delivered in a variety of ways: by a tax exemption, tax deduction, tax rebate, reduced tax rate or by deferring a tax liability. Tax concessions can either reduce or delay the collection of tax revenue.

The benefits of most tax concessions could be delivered equally by direct expenditures. Hence tax concessions are an alternative to direct expenditure as a method of delivering government assistance or meeting government objectives. Accordingly, tax expenditures have an impact on the budget surplus or deficit, as do direct expenditures.

Table 18 provides aggregate tax expenditure estimates for the period from 2001-02 to 2008-09.

**Table 18: Aggregate tax expenditures 2001-02 to 2008-09<sup>(a)</sup>**

Year	Superannuation \$m	Other tax expenditures \$m	Total \$m	Tax expenditures as a proportion of GDP (%)
2001-02 (est)	11,140	19,374	30,514	4.1
2002-03 (est)	10,395	19,268	29,663	3.8
2003-04 (est)	14,000	19,854	33,854	4.0
2004-05 (est)	14,405	22,454	36,859	4.1
2005-06 (proj)	15,890	23,117	39,007	4.1
2006-07 (proj)	16,585	24,340	40,925	4.1
2007-08 (proj)	18,005	25,008	43,013	4.1
2008-09 (proj)	19,285	26,119	45,404	4.1

(a) Preliminary estimates only — final estimates will be published in the *2005 Tax Expenditures Statement*.

Measured tax expenditures as a proportion of GDP are projected to be steady at around 4.1 per cent between 2004-05 and 2008-09.

Further detail on tax expenditures will be provided in the *2005 Tax Expenditures Statement*.

**SUPPLEMENTARY EXPENSE AND CAPITAL TABLES AND THE  
CONTINGENCY RESERVE**

**Expenses**

Table 19 shows estimates of Australian Government general government expenses by function and sub-function for 2005-06 and the forward years.

**Table 19: Estimates of Australian Government general government expenses by function and sub-function**

	Estimates						Projections					
	2005-06			2006-07			2007-08			2008-09		
	Budget \$m	MYEFO \$m	Change on Budget %	Budget \$m	MYEFO \$m	Change on Budget %	Budget \$m	MYEFO \$m	Change on Budget %	Budget \$m	MYEFO \$m	Change on Budget %
<b>General public services</b>												
Legislative and executive affairs	788	813	3	826	855	4	941	966	3	787	799	2
Financial and fiscal affairs	3,685	3,650	-1	3,864	3,692	-4	3,763	3,639	-3	3,798	3,688	-3
Foreign affairs and economic aid	3,063	3,032	-1	2,885	3,102	8	3,041	3,492	15	3,138	3,852	23
General research	2,324	2,371	2	2,455	2,401	-2	2,512	2,470	-2	2,509	2,462	-2
General services	576	649	13	629	677	8	648	710	10	657	722	10
Government superannuation benefits	2,363	2,424	3	2,409	2,466	2	2,434	2,525	4	2,479	2,607	5
<b>Defence</b>	15,600	15,761	1	15,851	16,168	2	16,791	16,673	-1	17,238	16,957	-2
<b>Public order and safety</b>	2,721	2,715	0	2,792	2,816	1	2,860	2,831	-1	2,892	2,977	3
<b>Education</b>	15,729	15,690	0	16,541	16,375	-1	17,336	17,162	-1	17,905	17,731	-1
<b>Health</b>	37,544	37,986	1	39,041	39,157	0	40,937	41,076	0	42,812	42,705	0
<b>Social security and welfare</b>	87,564	87,137	0	92,138	92,493	0	95,943	96,709	1	99,789	100,690	1
<b>Housing and community amenities</b>	1,968	2,235	14	2,003	2,231	11	1,992	2,226	12	1,894	1,833	-3
<b>Recreation and culture</b>	2,670	2,709	1	2,575	2,690	4	2,563	2,674	4	2,472	2,529	2
<b>Fuel and energy</b>	4,212	4,026	-4	4,198	3,972	-5	4,340	4,119	-5	4,848	4,666	-4
<b>Agriculture, fisheries and forestry</b>	2,520	3,181	26	2,571	2,697	5	2,408	2,396	0	1,622	1,678	3
<b>Mining, manufacturing and construction</b>	1,916	2,022	6	1,820	1,871	3	1,802	1,882	4	1,833	1,902	4
<b>Transport and communication</b>	2,806	3,033	8	2,972	3,272	10	3,042	3,348	10	2,879	3,189	11
<b>Other economic affairs</b>												
Tourism and area promotion	204	212	4	190	197	4	184	191	4	129	130	1
Labour and employment affairs	3,689	3,799	3	3,876	3,947	2	4,072	4,066	0	4,037	4,086	1
Other economic affairs nec	889	910	2	857	885	3	844	848	0	847	848	0



Table 19: Australian Government expenses by function and sub-function (continued)

	Estimates						Projections					
	2005-06			2006-07			2007-08			2008-09		
	Budget \$m	MYEFO \$m	Change on Budget %	Budget \$m	MYEFO \$m	Change on Budget %	Budget \$m	MYEFO \$m	Change on Budget %	Budget \$m	MYEFO \$m	Change on Budget %
<b>Other purposes</b>												
Public debt interest	3,614	3,643	1	3,532	3,536	0	3,525	3,517	0	3,356	3,337	-1
Nominal superannuation interest	5,654	5,793	2	5,478	5,708	4	5,766	5,684	-1	5,894	5,970	1
General purpose inter-government transactions	3,690	3,639	-1	2,596	2,805	8	2,650	2,867	8	2,563	2,799	9
Natural disaster relief	104	100	-4	104	100	-4	94	94	0	94	94	0
Contingency reserve	187	-490	-362	2,604	2,748	6	4,914	5,099	4	10,095	9,594	-5
<b>Total expenses</b>	<b>206,081</b>	<b>207,038</b>	<b>0</b>	<b>214,806</b>	<b>216,858</b>	<b>1</b>	<b>225,400</b>	<b>227,263</b>	<b>1</b>	<b>236,568</b>	<b>237,843</b>	<b>1</b>

## Contingency Reserve

The Contingency Reserve (other purposes function) is an allowance, included in aggregate expenses figuring, to reflect anticipated events that cannot be assigned to individual programmes in the preparation of the Australian Government budget estimates. The reserve is an estimating device used to ensure that the budget estimates are based on the best information available at the time of the MYEFO. It is not a general policy reserve.

While the reserve ensures that aggregate estimates are as close as possible to expected outcomes, it is not appropriated. Allowances that are included in the reserve can only be drawn upon once they have been appropriated by Parliament. These allowances are removed from the reserve and allocated to specific agencies for appropriation and for outcome reporting closer to the time when they eventuate.

The Contingency Reserve makes allowance in 2005-06 and the forward years for anticipated events, including the following:

- an allowance for the tendency for estimates of expenses for existing government policy to be revised upwards in the forward years;
- an allowance for the tendency for the estimates of expenses for some specific agencies or functions to be overstated in the budget year;
- commercial-in-confidence and national security-in-confidence items that cannot be disclosed separately;
- decisions made too late for inclusion against individual agency estimates;
- the effect on the budget and forward estimates of economic parameter revisions received late in the process and hence not able to be allocated to individual agencies or functions; and
- provision for events and pressures that are reasonably expected to affect the budget estimates.

The Contingency Reserve also includes expenses associated with the Government's major asset sales and associated administration costs.

### **GST REVENUE PROVISION TO THE STATES AND TERRITORIES**

All GST revenue is paid to the States and Territories (the States) under the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations* (the IGA). In 2005-06, the States will receive GST revenue totalling an estimated \$36.7 billion (Table 20). GST payments to the States are estimated to be \$627 million lower than estimated at the 2005-06 Budget. The downward revision reflects recovery of the \$287 million in overpayment of GST in 2004-05 and a decrease in the estimate of total GST receipts in 2005-06 by \$340 million.

In 2005-06, the States will collectively continue to receive more revenue from the GST than they would have under the previous system of financial assistance grants and the state taxes that were abolished by The New Tax System.

Each State, except New South Wales (NSW), will receive a windfall over the Guaranteed Minimum Amount (GMA). The GMA is an estimate of the funding each State would have had available to it had tax reform not been implemented. In 2005-06, the States will receive a total gain from tax reform of around \$1.1 billion more than the GMA (Table 20). The Australian Government will provide Budget Balancing Assistance (BBA) to ensure that NSW receives its GMA and is hence no worse off in 2005-06 due to tax reform. It is estimated NSW will require \$77 million; however, approximately \$62 million of this amount will be recovered through a Residual Adjustment Amount (RAA).

Residual adjustments are used to ensure that correct final BBA outcomes are achieved. Based on MYEFO estimates, NSW will be overpaid \$62 million of BBA in 2005-06. A RAA of negative \$62 million for 2005-06 is therefore necessary to adjust for this overpayment

Consistent with the IGA, all States abolished debits tax by 1 July 2005 (NSW abolished debits tax on 1 January 2002). Growth in GST revenue helped put State governments in a position where they could abolish this tax and pass on more of the benefits of tax reform to taxpayers. The abolition of debits tax will save taxpayers over \$1 billion in 2005-06.

Further, consistent with the terms of the IGA, the 2005 Ministerial Council for Commonwealth-State Financial Relations reviewed the need for the retention of the other taxes listed in the IGA. The amended IGA mandated a review rather than setting a firm date for their abolition as had been the case in the original IGA. This is because the Senate narrowed the GST base and, as a consequence there was uncertainty about when GST revenue would be sufficient to fund their abolition. The clear intent of the IGA was that, if GST revenue proved to be sufficient at the time of the review, the States would abolish these taxes.

As part of the review, the Australian Government made a proposal to the States that the majority of the remaining taxes be abolished by 2007-08. As part of that proposal, the Australian Government offered to extend the period within which it would pay BBA to a State whose GST revenue falls short of its GMA. This offer to protect States from falling below their GMA as a result of further tax reform, together with the significant windfall gains that tax reform has provided the States, make the Australian Government's proposal affordable to all States.

The proposal involves the abolition of the following stamp duties by 1 July 2006: non-quotable marketable securities; leases; mortgages, bonds, debentures and other loan securities; credit arrangements, instalment purchase arrangements and rental arrangements; and cheques, bills of exchange and promissory notes. Additionally, stamp duty on non-real non-residential conveyances would be abolished by 1 July 2007 and stamp duty on non-residential conveyances on real property would cease to apply by a date to be determined by the Ministerial Council on the basis that no State will be worse off in any year.

States' gains from tax reform are estimated to be around \$1.4 billion by 2008-09 (Table 20). The estimates of States' gains from tax reform are based on the Australian Government's proposal for the elimination of the majority of remaining IGA state taxes which, if still collected in all States, would cost taxpayers \$8.8 billion over the four years from 2006-07. The increase in the States' GMAs due to the Australian Government's proposal results in the States' windfall gains being lower in 2006-07 and 2007-08 compared to 2005-06, despite growing GST revenues.

On 20 April 2005, six States and Territories responded to the Australian Government with an alternative proposal on the timing and sequencing of the elimination of these taxes. The Australian Government is considering its response to the States' proposal. The Australian Government is also considering the range of measures available to it to encourage other States to eliminate their IGA taxes.

As the Australian Government's tax reforms have delivered significantly more revenue to the States than would have been the case if the reforms had not been implemented, the States should be able to abolish these inefficient stamp duties in the near future.

Table 20: Forward estimates of States' gains from tax reform<sup>(a)</sup>

2005-06 (\$m)(b)		NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
(1) Guaranteed Minimum Amount		10,317.3	7,666.8	7,096.5	3,586.5	3,269.0	1,395.8	668.1	1,695.5	35,695.5
(2) GST revenue		10,240.4	7,740.7	7,582.4	3,758.0	3,394.8	1,477.7	712.3	1,806.4	36,712.6
(3) Budget Balancing Assistance		77.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	77.0
(4) State and Territory gains from tax reform		0.0	73.9	485.9	171.4	125.8	81.8	44.2	111.0	1,094.0
2006-07 (\$m)		NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
(1) Guaranteed Minimum Amount(c)		11,379.1	8,342.8	7,658.6	3,853.2	3,497.3	1,464.4	712.7	1,811.1	38,719.1
(2) GST revenue		11,136.9	8,407.0	7,949.3	3,925.9	3,573.8	1,531.8	758.5	1,916.7	39,200.0
(3) Budget Balancing Assistance		242.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	242.2
(4) State and Territory gains from tax reform		0.0	64.2	290.7	72.7	76.6	67.4	45.9	105.6	723.0
2007-08 (\$m)		NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
(1) Guaranteed Minimum Amount(d)		11,980.0	8,665.8	8,087.0	4,102.2	3,651.6	1,515.5	733.9	1,921.6	40,657.6
(2) GST revenue		11,724.5	8,917.4	8,391.8	4,176.4	3,723.1	1,578.4	793.9	2,014.5	41,320.0
(3) Budget Balancing Assistance		255.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	255.5
(4) State and Territory gains from tax reform		0.0	251.6	304.8	74.2	71.5	62.9	60.0	92.9	918.0
2008-09 (\$m)		NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
(1) Guaranteed Minimum Amount		12,462.1	9,007.2	8,365.2	4,272.5	3,749.3	1,554.2	751.4	2,013.8	42,175.8
(2) GST revenue		12,359.2	9,468.0	8,782.1	4,429.1	3,872.4	1,631.2	826.3	2,111.5	43,480.0
(3) Budget Balancing Assistance		102.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	102.9
(4) State and Territory gains from tax reform		0.0	460.8	416.9	156.6	123.1	77.0	75.0	97.6	1,407.1

Note: These estimates are based on the Australian Government's proposal of 23 March 2005 for the elimination of the majority of the taxes listed for review in the IGA.

(a) Projections from 2005-06 will be affected by variations in GMA components, GST revenue growth and from 2006-07, recommendations by the Commonwealth Grants Commission on the distribution of GST to each of the States and Territories in future years. See *Federal Financial Relations 2005-06*, Budget Paper No. 3 for details of the GMA and the distribution of GST revenue among the States and Territories.

(b) The transitional period in which the Australian Government guarantees that no State or Territory will be worse off due to tax reform expires on 30 June 2006. However, as part of the Australian Government's proposal, the Australian Government has offered to extend the transitional period to 30 June 2009.

(c) Consistent with the Australian Government's proposed timetable for the abolition of further inefficient state taxes, GMAs from 2006-07 include estimates of revenue forgone from stamp duties on the following: non-quotable marketable securities; leases; mortgages; bonds, debentures and other loan securities; credit arrangements, instalment purchase arrangements and rental arrangements; and cheques, bills of exchange and promissory notes.

(d) Consistent with the Australian Government's timetable, GMAs from 2007-08 include estimates of revenue forgone from stamp duty on non-residential conveyances other than real property.



# APPENDIX A: POLICY DECISIONS TAKEN SINCE THE 2005-06 BUDGET

## SUMMARY OF POLICY DECISIONS TAKEN SINCE THE 2005-06 BUDGET

**Table A1: Revenue measures since the 2005-06 Budget<sup>(a)</sup>**

Page	2005-06	2006-07	2007-08	2008-09	
	\$m	\$m	\$m	\$m	
<b>AGRICULTURE, FISHERIES AND FORESTRY</b>					
<i>Department of Agriculture, Fisheries and Forestry</i>					
65	Fishing structural adjustment package – Australian Fisheries Management Authority levy reduction	-	-7.0	-5.0	-3.0
<b>Portfolio total</b>		<b>-</b>	<b>-7.0</b>	<b>-5.0</b>	<b>-3.0</b>
<b>ATTORNEY-GENERAL'S</b>					
<i>Australian Customs Service</i>					
66	Customs duty – alignment of import entry level thresholds for courier and postal imports	-8.0	-12.0	-13.0	-13.0
66	Indirect tax – customs duty concession for the Melbourne 2006 Commonwealth Games	-1.0	-	-	-
67	Tariff concessions – abolishing the three per cent tariff on certain machinery	-2.0	-2.0	-2.0	-2.0
67	Taxation of imported wine-based beverages – alignment with locally produced wine based beverages	..	..	..	..
<b>Portfolio total</b>		<b>-11.0</b>	<b>-14.0</b>	<b>-15.0</b>	<b>-15.0</b>
<b>COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS</b>					
<i>Australian Communications and Media Authority</i>					
111	Connect Australia – consumer safeguards(b)	-	1.8	2.4	1.8
113	Telecommunications competition including operational separation of Telstra(b)	-	5.1	4.9	3.9
<b>Portfolio total</b>		<b>-</b>	<b>6.9</b>	<b>7.3</b>	<b>5.7</b>
<b>EDUCATION, SCIENCE AND TRAINING</b>					
<i>Department of Education, Science and Training</i>					
119	Higher Education – extension of FEE-HELP and OS-HELP(b)	-	..	..	..
<b>Portfolio total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>HEALTH AND AGEING</b>					
<i>Department of Health and Ageing</i>					
Medical indemnity					
68	– competitive neutrality charge	9.3	9.1	8.7	8.3
68	– reduction in United Medical Protection support payments	-12.9	-11.9	-21.5	-19.2
<i>Private Health Insurance Ombudsman</i>					
170	Private Health Insurance Ombudsman – increased powers(b)	-	0.2	0.2	0.2
<b>Portfolio total</b>		<b>-3.6</b>	<b>-2.6</b>	<b>-12.6</b>	<b>-10.7</b>

**Table A1: Revenue measures since the 2005-06 Budget<sup>(a)</sup> (continued)**

Page	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m	
<b>PRIME MINISTER AND CABINET</b>					
<i>Australian National Audit Office</i>					
180	Auditing of Australian Government entities(b)	1.1	0.8	0.8	0.9
	<b>Portfolio total</b>	<b>1.1</b>	<b>0.8</b>	<b>0.8</b>	<b>0.9</b>
<b>TREASURY</b>					
<i>Australian Taxation Office</i>					
Capital gains tax					
70	– automatic roll-over of Public Sector Superannuation Fund	-	-	-	-
70	– treatment of options	*	*	*	*
70	Changes to Prescribed Private Funds	-26.5	-12.9	-11.6	-12.3
71	Company loss recoupment rules – modified continuity of ownership test	*	*	*	*
Consolidation					
71	– clarifying the interaction with the demerger rules	-	-20.0	-5.0	-5.0
72	– treatment of pre-capital gains tax membership interests and improvements to clarify the operation of the consolidation regime	*	*	*	*
72	Deductibility of certain gifts	-0.4	-3.5	-2.1	-1.3
73	Employee share schemes – further relief for employee share scheme participants in the event of a corporate restructure	*	*	*	*
74	Excise and customs duty – no increase in rates	-6.0	-12.0	-6.0	-
74	Exemption from foreign currency provisions for securitisation vehicles	..	..	..	..
74	Expanded taxation treatment of business ‘blackhole’ expenditures	-	-2.0	-3.0	-9.0
75	Foreign Investment Fund rules – listing of the Bermuda Stock Exchange as an approved stock exchange	..	..	..	..
75	Foreign residents’ income with an underlying foreign source – conduit foreign income	-	-10.0	-10.0	-25.0
Fringe benefits tax					
76	– exclusion from reporting for certain personal security services	-	..	..	..
76	– extension of transitional arrangements for payments to worker entitlement funds	-	-	-	-
76	– rebatable employer status of certain government institutions	-	-	-	-
Income tax					
77	– extension of mutuality principle	..	..	..	..
77	– taxation status of Operation AZURE	-	..	-	-
78	Indirect tax concession scheme – extension	..	..	..	..
Personal income tax					
78	– amendments to preserve eligibility for the 30 per cent child care tax rebate	-	-	-	-
78	– modifying the foreign employment exemption	..	..	..	..
79	– tax exemption for lump sum payments to F-111 personnel	-6.0	-	-	-
79	Political Donations – raising the tax deductible threshold	-	-	-4.9	-6.5
80	Related party at-call loans – deemed debt treatment for small companies	-11.0	-12.0	-13.0	-13.0



**Table A1: Revenue measures since the 2005-06 Budget<sup>(a)</sup> (continued)**

Page		2005-06	2006-07	2007-08	2008-09
		\$m	\$m	\$m	\$m
	<b>TREASURY (CONTINUED)</b>				
	Superannuation				
80	– extension of transitional relief for small funds	*	*	*	*
81	– modification of allocated pension drawdown factors	-1.5	-5.0	-8.5	-12.0
82	– modification of market linked and other life expectancy income streams	-3.5	-11.0	-18.5	-26.0
83	– removing restriction on portability of accounts	-	-	-	-
83	– temporary residents working on the Melbourne 2006 Commonwealth Games	0.3	0.1	-	-
83	Superannuation contributions splitting	-	-1.4	-2.3	-1.6
84	Superannuation guarantee – extension of lodgement date for superannuation guarantee statements	-0.1	-0.1	-0.1	-0.1
84	Tax exempt asset financing – changes to tax treatment	..	..	..	..
85	Tax treatment of foreign governments and their investment bodies – clarification of tax exemption for certain investments	-	-	-	-
	Taxation of Financial Arrangements				
85	– extension of transitional arrangements for Upper Tier 2 instruments	*	*	*	*
85	– treatment of term subordinated notes containing a solvency clause	-	-	-	-
	<b>Portfolio total</b>	<b>-54.7</b>	<b>-89.8</b>	<b>-85.0</b>	<b>-111.8</b>
	<b>Decisions taken but not yet announced</b>	<b>-13.0</b>	<b>-23.0</b>	<b>-17.0</b>	<b>-7.0</b>
	<b>Total impact of revenue measures(c)</b>	<b>-81.2</b>	<b>-128.7</b>	<b>-126.4</b>	<b>-140.9</b>

\* The nature of the measure is such that a reliable estimate cannot be provided.

.. Not zero, but rounded to zero.

- Nil.

nfp Not for publication.

(a) A minus sign before an estimate indicates a reduction in revenue, no sign before an estimate indicates a gain to revenue.

(b) Details of these measures can be found in Appendix A under Expense measures.

(c) Measures may not add due to rounding.

**Table A2: Expense measures since the 2005-06 Budget<sup>(a)</sup>**

Page	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m	
<b>AGRICULTURE, FISHERIES AND FORESTRY</b>					
<i>Department of Agriculture, Fisheries and Forestry</i>					
Citrus canker eradication in Queensland					
87	4.6	-	-	-	
87	-	-	-	-	
Drought assistance					
88	3.0	-	-	-	
88	507.4	95.7	-	-	
89	1.1	-	-	-	
89	2.2	-	-	-	
90	-	-	-	-	
Fishing structural adjustment package					
90	104.4	45.1	0.1	-	
91	-	8.2	12.2	-	
91	6.2	16.1	7.3	-	
92	-	2.0	2.0	2.0	
102	0.7	2.5	2.5	2.5	
Tasmanian Community Forest Agreement					
92	1.5	2.5	-	-	
93	2.2	-	-	-	
93	18.0	18.0	19.1	-	
94	2.0	-	-	-	
94	-	-	-	-	
94	2.4	-	-	-	
95	2.1	6.1	2.1	-	
95	2.0	2.0	-	-	
96	20.7	17.6	5.6	-	
96	nfp	nfp	-	-	
<b>Portfolio total</b>		<b>680.6</b>	<b>215.8</b>	<b>50.9</b>	<b>4.5</b>
<b>ATTORNEY-GENERAL'S</b>					
<i>Attorney-General's Department</i>					
97	18.1	4.6	-	-	
97	0.3	-	-	-	
194	0.4	0.9	0.9	0.9	
98	0.4	-	-	-	
101	..	-	-	-	
102	2.0	2.0	2.0	-	
National security					
103	2.0	9.1	0.5	-	
104	-	2.3	2.3	2.3	
105	8.4	-	-	-	
105	0.6	0.3	0.2	0.2	

**Table A2: Expense measures since the 2005-06 Budget<sup>(a)</sup> (continued)**

Page		2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
	<b>ATTORNEY-GENERAL'S (CONTINUED)</b>				
107	United Nations Oil-For-Food Programme – establishing a Commission of Inquiry	6.8	-	-	-
107	Urban search and rescue – enhancing the national capability	11.0	4.0	-	-
	<i>Australian Crime Commission</i>				
184	Aviation security – improving security and crime information exchange	2.4	8.7	2.7	2.7
	<i>Australian Customs Service</i>				
	Aviation security				
98	– establishing Joint Airport Investigations Teams	1.0	1.1	1.1	1.2
99	– improving closed circuit television at airports	1.3	1.1	1.1	1.1
99	– increasing air-side Customs patrols	10.4	11.7	11.8	12.0
100	– providing additional closed circuit television cameras and upgrading capabilities	2.0	2.3	2.3	2.3
100	– strengthening international air cargo security arrangements in Australia	1.1	1.0	1.0	1.1
66	Customs duty – alignment of import entry level thresholds for courier and postal imports	-2.0	-2.0	-2.1	-2.1
102	Illegal foreign fishing in Australia's northern waters – increased enforcement	13.5	13.0	13.1	14.1
178	National security – introducing a maritime crew visa	0.4	3.8	9.0	9.4
	<i>Australian Federal Police</i>				
194	Australia-Turkey Bilateral Relations and Cooperation	0.5	0.5	0.5	0.5
	Aviation security				
97	– Airport Police Commanders	5.5	5.0	5.1	5.1
98	– establishing Joint Airport Investigations Teams	9.2	9.0	9.1	9.2
	National security				
104	– establishing a Chemical Warfare Agent Laboratory Network	0.5	0.5	0.5	0.5
104	– establishing a Chemical, Biological, Radiological and Nuclear Data Centre	1.5	3.3	3.3	3.3
106	Sudan – providing an Australian Federal Police Contribution for the UN Mission in Sudan	1.2	2.4	-	-
	<i>Australian Security Intelligence Organisation</i>				
	National security				
178	– introducing a maritime crew visa	-	1.2	1.2	1.2
103	– enhancing the capability of the Australian Security Intelligence Organisation	*	*	*	*
106	– providing temporary accommodation for the Australian Security Intelligence Organisation	1.0	4.3	5.6	6.1
	<i>Federal Court of Australia</i>				
107	Workplace Relations Reform – additional workloads arising from changes to jurisdiction	1.1	3.4	3.5	3.5
	<i>Federal Magistrates Court</i>				
107	Workplace Relations Reform – additional workloads arising from changes to jurisdiction	1.4	4.2	4.1	4.1
	<i>Office of the Director of Public Prosecutions</i>				
102	Illegal foreign fishing in Australia's northern waters – increased enforcement	0.1	0.7	0.7	0.7

**Table A2: Expense measures since the 2005-06 Budget<sup>(a)</sup> (continued)**

Page		2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
	<b>ATTORNEY-GENERAL'S (CONTINUED)</b>				
	<i>Office of the Privacy Commissioner</i>				
185	Surface transport security – developing a national approach for closed circuit television	0.1	-	-	-
	<b>Portfolio total</b>	<b>102.4</b>	<b>98.4</b>	<b>79.4</b>	<b>79.3</b>
	<b>COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS</b>				
	<i>Australian Communications and Media Authority</i>				
111	Connect Australia – consumer safeguards	1.4	1.9	1.8	1.8
	<i>Australian Sports Anti-Doping Authority</i>				
113	Sports anti-doping framework – enhancement	1.3	1.3	1.3	1.9
	<i>Department of Communications, Information Technology and the Arts</i>				
	Connect Australia				
109	– Backing Indigenous Ability	-	23.0	23.7	23.5
109	– Broadband Connect	147.4	236.3	244.1	249.6
110	– Clever Networks	-	22.8	36.0	38.5
110	– consumer information campaign	-	4.1	1.8	-
111	– consumer safeguards	-	0.4	0.4	-
111	– Mobile Connect	4.8	9.2	9.5	5.9
112	Higher Bandwidth Incentive Scheme (HiBIS) – additional funding	50.0	-	-	-
112	Jewish Museum of Australia – contribution	0.2	0.2	-	-
112	Melbourne 2006 Commonwealth Games – additional contribution	10.0	-	-	-
113	Telecommunications competition including operational separation of Telstra	0.6	0.7	0.6	0.6
	<b>Portfolio total</b>	<b>215.6</b>	<b>299.8</b>	<b>319.2</b>	<b>321.9</b>
	<b>CROSS PORTFOLIO</b>				
	<i>Various Agencies</i>				
115	Australia-China Free Trade Agreement – funding for negotiations	5.6	6.0	-	-
115	Official Development Assistance – additional funding	*	*	*	*
	<b>Portfolio total</b>	<b>5.6</b>	<b>6.0</b>	<b>-</b>	<b>-</b>
	<b>DEFENCE</b>				
	<i>Department of Defence</i>				
117	Afghanistan – providing a Special Forces Task Group	62.4	18.4	3.5	-
117	Australian Defence Force employee entitlements – extending conditions of service to members in interdependency relationships	-	-	-	-
118	Australian Defence Medal – expanded eligibility criteria	-	2.0	2.0	2.0
	<b>Portfolio total</b>	<b>62.4</b>	<b>20.4</b>	<b>5.5</b>	<b>2.0</b>

**Table A2: Expense measures since the 2005-06 Budget<sup>(a)</sup> (continued)**

Page		2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
	<b>EDUCATION, SCIENCE AND TRAINING</b>				
	<i>Australian Research Council</i>				
119	Commercialisation Training Scheme – transfer of funds from Australian Research Council	-0.4	-5.5	-5.6	-5.7
	<i>Department of Education, Science and Training</i>				
194	Australia-Turkey Bilateral Relations and Cooperation	0.5	0.5	0.5	0.5
119	Commercialisation Training Scheme – transfer of funds from Australian Research Council	0.4	5.5	5.6	5.7
88	Drought assistance – Exceptional Circumstances assistance	9.7	1.3	-	-
119	Higher Education – extension of FEE-HELP and OS-HELP	-	-	-	-
120	International education – Endeavour Malaysia Scholarships	0.5	0.5	0.5	-
120	Migration Programme – additional assessing authority for the child care profession	0.1	-	-	-
120	Tasmanian Community Forest Agreement – training and skills development for industry workers	1.0	1.0	1.0	1.0
121	Tools for Your Trade – additional funding	3.9	-	-	-
	Welfare to Work				
127	– extended eligibility for Parenting Payment (Single)	-	-1.7	-5.6	-9.1
121	– extension to eligibility for Youth Disability Supplement	-	0.3	1.3	2.2
	<b>Portfolio total</b>	<b>15.7</b>	<b>1.9</b>	<b>-2.3</b>	<b>-5.5</b>
	<b>EMPLOYMENT AND WORKPLACE RELATIONS</b>				
	<i>Australian Industrial Registry</i>				
131	Workplace Relations Reform – changes to the Australian Industrial Relations Commission	-0.2	1.2	-4.1	-6.3
	<i>Comcare</i>				
124	<i>Occupational Health and Safety (Commonwealth Employment) Act 1991</i> – enhanced enforcement capacity	0.2	0.2	0.2	0.2
	<i>Department of Employment and Workplace Relations</i>				
	General Employee Entitlements and Redundancy Scheme				
122	– continuation	-	-	-	-
122	– extended eligibility	2.0	20.3	20.4	19.6
123	Job Placement, Employment and Training Programme – maintain funding	-	-	-	-
124	Parenting Payment (Partnered) – extended eligibility for certain step-parents	0.2	0.2	0.2	0.2
125	Parenting Payment (Partnered) – extending advance payments	-	4.7	0.6	-0.1
125	South Australian automotive workers – labour adjustment fund	5.0	1.9	0.5	-
	Welfare to Work				
147	– expanded eligibility for Carer Payment	-	-9.9	-15.1	-17.1
126	– expanded eligibility for Employment Entry Payment	1.9	5.0	3.5	3.0
126	– expanded eligibility for the higher rate of Mobility Allowance	-	0.3	0.3	0.4
127	– extended eligibility for Parenting Payment (Single)	-	8.0	24.9	43.3

**Table A2: Expense measures since the 2005-06 Budget<sup>(a)</sup> (continued)**

Page	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
<b>EMPLOYMENT AND WORKPLACE RELATIONS (CONTINUED)</b>				
Welfare to Work (continued)				
128				
128	0.4	2.3	3.8	7.6
128	-	3.1	12.8	14.6
129				
	0.1	0.1	0.3	0.3
Workplace Relations Reform				
130	6.7	14.7	18.2	21.7
130	7.3	1.6	-	-
131	38.4	-	-	-
132	13.2	46.2	41.7	39.6
132	17.3	20.5	13.7	15.7
133	2.8	7.2	7.3	7.4
133	7.4	-	-	-
134				
	3.3	11.3	6.6	6.4
134	0.6	2.1	3.4	5.2
<i>Indigenous Business Australia</i>				
123				
	..	..	-	-
<b>Portfolio total</b>				
	<b>106.8</b>	<b>141.1</b>	<b>139.3</b>	<b>161.5</b>
<b>ENVIRONMENT AND HERITAGE</b>				
<i>Department of the Environment and Heritage</i>				
136	*	*	*	*
136	1.3	-	-	-
Tasmanian Community Forest Agreement				
137	nfp	nfp	nfp	nfp
137	1.4	1.4	0.7	-
138	0.5	0.5	-	-
138	1.0	1.0	-	-
138	0.5	0.5	-	-
139	1.0	1.0	-	-
<b>Portfolio total</b>				
	<b>5.8</b>	<b>4.4</b>	<b>0.7</b>	<b>-</b>
<b>FAMILY AND COMMUNITY SERVICES</b>				
<i>Department of Family and Community Services</i>				
Disability support				
140				
	..	1.6	1.7	2.2
140	-	1.1	0.1	-
141	-	2.4	1.1	1.1
141	0.9	19.7	69.7	104.1
142				
	1.5	1.6	-	-
142				
	3.2	1.3	1.3	1.4
143				
	0.2	-	-	-

**Table A2: Expense measures since the 2005-06 Budget<sup>(a)</sup> (continued)**

Page		2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
<b>FAMILY AND COMMUNITY SERVICES (CONTINUED)</b>					
143	Family Tax Benefit – preventing duplicate Rent Assistance payments	-4.0	-4.1	-4.2	-4.3
144	Floods – ex-gratia assistance to affected households	0.1	-	-	-
144	Indigenous Land Reform – Home Ownership Incentive Programme	-	-	-	-
145	Institutional care – response to Senate Committee reports	-	-	-	-
145	London Bombings – ex-gratia assistance	0.4	0.2	..	-
146	Reconnecting People – assistance package for those adversely affected by inappropriate immigration detention	1.8	0.6	-	-
146	Stronger Families and Communities Strategy – additional funding for the Longitudinal Survey of Australian Children	3.1	0.9	2.4	1.0
	Superannuation				
81	– modification of allocated pension drawdown factors	1.0	2.1	3.2	4.5
82	– modification of market linked and other life expectancy income streams	0.3	0.4	0.6	0.9
147	Supported Accommodation Assistance Program – continuation of funding	-	-	-	-
	Welfare to Work				
147	– expanded eligibility for Carer Payment	0.3	21.5	33.0	37.6
127	– extended eligibility for Parenting Payment (Single)	-	-0.5	-1.6	-2.7
	<b>Portfolio total</b>	<b>8.9</b>	<b>48.9</b>	<b>107.4</b>	<b>145.9</b>
<b>FINANCE AND ADMINISTRATION</b>					
<i>Australian Electoral Commission</i>					
149	Federal elections – improving the integrity of Australia's electoral system	-	7.9	8.2	2.9
<i>Commonwealth Grants Commission</i>					
150	Goods and Services Tax relativity assessments – simplification and quality assurance	1.5	1.0	1.0	1.0
<i>Department of Finance and Administration</i>					
150	Gateway Review Process™ – introduction	0.9	1.5	1.5	1.3
151	Menzies Research Centre, Chifley Research Centre and Page Research Centre – increased funding	0.2	0.2	0.2	0.2
151	Promoting global democracy	1.0	2.0	2.0	2.0
	<b>Portfolio total</b>	<b>3.6</b>	<b>12.6</b>	<b>12.9</b>	<b>7.3</b>
<b>FOREIGN AFFAIRS AND TRADE</b>					
<i>Australian Agency for International Development</i>					
Avian influenza					
152	– assistance to Indonesia	-	-	-	-
152	– Pacific pandemic preparedness assistance	-	-	-	-
153	Hurricane Emily – donation	-	-	-	-
Nauru					
154	– development assistance	nfp	nfp	nfp	nfp
154	– implementation of aid package	0.5	0.9	1.0	1.0
156	South Asia earthquake – assistance	-	-	-	-

**Table A2: Expense measures since the 2005-06 Budget<sup>(a)</sup> (continued)**

Page		2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
	<b>FOREIGN AFFAIRS AND TRADE (CONTINUED)</b>				
156	Strengthening pandemic preparedness	-	39.5	30.4	16.1
157	United Nations Democracy Fund – contribution	-	-	-	-
	<i>Department of Foreign Affairs and Trade</i>				
194	Australia-Turkey Bilateral Relations and Cooperation	1.3	1.9	1.8	2.0
183	Aviation security – improving international outreach Hurricane Katrina	0.6	1.0	0.6	0.3
153	– contribution	10.0	-	-	-
153	– ex-gratia payments	..	-	-	-
155	Nauru – upgrade of Consulate-General	1.2	2.0	2.1	2.2
155	October 2005 Bali bombings – additional funding	0.2	-	-	-
	<b>Portfolio total</b>	<b>13.7</b>	<b>45.3</b>	<b>35.9</b>	<b>21.6</b>
	<b>HEALTH AND AGEING</b>				
	<i>Department of Health and Ageing</i>				
158	Addressing Indigenous Needs – combating petrol sniffing – additional funding	3.0	3.0	-	-
	Aged care				
158	– funding for improved information technology, financial reporting and training	-	-	-	-
159	– new scheme to protect accommodation bonds and enhance prudential arrangements	2.7	2.7	3.0	-
159	Assisted Reproductive Technologies Review Committee – funding	0.5	-	-	-
160	Commonwealth Carelink Programme – continued funding	-	-	-	-
160	Community Pharmacy Agreement	-7.7	-63.9	-55.8	-65.6
161	Dementia and challenging behaviours initiative – continued funding	-	-	-	-
88	Drought assistance – Exceptional Circumstances assistance	10.0	1.4	-	-
	Medical Indemnity				
68	– competitive neutrality charge	0.5	0.3	0.1	0.1
68	– reduction in United Medical Protection support payments	0.2	-	-	-
161	Medicare Australia – additional funding	5.4	3.2	3.4	3.3
162	Medicare Benefits Schedule – new and revised listings	10.9	16.7	17.6	18.8
162	National Health and Medical Research Council – transition to a new governance structure	0.4	0.5	0.5	0.5
163	National Immunisation Programme – new and revised vaccinations	1.2	0.5	0.2	0.2
	Pandemic influenza				
163	– fast tracking pandemic influenza vaccine production	4.9	-	-	-
198	– purchase of Relenza	0.2	0.7	0.7	0.7
	Pandemic influenza preparedness				
164	– enhancement	6.6	2.7	1.8	1.6
198	– national medical stockpile	3.8	3.2	3.2	3.2
165	– Office of Health Protection	3.2	7.4	6.9	7.0
	Pharmaceutical Benefits Scheme				
165	– extend the listing of Arimidex® (anastrozole)	1.6	7.3	14.7	20.8
166	– extend the listing of Eloxatin® (oxaliplatin)	21.5	31.7	36.1	39.9
167	– increased PBS subsidy for Lipitor® (atorvastatin)	35.5	85.2	97.3	111.3



**Table A2: Expense measures since the 2005-06 Budget<sup>(a)</sup> (continued)**

Page		2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
	<b>HEALTH AND AGEING (CONTINUED)</b>				
	Pharmaceutical Benefits Scheme (continued)				
167	– listing of Inspra® (Eplerenone)	0.6	2.7	5.2	7.5
168	– minor new listings	3.2	3.7	4.0	4.3
168	– retain listing for calcium tablets	0.3	0.6	0.6	0.7
	Private Health Insurance				
169	– deferral of reinsurance reforms	-1.7	-4.5	-0.4	-0.3
169	– development of options to increase competitiveness and coverage	0.4	-	-	-
170	Ronald McDonald Beach House – contribution	0.2	-	-	-
170	Staying at home respite for carers – continued funding	-	-	-	-
171	Support for carers – continued funding	-	-	-	-
147	Welfare to Work – expanded eligibility for Carer Payment	-	1.2	1.9	2.1
	<i>National Health and Medical Research Council</i>				
162	National Health and Medical Research Council – transition to a new governance structure	0.3	-	-	-
	<i>Private Health Insurance Ombudsman</i>				
170	Private Health Insurance Ombudsman – increased powers	-	0.2	0.2	0.2
	<b>Portfolio total</b>	<b>107.4</b>	<b>106.7</b>	<b>141.3</b>	<b>156.6</b>
	<b>HUMAN SERVICES</b>				
	<i>Centrelink</i>				
172	Assurance of Support – additional funding	8.5	-	-	-
172	Child Care Tax Rebate – improved service delivery	3.7	1.4	1.1	1.1
141	Disability support – trusts and gifting exemption from assets test	-	5.4	2.4	2.6
88	Drought assistance – Exceptional Circumstances assistance	7.1	0.3		
142	Drought assistance – Family Relationships Services Programme	0.4	0.4	-	-
143	Family Tax Benefit – preventing duplicate Rent Assistance payments	3.7	2.8	0.8	0.7
145	London Bombings – ex-gratia assistance	0.3	-	-	-
146	Reconnecting People – assistance package for those adversely affected by inappropriate immigration detention	0.7	0.1	-	-
	Superannuation				
81	– modification of allocated pension drawdown factors	0.8	0.1	0.1	0.1
82	– modification of market linked and other life expectancy income streams	1.7	0.1	0.1	0.1
147	Welfare to Work – expanded eligibility for Carer Payment	0.4	-0.2	-0.4	-0.5
	<i>Department of Human Services</i>				
173	Medicare – developing improved claiming arrangements	0.5	-	-	-
173	Smart technologies and services – funding for a business case	4.0	-	-	-
173	Social welfare and health services – information and education	4.0	-	-	-
174	Welfare to Work – Comprehensive Work Capacity Assessments – additional funding	2.3	0.9	1.5	0.9

**Table A2: Expense measures since the 2005-06 Budget<sup>(a)</sup> (continued)**

Page		2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
<b>HUMAN SERVICES (CONTINUED)</b>					
<i>Medicare Australia</i>					
160	Community Pharmacy Agreement	2.7	2.0	1.9	2.0
68	Medical indemnity – reduction in United Medical Protection support payments	0.1	-	-2.8	-4.8
Pharmaceutical Benefits Scheme					
165	– extend the listing of Arimidex® (anastrozole)	..	..	..	..
166	– extend the listing of Eloxatin® (oxaliplatin)	..	..	..	..
167	– listing of Inspra® (Eplerenone)	..	..	..	..
168	– retain listing for calcium tablets	..	..	..	..
<b>Portfolio total</b>		<b>40.9</b>	<b>13.5</b>	<b>4.6</b>	<b>2.2</b>
<b>IMMIGRATION AND MULTICULTURAL AND INDIGENOUS AFFAIRS</b>					
<i>Department of Immigration and Multicultural and Indigenous Affairs</i>					
158	Addressing Indigenous Needs – combating petrol sniffing – additional funding	1.5	2.0	-	-
175	Child Migrants Trust – extension of funding	-	-	-	-
175	Counter-terrorism – developing a national action plan to address intolerance and the promotion of violence	5.9	-	-	-
102	Illegal foreign fishing in Australia's northern waters – increased enforcement	2.0	5.9	6.0	6.2
176	Indigenous Land Reform – Northern Territory township tenure	-	3.0	3.0	3.0
177	Migration legislation – amendments	9.3	-	-	-
178	National security – introducing a maritime crew visa	7.4	6.0	11.9	12.7
179	Palmer and Comrie Reports – implementation plan	35.7	51.8	36.1	35.6
<i>Refugee Review Tribunal</i>					
177	Migration legislation – amendments	2.5	-	-	-
<b>Portfolio total</b>		<b>64.3</b>	<b>68.7</b>	<b>57.0</b>	<b>57.4</b>
<b>INDUSTRY, TOURISM AND RESOURCES</b>					
<i>Department of Industry, Tourism and Resources</i>					
136	Biofuels Taskforce – Australian Government response	*	*	*	*
<b>Portfolio total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PRIME MINISTER AND CABINET</b>					
<i>Australian National Audit Office</i>					
180	Auditing of Australian Government entities	1.1	0.8	0.8	0.9
<i>Australian Public Service Commission</i>					
180	Aboriginal and Torres Strait Islander employees – employment and capability strategy	1.2	2.6	2.6	-
<i>Department of the Prime Minister and Cabinet</i>					
181	Department of the Prime Minister and Cabinet – funding for taskforces and increased capacity	5.6	5.2	5.2	5.3
177	Migration legislation – amendments	0.6	-	-	-
181	National Australia Day Council – increased support	0.5	1.0	1.0	1.0
<i>Office of the Commonwealth Ombudsman</i>					
177	Migration legislation – amendments	1.6	1.6	-	-
179	Palmer and Comrie Reports – implementation plan	3.8	3.1	3.6	3.6
<b>Portfolio total</b>		<b>14.4</b>	<b>14.3</b>	<b>13.3</b>	<b>10.8</b>

**Table A2: Expense measures since the 2005-06 Budget<sup>(a)</sup> (continued)**

Page		2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
	<b>TRANSPORT AND REGIONAL SERVICES</b>				
	<i>Department of Transport and Regional Services</i>				
182	Australian Rail Track Corporation – increased funding in 2004-2005	-	-	-	-
	Aviation security				
182	– developing a national training framework	1.3	2.3	-	-
183	– improving international outreach	0.6	2.0	1.2	1.2
184	– improving security and crime information exchange	3.4	3.9	4.0	4.0
100	– strengthening international air cargo security arrangements in Australia	11.0	6.0	5.1	5.0
184	Eyre Peninsula – rail upgrade	-	-	-	-
	Surface transport security				
185	– assessing new technology	0.2	0.2	-	-
185	– developing a national approach for closed circuit television	0.7	-	-	-
186	– enhancement	0.2	0.5	0.3	-
	<b>Portfolio total</b>	<b>17.4</b>	<b>14.8</b>	<b>10.5</b>	<b>10.2</b>
	<b>TREASURY</b>				
	<i>Australian Competition and Consumer Commission</i>				
113	Telecommunications competition including operational separation of Telstra	4.0	4.7	3.8	3.9
	<i>Australian Securities and Investments Commission</i>				
192	Corporate Insolvency Law Reform – strengthening creditor protection and deterring misconduct by company officers	3.4	6.0	6.4	6.9
193	One.Tel – ongoing litigation and investigation	3.3	-	-	-
	<i>Australian Taxation Office</i>				
	Fuel Taxation and Credit Reform				
192	– eligibility of alternative fuels for a full credit when consumed in off-road business activities	-	-	-	-
193	– extension of alternative fuels grants until 1 July 2010	-	4.0	3.0	2.0
	<i>Department of the Treasury</i>				
	Budget Balancing Assistance				
187	– alignment of import entry thresholds for courier and postal imports	1.7	2.7	2.6	2.6
187	– changes to the vouchers provisions	..	..	..	..
188	– GST and representatives of incapacitated entities	..	..	..	..
188	– GST and the sale of real property – margin scheme	*	*	*	*
189	– GST and the sale of real property – deferral of integrity measure	*	*	*	*
189	– GST concession for the Melbourne 2006 Commonwealth Games	0.3	-	-	-
190	– Indirect Tax Concession Scheme – GST extension	..	..	..	..
191	– personal aquatic survival skills	-	0.4	0.5	0.5
191	– supplies of options and rights offshore – deregistration and change to start date	14.5	-	3.3	-
	<i>Productivity Commission</i>				
193	Taskforce on reducing the regulatory burden on business	0.2	-	-	-
	<b>Portfolio total</b>	<b>27.5</b>	<b>17.9</b>	<b>19.7</b>	<b>15.9</b>

**Table A2: Expense measures since the 2005-06 Budget<sup>(a)</sup> (continued)**

Page		2005-06	2006-07	2007-08	2008-09
		\$m	\$m	\$m	\$m
	<b>VETERANS' AFFAIRS</b>				
	<i>Department of Veterans' Affairs</i>				
194	Australia-Turkey Bilateral Relations and Cooperation	3.3	3.2	3.2	3.4
160	Community Pharmacy Agreement	3.0	-12.4	-12.5	-13.3
141	Disability support – trusts and gifting exemption from assets test	..	1.6	4.6	6.8
195	Gallipoli Peninsula – veterans' affairs coordination	0.7	0.8	0.8	0.8
	Pharmaceutical Benefits Scheme				
165	– extend the listing of Arimidex® (anastrozole)	0.1	0.3	0.7	1.0
166	– extend the listing of Eloxatin® (oxaliplatin)	0.9	1.3	1.5	1.7
167	– increased PBS subsidy for Lipitor® (atorvastatin)	2.1	4.4	5.1	5.9
167	– listing of Inspra® (Eplerenone)	..	0.1	0.2	0.3
168	– retain listing for calcium tablets	..	0.1	0.1	0.1
	Superannuation				
81	– modification of allocated pension drawdown factors	0.1	0.1	0.1	0.2
82	– modification of market linked and other life expectancy income streams	0.2	0.2	0.3	0.4
	<b>Portfolio total</b>	<b>10.3</b>	<b>-0.4</b>	<b>4.2</b>	<b>7.3</b>
	<b>Decisions taken but not yet announced</b>	<b>8.0</b>	<b>78.3</b>	<b>77.7</b>	<b>96.3</b>
	<b>Depreciation expense(b)</b>	<b>13.4</b>	<b>20.5</b>	<b>21.5</b>	<b>19.7</b>
	<b>Total impact of expense measures(c)</b>	<b>1,524.6</b>	<b>1,228.7</b>	<b>1,098.5</b>	<b>1,114.9</b>

\* The nature of the measure is such that a reliable estimate cannot be provided.

.. Not zero, but rounded to zero.

- Nil.

nfp Not for publication.

(a) A minus sign before an estimate indicates a reduction in expenses, no sign before an estimate indicates increased expenses.

(b) Aggregate depreciation expenses in relation to capital measures.

(c) Measures may not add due to rounding.

**Table A3: Capital measures since the 2005-06 Budget<sup>(a)</sup>**

Page		2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
	<b>AGRICULTURE, FISHERIES AND FORESTRY</b>				
	<i>Department of Agriculture, Fisheries and Forestry</i>				
102	Illegal foreign fishing in Australia's northern waters – increased enforcement	1.1	-	-	-
	<b>Portfolio total</b>	<b>1.1</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>ATTORNEY-GENERAL'S</b>				
	<i>Attorney-General's Department</i>				
194	Australia-Turkey Bilateral Relations and Cooperation	0.1	-	-	-
	National security				
103	– centralised background checking	0.5	9.1	1.2	-
105	– promoting public understanding of Australia's counter-terrorism arrangements	..	-	-	-
	<i>Australian Crime Commission</i>				
184	Aviation security – improving security and crime information exchange	1.1	0.3	-	-
	<i>Australian Customs Service</i>				
	Aviation security				
99	– improving closed circuit television at airports	0.1	0.1	-	-
99	– increasing air-side Customs patrols	2.4	0.4	-	-
100	– providing additional closed circuit television cameras and upgrading capabilities	5.1	..	-	-
100	– strengthening international air cargo security arrangements in Australia	0.3	-	-	-
102	Illegal foreign fishing in Australia's northern waters – increased enforcement	3.1	0.4	-	-
178	National security – introducing a maritime crew visa	0.5	4.3	2.8	-
	<i>Australian Federal Police</i>				
97	Aviation security – Airport Police Commanders	0.4	-	-	-
104	National security – establishing a Chemical, Biological, Radiological and Nuclear Data Centre	1.4	0.4	0.3	0.3
106	Sudan – providing an Australian Federal Police Contribution for the UN Mission in Sudan	0.1	-	-	-
	<i>Australian Security Intelligence Organisation</i>				
	National security				
178	– introducing a maritime crew visa	-	0.4	0.3	-
106	– providing temporary accommodation for the Australian Security Intelligence Organisation	11.4	8.5	-	-
	<i>Federal Court of Australia</i>				
107	Workplace Relations Reform – additional workloads arising from changes to jurisdiction	1.4	-	-	-
	<i>Federal Magistrates Court</i>				
107	Workplace Relations Reform – additional workloads arising from changes to jurisdiction	1.4	-	-	-
	<b>Portfolio total</b>	<b>29.1</b>	<b>24.0</b>	<b>4.6</b>	<b>0.3</b>
	<b>COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS</b>				
	<i>Australian Communications and Media Authority</i>				
111	Connect Australia – consumer safeguards	0.4	0.5	-	-

**Table A3: Capital measures since the 2005-06 Budget<sup>(a)</sup> (continued)**

Page		2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
	<b>COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS (CONTINUED)</b>				
	<i>Department of Communications, Information Technology and the Arts</i>				
196	Communications Fund to future proof telecommunications services in regional, rural and remote Australia	-	-	-	-
109	Connect Australia – Broadband Connect	0.6	-	-	-
	<b>Portfolio total</b>	<b>1.0</b>	<b>0.5</b>	-	-
	<b>DEFENCE</b>				
	<i>Department of Defence</i>				
117	Afghanistan – providing a Special Forces Task Group	6.5	-	-	-
	<b>Portfolio total</b>	<b>6.5</b>	-	-	-
	<b>EDUCATION, SCIENCE AND TRAINING</b>				
	<i>Department of Education, Science and Training</i>				
119	Higher Education – extension of FEE-HELP and OS-HELP	-	-	-	-
	<b>Portfolio total</b>	-	-	-	-
	<b>EMPLOYMENT AND WORKPLACE RELATIONS</b>				
	<i>Department of Employment and Workplace Relations</i>				
	Workplace Relations Reform				
131	– changes to the Australian Industrial Relations Commission	2.1	-	-	-
132	– development and implementation	35.8	3.4	0.7	0.7
133	– establishing the Australian Fair Pay Commission	2.5	-	-	-
134	– advice and education concerning termination of employment	0.5	-	-	-
	<i>Indigenous Business Australia</i>				
123	Indigenous Land Reform – Home Ownership on Indigenous Land Programme	-	-	-	-
	<b>Portfolio total</b>	<b>41.0</b>	<b>3.4</b>	<b>0.7</b>	<b>0.7</b>
	<b>FINANCE AND ADMINISTRATION</b>				
	<i>Australian Electoral Commission</i>				
149	Federal elections – improving the integrity of Australia's electoral system	-	1.6	-	-
	<i>Department of Finance and Administration</i>				
150	Gateway Review Process™ – introduction	..	-	-	-
197	National Portrait Gallery – enhanced new premises	-	-	-	23.1
	<b>Portfolio total</b>	-	<b>1.6</b>	-	<b>23.1</b>
	<b>FOREIGN AFFAIRS AND TRADE</b>				
	<i>Australian Agency for International Development</i>				
155	Nauru – upgrade of Consulate-General	0.4	-	-	-
	<i>Department of Foreign Affairs and Trade</i>				
115	Australia-China Free Trade Agreement – funding for negotiations	0.1	-	-	-
194	Australia-Turkey Bilateral Relations and Cooperation	0.7	4.5	-	-
155	Nauru – upgrade of Consulate-General	2.4	-	-	-
	<b>Portfolio total</b>	<b>3.5</b>	<b>4.5</b>	-	-

**Table A3: Capital measures since the 2005-06 Budget<sup>(a)</sup> (continued)**

Page		2005-06	2006-07	2007-08	2008-09
		\$m	\$m	\$m	\$m
<b>HEALTH AND AGEING</b>					
<i>Department of Health and Ageing</i>					
159	Aged Care – new scheme to protect accommodation bonds and enhance prudential arrangements	0.2	-	-	-
198	Pandemic influenza – purchase of Relenza	15.5	41.1	-	-
	Pandemic influenza preparedness				
164	– enhancement	0.5	1.7	0.9	-
198	– national medical stockpile	115.5	-	-	-
165	– Office of Health Protection	2.9	-	-	-
	<b>Portfolio total</b>	<b>134.6</b>	<b>42.8</b>	<b>0.9</b>	<b>-</b>
<b>HUMAN SERVICES</b>					
<i>Centrelink</i>					
143	Family Tax Benefit – preventing duplicate Rent Assistance payments	1.5	-	-	-
128	Welfare to Work – higher rate of Newstart and Youth Allowance (Other) for certain sole parents	0.6	-	-	-
<i>Medicare Australia</i>					
160	Community Pharmacy Agreement	0.8	-	-	-
	<b>Portfolio total</b>	<b>2.9</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IMMIGRATION AND MULTICULTURAL AND INDIGENOUS AFFAIRS</b>					
<i>Department of Immigration and Multicultural and Indigenous Affairs</i>					
178	National security – introducing a maritime crew visa	4.7	-	-	-
179	Palmer and Comrie Reports – implementation plan	8.8	2.6	0.1	0.1
<i>Refugee Review Tribunal</i>					
177	Migration legislation – amendments	0.3	-	-	-
	<b>Portfolio total</b>	<b>13.8</b>	<b>2.6</b>	<b>0.1</b>	<b>0.1</b>
<b>PRIME MINISTER AND CABINET</b>					
<i>Office of the Commonwealth Ombudsman</i>					
177	Migration legislation – amendments	0.4	-	-	-
179	Palmer and Comrie Reports – implementation plan	0.7	-	-	-
	<b>Portfolio total</b>	<b>1.0</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TRANSPORT AND REGIONAL SERVICES</b>					
<i>Department of Transport and Regional Services</i>					
Aviation security					
182	– developing a national training framework	0.3	-	-	-
184	– improving security and crime information exchange	4.1	-	-	-
100	– strengthening international air cargo security arrangements in Australia	2.5	-	-	-
	<b>Portfolio total</b>	<b>6.8</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table A3: Capital measures since the 2005-06 Budget<sup>(a)</sup> (continued)**

Page		2005-06	2006-07	2007-08	2008-09
		\$m	\$m	\$m	\$m
	<b>TREASURY</b>				
	<i>Australian Competition and Consumer Commission</i>				
113	Telecommunications competition including operational separation of Telstra	1.0	-	-	-
	<i>Australian Securities and Investments Commission</i>				
192	Corporate insolvency law reform – strengthening creditor protection and deterring misconduct by company officers	0.3	-	-	-
	<b>Portfolio total</b>	<b>1.3</b>	-	-	-
	<b>VETERANS' AFFAIRS</b>				
	<i>Department of Veterans' Affairs</i>				
194	Australia-Turkey Bilateral Relations and Cooperation	0.3	-	-	-
141	Disability support – trusts and gifting exemption from assets test	0.1	0.1	-	-
195	Gallipoli Peninsula – veterans' affairs coordination	0.2	-	-	-
	Superannuation				
81	– modification of allocated pension drawdown factors	..	-	-	-
82	– modification of market linked and other life expectancy income streams	..	-	-	-
	<b>Portfolio total</b>	<b>0.5</b>	<b>0.1</b>	-	-
	<b>Depreciation expense(b)</b>	<b>-13.4</b>	<b>-20.5</b>	<b>-21.5</b>	<b>-19.7</b>
	<b>Total capital measures(c)</b>	<b>229.7</b>	<b>59.0</b>	<b>-15.2</b>	<b>4.4</b>

\* The nature of the measure is such that a reliable estimate cannot be provided.

.. Not zero, but rounded to zero.

- Nil.

nfp Not for publication.

(a) A minus sign before an estimate indicates a reduction in capital, no sign before an estimate indicates a capital increase.

(b) Net capital investment is reduced by depreciation expenses.

(c) Measures may not add due to rounding



## Revenue measures

### **AGRICULTURE, FISHERIES AND FORESTRY**

#### **Fishing structural adjustment package — Australian Fisheries Management Authority levy reduction**

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Agriculture, Fisheries and Forestry	-	-7.0	-5.0	-3.0

The Government will reduce the Australian Fisheries Management Authority industry fishing levies by \$15.0 million over three years from 2006-07 as part of the structural adjustment package for the fishing industry.

Further information can be found in the press release of 23 November 2005 issued by the Minister for Fisheries, Forestry and Conservation.

## ATTORNEY-GENERAL'S

### Customs duty — alignment of import entry level thresholds for courier and postal imports

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Customs Service	-8.0	-12.0	-13.0	-13.0
<i>Related expense (\$m)</i>				
Australian Customs Service	-2.0	-2.0	-2.1	-2.1

The Government has aligned the import entry level threshold for postal and courier imports at \$1,000, with effect from 12 October 2005.

Previously, the threshold for air and sea consignments and postal consignments carried by private couriers was \$250, while the threshold for postal consignments carried by Australia Post was \$1,000.

The alignment of these thresholds at \$1,000 will promote competitive neutrality and simplify the customs clearance process for a large number of importers.

The Australian Customs Service's administration costs will be reduced by \$8.2 million over four years as a result of the lower number of declared items being assessed.

Further information can be found in Australian Customs Notice No. 2005/57 of 7 October 2005.

### Indirect tax — customs duty concession for the Melbourne 2006 Commonwealth Games

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Customs Service	-1.0	-	-	-

The Government has agreed to allow certain goods of a non-commercial nature to be imported free of customs duty by 'Commonwealth Games Family' members for the Melbourne 2006 Commonwealth Games. The concession will take effect from 1 January 2006 and run until 30 June 2006.

A similar concession was provided for the Sydney 2000 Olympic and Paralympic Games.

**Tariff concessions — abolishing the three per cent tariff on certain machinery**

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Customs Service	-2.0	-2.0	-2.0	-2.0

The Government will remove the three per cent tariff applying to machinery imported as part of a complete package where the main component is eligible for a Tariff Concession Order (TCO), but the package includes items which would otherwise make the package ineligible for a TCO, with effect from 11 May 2005.

Removing the tariff will ensure consistency with the Government's decision, announced in the 2005-06 Budget, to remove the three per cent tariff on business inputs imported under a TCO.

**Taxation of imported wine-based beverages — alignment with locally produced wine based beverages**

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Customs Service	..	..	..	..

The Government has aligned the tax treatment of certain imported wine-based beverages with that of equivalent locally made product, with effect from 23 June 2005.

Previously, certain imported wine-based beverages were subject to customs duty at an excise equivalent rate. The measure is a technical correction to ensure that these wine-based beverages are subject to wine equalisation tax when imported.

## HEALTH AND AGEING

### Medical indemnity — competitive neutrality charge

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Health and Ageing	9.3	9.1	8.7	8.3
<i>Related expense (\$m)</i>				
Department of Health and Ageing	0.5	0.3	0.1	0.1

The Government will impose an annual competitive neutrality charge on medical indemnity insurers benefiting from the Government's incurred but not reported indemnity scheme. The charge will be imposed from 2005 to 2015.

The Government will use the funds from this measure to reduce doctors' contributions under the UMP support scheme. This is reflected in the associated measure *Medical indemnity – reduction in United Medical Protection support payments*.

Further information can be found in the joint press release of 13 May 2005 issued by the Minister for Health and Ageing and the Minister for Revenue and Assistant Treasurer.

### Medical indemnity — reduction in United Medical Protection support payments

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Health and Ageing	-12.9	-11.9	-21.5	-19.2
<i>Related expense (\$m)</i>				
Department of Health and Ageing	0.2	..	..	..
Medicare Australia	0.1	-	-2.8	-4.8
<i>Total</i>	0.2	..	-2.8	-4.7

The Government will reduce doctors' contributions to the cost of the United Medical Protection (UMP) support scheme by \$1,000 in both 2005-06 and 2006-07 for all doctors making these payments, and reduce the duration of the scheme by two years to terminate in 2006-07.

The reduction in revenue is to be offset by the introduction of a competitive neutrality charge in the associated measure *Medical indemnity – competitive neutrality charge*.

*Appendix A: Policy decisions taken since the 2005-06 Budget*

Further information can be found in the joint press release of 13 May 2005 issued by the Minister for Health and Ageing and the Minister for Revenue and Assistant Treasurer.

## TREASURY

### Capital gains tax — automatic roll-over of Public Sector Superannuation Fund

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	-	-	-	-

The Government has provided an automatic capital gains tax (CGT) roll-over for the transfer of CGT assets from the Public Sector Superannuation Board to the trustee of the PSS Investments Trust, with effect from 1 July 2005. This will help to establish the Public Sector Superannuation Accumulation Plan as a separate scheme from the Public Sector Superannuation Scheme.

### Capital gains tax — treatment of options

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	*	*	*	*

The Government will amend the capital gains tax (CGT) provisions relating to options and the related capital proceeds rules to allow amounts payable in respect of options over created assets to be included in the CGT cost base of those assets, with effect to options exercised on or after 27 May 2005.

The amendments will ensure that the CGT provisions apply to the renewing or extending of options in the same way as they apply to the granting of options.

Further information can be found in the press release of 27 May 2005 issued by the Minister for Revenue and Assistant Treasurer.

### Changes to Prescribed Private Funds

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	-26.5	-12.9	-11.6	-12.3

Since the 2005-06 Budget there have been 74 funds approved for prescription as Prescribed Private Funds (PPF), and one declaration that a fund is no longer a PPF. Prescribed private funds allow businesses, families and individuals to establish and donate to a charitable trust of their own, for the purposes of disbursing funds to a range of other deductible gift recipients.

### Company loss recoupment rules — modified continuity of ownership test

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	*	*	*	*

The Government will alter the modified continuity of ownership test that is available to listed public companies to remove the proposed 'known change of ownership' test, to introduce specific testing times and to introduce a same-share/same-interest rule, with effect from 1 July 2002.

A company can deduct losses incurred in earlier income years if it satisfies the continuity of ownership test or the same business test. The continuity of ownership test is being modified to make it easier for listed public companies to apply the test.

Further information can be found in the press release of 14 September 2005 issued by the Minister for Revenue and Assistant Treasurer.

### Consolidation — clarifying the interaction with the demerger rules

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	-	-20.0	-5.0	-5.0

The Government will modify the consolidation tax cost setting rules to ensure they apply appropriately where a joining entity has been demerged prior to consolidating, with effect from 1 July 2002.

The measure will ensure that the tax cost setting integrity measure that causes certain CGT roll-overs to be ignored for tax cost setting purposes does not apply to a consolidated group or multiple entry consolidated (MEC) group that forms after a demerger, provided that the company with the rolled-over asset does not join the same consolidated group or MEC group as the company that originally held the asset.

Further information can be found in the press release of 1 December 2005 issued by the Minister for Revenue and Assistant Treasurer.

**Consolidation — treatment of pre-capital gains tax membership interests and improvements to clarify the operation of the consolidation regime**

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	*	*	*	*

The Government will ensure that the pre-capital gains tax (CGT) status of membership interests in subsidiary members is maintained post-consolidation and make other improvements to clarify the operation of the consolidation regime, with effect from 1 July 2002.

This measure will assist small to medium sized groups that wish to consolidate by ensuring that the pre-CGT status of membership interests in subsidiary members is maintained post-consolidation. The measure will also clarify the operation of various aspects of the consolidation regime and improve interactions with other parts of the income tax law.

Further information can be found in the press release of 1 December 2005 issued by the Minister for Revenue and Assistant Treasurer.

**Deductibility of certain gifts**

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	-0.4	-3.5	-2.1	-1.3

Since the 2005-06 Budget, the Government has extended gift deductibility for gifts of \$2 and more to the following organisations:

- International Specialised Skills Institute;
- Yachad Accelerated Learning Project;
- Chifley Research Centre Limited;
- Rotary Club of Katoomba Inc – Convict Roadbuilders and Pioneer Memorial Wall Fund;
- Xanana Vocational Education Trust (for a period of two years);
- Australian Red Cross US 2005 Hurricane Relief Appeal;
- Salvation Army Australia Hurricane Katrina Relief Appeal;
- City of Onkaparinga Memorial Gardens Association (extension for two months); and



- C E W Bean Foundation (for a period of two years).

In addition, since the 2005-06 Budget there have been:

- 48 additions to the Register of Cultural Organisations and 26 deletions;
- 36 additions to the Register of Environmental Organisations and 14 deletions; and
- three funds declared relief funds for people in developing countries (overseas aid funds).

The Register of Cultural Organisations can be found on the Department of Communications, Information and Technology and the Arts website at [www.dcita.gov.au](http://www.dcita.gov.au). The Register of Environmental Organisations can be found on the Department of Environment and Heritage website at [www.ea.gov.au](http://www.ea.gov.au). The list of overseas aid funds can be found on the AusAid website at [www.ausaid.gov.au](http://www.ausaid.gov.au). No changes have been made to the Register of Harm Prevention Charities since the 2005-06 Budget. The list of harm prevention charities can be found on the Department of Family and Community Services website at [www.facs.gov.au](http://www.facs.gov.au).

#### **Employee share schemes — further relief for employee share scheme participants in the event of a corporate restructure**

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	*	*	*	*

The Government will provide further relief in the event of a corporate restructure for employees who participate in employee share schemes, with effect from 1 July 2004.

Under this measure, when an employee is issued new shares or rights as the result of a corporate restructure, the employee will be able to treat their new shares or rights as a continuation of their old shares or rights.

This measure ensures that a taxing point does not arise for the employee, regardless of whether they have paid tax upfront or deferred their tax liability under section 26AAC or Division 13A of the *Income Tax Assessment Act 1936*.

Further information can be found in the press release of 14 September 2005 issued by the Minister for Revenue and Assistant Treasurer.

**Excise and customs duty — no increase in rates**

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	-6.0	-12.0	-6.0	-

The Government will not go ahead with planned increases in petrol excise and customs duty rates as announced in the 2003-04 Budget. These increases were intended to apply between 1 January 2006 and 31 December 2007 to fund a grant of 1.1 cents per litre to encourage the early introduction of premium unleaded petrol with 50 parts per million or less sulphur content for supply into the domestic market. This grant will proceed without any increase in excise or customs duty on unleaded petrol.

Further information can be found in the press release of 20 September 2005, issued by the Treasurer and Minister for the Environment and Heritage, and the Government’s announcement of the measure entitled *Measures for a Better Environment – Cleaner Fuels* (see *Budget Measures 2003-04 Budget Paper No. 2*, pages 41 and 223).

**Exemption from foreign currency provisions for securitisation vehicles**

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	..	..	..	..

The Government will extend the exemption from foreign currency rules introduced in 2003 to include securitisation vehicles, with effect from 1 July 2003.

This exemption currently applies to Authorised Deposit-taking Institutions (ADIs) and non-ADI financial institutions. The exemption will apply until the commencement of the proposed retranslation and hedging regimes in the income tax law. These regimes are to be introduced as part of Stages 3 and 4 of the Taxation of Financial Arrangements reforms.

**Expanded taxation treatment of business ‘blackhole’ expenditures**

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	-	-2.0	-3.0	-9.0

The Government will increase the range of deductions available to business under the systematic tax treatment for business ‘blackhole’ expenditures announced in the 2005-06 Budget. The measure will apply to expenditures incurred on or after 1 July 2005.

The measure broadens the scope of the Budget measure in response to issues raised in consultations.

- A deduction over five years for certain business-related payments to terminate an operating lease or license will be provided.
- An original proposal to limit access to the blackholes measure for certain pre-business expenditure will no longer proceed ensuring that all businesses are treated consistently.
- The Uniform Capital Allowances regime will be amended to ensure certain blackhole expenditures incurred to hold or dispose of a depreciating asset will be included in the cost of those depreciating assets.

**Foreign Investment Fund rules — listing of the Bermuda Stock Exchange as an approved stock exchange**

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	..	..	..	..

The Government has included the Bermuda Stock Exchange on the list of approved stock exchanges for the purposes of Australia’s Foreign Investment Fund (FIF) rules, with effect from 1 September 2005. This will reduce the costs of complying with the FIF rules for Australian taxpayers who invest in foreign companies or trusts listed on the Bermuda Stock Exchange.

This measure is an outcome of the recent conclusion of a tax information exchange agreement between Australia and Bermuda.

**Foreign residents’ income with an underlying foreign source — conduit foreign income**

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	-	-10.0	-10.0	-25.0

The Government will extend the circumstances under which foreign income can be distributed by an Australian corporate tax entity to its foreign owners free of Australian tax. These circumstances include allowing a greater range of entities to access the benefits of the measure and permitting foreign income to flow through on-shore companies to foreign owners free of Australian tax.

This measure builds on the foreign income account measure announced in the 2003-04 Budget to extend the existing exemption for foreign non-portfolio dividends. The measure will have effect from 1 July 2005, although amounts can only be declared to be conduit foreign income on or after the date of Royal Assent.

**Fringe benefits tax — exclusion from reporting for certain personal security services**

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	-	..	..	..

The Government will ensure that employers who provide certain personal security services to employees who have received threats as a result of their work will not have to report these as fringe benefits on the employees' payment summaries. This exclusion will apply retrospectively from 1 April 2004.

Further information can be found in the press release of 8 September 2005 issued by the Minister for Revenue and Assistant Treasurer.

**Fringe benefits tax — extension of transitional arrangements for payments to worker entitlement funds**

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	-	-	-	-

The Government has extended the fringe benefits tax (FBT) exemption for certain contributions made to existing worker entitlement funds during the FBT year beginning on 1 April 2005.

The purpose of the extension of the transitional arrangements is to provide certainty to employers making contributions to existing worker entitlement funds while they put in place new arrangements to comply with the requirements of the FBT exemption.

The FBT exemption for contributions to worker entitlement funds ensures that the contributions will not be taxed twice (once as a fringe benefit when paid into the fund and again as income when paid out of the fund).

**Fringe benefits tax — rebatable employer status of certain government institutions**

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	-	-	-	-

The Government has amended the fringe benefits tax (FBT) law to ensure that government institutions that are charitable institutions at law will not be treated as FBT rebatable employers, with effect from 1 July 2005.

FBT rebatable employers are certain non-government, non-profit organisations, which may include religious, educational, charitable or scientific institutions. FBT rebatable employers are eligible for a rebate of 48 per cent of the FBT amount that would otherwise be payable.

As a result of this measure, institutions of the Australian Government and the State and Territory Governments that are charitable institutions at law, will not be treated as FBT rebatable employers.

### Income tax — extension of mutuality principle

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	..	..	..	..

The Government will amend the income tax law to restore the benefits of the mutuality principle for certain not-for-profit organisations, with effect from 1 July 2000.

This amendment will ensure that following the decision of the Full Federal Court in the case of *Coleambally Irrigation Mutual Cooperative v the Commissioner of Taxation* not-for-profit organisations will not be precluded from accessing the mutuality principle solely because they are precluded from distributing any surplus to members.

Further information can be found in the press release of 30 May 2005 issued by the Minister for Revenue and Assistant Treasurer.

### Income tax — taxation status of Operation AZURE

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	-	..	-	-

The Government has provided Operation AZURE with 'non-warlike' status for taxation purposes for a period of 12 months, with effect from 10 April 2005. This entitles Australian Defence Force members serving on this operation to access the Overseas Forces Tax Offset.

Operation AZURE is Australia's contribution to the United Nations peacekeeping operation in Sudan known as the United Nations Mission in Sudan (UNMIS). 'Non-warlike' overseas localities are those that are deemed to be uncongenial or isolated.

**Indirect tax concession scheme — extension**

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	..	..	..	..

The Government has provided or upgraded refunds and exemptions for indirect taxes to certain countries' diplomatic and consular representation under the Indirect Tax Concession Scheme.

Twelve countries' missions and consulates are entitled to new or upgraded benefits as a result of this decision.

These enhanced concessions took effect from the time provided in the implementing instruments issued by the Minister for Foreign Affairs.

**Personal income tax — amendments to preserve eligibility for the 30 per cent child care tax rebate**

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	-	-	-	-

The Government will ensure that parents who work less than fifteen hours a week will remain eligible for the child care tax rebate (CCTR) following changes to the Child Care Benefit (CCB) work/training/study test that are due to take effect from 1 July 2006.

For the purposes of the CCTR, both partners will be required to work/train/study at some time in the week.

Further information can be found in the press release of 24 June 2005 issued by the Treasurer.

**Personal income tax — modifying the foreign employment exemption**

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	..	..	..	..

The Government will extend the exemption that applies (subject to certain conditions) to the foreign employment income of Australian residents who are engaged in foreign service for a period of 91 days or more. The extension will mean that the exemption will also apply where a taxpayer dies during a period of foreign service, where the death occurred on or after 1 July 2004.

This measure will allow the exemption to apply where an individual dies in foreign service before reaching the requisite 91 days if they would have otherwise continued to be engaged in foreign service for at least 91 continuous days.

Further information can be found in the press release of 18 August 2005 issued by the Minister for Revenue and Assistant Treasurer.

**Personal income tax — tax exemption for lump sum payments to F-111 personnel**

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	-6.0	-	-	-

The Government will exempt from income tax certain lump sum payments made to F-111 service personnel, effective for the 2005-06 income year.

On 19 August 2005 the Minister for Defence and the Minister for Veterans' Affairs announced that the Government would provide a \$21 million lump sum payment package to personnel who participated in F-111 Deseal/Reseal work for the Australian Defence Force.

This measure ensures that the recipients of the lump sum payments will benefit from the full value of the payment.

**Political Donations — raising the tax deductible threshold**

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	-	-	-4.9	-6.5

The Government will increase the tax deductible threshold for gifts and contributions to political parties and independents from \$100 to \$1,500 in an income year, with effect from the date of Royal Assent.

The Government will also allow donations from companies to either political parties or independents to be tax deductible, subject to the same \$1,500 threshold.

**Related party at-call loans — deemed debt treatment for small companies**

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	-11.0	-12.0	-13.0	-13.0

The Government will allow the related party at-call loans of companies with an annual turnover of less than \$20 million at the end of an income year to be treated as debt for income tax purposes, with effect from 1 July 2005.

The Government will also allow companies that fail the turnover test at the end of an income year, and subsequently change their related party at-call loans into debt interests before lodgement of their tax return for that year, to elect debt treatment from the start of that income year. This will also have effect from 1 July 2005.

These measures will reduce the compliance costs of small business taxpayers as those businesses will not be required to keep special tax accounts in respect of such loans.

Further information can be found in the press release of 15 July 2005 issued by the Minister for Revenue and Assistant Treasurer.

**Superannuation — extension of transitional relief for small funds**

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	*	*	*	*

The Government has extended the transitional relief for small funds providing defined benefit pensions before 1 January 2006.

Previously, the transitional relief allowed people who were members of a small fund on 11 May 2004 and who retired before 1 July 2005 to commence a defined benefit pension. This measure now makes the relief available to persons who were members of a small fund on 11 May 2004, and who retire on or after age 55, or reach age 65, prior to 1 January 2006. The member must become entitled to the pension prior to 1 January 2006 with payments commencing within 12 months of the entitlement date.

The extension of the transitional relief gives retirees greater certainty about the range of income stream choices available to them. For details, see the related measures entitled *Superannuation – modification of allocated pension drawdown factors* and *Superannuation – modification of market linked and other life expectancy income streams*.

Further information can be found in the press release of 6 June 2005 issued by the Minister for Revenue and Assistant Treasurer.



### Superannuation — modification of allocated pension drawdown factors

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	-1.5	-5.0	-8.5	-12.0
<i>Related expense (\$m)</i>				
<i>Department of Family and Community Services</i>	1.0	2.1	3.2	4.5
<i>Centrelink</i>	0.8	0.1	0.1	0.1
<i>Department of Veterans' Affairs</i>	0.1	0.1	0.1	0.2
<i>Total</i>	1.9	2.3	3.4	4.8
<i>Related capital (\$m)</i>				
<i>Department of Veterans' Affairs</i>	..	-	-	-

The Government will update the allocated pension drawdown factors in line with current life expectancy. The changes will apply to new allocated pensions from 1 January 2006.

The annual drawdown for an allocated pension or annuity must be within the range of specified minimum and maximum payment factors. These factors have not been updated since the product commenced in 1992. The updated factors will better enable retirees to draw down their capital over a longer period. Transitional provisions will enable income stream providers to use the old factors whilst they are still updating systems to cater for the new factors.

The Government will provide a total of \$12.4 million over four years to the Department of Family and Community Services, the Department of Veterans' Affairs and Centrelink to implement the changes.

Further information can be found in the press release of 27 September 2005 issued by the Minister for Revenue and Assistant Treasurer.

**Superannuation — modification of market linked and other life expectancy income streams**

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	-3.5	-11.0	-18.5	-26.0
<i>Related expense (\$m)</i>				
Centrelink	1.7	0.1	0.1	0.1
Department of Family and Community Services	0.3	0.4	0.6	0.9
Department of Veterans' Affairs	0.2	0.2	0.3	0.4
<i>Total</i>	2.2	0.7	1.0	1.4
<i>Related capital (\$m)</i>				
Department of Veterans' Affairs	..	-	-	-

The Government will provide more flexibility to the market linked income stream by:

- extending the maximum term for new income streams so that payments may continue until the recipient reaches age 100 (or until a person's spouse reaches age 100); and
- allowing annual payments of the market linked income stream to vary between plus or minus 10 per cent of what would otherwise be calculated under the usual payment rules.

The extended term and smoothing mechanism will apply to market linked income streams from 1 January 2006.

This will provide retirees with smoother and more stable income payments and a greater degree of certainty with respect to pension planning.

Similarly, the Government will extend the maximum term applying to other life expectancy income streams products from 1 January 2006.

The Government will provide a total of \$5.2 million over four years to the Department of Family and Community Services, the Department of Veterans' Affairs and Centrelink to implement the changes.

Further information can be found in the press release of 27 September 2005 issued by the Minister for Revenue and Assistant Treasurer.

### **Superannuation — removing restriction on portability of accounts**

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	-	-	-	-

The Government has removed the six-month restriction on portability of superannuation accounts, with effect from 1 July 2005.

Compulsory portability of superannuation accounts came into effect on 1 July 2004 but generally only applied in relation to 'inactive' accounts (broadly, accounts where no employer contributions have been made for six months). Since 1 July 2005, portability has not been restricted to 'inactive' superannuation accounts.

This measure gives people greater control over who manages their superannuation benefits. It also makes it easier for superannuation fund members to consolidate multiple accounts and so helps to reduce the impact of fees and charges.

Further information can be found in the press release of 16 June 2005 issued by the Minister for Revenue and Assistant Treasurer.

### **Superannuation — temporary residents working on the Melbourne 2006 Commonwealth Games**

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	0.3	0.1	-	-

Temporary residents working on the Melbourne 2006 Commonwealth Games under a special visa class will be able to access their superannuation on permanent departure from Australia. This is consistent with the treatment of most other temporary residents who accumulate superannuation in Australia.

### **Superannuation contributions splitting**

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	-	-1.4	-2.3	-1.6

The Government has brought forward the commencement date for the splitting of superannuation contributions between couples. Contributions made on or after 1 January 2006 will now be eligible for splitting. The Government had previously announced a 1 July 2006 commencement date.

Eligible fund members will be able to split up to 85 per cent of taxable contributions with their spouse (compared with the 60 per cent cap imposed in earlier versions of this policy).

**Superannuation guarantee — extension of lodgement date for superannuation guarantee statements**

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	-0.1	-0.1	-0.1	-0.1

The Government will extend the due date for lodgement of superannuation guarantee statements by employers, with effect from 1 January 2006. This measure will make the system easier for employers to understand and simplify administration of the late contribution offset rule announced in the 2005-06 Budget for the Australian Taxation Office.

Currently, superannuation guarantee statements are required to be lodged with the Australian Taxation Office no later than the 14<sup>th</sup> day of the second month after the end of the quarter. This measure will extend the due date to the 28<sup>th</sup> day of the second month after the end of the quarter and will align the statement due dates with the end of the offset period.

**Tax exempt asset financing — changes to tax treatment**

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	..	..	..	..

The Government will apply a 'lease, use or control of use of the asset' test to determine arrangements that will fall within the scope of the tax exempt asset financing provisions, with effect from the date of Royal Assent of the enabling legislation.

The new test will determine which financing arrangements are subject to the tax exempt asset financing rules. Certain short-term and low-value arrangements will be specifically excluded in order to reduce compliance costs and provide greater certainty to the parties involved.

Further information can be found in the press release of 13 September 2005 issued by the Minister for Revenue and Assistant Treasurer.

**Tax treatment of foreign governments and their investment bodies — clarification of tax exemption for certain investments**

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	-	-	-	-

The Government will clarify and codify the exemption currently provided to foreign governments and their investment bodies for dividend and interest income from passive investment in Australia. The measure will have effect from the date of Royal Assent of the enabling legislation.

Further information can be found in the press release of 4 November 2005 issued by the Treasurer.

**Taxation of Financial Arrangements — extension of transitional arrangements for Upper Tier 2 instruments**

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	*	*	*	*

The Government will extend, until 1 July 2007, the debt/equity transitional provisions applying to certain capital raising hybrid instruments known as Upper Tier 2 instruments for prudential purposes. This will allow further time for consultation and development of an Upper Tier 2 regulation. Under this transitional provision, the pre-1 July 2001 law will continue to apply to these instruments.

When implemented, the regulation will apply to certain Upper Tier 2 and similar instruments issued by banks and non-mutual building societies (which are authorised deposit taking institutions) or their subsidiaries. It will also apply to entities that have undertaken to comply with the capital adequacy requirements issued by the Australian Prudential Regulation Authority.

**Taxation of Financial Arrangements — treatment of term subordinated notes containing a solvency clause**

Revenue (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	-	-	-	-

The Government will ensure that the presence of a solvency clause in certain term subordinated notes will not preclude the instrument qualifying as a debt interest for tax purposes, with effect from 1 July 2001.

*Appendix A: Policy decisions taken since the 2005-06 Budget*

Without this measure, the solvency clause may mean that the instrument would have constituted an equity interest for tax purposes. This would have meant that the issuer, such as a bank, would not have been able to claim a deduction for any distributions paid.

## Expense measures

### AGRICULTURE, FISHERIES AND FORESTRY

#### Citrus canker eradication in Queensland — assistance to growers

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Agriculture, Fisheries and Forestry	4.6	-	-	-

The Government will provide \$4.6 million in 2005-06 to assist citrus growers in the Pest Quarantine Area at Emerald in Queensland who lose their orchards as part of the citrus canker eradication programme despite having no confirmed evidence of citrus canker within their properties. This funding is in addition to the \$8 million previously allocated for the eradication of citrus canker over three years from 2004-05 to 2006-07.

The Government's contribution represents 40 per cent of the total agreed costs. This is in line with the plant pest disease eradication cost-sharing arrangements currently being negotiated between the Australian, State and Territory governments and the citrus industry.

See also the related measure titled *Citrus canker eradication in Queensland – recovery assistance* in the Agriculture, Fisheries and Forestry portfolio.

Further information can be found in a press release dated 10 August 2005 issued by the Minister for Agriculture, Fisheries and Forestry.

#### Citrus canker eradication in Queensland — recovery assistance

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Agriculture, Fisheries and Forestry	-	-	-	-

The Government will provide up to \$1.5 million over two years to fund income support, interest rate subsidies and assistance to recover lost markets for citrus growers within the Pest Quarantine Area at Emerald in Queensland. This assistance will also be available to other affected growers and nurseries in Queensland.

The cost of this measure will be met fully from within the existing resources of the Department of Agriculture, Fisheries and Forestry.

See also the related measure title *Citrus canker eradication in Queensland – assistance to growers* in the Agriculture, Fisheries and Forestry portfolio.

*Appendix A: Policy decisions taken since the 2005-06 Budget*

Further information can be found in a press release dated 11 February 2005 issued by the Minister for Agriculture, Fisheries and Forestry.

**Drought assistance — Country Women’s Association Emergency Aid Fund**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Agriculture, Fisheries and Forestry	3.0	-	-	-

The Government will provide \$3 million in 2005-06 to the Country Women’s Association Emergency Aid Fund. This will allow the Country Women’s Association to help meet the immediate household needs of those farmers and their families who may otherwise be reluctant to apply for assistance.

Further information can be found in a press release dated 30 May 2005 issued by the Prime Minister.

**Drought assistance — Exceptional Circumstances assistance**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Agriculture, Fisheries and Forestry	507.4	95.7	-	-
Department of Education, Science and Training	9.7	1.3	-	-
Department of Health and Ageing	10.0	1.4	-	-
Centrelink	7.1	0.3	-	-
Total	534.2	98.7	-	-

The Government will provide an additional \$632.8 million over two years to support primary producers in regions that have been declared eligible for Exceptional Circumstances assistance.

Exceptional Circumstances assistance comprises interest rate subsidies and income support to assist viable farm businesses and farm families who have been adversely affected by exceptional climatic events, such as drought. Eligible recipients are also provided with a health care concession card and access to Youth Allowance. Farmers who have not experienced a break in drought over the past 18 months can have Exceptional Circumstances drought declarations rolled over for a 12-month extension.

This measure includes a higher interest rate subsidy and relaxed off-farm assets and income tests.

Further information can be found in a press release dated 30 May 2005 issued by the Prime Minister.



This measure includes a higher interest rate subsidy and relaxed off-farm assets and income tests. Further information can be found in a press release dated 30 May 2005 issued by the Prime Minister.

### **Drought assistance — interim income support**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Agriculture, Fisheries and Forestry	1.1	-	-	-

The Government will provide \$1.1 million in 2005-06 to support primary producers in regions that have been declared eligible for interim income support.

Once a fully completed drought application for a region is received by the Australian Government and is deemed to show a *prima facie* case for an Exceptional Circumstances declaration, interim income support is made available to eligible primary producers on conditions equivalent to the Exceptional Circumstances Relief Payment.

Access to interim income support is available for up to six months while the Exceptional Circumstances application is assessed by the National Rural Advisory Council. Should the Government declare Exceptional Circumstances in that region, interim income support ceases and standard Exceptional Circumstances assistance arrangements commence.

Further information can be found in the press release of 14 September 2005 issued by Minister for Agriculture, Fisheries and Forestry.

### **Drought assistance — Rural Financial Counselling Service**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Agriculture, Fisheries and Forestry	2.2	-	-	-

The Government will provide \$2.2 million in 2005-06 to the Rural Financial Counselling Service, in recognition of the increased workload and additional costs resulting from the prolonged drought. Of this funding, \$1.2 million will be provided to appoint ten additional counsellors in key areas affected by the drought.

Further information can be found in the press release dated 30 May 2005 issued by the Prime Minister and in the press release dated 12 October 2005 issued by the Minister for Agriculture, Fisheries and Forestry.

**Exports and infrastructure taskforce — establishment**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Agriculture, Fisheries and Forestry	-	-	-	-

The Government provided \$0.2 million in 2004-05 to establish a taskforce to identify bottlenecks of a physical or regulatory kind in the operation of Australia's infrastructure which may impede the full realisation of export opportunities. The taskforce, which was chaired by Dr Brian Fisher, delivered its report to the Prime Minister on 20 May 2005.

Further information can be found in the press release of 18 March 2005 issued by the Prime Minister.

**Fishing structural adjustment package — business exit assistance**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Agriculture, Fisheries and Forestry	104.4	45.1	0.1	-

The Government will provide \$149.6 million over three years to deliver one-off business exit assistance to support the sustainability of Australian Government managed fisheries that are subject to over-fishing or are at significant risk of over-fishing in the future. Individual fishing businesses in affected fisheries seeking to leave the industry will be encouraged to apply for exit assistance via a capped, competitive, voluntary tender process.

This measure recognises that significant reductions in allowable catch levels and effort for 2006 and beyond are needed to address the sustainability of some fisheries. The measure also addresses the displaced fishing effort arising from the creation of Marine Protected Areas in the southeast marine region.

Further information can be found in the press release of 23 November 2005 issued by the Minister for Fisheries, Forestry and Conservation and in the joint press release with the Minister for the Environment and Heritage of 24 November 2005.

**Fishing structural adjustment package — Fishing Communities Grants Programme**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Agriculture, Fisheries and Forestry	-	8.2	12.2	-

The Government will provide \$20.4 million over two years from 2006-07 for the Fishing Communities Grants Programme. This programme will fund projects capable of generating local economic activity and employment opportunities in communities that have been affected by the reduction in fishing activity.

Further information can be found in the press release of 23 November 2005 issued by the Minister for Fisheries, Forestry and Conservation.

**Fishing structural adjustment package — onshore and related assistance**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Agriculture, Fisheries and Forestry	6.2	16.1	7.3	-

The Government will provide \$29.6 million over three years for grants to assist onshore and fishing businesses affected by reduced fishing activity as a result of past over-fishing.

This measure will include grants to assist businesses directly related to the fishing industry (such as fish processors and ship chandlers) who are severely affected by the reduction in fishing activity. Skippers and crew who lose employment will have access to grants of \$5,000 and \$3,000 respectively, to help offset the costs of job seeking, retraining and/or relocation. Grants of up to \$1,500 will be available to fishing businesses and directly affected onshore businesses to offset the cost of obtaining professional business advice.

Further information can be found in the press release of 23 November 2005 issued by the Minister for Fisheries, Forestry and Conservation.

**Fishing structural adjustment package — science, compliance and data collection**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Agriculture, Fisheries and Forestry	-	2.0	2.0	2.0

The Government will provide \$6.0 million over three years from 2006-07 to the Australian Fisheries Management Authority for new science, compliance and data collection activities. These activities, in conjunction with significant structural adjustment of the fisheries, are needed to ensure improved fisheries management outcomes. These activities would otherwise have required an increase in the Australian Fisheries Management Authority’s cost recovery based levy at the same time the industry is adjusting to new management arrangements.

See also the related revenue measure titled *Fishing structural adjustment package – Australian Fisheries Management Authority levy subsidy* in the Agriculture, Fisheries and Forestry portfolio.

Further information can be found in the press release of 23 November 2005 issued by the Minister for Fisheries, Forestry and Conservation.

**Tasmanian Community Forest Agreement — alternatives to 1080 poison baits**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Agriculture, Fisheries and Forestry	1.5	2.5	-	-

The Government will provide \$4.0 million over two years to fast track current Tasmanian Government research, trials and adoption of safe alternatives to the use of 1080 poison baits. This will include work on alternative environmentally sound methods of controlling grazing animals that can be used by Tasmanian forestry companies and land managers.

The Tasmanian Government has agreed to ban the use of 1080 poison baits in State forests by the end of 2005.

This measure was announced on 6 October 2004 as part of the Government’s election commitment *A Sustainable Future for Tasmania*, and confirmed in the Tasmanian Community Forest Agreement.

Further information can be found in the press release of 13 May 2005 issued by the Prime Minister.

### Tasmanian Community Forest Agreement — communications programme

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Agriculture, Fisheries and Forestry	2.2	-	-	-

The Government will provide \$2.2 million in 2005-06 to increase community awareness about the preservation and conservation needs of our environment, and the Government's forest management policies, both in relation to the Tasmanian Community Forest Agreement and more broadly.

This measure was announced on 6 October 2004 as part of the Government's election commitment *A Sustainable Future for Tasmania*, and confirmed in the Tasmanian Community Forest Agreement.

Further information can be found in the press release of 13 May 2005 issued by the Prime Minister.

### Tasmanian Community Forest Agreement — intensive forest management

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Agriculture, Fisheries and Forestry	18.0	18.0	19.1	-

The Government will provide \$66.1 million over four years (including \$11.0 million in 2004-05) to fund additional plantation establishment and productivity improvements in existing plantations and native forests, with the aim of ensuring long term supply of sawlogs and veneer logs.

This measure was announced on 6 October 2004 as part of the Government's election commitment *A Sustainable Future for Tasmania*, and confirmed in the Tasmanian Community Forest Agreement.

Further information can be found in the press release of 13 May 2005 issued by the Prime Minister.

**Tasmanian Community Forest Agreement — measures to support reductions in old growth clearfelling**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Agriculture, Fisheries and Forestry	2.0	-	-	-

The Government will provide \$2.0 million in 2005-06 to study alternatives to clearfell harvesting of old growth forests in Tasmania to help increase forest yields and provide sustainable forest jobs.

This measure was announced on 6 October 2004 as part of the Government’s election commitment *A Sustainable Future for Tasmania*, and confirmed in the Tasmanian Community Forest Agreement.

Further information can be found in the press release of 13 May 2005 issued by the Prime Minister.

**Tasmanian Community Forest Agreement — payment to the Tasmanian Government for the implementation of the agreement**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Agriculture, Fisheries and Forestry	-	-	-	-

The Government provided \$13.0 million in 2004-05 to the Tasmanian Government to assist in the administration of the Tasmanian Community Forest Agreement.

Further information can be found in the press release of 13 May 2005 issued by the Prime Minister.

**Tasmanian Community Forest Agreement — pulp mill**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Agriculture, Fisheries and Forestry	2.4	-	-	-

The Government will provide \$2.4 million in 2005-06 to assist with project costs associated with the development of a chlorine-free pulp mill in Tasmania by Gunns Limited.

This measure was announced on 6 October 2004 as part of the Government’s election commitment *A Sustainable Future for Tasmania*, and confirmed in the Tasmanian Community Forest Agreement.

Further information can be found in the press release of 13 May 2005 issued by the Prime Minister.

### **Tasmanian Community Forest Agreement — softwood industry**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Agriculture, Fisheries and Forestry	2.1	6.1	2.1	-

The Government will provide \$10.4 million over three years to assist the Tasmanian softwood industry establish a facility for the environmentally friendly preservation of pine and to phase out the use of Copper Chrome Arsonate within two years.

This measure was announced on 6 October 2004 as part of the Government's election commitment *A Sustainable Future for Tasmania*, and confirmed in the Tasmanian Community Forest Agreement.

Further information can be found in the press release of 13 May 2005 issued by the Prime Minister.

### **Tasmanian Community Forest Agreement — support for country sawmills**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Agriculture, Fisheries and Forestry	2.0	2.0	-	-

The Government will provide \$4.0 million over two years to assist country sawmills to introduce new equipment, technologies and product lines, and to develop new markets.

This measure was announced on 6 October 2004 as part of the Government's election commitment *A Sustainable Future for Tasmania*, and confirmed in the Tasmanian Community Forest Agreement.

Further information can be found in the press release of 13 May 2005 issued by the Prime Minister.

**Tasmanian Community Forest Agreement — support for the hardwood timber industry**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Agriculture, Fisheries and Forestry	20.7	17.6	5.6	-

The Government will provide \$43.8 million over three years to support the Tasmanian hardwood timber industry to adapt their production to alternative logging areas and tree species.

This measure was announced on 6 October 2004 as part of the Government's election commitment *A Sustainable Future for Tasmania*, and confirmed in the Tasmanian Community Forest Agreement.

Further information can be found in the press release of 13 May 2005 issued by the Prime Minister.

**Torres Strait fisheries — resource sharing arrangements**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Agriculture, Fisheries and Forestry	nfp	nfp	-	-

The Government will provide funding over two years from 2005-06 to reform resource sharing arrangements with Papua New Guinea and Torres Strait Islanders in Torres Strait fisheries subject to the *Torres Strait Treaty*.

Estimates of the impact of the measure are unable to be disclosed, as this would be likely to affect negotiations. Funding for this measure has been placed in the contingency reserve.

Further information can be found in the press releases of 27 July 005 issued jointly by the Minister for Foreign Affairs and the Minister for Trade and of 9 November 2005 issued by the Minister for Fisheries, Forestry and Conservation.



## ATTORNEY-GENERAL'S

### Asia Pacific Economic Cooperation 2007 — security

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Attorney-General's Department	18.1	4.6	-	-

The Government will provide an additional \$22.7 million over two years to the Attorney-General's Department to meet security costs for the Asia-Pacific Economic Cooperation (APEC) leaders' week meetings in Sydney in 2007. Subject to finalisation of capability requirements, it is expected that funding will be provided principally to the New South Wales Government in order to meet APEC specific security costs.

### Australia United States Free Trade Agreement — copyright obligations

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Attorney-General's Department	0.3	-	-	-

The Government will provide \$0.3 million to implement Australia's obligations under the Australia United States Free Trade Agreement relating to technological protection measures for copyright material. Australia agreed to implement a new liability scheme for circumventing technological protection measures by 1 January 2007.

### Aviation security — Airport Police Commanders

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Federal Police	5.5	5.0	5.1	5.1
<i>Related capital (\$m)</i>				
<i>Australian Federal Police</i>	0.4	-	-	-

The Government will provide \$21.3 million over four years (including \$435,000 in capital funding in 2005-06) to further enhance the security of Australian airports. The initiative will improve security by appointing Airport Police Commanders at all major airports to provide operational coordination of security and law enforcement activities.

This measure forms part of the Government's response to the Wheeler Report into airport security and policing arrangements.

Further information can be found in the press release of 21 September 2005 issued by the Prime Minister.

**Aviation security — ensuring availability of information**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Attorney-General's Department	0.4	-	-	-

The Government will provide \$0.4 million in 2005-06 to undertake a review of relevant legislation and regulations to ensure information is available to the necessary authorities to counter crime or terrorism that threatens aviation security.

This measure forms part of the Government's response to the Wheeler Report into airport security and policing arrangements.

Further information can be found in the press release of 21 September 2005 issued by the Prime Minister.

**Aviation security — establishing Joint Airport Investigations Teams**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Federal Police	9.2	9.0	9.1	9.2
Australian Customs Service	1.0	1.1	1.1	1.2
Total	10.2	10.1	10.2	10.4

The Government will provide \$40.9 million over four years to establish Joint Airport Investigation Teams comprising Australian Federal Police officers, Customs officers and State and Territory police. The initiative will improve security at Brisbane, Sydney, Melbourne, Adelaide and Perth airports through the increased investigation and gathering of intelligence on organised crime.

This measure forms part of the Government's response to the Wheeler Report into airport security and policing arrangements.

Further information can be found in the press release of 21 September 2005 issued by the Prime Minister.

### Aviation security — improving closed circuit television at airports

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Customs Service	1.3	1.1	1.1	1.1
<i>Related capital (\$m)</i>				
<i>Australian Customs Service</i>	<i>0.1</i>	<i>0.1</i>	-	-

The Government will provide \$6.0 million (including \$1.1 million in 2009-10) over five years to improve closed circuit television (CCTV) systems at Australian airports. The initiative will establish an advice service for airports on CCTV systems, conduct a study of current airport CCTV systems, and develop national standards and frameworks. This measure includes \$0.2 million in capital funding for office accommodation fit-out.

This measure forms part of the Government's response to the Wheeler Report into airport security and policing arrangements.

See also the related expense measures titled *Aviation security – providing additional closed circuit television cameras and upgrading capabilities* in the Attorney-General's portfolio and *Surface transport security – developing a national approach for closed circuit television* in the Transport and Regional Services portfolio.

Further information can be found in the press release of 21 September 2005 issued by the Prime Minister.

### Aviation security — increasing air-side Customs patrols

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Customs Service	10.4	11.7	11.8	12.0
<i>Related capital (\$m)</i>				
<i>Australian Customs Service</i>	<i>2.4</i>	<i>0.4</i>	-	-

The Government will provide \$48.7 million over four years to enhance the integrity of the Australian border. The initiative will improve security by providing a more visible presence to deter and respond to criminal activity at Sydney, Melbourne, Brisbane, Adelaide, Perth, Darwin and Cairns airports.

This measure includes \$2.8 million of capital funding in 2005-06 and 2006-07 for office accommodation fit-out.

This measure forms part of the Government's response to the Wheeler Report into airport security and policing arrangements.

Further information can be found in the press release of 21 September 2005 issued by the Prime Minister.

**Aviation security — providing additional closed circuit television cameras and upgrading capabilities**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Customs Service	2.0	2.3	2.3	2.3
<i>Related capital (\$m)</i>				
Australian Customs Service	5.1	..	-	-

The Government will provide \$14.0 million over four years to further enhance Customs' closed circuit television (CCTV) capability at airports. The initiative will improve security by providing increased coverage through the CCTV network at the airports including in basements, in baggage handling areas, on the tarmac and in baggage halls.

This measure includes \$5.1 million of capital funding in 2005-06 and 2006-07 for cameras and other operating equipment.

See also the related expense measures titled *Aviation security – improving closed circuit television at airports* in the Attorney-General's portfolio and *Surface transport security – developing a national approach for closed circuit television* in the Transport and Regional Services portfolio.

This measure forms part of the Government's response to the Wheeler Report into airport security and policing arrangements.

Further information can be found in the press release of 21 September 2005 issued by the Prime Minister.

**Aviation security — strengthening international air cargo security arrangements in Australia**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Transport and Regional Services	11.0	6.0	5.1	5.0
Australian Customs Service	1.1	1.0	1.0	1.1
Total	12.1	7.1	6.1	6.1
<i>Related capital (\$m)</i>				
Department of Transport and Regional Services	2.5	-	-	-
Australian Customs Service	0.3	-	-	-
Total	2.7	-	-	-

The Government will provide \$40.2 million over five years (including \$6.1 million in 2009-10) to improve security of international passenger aircraft through increased inspection of air cargo.

The measure will provide funding for explosives trace detection equipment and training in the use of the equipment at licensed depots and cargo terminals. Increased auditing of Regulated Air Cargo Agents to ensure compliance with security requirements will occur and the Department of Transport and Regional Services will work with industry to assess the need for background checks of employees in the airfreight sector.

Capital funding of \$2.7 million will be provided in 2005-06 for office accommodation fit-out.

This measure forms part of the Government's response to the Wheeler Report into airport security and policing arrangements.

Further information can be found in the press release of 21 September 2005 issued by the Prime Minister.

### **Bali bombing 1 October 2005 — evacuation funding**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Attorney-General's Department	..	-	-	-

The Government provided \$45,000 to cover the costs incurred by Emergency Management Australia in activating the Overseas Mass Casualty Plan after the Bali bombings on 1 October 2005. The funding covered the cost of evacuating a person with serious injuries to Sydney's Prince of Wales Hospital.

Further information can be found in the press release of 5 October 2005 issued by the Attorney-General.

**Illegal foreign fishing in Australia’s northern waters — increased enforcement**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Customs Service	13.5	13.0	13.1	14.1
Department of Immigration and Multicultural and Indigenous Affairs	2.0	5.9	6.0	6.2
Department of Agriculture, Fisheries and Forestry	0.7	2.5	2.5	2.5
Office of the Director of Public Prosecutions	0.1	0.7	0.7	0.7
<b>Total</b>	<b>16.4</b>	<b>22.1</b>	<b>22.3</b>	<b>23.4</b>
<i>Related capital (\$m)</i>				
Australian Customs Service	3.1	0.4	-	-
Department of Agriculture, Fisheries and Forestry	1.1	-	-	-
<b>Total</b>	<b>4.2</b>	<b>0.4</b>	<b>-</b>	<b>-</b>

The Government will provide \$88.8 million over four years to increase the apprehension, detention and prosecution of illegal foreign fishers operating in Australia’s northern waters and for the appropriate disposal of an increased number of illegal fishing vessels.

This measure includes capital funding of \$3.5 million for Customs to purchase four Tactical Response vessels and \$1.1 million for the Department of Agriculture, Fisheries and Forestry, to be used by the Australian Fisheries Management Authority, for additional construction costs for the Horn Island transitional accommodation facility.

Further information can be found in the press release of 11 October 2005 jointly issued by the Minister for Justice and Customs and the Minister for Fisheries, Forestry and Conservation.

**National Community Crime Prevention Programme — additional funding**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Attorney-General’s Department	2.0	2.0	2.0	-

The Government will provide \$6.0 million over three years from 2005-06 to expand the National Community Crime Prevention Programme. This measure will increase the level of funding to community organisations for security related infrastructure including closed circuit television projects. The additional support will bring the total funding committed to this programme to \$64 million.

Further information may be found in the press release of 30 September 2005 issued by the Prime Minister.

**National security — centralised background checking**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Attorney-General's Department	2.0	9.1	0.5	-
<i>Related capital (\$m)</i>				
Attorney-General's Department	0.5	9.1	1.2	-

The Government will provide \$22.3 million over three years to establish a new division within the Attorney General's Department to coordinate background checks on people working in the secure areas of air and sea ports.

The measure forms part of the Government's response to the Wheeler Report into airport security and policing arrangements.

The measure includes \$10.7 million in capital funding to the Attorney-General's Department for equipment and fit-out costs.

Further information can be found in the press release of 6 December 2005 issued by the Attorney-General.

**National security — enhancing the capability of the Australian Security Intelligence Organisation**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Security Intelligence Organisation	*	*	*	*

The Government will provide a significant increase in resourcing for the Australian Security Intelligence Organisation (ASIO), including a target increase in the organisation's establishment to 1,860 staff by 2010-11. The increase follows the recommendations of the *Review of ASIO's Resourcing* undertaken by Mr Allan Taylor AM in mid-2005.

A provision has been made in the Contingency Reserve for additional funding, with specific details to be determined and announced in the future.

Further information can be found in the press release of 16 October 2005 issued by the Attorney-General

**National security — enhancing the counter-terrorism exercise regime**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Attorney-General's Department	-	2.3	2.3	2.3

The Government will provide \$9.3 million over four years from 2006-07 (including \$2.3 million in 2009-10) to enhance the counter-terrorism exercise regime. The measure provides funding for additional exercises each year to be coordinated by the Attorney-General's Department. The measure was agreed by the States and Territories at the Council of Australian Governments meeting in September 2005.

Further information can be found in the press release of 27 September 2005 issued by the Prime Minister.

**National security — establishing a Chemical Warfare Agent Laboratory Network**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Federal Police	0.5	0.5	0.5	0.5

The Government will provide \$2.5 million over five years (including \$0.5 million in 2009-10) to establish a Chemical Warfare Agent Laboratory Network in capital cities capable of analysing chemical warfare agents. It will provide an integrated and coordinated national response capability, building on the existing national analysis capability of the Defence Science and Technology Organisation.

Further information can be found in the press release of 27 September 2005 issued by the Prime Minister.

**National security — establishing a Chemical, Biological, Radiological and Nuclear Data Centre**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Federal Police	1.5	3.3	3.3	3.3
<i>Related capital (\$m)</i>				
Australian Federal Police	1.4	0.4	0.3	0.3

The Government will provide \$17.3 million over five years (including \$3.6 million in 2009-10) to establish a Chemical, Biological, Radiological and Nuclear (CBRN) Data Centre. This measure includes \$2.7 million of capital funding.



The centre will operate on a 24 hour, 7 days per week basis, be administered by the Australian Federal Police (AFP) and co-located with the AFP Bomb Data Centre. The centre will be a contact point for CBRN technical issues and provide a mechanism for access to the expertise which presently exists within Australian Government agencies and State and Territory facilities.

Further information can be found in the press release of 27 September 2005 issued by the Prime Minister.

### **National security — increasing public awareness with a national media campaign**

Expense (\$m)

	2005-06	2006-07	2007-08	2008-09
Attorney-General's Department	8.4	-	-	-

The Government will provide \$8.4 million in 2005-06 to increase public awareness of national security issues and the National Security Hotline. This funding purchases television, radio, newspaper and outdoor advertisements and builds on funding already allocated in the 2005-06 Budget. The campaign also targets industries that are vulnerable to the threat of terrorism, including critical infrastructure sectors, through industry-specific publications.

Further information can be found in the press release of 14 July 2005 issued by the Attorney-General.

### **National security — promoting public understanding of Australia's counter-terrorism arrangements**

Expense (\$m)

	2005-06	2006-07	2007-08	2008-09
Attorney-General's Department	0.6	0.3	0.2	0.2
<i>Related capital (\$m)</i>				
Attorney-General's Department	..	-	-	-

The Government will provide \$1.3 million over four years (including \$34,000 in capital funding) to help promote a better public understanding of the national counter-terrorism arrangements. The measure will ensure arrangements are in place for the dissemination of public information during a crisis. This proposal was agreed by the States and Territories at the Council of Australian Governments meeting in September 2005.

Further information can be found in the press release of 27 September 2005 issued by the Prime Minister.

**National security — providing temporary accommodation for the Australian Security Intelligence Organisation**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Security Intelligence Organisation	1.0	4.3	5.6	6.1
<i>Related capital (\$m)</i>				
Australian Security Intelligence Organisation	11.4	8.5	-	-

The Government will provide \$50.7 million over six years, including \$9.1 million in 2009-10 and \$4.7 million in 2010-11 for temporary accommodation for the Australian Security Intelligence Organisation, pending completion of permanent accommodation.

This measure includes \$19.9 million in capital funding.

**Sudan — providing an Australian Federal Police Contribution for the UN Mission in Sudan**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Federal Police	1.2	2.4	-	-
<i>Related capital (\$m)</i>				
Australian Federal Police	0.1	-	-	-

The Government will provide \$3.7 million over two years from 2005-06 to contribute police to the United Nations Mission in Sudan. Ten civilian policing personnel will be deployed for an initial period of 18 months in advisory and training roles to support the implementation of the Comprehensive Peace Agreement that was signed to end the North-South civil war.

This measure includes \$65,000 of capital funding in 2005-06 for communications and computer equipment for the deployed personnel.

Further information can be found in the press release of 9 November 2005 jointly issued by the Minister for Foreign Affairs and the Minister for Justice and Customs.

### United Nations Oil-For-Food Programme — establishing a Commission of Inquiry

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Attorney-General's Department	6.8	-	-	-

The Government will provide \$6.8 million in 2005-06 to establish a Commission of Inquiry to ascertain whether certain Australian companies, or any person associated with those companies, might have breached any law of the Commonwealth or a State or Territory in relation to the United Nations Oil-For-Food Programme.

Further information can be found in the press release of 10 November 2005 issued by the Attorney-General.

### Urban search and rescue — enhancing the national capability

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Attorney-General's Department	11.0	4.0	-	-

The Government will provide \$15.0 million over two years commencing in 2005-06 for the enhancement of the national urban search and rescue capability. The funding will assist all States and Territories to improve their capabilities by establishing consistent approaches and methods throughout all jurisdictions. The programme will be coordinated and administered by Emergency Management Australia.

Further information can be found in the press release of 18 May 2004 issued by the Attorney-General.

### Workplace Relations Reform — additional workloads arising from changes to jurisdiction

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Federal Magistrates Court	1.4	4.2	4.1	4.1
Federal Court of Australia	1.1	3.4	3.5	3.5
<b>Total</b>	<b>2.6</b>	<b>7.6</b>	<b>7.5</b>	<b>7.5</b>
<i>Related capital (\$m)</i>				
Federal Magistrates Court	1.4	-	-	-
Federal Court of Australia	1.4	-	-	-
<b>Total</b>	<b>2.8</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Government will provide \$12.8 million to the Federal Court of Australia and \$15.1 million to the Federal Magistrates Court of Australia over four years to meet additional workload arising from jurisdictional changes resulting from amendments to the *Workplace Relations Act 1996*.

*Appendix A: Policy decisions taken since the 2005-06 Budget*

This measure includes \$1.4 million in capital funding to the Federal Court of Australia and \$1.4 million to the Federal Magistrates Court for equipment and fit-out costs.

Further information can be found in the press release of 9 October 2005 issued by the Minister for Employment and Workplace Relations.

## COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS

### Connect Australia — Backing Indigenous Ability

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Communications, Information Technology and the Arts	-	23.0	23.7	23.5

The Government will provide \$89.9 million over four years (including \$19.7 million in 2009-10) to improve access to communications services for remote Indigenous communities. This measure involves \$48.5 million for the provision of an Indigenous television service, \$11.9 million for the provision of community phones, \$10.4 million for the provision of internet access, \$9.5 million for the provision of community support and \$3.3 million to replace ageing radio infrastructure.

Further information can be found in the press release of 17 August 2005 issued by the Minister for Communications, Information Technology and the Arts.

### Connect Australia — Broadband Connect

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Communications, Information Technology and the Arts	147.4	236.3	244.1	249.6
<i>Related capital (\$m)</i>				
<i>Department of Communications, Information Technology and the Arts</i>	0.6	-	-	-

The Government will provide \$878.0 million over four years for Broadband Connect, an enhancement of the existing Higher Bandwidth Incentive Scheme (HiBIS). This funding will subsidise the cost of providing access to broadband for customers in regional Australia. The funding will help to promote competition among broadband service providers by stimulating demand for broadband services in regional Australia. These services will be delivered on a competitive and technologically neutral basis, and may include wireless, satellite, fibre and high speed copper broadband infrastructure solutions.

Further information can be found in the press release of 17 August 2005 issued by the Minister for Communications, Information Technology and the Arts.

**Connect Australia — Clever Networks**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Communications, Information Technology and the Arts	-	22.8	36.0	38.5

The Government will provide \$113.4 million over four years from 2006-07 (including \$16.2 million in 2009-10) to improve access to infrastructure and broadband for health, education and government services in rural and regional areas.

Further information can be found in the press release of 17 August 2005 issued by the Minister for Communications, Information Technology and the Arts.

**Connect Australia — consumer information campaign**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Communications, Information Technology and the Arts	-	4.1	1.8	-

The Government will provide \$5.9 million over two years, 2006-07 and 2007-08, to raise awareness among regional, rural and remote consumers of their telecommunication rights and legislated safeguards and ways to access them.

Further information can be found in the press release of 17 August 2005 issued by the Minister for Communications, Information Technology and the Arts.

### Connect Australia — consumer safeguards

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Communications and Media Authority	1.4	1.9	1.8	1.8
Department of Communications, Information Technology and the Arts	-	0.4	0.4	-
Total	1.4	2.3	2.2	1.8
<i>Related capital (\$m)</i>				
Australian Communications and Media Authority	0.4	0.5	-	-
<i>Related revenue (\$m)</i>				
Australian Communications and Media Authority	-	1.8	2.4	1.8

The Government will provide \$7.0 million over four years, followed by \$1.6 million per year ongoing funding, to the Australian Communications and Media Authority (ACMA) to strengthen consumer safeguards, support Telstra's local presence plan and undertake regular reviews of regional telecommunications. Funding of \$0.9 million will also be provided for related capital purchases of information technology equipment. This will be offset by an increase in the annual carrier licence charge collected by ACMA of \$6.0 million over four years followed by \$1.8 million in 2009-10 and \$1.6 million per year thereafter. This revenue is collected in arrears.

The Government will also provide \$0.4 million in each of 2006-07 and 2007-08 to the Department of Communications, Information Technology and the Arts for its role in strengthening consumer safeguards.

Further information can be found in the press release of 17 August 2005 issued by the Minister for Communications, Information Technology and the Arts.

### Connect Australia — Mobile Connect

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Communications, Information Technology and the Arts	4.8	9.2	9.5	5.9

The Government will provide \$29.5 million over four years to extend terrestrial mobile coverage and continue satellite handset subsidies for more remote areas of Australia.

Further information can be found in the press release of 17 August 2005 issued by the Minister for Communications, Information Technology and the Arts.

**Higher Bandwidth Incentive Scheme (HiBIS) — additional funding**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Communications, Information Technology and the Arts	50.0	-	-	-

The Government will provide an additional \$50.0 million in 2005-06 to extend the Higher Bandwidth Incentive Scheme (HiBIS). HiBIS provides incentive payments to Internet service providers for each eligible broadband service connected. Additional funding for the programme will enable the Government to meet strong increases in demand and provide certainty to HiBIS providers.

Further information can be found in the press release of 7 July 2005 issued by the Minister for Communications, Information Technology and the Arts.

**Jewish Museum of Australia — contribution**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Communications, Information Technology and the Arts	0.2	0.2	-	-

The Government will provide \$480,000 over two years towards the renovation and refurbishment of the Jewish Museum of Australia in St Kilda, Victoria.

The Jewish Museum of Australia is a community museum, which aims to explore and share the Jewish experience in Australia and benefit Australia’s diverse society.

**Melbourne 2006 Commonwealth Games — additional contribution**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Communications, Information Technology and the Arts	10.0	-	-	-

The Government will contribute up to an additional \$10.0 million to enhance and extend the scope of the Melbourne 2006 Commonwealth Games opening ceremony.

This funding is subject to the successful conclusion of the funding agreement between the Australian and Victorian governments. These funds are in addition to the package of \$275.5 million of assistance provided by the Australian Government to contribute to the staging of the Games, which are to be held in March 2006.



### Sports anti-doping framework — enhancement

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Sports Anti-Doping Authority	1.3	1.3	1.3	1.9

The Government will provide \$5.9 million over four years to investigate and prosecute violations of the World Anti-Doping Code.

The Australian Sports Anti-Doping Authority, a new statutory authority, will also assume the existing drug testing, education, advocacy and other functions of the Australian Sports Drug Agency.

Further information can be found in the press release of 23 June 2005 issued by the Minister for the Arts and Sport.

### Telecommunications competition including operational separation of Telstra

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Competition and Consumer Commission	4.0	4.7	3.8	3.9
Department of Communications, Information Technology and the Arts	0.6	0.7	0.6	0.6
Total	4.6	5.4	4.4	4.5
<i>Related capital (\$m)</i>				
Australian Competition and Consumer Commission	1.0	-	-	-
<i>Related revenue (\$m)</i>				
Australian Communications and Media Authority	-	5.1	4.9	3.9

The Government will provide \$29.3 million over six years from 2005-06 (including \$4.7 million in 2009-10 and \$4.7 million in 2010-11) for the implementation and management of operational separation within Telstra.

The measure includes \$3.8 million (including \$0.7 million in 2009-10 and \$0.6 million in 2010-11) for the Department of Communications, Information Technology and the Arts to implement, in conjunction with Telstra and the Australian Competition and Consumer Commission (ACCC), an operational separation framework within Telstra.

This measure also includes \$25.5 million (including \$4.0 million in 2009-10 and \$4.1 million in 2010-11) to enable the ACCC to establish, monitor and enforce the operational separation framework within Telstra. This also includes \$1.0 million in capital funding for the purchase of office related equipment and fit-out.

*Appendix A: Policy decisions taken since the 2005-06 Budget*

Funding provided to the ACCC will be offset by an increase in the annual carrier licence charge of \$26.3 million over six years from 2006-07 (including \$4.0 million in 2009-10, \$4.1 million in 2010-11 and \$4.2 million in 2011-12) collected by the Australian Communications and Media Authority. This revenue is collected in arrears.

Further information can be found in the press release of 17 August 2005, issued by the Minister for Communications, Information Technology and the Arts.

## CROSS PORTFOLIO

### Australia-China Free Trade Agreement — funding for negotiations

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Various Agencies	5.6	6.0	-	-
<i>Related capital (\$m)</i>				
<i>Department of Foreign Affairs and Trade</i>	0.1	-	-	-

The Government will provide \$11.7 million over two years to facilitate negotiation of the Australia-China Free Trade Agreement. In addition to supporting direct negotiations, the funding will enable further consultation with industry groups and allow for an exchange of information with Chinese representatives.

The negotiations follow the completion of the joint free trade agreement feasibility study. The successful conclusion of a free trade agreement will provide improved access for goods, services and investment. The timing of the decision to proceed to negotiations precluded consideration in the 2005-06 Budget process.

This amount includes \$80,000 in capital funding to establish a dedicated office within the Department of Foreign Affairs and Trade.

Further information can be found in the press release of 18 April 2005 issued by the Prime Minister.

### Official Development Assistance — additional funding

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Various Agencies	*	*	*	*

The Prime Minister announced the Government's goal to increase Official Development Assistance (ODA) to about \$4.0 billion per annum by 2010. This is consistent with Australia's long and proud record of assisting developing countries and reflects the Government's commitment to continuing to meet its share of the aid effort. This increase is conditional on the performance of partner governments and institutions, including strengthened governance arrangements and a reduction in corruption in recipient countries.

This increase will be delivered through a number of departments and agencies, including the overseas aid programme administered by AusAID. ODA will continue to be subject to annual review, taking into account the effectiveness of the application of the additional resources.

*Appendix A: Policy decisions taken since the 2005-06 Budget*

A provision has been made in the Contingency Reserve for the additional funding, with the details of specific commitments to be announced in the future. A White Paper on aid is currently being prepared and decisions about further aid allocations will take close account of the White Paper's conclusions.

Further information can be found in the press release of 13 September 2005 issued by the Prime Minister.

## DEFENCE

### Afghanistan — providing a Special Forces Task Group

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Defence	62.4	18.4	3.5	-
<i>Related capital (\$m)</i>				
<i>Department of Defence</i>	6.5	-	-	-

The Government will provide \$90.7 million for a one year Special Forces deployment to Afghanistan. The deployment commenced in September 2005 to assist in combat, patrolling, reconnaissance and surveillance operations as part of Australia's increased commitment in the fight against terrorism.

This measure includes \$6.5 million in capital funding in 2005-06 for rapid acquisition of required equipment.

Further information can be found in the press releases of 13 July 2005, 24 August 2005 and 26 September 2005 issued by the Minister for Defence.

### Australian Defence Force employee entitlements — extending conditions of service to members in interdependency relationships

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Defence	-	-	-	-

The Government will extend certain Defence Conditions of Service entitlements to Australian Defence Force (ADF) members in interdependency relationships, including to same-sex partners of ADF members and other adult dependants resident with ADF members. This is estimated to cost \$15.0 million per annum.

The cost of this measure will be fully met from within the existing resourcing of the Department of Defence.

**Australian Defence Medal — expanded eligibility criteria**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Defence	-	2.0	2.0	2.0

The Government will provide \$8.0 million over four years from 2006-07 to extend the eligibility criteria for the Australian Defence Medal to all those, including national servicemen, who completed an initial enlistment period or four years service, whichever was the lesser, in the Australian Defence Force since the end of World War II.

## EDUCATION, SCIENCE AND TRAINING

### Commercialisation Training Scheme — transfer of funds from Australian Research Council

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Education, Science and Training	0.4	5.5	5.6	5.7
Australian Research Council	-0.4	-5.5	-5.6	-5.7
Total	-	-	-	-

The Government will transfer funding of \$22.8 million over five years, including \$5.8 million in 2009-10, from the Australian Research Council to the Department of Education, Science and Training (DEST). The funding will assist DEST to deliver the Commercialisation Training Scheme which will provide around 250 new post-graduate research scholarships to develop skills in research commercialisation and intellectual property management.

### Higher Education — extension of FEE-HELP and OS-HELP

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Education, Science and Training	-	-	-	-
<i>Related capital (\$m)</i>				
<i>Department of Education, Science and Training</i>	-	-	-	-
<i>Related revenue (\$m)</i>				
<i>Department of Education, Science and Training</i>	-	..	..	..

The Government will provide \$2.6 million in loans over four years from 2005-06 to enable full fee paying Australian students attending foreign-owned universities in Australia to access income-contingent loans available through FEE-HELP and OS-HELP. Students will be able to borrow up to \$50,000 through FEE-HELP and up to \$10,000 through OS-HELP.

Amounts loaned to students under the Higher Education Loans Programme (HELP) are treated as financial assets and a provision for doubtful debts has been included in the statement of other economic flows, therefore these elements do not impact on the fiscal balance. Payments by students of the indexation component of their HELP loan are treated as interest revenue and will impact on the fiscal balance from 2006-07.

**International education — Endeavour Malaysia Scholarships**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Education, Science and Training	0.5	0.5	0.5	-

The Government will provide \$1.4 million over three years from 2005-06 for six Endeavour Malaysia Awards and four Endeavour Malaysia Research Fellowships to be granted to Australian and Malaysian students.

Of the awards, three Malaysia Awards and two Research Fellowships will be made available to Malaysian students to study in Australia and the same number will also be available to Australian students to study in Malaysia.

Further information can be found in the press release of 8 July 2005 issued by the Minister for Education, Science and Training.

**Migration Programme — additional assessing authority for the child care profession**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Education, Science and Training	0.1	-	-	-

The Government will provide an additional \$0.1 million in 2005-06 to the Department of Education, Science and Training for an additional assessing authority for the child care profession. Assessing authorities certify that the overseas qualifications of migrants seeking to work in their sector meet equivalent Australian standards.

**Tasmanian Community Forest Agreement — training and skills development for industry workers**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Education, Science and Training	1.0	1.0	1.0	1.0

The Government will provide \$4.0 million over four years to enhance training and skills development opportunities for workers in the Tasmanian forest industries.

This measure was announced on 6 October 2004 as part of the Government’s election commitment *A sustainable future for Tasmania* and confirmed in the Tasmanian Community Forest Agreement.

Further information can be found in the press release of 13 May 2005 issued by the Prime Minister.



### Tools for Your Trade — additional funding

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Education, Science and Training	3.9	-	-	-

The Government will provide a further \$3.9 million in 2005-06 to facilitate implementation of the Tools for Your Trade initiative. This additional funding is to provide for costs associated with the delivery of tool kits worth up to \$800 to eligible New Apprentices in the first year of their New Apprenticeship.

### Welfare to Work — extension to eligibility for Youth Disability Supplement

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Education, Science and Training	-	0.3	1.3	2.2

The Government will extend eligibility for the Youth Disability Supplement to people under the age of 21 with a part-time work capacity who elect to study full-time and receive a student assistance payment. This measure will be implemented from 1 July 2006 at a cost of \$3.8 million over three years and builds on the assistance provided to people with disabilities in the *Welfare to Work* package announced in the 2005-06 Budget.

Further information can be found in the press release of 9 November 2005 issued by the Minister for Employment and Workplace Relations.

## EMPLOYMENT AND WORKPLACE RELATIONS

### General Employee Entitlements and Redundancy Scheme — continuation

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Employment and Workplace Relations	-	-	-	-

The Government will provide \$215.2 million over three years from 2006-07 to continue funding for the General Employee Entitlements and Redundancy Scheme (GEERS). GEERS provides assistance to employees who lose their entitlements due to their employer becoming insolvent or bankrupt.

This measure involves funding of \$70.5 million in 2006-07, \$71.5 million in 2007-08, and \$73.2 million in 2008-09. Provision for this funding has already been included in the forward estimates.

Further information can be found in the press release of 12 October 2005 issued by the Minister for Employment and Workplace Relations.

### General Employee Entitlements and Redundancy Scheme — extended eligibility

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Employment and Workplace Relations	2.0	20.3	20.4	19.6

The Government will increase the range of entitlements available under the General Employee Entitlements and Redundancy Scheme (GEERS) at an estimated cost of \$62.3 million over four years. Employees who lose their entitlements due to their employer becoming insolvent or bankrupt will be eligible to seek an enhanced range of assistance from GEERS. The enhanced entitlements include:

- assistance for underpaid wages in the three month period prior to the date of employer insolvency;
- assistance that recognises claimants' entitlement to notice of termination under their terms of employment or industrial instrument;
- coverage of employees who resigned or were terminated up to six months prior to the date of employer insolvency; and

- provision of limited assistance for previously ineligible claimants resulting from aligning the definition of 'excluded employees' under GEERS with the definition contained in section 556(1) of the *Corporations Act 2001*.

Further information can be found in the press release of 12 October 2005 issued by the Minister for Employment and Workplace Relations.

### **Indigenous Land Reform — Home Ownership on Indigenous Land Programme**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Indigenous Business Australia	..	..	-	-
<i>Related capital (\$m)</i>				
<i>Indigenous Business Australia</i>	-	-	-	-

Funding of \$7.3 million over two years will be redirected to pilot a flexible grant and loan financing programme to assist Indigenous people to purchase a home on Indigenous land.

Total funding of \$7.3 million comprises \$60,000 over two years in additional resources, with the remaining \$7.2 million to be contributed from existing funding (\$1.7 million from Indigenous Business Australia, \$3.0 million from the Indigenous Land Corporation and \$2.5 million from the Aboriginals Benefit Account).

The pilot will promote Indigenous home ownership on Indigenous land through the provision of discounted interest rates, low deposit requirements, up-front grants and ongoing periodic grants.

See also the related expense measures titled *Indigenous Land Reform – Home Ownership Incentive Scheme* in the Family and Community Services portfolio and *Indigenous Land Reform – Northern Territory township tenure* in the Immigration and Multicultural and Indigenous Affairs portfolio.

Further information can be found in the press release of 5 October 2005 issued by the Minister for Immigration and Multicultural and Indigenous Affairs.

### **Job Placement, Employment and Training Programme — maintain funding**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Employment and Workplace Relations	-	-	-	-

The Government will provide \$62.5 million over three years to extend the Job Placement, Employment and Training (JPET) Programme.

*Appendix A: Policy decisions taken since the 2005-06 Budget*

The JPET Programme assists highly disadvantaged young people aged 15-21 years who are homeless, or at risk of homelessness, to overcome their barriers so they can move into employment, education or training.

This measure involves funding of \$20.3 million in 2006-07, \$20.6 million in 2007-08 and \$21.6 million in 2008-09. Provision for this funding has already been included in the forward estimates.

Further information can be found in the press release of 27 September 2005 issued by the Minister for Workforce Participation.

**Occupational Health and Safety (Commonwealth Employment) Act 1991 — enhanced enforcement capacity**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Comcare	0.2	0.2	0.2	0.2

The Government will provide \$200,000 per annum on an ongoing basis from 2005-06 to enhance Comcare's capacity to undertake regulatory activities under the *Occupational Health and Safety (Commonwealth Employment) Act 1991*. This measure will allow Comcare to enforce expanded compliance provisions that aim to reduce workplace injuries to Commonwealth employees by promoting adherence to occupational health and safety requirements by both Commonwealth employers and employees.

**Parenting Payment (Partnered) — extended eligibility for certain step-parents**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Employment and Workplace Relations	0.2	0.2	0.2	0.2

The Government will extend eligibility for Parenting Payment (Partnered) to step-parents with primary care for their step-children at a cost of \$0.7 million over four years, including \$0.3 million for Centrelink to implement the change.

This measure will extend eligibility for Parenting Payment (Partnered) from 1 July 2006 to a number of step-parents who are currently ineligible because their step-children do not meet the definition of 'dependent child' under the *Social Security Act 1991*.

Further information can be found in the press release of 25 November 2005 issued by the Minister for Employment and Workplace Relations.

**Parenting Payment (Partnered) — extending advance payments**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Employment and Workplace Relations	-	4.7	0.6	-0.1

The Government will provide \$5.2 million over three years to extend access to advance payments to Parenting Payment (Partnered) recipients. This will provide low income partnered parents with access to interest-free loans of up to \$500 in a 12 month period to meet large or bulky expenditures and will ensure consistency with other income support recipients.

Further information can be found in the press release of 25 November 2005 issued by the Minister for Employment and Workplace Relations.

**South Australian automotive workers — labour adjustment fund**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Employment and Workplace Relations	5.0	1.9	0.5	-

The Government will provide funding of \$7.5 million over three years for a labour adjustment fund to ameliorate the impact of the decision by General Motors Holden to scale back its operations in South Australia.

The funding is for labour market assistance to workers made redundant as a result of General Motors Holden's restructure, including workers of relevant suppliers. This funding will provide accelerated access to a range of labour market assistance services provided by the Job Network, including job search training, enhanced access to the job seeker account and relocation assistance.

Further information can be found in the press release of 26 August 2005 issued by the Prime Minister.

**Welfare to Work — expanded eligibility for Employment Entry Payment**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Employment and Workplace Relations	1.9	5.0	3.5	3.0

The Government will expand eligibility to the Employment Entry Payment to certain income support recipients who find sustained part time work at a cost of \$13.4 million over four years. The following individuals will be eligible for the payment if they have been receiving income support for at least 12 months and find work of 15 hours or more per week for a period of at least four weeks:

- recipients of Newstart Allowance and Youth Allowance (Other) with a 15-29 hour capacity to work will have access to a \$312 payment; and
- recipients of Parenting Payment and parents receiving Newstart Allowance or Youth Allowance (Other) with a requirement to seek work of 15 hours or more per week will have access to a \$104 payment.

This measure will begin on 1 July 2006 and builds on the significant assistance provided to parents and people with disabilities in the *Welfare to Work* package announced in the 2005-06 Budget.

Further information can be found in the press release of 21 September 2005 issued by the Minister for Employment and Workplace Relations.

**Welfare to Work — expanded eligibility for the higher rate of Mobility Allowance**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Employment and Workplace Relations	-	0.3	0.3	0.4

The Government will extend eligibility for the higher rate of Mobility Allowance to certain Newstart and Youth Allowance (Other) recipients at a cost of \$1.0 million over three years from 1 July 2006. Those income support recipients with an assessed work capacity of 30 hours a week or more, who are working or seeking work of 30 hours or more with an employment services provider and are unable to use public transport without assistance, will receive the higher rate of Mobility Allowance.

The introduction of the higher rate of Mobility Allowance was announced as part of the *Welfare to Work* package in the 2005-06 Budget and will be \$100 per fortnight from 1 July 2006.

Further information can be found in the press release of 21 September 2005 issued by the Minister for Employment and Workplace Relations.

**Welfare to Work — extended eligibility for Parenting Payment (Single)**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Employment and Workplace Relations	-	8.0	24.9	43.3
Department of Family and Community Services	-	-0.5	-1.6	-2.7
Department of Education, Science and Training	-	-1.7	-5.6	-9.1
Total	-	5.9	17.8	31.5

The Government will extend the eligibility for Parenting Payment (Single) to recipients until their youngest child turns eight years of age at a cost of \$55.2 million over three years.

Parents applying for Parenting Payment (Single) on or after 1 July 2006 will receive Parenting Payment while their youngest child is less than eight years old. Once their youngest child turns six, this group will be subject to an obligation to seek work of at least 15 hours per week.

This measure builds on the significant assistance provided to parents in the Welfare to Work package announced in the 2005-06 Budget.

See also the related expense measures titled *Welfare to Work – increasing participation of parents* and *Welfare to Work – higher rate of Newstart and Youth Allowance (Other) for certain sole parents*.

Further information can be found in the press release of 8 November 2005 issued by the Minister for Employment and Workplace Relations.

**Welfare to Work — higher rate of Newstart and Youth Allowance (Other) for certain sole parents**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Employment and Workplace Relations	0.4	2.3	3.8	7.6
<i>Related capital (\$m)</i>				
Centrelink	0.6	-	-	-

The Government will provide sole parents receiving Newstart or Youth Allowance (Other) with exemptions from participation requirements where they have four or more children aged between six and fifteen, or are either a registered and active foster carer, providing home schooling or facilitating distance education. These parents will also be eligible to receive total payments equal to the payment under Parenting Payment (Single) for the period of the exemption at an estimated cost of \$14.7 million over three years. Parents with children aged over six years receiving Parenting Payment will also be eligible for these exemptions. This includes Centrelink funding of \$1.2 million over four years including \$0.6 million in capital funding in 2005-06 to implement this measure.

This measure will begin on 1 July 2006 and will build on the significant assistance provided to parents in the Welfare to Work package announced in the 2005-06 Budget.

See also the related expense measure *Welfare to Work – Changes to eligibility for Parenting Payment (Single)* and the 2005-06 Budget expense measure titled *Welfare to Work – increasing participation of parents*.

Further information can be found in the press release of 8 November 2005 issued jointly by the Minister for Employment and Workplace Relations and the Minister for Workforce Participation and the press release of 5 December 2005 issued by the Minister for Employment and Workplace Relations.

**Welfare to Work — modification to compliance regime**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Employment and Workplace Relations	-	3.1	12.8	14.6

The Government will provide an additional \$30.5 million over three years from 2006-07 to reinforce its commitment to a strong and fair compliance regime for people on welfare with a requirement to participate in the workforce. These modifications to the compliance system announced in the 2005-06 Budget will make the following improvements:



- no job seeker will lose payment without having been given a formal warning or the chance to have personal contact with Centrelink;
- job seekers will be given an opportunity to avoid a penalty through immediate re-engagement, except in the case of repeated or serious non-compliance;
- a job seeker who persists in their non-compliance, despite being warned and provided with an opportunity to re-engage, will lose payment until they do comply; and
- an eight week non-payment period will apply as a deterrent to repeated participation failures or more serious failures, such as refusing a reasonable job offer.

Further information can be found in the press release of 21 September 2005 issued by the Minister for Employment and Workplace Relations.

**Welfare to Work — Work for the Dole supplement — extension to Disability Support Pensioners**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Employment and Workplace Relations	0.1	0.1	0.3	0.3

The Government will extend eligibility for the Work for the Dole supplement to Disability Support Pension recipients who volunteer for Work for the Dole at a cost of \$0.8 million over four years. This includes \$104,000 in 2005-06 for implementation by Centrelink. The Work for the Dole supplement provides participants with an additional payment of \$20.80 per fortnight to assist with the costs of participation.

This measure will begin on 1 July 2006 and will build on the significant assistance provided to individuals with disabilities in the *Welfare to Work* package announced in the 2005-06 Budget.

Further information can be found in the press release of 21 September 2005 issued by the Minister for Employment and Workplace Relations.

### **Workplace Relations Reform — agreement making**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Employment and Workplace Relations	6.7	14.7	18.2	21.7

The Government will provide \$61.2 million over four years to enhance the capacity of the Office of the Employment Advocate (OEA) to meet the increased workload associated with the expanded coverage of the federal workplace relations system and its additional responsibility for certified agreements. OEA will administer a simplified lodgement-only process for both collective and individual agreements. Employers, employees and their representatives will also be assisted by OEA to recognise the benefits of agreement making and to develop and implement specific workplace agreements.

Further information can be found in the press release of 2 November 2005 issued by the Minister for Employment and Workplace Relations.

### **Workplace Relations Reform — Award Review Taskforce**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Employment and Workplace Relations	7.3	1.6	-	-

The Government will provide \$9.0 million over two years from 2005-06 for the Award Review Taskforce. The Taskforce will examine and report to Government on wage classification structures in awards, with a view to providing a more accessible and easily understood list of classifications and pay rates, and on the rationalisation of federal awards.

The Taskforce will be supported by a Secretariat located in the Department of Employment and Workplace Relations.

Further information can be found in the press release of 9 October 2005 issued by the Minister for Employment and Workplace Relations.

### **Workplace Relations Reform — changes to the Australian Industrial Relations Commission**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Industrial Registry	-0.2	1.2	-4.1	-6.3
<i>Related capital (\$m)</i>				
<i>Department of Employment and Workplace Relations</i>	2.1	-	-	-

Changes to the role of the Australian Industrial Relations Commission (AIRC) in the new workplace relations system will result in savings of \$7.3 million over four years. The AIRC will no longer have responsibility for the setting and adjustment of minimum wages; the setting and adjustment of key minimum conditions determined by Government in legislation; or certifying workplace agreements.

The AIRC will have responsibility for simplifying awards, regulating industrial action and registered organisations and a continued ongoing role in relation to unlawful termination of employment.

This measure includes \$2.1 million in capital funding for leasehold improvements and information technology infrastructure.

Further information can be found in the press release of 9 October 2005 issued by the Minister for Employment and Workplace Relations.

### **Workplace Relations Reform — communications campaign**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Employment and Workplace Relations	38.4	-	-	-

The Government will provide \$38.4 million in 2005-06 for a communications campaign to explain the Government's workplace relations reform package.

The campaign includes newspaper, television, radio, magazine and internet advertising with targeted strategies for persons who are non-English speaking, Indigenous and print handicapped. It will explain why reforms are needed and intended outcomes of the reforms. The package also includes funding for research on awareness of the reforms.

Further information can be found in the press release of 9 October 2005 issued by the Minister for Employment and Workplace Relations.

### Workplace Relations Reform — compliance

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Employment and Workplace Relations	13.2	46.2	41.7	39.6

The Government will provide \$140.7 million over four years to support an increase in the Office of Workplace Services' compliance, enforcement and education resources. The Fair Pay and Conditions Standard, federal awards and agreements, and state awards and agreements brought into the new federal workplace relations system will fall under the compliance regime.

The funding will allow additional staff to be employed in compliance and enforcement activity, including auditing of workplaces to ensure they meet the Fair Pay and Conditions standard and award conditions, and answering enquiries on workplace relations issues.

Further information can be found in the press release of 2 November 2005 issued by the Minister for Employment and Workplace Relations.

### Workplace Relations Reform — development and implementation

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Employment and Workplace Relations	17.3	20.5	13.7	15.7
<i>Related capital (\$m)</i>				
<i>Department of Employment and Workplace Relations</i>	35.8	3.4	0.7	0.7

The Government will provide \$107.9 million over four years for the development and implementation of policy and legislation for workplace relations reforms.

This measure includes funding for:

- policy and legislation development and initial implementation of reforms by the Department of Employment and Workplace Relations;
- the refurbishment and expansion of the premises of the Office of Workplace Services;
- an expansion of the Office of the Employment Advocate's premises to undertake its extended role in agreement making; and
- information technology infrastructure at the Department of Employment and Workplace Relations.

This measure includes \$40.7 million in capital funding for office fit-out and information technology infrastructure.

Further information can be found in the press release of 9 October 2005 issued by the Minister for Employment and Workplace Relations.

### **Workplace Relations Reform — establishing the Australian Fair Pay Commission**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Employment and Workplace Relations	2.8	7.2	7.3	7.4
<i>Related capital (\$m)</i>				
<i>Department of Employment and Workplace Relations</i>	2.5	-	-	-

The Government will provide \$27.2 million over four years to establish the Australian Fair Pay Commission. The Commission will have independent authority to set and adjust minimum and award classification rates of pay, minimum wages for juniors, trainees, apprentices and employees with disabilities, minimum wages for piece workers and casual loadings.

A Secretariat will assist the five member Australian Fair Pay Commission in the performance of its functions.

This measure includes \$2.5 million in capital funding for property and information technology infrastructure.

Further information can be found in the press release of 2 November 2005 issued by the Minister for Employment and Workplace Relations.

### **Workplace Relations Reform — information and education**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Employment and Workplace Relations	7.4	-	-	-

The Government will provide \$7.4 million in 2005-06 for communication and education activities to support the Government's workplace relations reforms.

The measure will include \$4.7 million for call centre services to answer preliminary enquiries and requests for information on the workplace relations reforms. It will also include \$2.7 million for printing and distribution of a range of information products to educate people about the reforms.

Further information can be found in the press release of 9 October 2005 issued by the Minister for Employment and Workplace Relations.

**Workplace Relations Reforms — advice and education concerning termination of employment**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Employment and Workplace Relations	3.3	11.3	6.6	6.4
<i>Related capital (\$m)</i>				
<i>Department of Employment and Workplace Relations</i>	0.5	-	-	-

The Government will provide \$28.1 million over four years to help advise employees who believe their employment might have been terminated unlawfully and to educate employers on their obligations under the reformed termination of employment provisions. The programme includes:

- Funding of up to \$4,000 per claim to enable employees to seek independent legal advice where they believe their employment might have been terminated unlawfully and they have not been able to resolve their dispute through conciliation. The Office of Workplace Services in the Department of Employment and Workplace Relations will refer eligible employees to legal firms for advice; and
- Funding of \$5 million over two years for an education and training programme on fair and proper employment termination practices to assist employers understand their legal obligations. The programme will be delivered by the Office of Workplace Services and employer organisations.

This measure includes \$0.5 million in capital funding for information technology infrastructure.

Further information can be found in the press release of 2 November 2005 issued by the Minister for Employment and Workplace Relations.

**Workplace Relations Reforms — alternative dispute resolution**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Employment and Workplace Relations	0.6	2.1	3.4	5.2

The Government will provide \$11.4 million over four years to establish an alternative dispute resolution scheme for parties in workplace disputes.

Funding will be made available to enable parties to access private alternative dispute resolution services if dispute resolution efforts in the workplace have been unsuccessful. The alternative dispute resolution scheme will provide an opportunity for parties to resolve disputes without having to seek conciliation or arbitration by the Australian Industrial Relations Commission.

Further information can be found in the press release of 9 October 2005 issued by the Minister for Employment and Workplace Relations.

## ENVIRONMENT AND HERITAGE

### Biofuels Taskforce — Australian Government response

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of the Environment and Heritage	*	*	*	*
Department of Industry, Tourism and Resources	*	*	*	*
Total	*	*	*	*

The Government will provide funding to implement a range of measures to address market barriers and restore and build consumer confidence in biofuels. These measures form part of the Government's response to the Biofuels Taskforce Report.

The main elements of the biofuels package will include: increasing fuel quality compliance inspections to ensure ethanol blends meet fuel quality standards; undertaking testing of vehicles using ethanol blended fuel; and commissioning a study into the health impacts of ethanol use.

The implementation details of these measures (and associated funding) are currently being developed.

Further information can be found in the press release of 22 September 2005 issued by the Prime Minister.

### HMAS SYDNEY II — search

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of the Environment and Heritage	1.3	-	-	-

The Government will provide \$1.3 million in 2005-06 to HMAS Sydney Search Pty Ltd to help fund the search for the HMAS SYDNEY II, a cruiser lost off the West Australian coast in 1941. The commencement of the search coincides with the 60<sup>th</sup> Anniversary year of the end of World War II.

Further information can be found in the press release of 14 August 2005 issued by the Prime Minister.



**Tasmanian Community Forest Agreement — Forest Conservation Fund**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of the Environment and Heritage	nfp	nfp	nfp	nfp

The Government will establish a new Forest Conservation Fund to reserve an additional 43,200 hectares of private forest through voluntary sale or protective covenant over the land. The cost of this measure is unable to be disclosed, as this would be likely to affect negotiations. Funding for this measure has been placed in the contingency reserve.

This measure was announced on 6 October 2004 as part of the Government’s election commitment, *A Sustainable Future for Tasmania*, and confirmed in the Tasmanian Community Forest Agreement.

Further information can be found in the press release of 13 May 2005 issued by the Prime Minister.

**Tasmanian Community Forest Agreement — reservation of private forest at Mole Creek**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of the Environment and Heritage	1.4	1.4	0.7	-

The Government will provide \$3.6 million over three years to reserve up to 2,400 hectares of private forest adjacent to the Mole Creek National Park through voluntary sale or protective covenant over the land.

This measure was announced on 6 October 2004 as part of the Government’s election commitment, *A Sustainable Future for Tasmania*, and confirmed in the Tasmanian Community Forest Agreement.

Further information can be found in the press release of 13 May 2005 issued by the Prime Minister.

**Tasmanian Community Forest Agreement — river catchment water quality auditing**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of the Environment and Heritage	0.5	0.5	-	-

The Government will provide \$1.0 million over two years from 2005-06 towards a study of the chemical residues from farming and forestry practices in Tasmanian river catchments, drawing on the expertise of the Commonwealth Scientific Industrial Research Organisation.

This measure was announced on 6 October 2004 as part of the Government’s election commitment, *A Sustainable Future for Tasmania*, and confirmed in the Tasmanian Community Forest Agreement.

Further information can be found in the press release of 13 May 2005 issued by the Prime Minister.

**Tasmanian Community Forest Agreement — saving the Tasmanian Devil**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of the Environment and Heritage	1.0	1.0	-	-

The Government will provide \$2.0 million over two years from 2005-06 to accelerate research efforts to find a cure for the Tasmanian Devil Facial Tumour Disease.

This measure was announced on 6 October 2004 as part of the Government’s election commitment, *A Sustainable Future for Tasmania*, and confirmed in the Tasmanian Community Forest Agreement.

Further information can be found in the press release of 13 May 2005 issued by the Prime Minister.

**Tasmanian Community Forest Agreement — Tarkine bush walk**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of the Environment and Heritage	0.5	0.5	-	-

The Government will provide \$1.0 million over two years from 2005-06 to assist the development of bushwalking tracks and related infrastructure in the Tarkine area.

This measure was announced on 6 October 2004 as part of the Government's election commitment, *A Sustainable Future for Tasmania*, and confirmed in the Tasmanian Community Forest Agreement.

Further information can be found in the press release of 13 May 2005 issued by the Prime Minister.

**Tasmanian Community Forest Agreement — tourism and recreation**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of the Environment and Heritage	1.0	1.0	-	-

The Government will provide \$2.0 million over two years to improve visitor facilities in forest areas of Tasmania, focusing on the new reserves created under the Tasmanian Community Forest Agreement.

Further information can be found in the press release of 13 May 2005 issued by the Prime Minister.

## FAMILY AND COMMUNITY SERVICES

### Disability support — assistance for establishing private care arrangements for future care

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Family and Community Services	..	1.6	1.7	2.2

The Government will provide \$5.5 million over four years to provide family mediation and counselling services to parents and their families who are establishing private arrangements to help meet the future financial needs of a son or daughter with a severe disability. These services could include, for example, counselling to help address family disagreements over gifting bequests.

These services will be provided through local family mediation and counselling services funded through the Family Relationships Services Programme.

Further information can be found in the press release of 13 October 2005 issued by the Minister for Family and Community Services.

### Disability support — further consultation and research

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Family and Community Services	-	1.1	0.1	-

The Government will provide funding of \$1.2 million over two years from 2006-07 to undertake research into the needs of carers in relation to the future care and support of sons and daughters with severe disabilities.

The measure will include consultation with parents and families that include people with severe disabilities and will explore ways that carers might make private provision for the future care of a person with a disability should they wish to do so.

Further information can be found in the press release of 13 October 2005 issued by the Minister for Family and Community Services.

### Disability support — future care planning information package

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Family and Community Services	-	2.4	1.1	1.1

The Government will provide \$4.6 million over three years from 2006-07 to publish an information package on future care arrangements to assist parents of sons and daughters with disabilities. The package will include a guide on various support options, including advice on accessing financial and legal advice, and establishing co-operative housing and care arrangements.

Further information can be found in the press release of 13 October 2005 issued by the Minister for Family and Community Services.

### Disability support — trusts and gifting exemption from assets test

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Family and Community Services	0.9	19.7	69.7	104.1
Centrelink	-	5.4	2.4	2.6
Department of Veterans' Affairs	..	1.6	4.6	6.8
Total	0.9	26.7	76.7	113.4
<i>Related capital (\$m)</i>				
<i>Department of Veterans' Affairs</i>	<i>0.1</i>	<i>0.1</i>	<i>-</i>	<i>-</i>

The Government will exempt assets gifted to trusts established to help provide for the future care of people with a severe disability from the social security and veterans' assets test. This will apply for the first \$500,000 held by a trust and the exemption will only be available for parents, guardians or immediate relatives of the person with the disability. The Government will also exempt related trust income, for the person with a severe disability, from social security and veterans' affairs income tests. These changes are estimated to cost \$217.9 million over four years (including \$0.2 million in capital funding over two years from 2005-06). The measure will commence on 20 September 2006.

Further information can be found in the press release 13 October 2005 issued by the Minister for Family and Community Services.

**Drought assistance — Family Relationships Services Programme**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Family and Community Services	1.5	1.6	-	-
Centrelink	0.4	0.4	-	-
Total	2.0	2.0	-	-

The Government will provide \$4.0 million from 2005-06 to 2006-07 for the Family Relationships Services Programme. Face-to-face and telephone counselling services will be provided to people in exceptional circumstances declared areas through Centrelink and the Department of Family and Community Services.

Further information can be found in the press release of 30 May 2005 issued by the Prime Minister.

**Family assistance — changes to arrangements for separated couples**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Family and Community Services	3.2	1.3	1.3	1.4

The Government will amend the family assistance reconciliation arrangements to allow Family Tax Benefit (FTB) recipients to reconcile their FTB even if their ex-partner has not lodged a tax return. This measure will commence on 1 January 2006 and is expected to cost \$7.3 million over four years.

When parents separate, the current system enables a reconciliation of FTB payments in the year before separation even if one partner had not lodged a tax return for that year. However, it was not possible to reconcile the FTB entitlement in the second year before separation if either partner had not lodged their tax return for this year. This has prevented an FTB top-up payment in these situations where the recipient would have otherwise been entitled to such a payment.

This measure will also allow for those FTB and Child Care Benefit debts that exist solely because of the failure of an ex-partner to lodge a tax return to be written off.

### Family Income Management Programme — additional funding

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Family and Community Services	0.2	-	-	-

The Government will provide \$0.2 million in additional funding for Family Income Management Programme centres in Aurukun, Coen and Mossman Gorge. This funding will enable their operation to continue until the end of the financial year while a review is undertaken to examine continued funding.

The Family Income Management Programme aims to develop the capacity of Indigenous Australians to manage their income effectively and achieve improved living standards.

### Family Tax Benefit — preventing duplicate Rent Assistance payments

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Centrelink	3.7	2.8	0.8	0.7
Department of Family and Community Services	-4.0	-4.1	-4.2	-4.3
Total	-0.3	-1.3	-3.4	-3.6
<i>Related capital (\$m)</i>				
Centrelink	1.5	-	-	-

The Government has amended the *A New Tax System (Family Assistance) Act 1999*, the *Social Security (Administration) Act 1999*, the *Social Security Act 1991* and the *Veterans' Entitlements Act 1986* to ensure that Family Assistance recipients are only entitled to receive Rent Assistance once through the family assistance and social security systems.

By preventing duplicate rent assistance payments, this measure is estimated to reduce Rent Assistance outlays by \$16.6 million over four years, and will cost \$9.5 million over four years to administer.

**Floods — ex-gratia assistance to affected households**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Family and Community Services	0.1	-	-	-

The Government will provide \$94,000 in 2005-06 to make ex-gratia payments to assist those affected by the floods, which occurred in Virginia and Two Wells in South Australia and the Central West of New South Wales. Payments will be made where a household member was killed in the floods or the principal place of residence has been destroyed or otherwise rendered uninhabitable.

Further information can be found in the press release of 9 November 2005 issued by the Prime Minister.

**Indigenous Land Reform — Home Ownership Incentive Programme**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Family and Community Services	-	-	-	-

The Government will provide \$5.0 million in 2005-06 under the Community Housing and Infrastructure Programme (CHIP) for the Home Ownership Incentive Programme on community title land. The programme will give those long-term tenants of Indigenous Community Housing Organisations (ICHOs) who have a capacity to repay a housing loan the option to purchase their home.

This represents an extension of the Home Ownership Incentive Scheme currently operating under CHIP on non-community land. The cost of this measure will be met from existing resources for the CHIP.

See also the related expense measures titled *Indigenous Land Reform – Home Ownership on Indigenous Land Programme* and *Indigenous Land Reform – Northern Territory township tenure* in the Employment and Workplace Relations, and Immigration and Multicultural and Indigenous Affairs portfolios, respectively.

Further information can be found in the press release of 5 October 2005 issued by the Minister for Immigration and Multicultural and Indigenous Affairs.



**Institutional care — response to Senate Committee reports**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Family and Community Services	-	-	-	-

The Government will provide \$0.3 million over three years from 2005-06 to 2007-08 as part of its response to the two Senate Committee reports on children in institutional or foster care *Forgotten Australians: a report on Australians who experienced institutional or out-of-home care as children* and *Protecting Vulnerable Children: a national challenge*.

This measure will provide funding for a national conference of out-of-home care service providers and support organisations; organisations supporting children formerly in institutional care; suitable memorials commemorating people who were in institutional care; and a national conference on child protection.

In its response to the reports, the Government has also addressed issues relating to support for people who have left care, acknowledged what happened to children in institutional care and recognised State and Territory Governments', non-government agencies' and churches' responsibility for the well being of children in institutional care.

The cost of this measure will be met from within the existing resourcing of the Department of Family and Community Services.

Further information can be found in the press release of 10 November 2005 issued by the Minister for Family and Community Services.

**London Bombings — ex-gratia assistance**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Family and Community Services	0.4	0.2	..	-
Centrelink	0.3	-	-	-
Total	0.7	0.2	-	-

The Government will provide \$1.0 million over three years to assist Australians affected by the 7 July 2005 bombings in London.

The Government will provide for reimbursement of reasonable costs not covered by insurance incurred in connection with the death or serious injury of an Australian as a result of the bombings. This will include funeral expenses, out-of-pocket medical costs, and the reasonable costs of counselling and psychological care for families of Australian victims and Australians who have lost non-Australian family members.

Further information can be found in the press release of 10 July 2005 issued by the Minister for Family and Community Services.

**Reconnecting people — assistance package for those adversely affected by inappropriate immigration detention**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Family and Community Services	1.8	0.6	-	-
Centrelink	0.7	0.1	-	-
Total	2.5	0.7	-	-

The Government will provide \$3.1 million over two years from 2005-06 to help those adversely affected by inappropriate immigration detention re-establish themselves in the Australian community. The assistance package will provide affected people with support towards medical and accommodation costs, Centrelink case officers to help them access other programmes and services, personal assistance for essentials and travel costs to a permanent place of residence.

Further information can be found in the press release of 14 July 2005 issued by the Minister for Immigration and Multicultural and Indigenous Affairs.

**Stronger Families and Communities Strategy — additional funding for the Longitudinal Survey of Australian Children**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Family and Community Services	3.1	0.9	2.4	1.0

The Government will provide an additional \$10.6 million over six years, including \$2.5 million in 2009-10 and \$0.6 million in 2010-11, to complete the second, third and fourth surveys that will form part of the Longitudinal Survey of Australian Children.

The survey is a comprehensive national study of children and their families. It will help to establish an evidence base for future family and child policy formulation.

The Government originally provided \$20.2 million over nine years for four waves of this survey as part of the *Stronger Families and Communities Strategy* in the 2000-01 Budget.

### Supported Accommodation Assistance Program — continuation of funding

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Family and Community Services	-	-	-	-

The Government will provide \$932.2 million over five years to the States and Territories as its contribution to the fifth Supported Accommodation Assistance Program (SAAP V).

The latest agreement, which commenced on 1 October 2005, governs the arrangements for the distribution of funding to the States and Territories to assist them to provide support for people who are homeless or at risk of becoming homeless. The agreement includes the establishment of the Innovation and Investment Fund (the Fund) that will improve the delivery of services to homeless people. The costs of the Fund will be met jointly by the Australian Government and States and Territories.

This measure involves funding of \$178.5 million in 2005-06, \$182.5 million in 2006-07, \$186.5 million in 2007-08, \$190.4 million in 2008-09 and \$194.3 million in 2009-10. Provision for the conclusion of the SAAP V was already included in the forward estimates.

Further information can be found in the press release of 5 October 2005 issued by the Minister for Family and Community Services.

### Welfare to Work — expanded eligibility for Carer Payment

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Centrelink	0.4	-0.2	-0.4	-0.5
Department of Family and Community Services	0.3	21.5	33.0	37.6
Department of Health and Ageing	-	1.2	1.9	2.1
Department of Employment and Workplace Relations	-	-9.9	-15.1	-17.1
Total	0.7	12.8	19.4	22.1

The Government will expand eligibility for Carer Payment to those individuals caring for children with severe intellectual, psychiatric or behavioural disabilities.

*Appendix A: Policy decisions taken since the 2005-06 Budget*

This measure, to be implemented on 1 July 2006, builds on the assistance provided to parents and people with disabilities in the *Welfare to Work* package announced in the 2005-06 Budget. It is expected to lead to additional expenses from the Department of Family and Community Services of \$92.4 million over four years, comprising \$92.0 million in Carer Payment and \$0.4 million in administrative costs. It will also reduce other income support payments by an expected \$36.8 million over four years as some recipients on other income support payments transfer to Carer Payment, and save \$0.7 million in Centrelink administration costs. This is expected to cost \$55.0 million over four years.

Further information can be found in the press release of 12 September 2005 issued by the Minister for Family and Community Services.

## FINANCE AND ADMINISTRATION

### Federal elections — improving the integrity of Australia's electoral system

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Electoral Commission	-	7.9	8.2	2.9
<i>Related capital (\$m)</i>				
Australian Electoral Commission	-	1.6	-	-

The Government will provide \$31.0 million over five years (including \$5.5 million in 2009-10) to the Australian Electoral Commission (AEC) to implement a number of reforms to the Australian electoral system. The total funding includes \$4.9 million to be met from the existing resourcing of the AEC (including \$1.8 million in 2005-06). The total funding includes \$1.8 million in capital (including \$0.2 million in 2005-06) to allow the AEC to modify its existing information technology systems.

The funding largely relates to the introduction of a proof of identity requirement for enrolment or change of enrolment on the electoral roll. The other reforms which will be implemented include reducing the close of rolls period, establishing a proof of identity requirement for provisional voting, requiring certain third parties that incurred expenditure for a political purpose to complete annual disclosure returns, and removing voting rights for prisoners serving a sentence of full-time detention.

This measure implements some of the Government-supported recommendations of the Joint Standing Committee on Electoral Matters' report on the 2004 Federal Election, as well as other reforms considered a priority by the Government.

Further information can be found in the press release of 6 December 2005 issued by the Special Minister of State.

### Gateway Review Process™ — introduction

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Finance and Administration	0.9	1.5	1.5	1.3
<i>Related capital (\$m)</i>				
<i>Department of Finance and Administration</i>	..	-	-	-

The Government will provide \$5.2 million over four years (including \$44,000 in capital funding in 2005-06) to introduce a new evaluation process for major government projects utilising the Gateway Review Process™ (Gateway). The adoption of Gateway will improve the early detection of problems and risks associated with major information technology, procurement and infrastructure projects undertaken by Australian Government agencies and departments subject to the *Financial Management and Accountability Act 1997*. It is also expected to improve the timeliness and cost effectiveness of these projects. Similar processes have also been adopted in the United Kingdom and Victoria.

Gateway will be introduced progressively, applying to a small cross-section of high risk projects arising in the 2006-07 Budget and expanding to encompass all high and medium risk projects commencing from 2007-08 and 2008-09 respectively.

Further information can be found in the press release of 10 November 2005 issued by the Minister for Finance and Administration.

### Goods and Services Tax relativity assessments — simplification and quality assurance

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Commonwealth Grants Commission	1.5	1.0	1.0	1.0

The Government will provide \$5.3 million over five years (including \$0.8 million in 2009-10) to assist the Commonwealth Grants Commission to meet the requirements of its 2010 Methodology Review Terms of Reference. The Terms of Reference require the Commission to simplify its processes for assessing Goods and Services Tax relativities in a manner consistent with the principle of achieving horizontal fiscal equalisation between the States and Territories. The Commission is also required to report in 2006 on its progress in improving quality assurance processes.

**Menzies Research Centre, Chifley Research Centre and Page Research Centre — increased funding**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Finance and Administration	0.2	0.2	0.2	0.2

The Government will provide an increase in annual funding for the Menzies Research Centre and the Chifley Research Centre of \$75,000 each and an increase in annual funding for the Page Research Centre of \$37,500. This will increase total annual funding for the Menzies Research Centre and the Chifley Research Centre to \$175,000 and total annual funding for the Page Research Centre to \$87,500.

**Promoting global democracy**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Finance and Administration	1.0	2.0	2.0	2.0

The Government will make available up to \$1 million per year in grant funding to both the Australian Labor Party and the Liberal Party to support international activities to promote democracy within the region and in the rest of the world.

## FOREIGN AFFAIRS AND TRADE

### Avian influenza — assistance to Indonesia

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Agency for International Development	-	-	-	-

The Government will provide \$10.0 million in 2005-06 to Indonesia to assist in addressing the threat of avian influenza. The funding will be targeted towards improving detection, diagnosis and containment of the virus in response to a potential outbreak, as well as increasing public awareness and information sharing.

The cost of this measure is being met fully from within AusAID's existing resourcing.

Further information can be found in the press releases of 26 September and 13 October 2005 issued by the Minister for Foreign Affairs.

### Avian influenza — Pacific pandemic preparedness assistance

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Agency for International Development	-	-	-	-

The Government will provide \$8.0 million over four years to support the Pacific states to counter the threats posed by avian influenza and other infectious diseases. The package will increase regional and national capacity to respond rapidly to emerging diseases through stronger quarantine systems, infection prevention and control programmes, and animal health surveillance systems.

The cost of this measure is being met fully from within AusAID's existing resourcing.

Further information can be found in the press release of 26 October 2005 issued by the Prime Minister.



### Hurricane Emily — donation

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Agency for International Development	-	-	-	-

The Government will provide \$0.3 million in 2005-06 to the International Federation of Red Cross and Red Crescent Societies to assist victims of Hurricane Emily in Grenada. The donation will assist the organisation to support the immediate humanitarian response and assist with the longer term reconstruction of facilities.

The cost of this measure is being fully met from within AusAID's existing resourcing.

### Hurricane Katrina — contribution

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Foreign Affairs and Trade	10.0	-	-	-

The Government will provide \$10.0 million in 2005-06 to the American Red Cross as part of Australia's response to the devastation caused by Hurricane Katrina in the United States of America. The donation was given to the American Red Cross to assist in responding to the urgent needs of disaster victims, including through the provision of food, water and shelter, and counselling and other support services.

Further information can be found in the press releases of 2 September 2005 issued by the Prime Minister and the Minister for Foreign Affairs.

### Hurricane Katrina — ex-gratia payments

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Foreign Affairs and Trade	..	-	-	-

The Government will provide \$25,000 in 2005-06 in ex-gratia payments to Australian victims of Hurricane Katrina. The payments are to reimburse Australian victims for costs including travel, accommodation and meals.

**Nauru — development assistance**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Agency for International Development	nfp	nfp	nfp	nfp

The Government will provide additional funding for development assistance to Nauru. The funding will support the offshore immigration processing facilities; strengthen governance, development planning and infrastructure projects; and enable economy-wide reforms. In addition, the Australian Federal Police will provide assistance to the Nauru Police Force through its International Deployment Group (IDG) programme.

As funding provided under the Memorandum of Understanding is negotiated on an annual basis with the Government of Nauru, the funding details of the assistance package are not for publication.

See also the related expense measures titled *Nauru – implementation of aid package* and *Nauru – upgrade of Consulate-General* in the Foreign Affairs and Trade Portfolio.

**Nauru — implementation of aid package**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Agency for International Development	0.5	0.9	1.0	1.0

The Government will provide \$3.4 million over four years to implement Australia’s development assistance package for Nauru. The funding will be used to establish a dedicated office for managing the Nauru development package.

See also the related expense measures titled *Nauru – development assistance* and *Nauru – upgrade of Consulate-General* in the Foreign Affairs and Trade Portfolio.

**Nauru — upgrade of Consulate-General**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Foreign Affairs and Trade	1.2	2.0	2.1	2.2
<i>Related capital (\$m)</i>				
Department of Foreign Affairs and Trade	2.4	-	-	-
Australian Agency for International Development	0.4	-	-	-
<i>Total</i>	2.7	-	-	-

The Government will provide \$10.1 million over four years to upgrade the current temporary Consulate-General in Nauru. The Consulate-General plays a key role in delivering Australia's continuing development assistance to Nauru.

This amount includes \$2.7 million in capital funding, which will provide for the upgrade and fit-out of leased premises, including communications and information technology.

See also the related expense measures titled *Nauru – implementation of aid package* and *Nauru – development assistance* in the Foreign Affairs and Trade Portfolio.

**October 2005 Bali bombings — additional funding**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Foreign Affairs and Trade	0.2	-	-	-

The Government will provide \$0.2 million in 2005-06 to cover costs incurred by the Department of Foreign Affairs and Trade in responding to the 1 October 2005 Bali bombings. The funding is for the additional costs of providing emergency consular support to Australian victims and their families, and managing the whole-of-government response to the crisis.

**South Asia earthquake — assistance**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Agency for International Development	-	-	-	-

The Government will provide \$64.3 million over four years to assist the South Asia earthquake relief and reconstruction effort. Funding of \$24.3 million will be provided, in 2005-06, to a number of organisations including United Nations’ agencies, Australian non-government organisations, and the International Federation of Red Cross and Red Crescent Societies. The funding will assist in the provision of medical support, water and shelter for those affected by the earthquake and in the re-establishment of schools. The remaining \$40 million will be provided over four years to support the reconstruction effort in the region, with a focus on rebuilding schools and other education facilities, as well as health facilities.

The cost of this measure is being met fully from within AusAID’s existing resourcing.

Further information can be found in the press releases of 10, 11 and 23 October 2005 issued by the Minister for Foreign Affairs, in the press release of 1 November 2005 issued by the Parliamentary Secretary for Foreign Affairs and in the press release of 23 November 2005 issued by the Prime Minister.

**Strengthening pandemic preparedness**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Agency for International Development	-	39.5	30.4	16.1

The Government will provide \$100.0 million over four years (including \$14.0 million in 2009-10) to strengthen the capacity and preparedness of the Asia-Pacific region to deal with future disease pandemics, including avian influenza. The funding will provide for technical assistance, training, equipment and essential medical supplies to improve surveillance, diagnostic and treatment capabilities and preparedness planning in developing countries of East Asia and the Pacific.

Further information can be found in the press release of 19 November 2005 issued by the Prime Minister.

**United Nations Democracy Fund — contribution**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Agency for International Development	-	-	-	-

The Government will provide \$10.0 million in 2005-06 to the United Nations Democracy Fund to facilitate projects that build and strengthen democratic institutions and facilitate governance in new, emerging and consolidated democracies.

The cost of this measure is being fully met within AusAID's existing resourcing.

Further information can be found in the press release of 14 September 2005 issued by the Prime Minister.

## HEALTH AND AGEING

### Addressing Indigenous Needs — combating petrol sniffing — additional funding

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Health and Ageing	3.0	3.0	-	-
Department of Immigration and Multicultural and Indigenous Affairs	1.5	2.0	-	-
Total	4.5	5.0	-	-

The Government will provide an additional \$9.5 million over two years to further reduce the incidence of petrol sniffing in Central Desert Indigenous communities in collaboration with State and Territory governments.

This funding includes \$6.0 million to the Department of Health and Ageing to support a wider roll-out of the non-sniffable OPAL petrol to all Indigenous communities, roadhouses and pastoral stations within the Central Desert area.

An additional \$0.5 million will be provided to the Department of Immigration and Multicultural and Indigenous Affairs in 2005-06 to support incentives for States and Territories to crackdown on trafficking petrol into 'dry' communities and to implement effective legislation. A further \$3.0 million over two years will be provided to support diversionary and capacity building activities.

Further information can be found in the joint press release of 12 September 2005 issued by the Ministers for Health and Ageing, and Immigration and Multicultural and Indigenous Affairs.

### Aged care — funding for improved information technology, financial reporting and training

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Health and Ageing	-	-	-	-

The Government provided \$152.0 million in 2004-05 to make a one-off payment of \$1,000 per resident to residential aged care providers. This funding will enable aged care providers to take advantage of new technologies, improve business practices, and increase staff training in areas such as dementia care. The enhanced use of new information technology will reduce the amount of time aged care staff spend on paper work, therefore increasing the amount of time able to be spent with residents.

Further information can be found in the press release of 27 June 2005 issued by the Minister for Ageing.

### **Aged Care — new scheme to protect accommodation bonds and enhance prudential arrangements**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Health and Ageing	2.7	2.7	3.0	-
<i>Related capital (\$m)</i>				
<i>Department of Health and Ageing</i>	0.2	-	-	-

The Government will provide \$8.5 million over three years to establish a new scheme to strengthen the protection of aged care residents' accommodation bonds and to enhance prudential regulatory arrangements. This measure includes \$0.2 million in capital funding in 2005-06 for the development of an IT system.

The new scheme will ensure that residents' outstanding bonds will be repaid in full in the event that a provider defaults as a result of bankruptcy or insolvency. While the Government will step in to repay bonds in the first instance, any payments will be recovered from the defaulting provider and, if necessary, through a levy on all aged care providers who hold bonds. Any possible Government payments under the guarantee scheme and subsequent levies are unquantifiable at this stage.

The Government will also enhance the prudential regulatory arrangements that currently apply to residential aged care providers holding bonds. The new standards will focus on providing a more comprehensive picture of the current bond holdings of providers and their ability to refund those bonds, and provide residents, prospective residents, and their families with improved information about the financial stability of a provider.

Further information can be found in the press release of 15 September 2005 issued by the Minister for Ageing.

### **Assisted Reproductive Technologies Review Committee — funding**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Health and Ageing	0.5	-	-	-

The Government will provide \$0.5 million in 2005-06 for the Assisted Reproductive Technologies (ART) Review Committee to independently review the clinical and cost effectiveness of ART. The review process is expected to be completed by the end of 2005-06 and the findings of the review will help to inform future policy for ART.

Further information can be found in the press releases of 10 May and 4 July 2005 issued by the Minister for Health and Ageing.

### Commonwealth Carelink Programme — continued funding

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Health and Ageing	-	-	-	-

The Government will provide \$18.2 million in 2007-08 to continue the Commonwealth Carelink Programme, which provides a single point of contact for people to access information about community services including eligibility requirements.

The measure will align funding for this programme with other related community care and support programmes to enable the Government to enter into three-year funding agreements with service providers. This will allow for a comprehensive review of all the programmes in 2007-08. This approach is consistent with the 2004 report, *A New Strategy for Community Care – The Way Forward*.

Provision for this funding in 2007-08 has already been included in the forward estimates.

See also the related expense measures *Dementia and challenging behaviours initiative – continued funding*, *Staying at home respite for carers – continued funding* and *Support for carers – continued funding*.

### Community Pharmacy Agreement

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Veterans' Affairs	3.0	-12.4	-12.5	-13.3
Medicare Australia	2.7	2.0	1.9	2.0
Department of Health and Ageing	-7.7	-63.9	-55.8	-65.6
Total	-2.0	-74.3	-66.4	-76.9
<i>Related capital (\$m)</i>				
<i>Medicare Australia</i>	0.8	-	-	-

The Fourth Community Pharmacy Agreement, which will run from 1 December 2005 to 30 June 2010, is expected to achieve net savings of \$306.8 million over the life of the agreement (including savings of \$88.0 million in 2009-10).



The savings from changes to pharmacy and wholesaler remuneration are predominantly driven by reductions in the mark-up on the price of medicines for wholesalers. Part of these savings have been redirected into an increased dispensing fee for pharmacists and a Community Service Obligation funding pool which will help ensure access to the full range of PBS medicines in all parts of Australia.

Further information can be found in the press release of 8 November 2005 issued by the Minister for Health and Ageing.

### **Dementia and challenging behaviours initiative — continued funding**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Health and Ageing	-	-	-	-

The Government will provide \$23.8 million in 2007-08 to continue the increased provision of respite care for carers of people with dementia and challenging behaviour.

The measure will align funding for this programme with other related community care and support programmes to enable the Government to enter into three-year funding agreements with service providers. This will allow for a comprehensive review of all the programmes in 2007-08. This approach is consistent with the 2004 report, *A New Strategy for Community Care – The Way Forward*.

This measure involves funding of \$23.8 million in 2007-08. Provision for this funding has already been included in the forward estimates.

See also the related expense measures *Commonwealth Carelink Programme – continued funding*, *Staying at home respite for carers – continued funding* and *Support for carers – continued funding*.

### **Medicare Australia — additional funding**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Health and Ageing	5.4	3.2	3.4	3.3

The Government will provide \$15.3 million over four years to Medicare Australia to fund the maintenance of two Medicare offices in Rosebud and Fountaingate in Victoria, support the introduction of extended trading hours, and facilitate the organisation's transition from the Health Insurance Commission to Medicare Australia.

**Medicare Benefits Schedule — new and revised listings**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Health and Ageing	10.9	16.7	17.6	18.8

The Government will provide \$63.9 million over four years for new and revised listings on the Medicare Benefits Schedule added since the 2005-06 Budget.

The amendments to the schedule include:

- new items and a home visit loading for optometrists;
- new and revised items for pelvic floor surgery for prolapse in women;
- new items for sentinel node biopsy;
- revised items for intensive care surgery;
- a new item for Human Immunodeficiency Virus (HIV) serology testing; and
- new and revised items for Human Papillomavirus (HPV) testing.

Further information can be found in the summary of changes included in the 1 November 2005 Medicare Benefits Schedule issued by the Department of Health and Ageing.

**National Health and Medical Research Council — transition to a new governance structure**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Health and Ageing	0.4	0.5	0.5	0.5
National Health and Medical Research Council	0.3	-	-	-
Total	0.7	0.5	0.5	0.5

The Government will provide \$2.1 million over four years for the establishment of the National Health and Medical Research Council (NHMRC) as a statutory agency from 1 July 2006, in response to recent reviews of the NHMRC’s operations.

This initiative will improve reporting and accountability of the NHMRC to the Government, and will provide the NHMRC with financial and operational autonomy, while allowing for the continuation of its key functions of research and advice on both health and ethical issues.

Further information can be found in the press release of 7 September 2005 issued by the Minister for Health and Ageing.

### **National Immunisation Programme — new and revised vaccinations**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Health and Ageing	1.2	0.5	0.2	0.2

The Government will provide \$2.1 million over four years for changes to the National Immunisation Programme made since the 2005-06 Budget.

The adjustments to the National Immunisation Programme include the addition of a Hepatitis A vaccine for at risk Indigenous children from 1 November 2005 and a change to the delivery of the adolescent diphtheria, tetanus and pertussis vaccination in South Australia.

Further information can be found in the press release of 28 June 2005 issued by the Minister for Health and Ageing.

### **Pandemic influenza — fast tracking pandemic influenza vaccine production**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Health and Ageing	4.9	-	-	-

The Government will provide Australian pharmaceutical company CSL Ltd with \$4.9 million in 2005-06 to fast track production of pandemic influenza vaccine for Australia. This funding will assist in bringing forward the completion of the pandemic influenza vaccine development programme by 18 months to August 2006.

The funding will enable CSL Ltd to make necessary alterations to its existing manufacturing capacity and bring forward the commencement of clinical trials of a prototype pandemic influenza vaccine for the current H5N1 influenza strain.

Further information can be found in the press release of 22 July 2005 issued by the Minister for Health and Ageing.

**Pandemic influenza preparedness — enhancement**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Health and Ageing	6.6	2.7	1.8	1.6
<i>Related capital (\$m)</i>				
Department of Health and Ageing	0.5	1.7	0.9	-

The Government will provide \$15.9 million over four years (including \$3.1 million of capital funding for information technology enhancements) to further enhance Australia’s preparedness for a potential pandemic influenza.

The additional funding consists of:

- \$5.8 million for communications including consumer research, material development, stakeholder forums and continuation of the pandemic influenza hotline, for use prior to and during a pandemic;
- \$5.6 million for developing and strengthening Australia’s influenza surveillance networks including extending the national sentinel surveillance system and the National Sentinel Influenza Coordinators Network of the State and Territory health departments;
- \$0.4 million for initiatives to monitor people who are home quarantined; and
- \$4.1 million for a major national simulation exercise in October 2006 to test health system and broader preparedness and response to a simulated pandemic influenza outbreak.

Further information can be found in the press release of 11 December 2005 issued by the Minister of Health and Ageing.

### **Pandemic influenza preparedness — Office of Health Protection**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Health and Ageing	3.2	7.4	6.9	7.0
<i>Related capital (\$m)</i>				
<i>Department of Health and Ageing</i>	2.9	-	-	-

The Government will provide \$27.3 million over four years (including \$2.9 million of capital funding for office fit-out costs) for the creation of the Office of Health Protection (OHP), a specialist division within the Department of Health and Ageing. The OHP's role will be to help ensure Australia's health system has coordinated arrangements to respond effectively to national health emergencies, including infectious disease outbreaks, terrorism and national disasters.

The funding will provide for strengthened biosecurity capacity, enhanced disease monitoring, stronger human security links within government and increased capacity to coordinate health related pandemic planning and action. Specific tasks of the OHP will include managing the national medical stockpile, upgrading the National Incident Room, and developing and improving business continuity planning, surveillance systems, laboratory capacity and communication strategies.

Further information can be found in the press release of 11 December 2005 issued by the Minister of Health and Ageing.

### **Pharmaceutical Benefits Scheme — extend the listing of Arimidex® (anastrozole)**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Health and Ageing	1.6	7.3	14.7	20.8
Department of Veterans' Affairs	0.1	0.3	0.7	1.0
Medicare Australia	..	..	..	..
Total	1.7	7.6	15.4	21.8

The Government will, from 1 December 2005, extend the listing of Arimidex® (anastrozole) on the Pharmaceutical Benefits Scheme (PBS), at a cost of \$46.7 million over four years.

Anastrozole is a drug used in the treatment of post-menopausal women with hormone dependent breast cancer. The PBS listing of anastrozole was previously restricted to the treatment of advanced (metastatic) breast cancer and early (adjuvant) breast cancer in those women who cannot take tamoxifen. The extended listing will make anastrozole available for the treatment of early breast cancer in all post-menopausal women. This will help reduce the risk associated with tumour recurrence and the development of a new primary breast cancer.

The cost to the Government of providing Arimidex® will be \$200.19 per script. General consumers will pay a \$28.60 co-payment per script and concession card holders will pay a \$4.60 co-payment per script.

Further information can be found in the press release of 21 October 2005 issued by the Minister for Health and Ageing.

**Pharmaceutical Benefits Scheme — extend the listing of Eloxatin® (oxaliplatin)**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Health and Ageing	21.5	31.7	36.1	39.9
Department of Veterans' Affairs	0.9	1.3	1.5	1.7
Medicare Australia	..	..	..	..
Total	22.3	33.0	37.6	41.6

The Government will extend the listing of Eloxatin® (oxaliplatin) from 1 October 2005 on the Pharmaceutical Benefits Scheme, at a cost of \$134.6 million over four years.

Oxaliplatin, a drug used in the treatment of colon cancer and previously restricted to stage IV (metastatic) colo-rectal cancer patients, will now be available for treatment of stage III (adjuvant) colon cancer. This will help reduce the risk of tumour recurrence and subsequent progression to stage IV colon cancer.

The cost to the Government of providing Eloxatin® will be approximately \$1,327 per cycle. On average, there are ten cycles per year. General consumers will pay a \$28.60 co-payment per cycle and concession card holders will pay a \$4.60 co-payment per cycle.

Further information can be found in the press release of 1 September 2005 issued by the Minister for Health and Ageing.

**Pharmaceutical Benefits Scheme — increased PBS subsidy for Lipitor® (atorvastatin)**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Health and Ageing	35.5	85.2	97.3	111.3
Department of Veterans' Affairs	2.1	4.4	5.1	5.9
Total	37.6	89.6	102.5	117.2

The Government will pay an increased price for Lipitor® (atorvastatin) on the Pharmaceutical Benefits Scheme (PBS) at a cost of \$346.9 million over four years. The Government has accepted the recommendation of the Pharmaceutical Benefits Advisory Committee that atorvastatin is more effective at lowering cholesterol than other available statins, warranting a higher price that needs to be met by a commensurately greater PBS subsidy. The cost to the Government of providing Lipitor® is \$63.57 per script. General consumers will pay a \$28.60 co-payment per script and concession card holders will pay a \$4.60 co-payment per script.

Further information can be found in the press release of 15 July 2005 issued by the Minister for Health and Ageing.

**Pharmaceutical Benefits Scheme — listing of Inspra® (Eplerenone)**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Health and Ageing	0.6	2.7	5.2	7.5
Department of Veterans' Affairs	..	0.1	0.2	0.3
Medicare Australia	..	..	..	..
Total	0.6	2.8	5.4	7.9

The Government will, from 1 February 2006, list Inspra® on the Pharmaceutical Benefits Scheme, at an estimated cost of \$16.8 million over four years.

Inspra® is expected to reduce the chance of patients having a subsequent heart attack after an initial heart attack, decrease the number of hospital admissions for the treatment of heart failure, and lower the risk of death from a cardiovascular event.

The cost to the Government of providing Inspra® will be \$114.60 per script. General consumers will pay \$28.60 co-payment per script and concession card holders will pay a \$4.60 co-payment per script.

Further information can be found in the press release of 7 December 2005 issued by the Minister for Health and Ageing.

**Pharmaceutical Benefits Scheme — minor new listings**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Health and Ageing	3.2	3.7	4.0	4.3

The Government will provide \$15.3 million over four years for minor new listings on the Pharmaceutical Benefits Scheme since the 2005-06 Budget.

The minor new listings are a mix of drugs that have been listed at either no additional cost to the Budget (because they displace existing drugs) or at an estimated cost of less than \$10 million per annum. The drug listings that have a minor cost to the Government include Ritalin® for the treatment of attention deficit hyperactivity disorder and Modavigil® for the treatment of narcolepsy. However, the majority of new listings since the 2005-06 Budget are cost neutral as they simply increase the variety of brands or strengths of existing drugs. There was no financial impact from these new listings in the 2004-05 financial year.

Further information can be found in the press releases of 1 August 2005 issued by the Minister for Health and Ageing.

**Pharmaceutical Benefits Scheme — retain listing of calcium tablets**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Health and Ageing	0.3	0.6	0.6	0.7
Department of Veterans' Affairs	..	0.1	0.1	0.1
Medicare Australia	..	..	..	..
Total	0.3	0.7	0.7	0.8

The Government will retain calcium tablets on the Pharmaceutical Benefits Scheme for patients with hyperphosphataemia due to chronic renal failure, at a cost of \$2.5 million over four years.

Further information can be found in the press release of 28 October 2005 issued by the Minister for Health and Ageing.



**Private Health Insurance — deferral of reinsurance reforms**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Health and Ageing	-1.7	-4.5	-0.4	-0.3

The Government will defer introduction of the 2003-04 Budget measure *Private Health Insurance Premiums – further measures to contain future increases*, leading to savings of \$7.0 million over four years.

Current reinsurance arrangements will be maintained pending the outcome of a review of the suitability of these reforms.

Further information can be found in the Private Health Insurance Circular of 26 September 2005 issued by the Department of Health and Ageing.

**Private Health Insurance — development of options to increase competitiveness and coverage**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Health and Ageing	0.4	-	-	-

The Government will provide \$0.4 million in 2005-06 to the Department of Health and Ageing to develop options for increasing the competitiveness of private health insurance products and coverage of private health insurance. This will include modelling the impact of these options on premiums, policy holders and costs to government, and identifying required changes to the current reinsurance arrangements.

Current reinsurance arrangements will be maintained pending the outcome of the development of options. Further information can be found in the measure *Private Health Insurance – deferral of reinsurance reforms*.

Further information can be found in the Private Health Insurance Circular of 26 September 2005 issued by the Department of Health and Ageing.

**Private Health Insurance Ombudsman — increased powers**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Private Health Insurance Ombudsman	-	0.2	0.2	0.2
<i>Related revenue (\$m)</i>				
<i>Private Health Insurance Ombudsman</i>	-	0.2	0.2	0.2

Additional funding of \$0.6 million over three years will be provided to the Private Health Insurance Ombudsman to mediate complaints and contract disputes involving providers of privately insured health services as well as health funds, to ensure that consumer entitlements are protected.

This funding will be provided through an increase in the private health insurance complaints levy paid by private health insurance funds under the *Private Health Insurance Complaints Levy Act 1995*.

Further information can be found in the press release of 9 November 2005 issued by the Minister for Health and Ageing.

**Ronald McDonald Beach House — contribution**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Health and Ageing	0.2	-	-	-

The Government will provide \$150,000 in 2005-06 to help fund the establishment of a Ronald McDonald Beach House in Forster, New South Wales. Ronald McDonald Beach Houses provide free holiday accommodation for seriously ill or terminally ill children and their families or for families that have lost a child to serious illness.

Further information can be found in the press release of 22 August 2005 issued by the Federal Member for Paterson.

**Staying at home respite for carers — continued funding**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Health and Ageing	-	-	-	-

The Government will provide \$30.0 million over two years from 2006-07 to continue to provide respite care through Commonwealth Carer Respite Centres and through respite services for carers of people with dementia.

The measure will align funding for this programme with other related community care and support programmes to enable the Government to enter into three-year funding agreements with service providers. This will allow for a comprehensive review of all programmes in 2007-08. This approach is consistent with the 2004 report, *A New Strategy for Community Care – The Way Forward*.

This measure involves funding of \$14.9 million in 2006-07 and \$15.2 million in 2007-08. Provision for this funding has already been included in the forward estimates.

See also the related expense measures *Commonwealth Carelink Programme – continued funding*, *Dementia and challenging behaviours initiative – continued funding* and *Support for carers – continued funding*.

### Support for carers — continued funding

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Health and Ageing	-	-	-	-

The Government will provide \$48.3 million over two years from 2006-07 to continue to provide support for carers through the Additional Support for Carers of Older Australians Programme, the More Support for Ageing Carers of People with Disabilities Programme and the More Support for Carers of People with Dementia Programme.

This measure provides support for carers of older Australians, including those with dementia, and for ageing carers of people with disabilities through the provision of respite care and other services to support them in their caring role.

The measure will align funding for these programmes with other related community care and support programmes to enable the Government to enter into three-year funding agreements with service providers. This will allow for a comprehensive review of all programmes in 2007-08. This approach is consistent with the 2004 report, *A New Strategy for Community Care – The Way Forward*.

This measure involves funding of \$23.9 million in 2006-07 and \$24.4 million in 2007-08. Provision for this funding has already been included in the forward estimates.

See also the related expense measures *Commonwealth Carelink Programme – continued funding*, *Dementia and challenging behaviours initiative – continued funding* and *Staying at home respite for carers – continued funding*.

## HUMAN SERVICES

### Assurance of Support — additional funding

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Centrelink	8.5	-	-	-

The Government will provide an additional \$8.5m in 2005-06 to meet the full costs of Assurance of Support assessments administered by Centrelink under its current delivery model.

Assurance of support seeks to verify support arrangements for migrants in order to protect the integrity of the welfare system. Assurers are required to support the immigrant, if required, for a period of two years from when they first arrive in Australia.

### Child Care Tax Rebate — improved service delivery

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Centrelink	3.7	1.4	1.1	1.1

The Government will provide \$8.4 million over five years, including \$1.1 million in 2009-10, to improve service delivery of the Child Care Tax Rebate (the rebate). These arrangements will make the claiming process simpler for families and their tax agents. In addition, the measure will reduce compliance costs for child care providers.

Centrelink will collect the information required by families to claim the rebate and provide it electronically to the Australian Taxation Office. Families will have access to this information electronically through the Family Assistance Office website from 1 July 2006.

Centrelink will also be working with child care providers to improve data exchange, including electronic data transmission.

Further information can be found in the press release of 10 November 2005 issued by the Minister for Revenue and Assistant Treasurer.

### Medicare — developing improved claiming arrangements

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Human Services	0.5	-	-	-

The government will provide \$0.5 million in 2005-06 to examine options for improving Medicare claiming arrangements. This will include seeking expressions of interest from private sector providers, on a no commitment basis, to enable further development of options.

The decision as to whether to proceed with any changes to existing arrangements will follow an analysis of options identified in the expression of interest process and discussions with key stakeholders to minimise impacts on doctors and patients.

Further information can be found in the press release of 13 October 2005 issued by the Minister for Human Services and the Minister for Health and Ageing.

### Smart technologies and services — funding for a business case

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Human Services	4.0	-	-	-

The Government will provide \$4.0 million in 2005-06 for the production of a detailed business case for the introduction of smart technologies and services, including smart card-based solutions. The business case will examine business and technological solutions to replace the current Medicare card and potentially facilitate the provision of other social services. The Government will consider the case for introducing a smart card or similar technology on completion of the business case.

### Social welfare and health services — information and education

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Human Services	4.0	-	-	-

The Government will provide \$4.0 million in 2005-06 to provide information and education about the various social welfare and health programmes available from the Australian Government. Under this measure an initial amount of \$1.0 million is earmarked for communications relating to drought relief and associated assistance. This will help ensure that farmers are aware of their entitlements under various drought relief programmes.

Further information can be found in the press release of 5 September 2005 issued jointly by the Minister for Human Services and the Minister for Workforce Participation and the press release of 5 September 2005 issued by Centrelink.

**Welfare to Work — Comprehensive Work Capacity Assessments — additional funding**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Human Services	2.3	0.9	1.5	0.9

The Government will provide an additional \$5.6 million over four years to manage Comprehensive Work Capacity Assessments (CWCA) for people with disabilities. The CWCA programme will improve the matching of people to the income support payment and services that best reflect their capacity to work and their need for assistance in seeking work.

The CWCA will provide a holistic assessment of an individual's work capacity taking into account physical and mental disabilities or injuries, their current skills and any barriers they face in looking for work. This measure supplements the \$316.0 million funding provided in the *Welfare to Work – Comprehensive Work Capacity Assessments* measure in the 2005-06 Budget.

Further information can be found in the speech made to Parliament by the Minister for Employment and Workplace Relations titled, *Employment and Workplace Relations Legislation Amendment (Welfare To Work And Other Measures) Bill 2005, Second Reading* ([www.dewr.gov.au](http://www.dewr.gov.au)).

## IMMIGRATION AND MULTICULTURAL AND INDIGENOUS AFFAIRS

### Child Migrants Trust — extension of funding

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Immigration and Multicultural and Indigenous Affairs	-	-	-	-

The Government will provide \$0.5 million over three years to continue funding for the Child Migrants Trust in order to provide counselling and family tracing services for former child migrants from England and Malta who arrived in Australia post World War II. The cost of this measure will be fully met from within the existing resources of the Department of Immigration and Multicultural and Indigenous Affairs.

Further information can be found in the press release of 11 October 2005 issued by the Minister for Citizenship and Multicultural Affairs.

### Counter-terrorism — developing a national action plan to address intolerance and the promotion of violence

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Immigration and Multicultural and Indigenous Affairs	5.9	-	-	-

The Government will provide \$5.9 million in 2005-06 to develop and implement a national action plan to address intolerance and the promotion of violence, as a component of its broader counter-terrorism strategy. The initiatives will include Muslim community liaison, community partnership projects, a national youth summit, and media and leadership training for Muslim leaders.

Further information can be found in the press release of 27 September 2005 issued by the Prime Minister.

**Indigenous Land Reform — Northern Territory township tenure**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Immigration and Multicultural and Indigenous Affairs	-	3.0	3.0	3.0

The Government will provide up to \$15.0 million over five years (including \$3.0 million per annum in 2009-10 and 2010-11) to the Northern Territory Government to administer a new township tenure model following amendments to the *Aboriginal Land Rights (Northern Territory) Act 1976* and relevant Northern Territory legislation. The township tenure model will facilitate Indigenous home ownership and economic development on Indigenous land in the Northern Territory.

See also the related expense measures titled *Indigenous Land Reform – Home Ownership on Indigenous Land Programme* and *Indigenous Land Reform – Home Ownership Incentive Programme* in the Employment and Workplace Relations and the Family and Community Services portfolios, respectively.

Further information can be found in the press release of 5 October 2005 issued by the Minister for Immigration and Multicultural and Indigenous Affairs.



**Migration legislation — amendments**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Immigration and Multicultural and Indigenous Affairs	9.3	-	-	-
Refugee Review Tribunal	2.5	-	-	-
Office of the Commonwealth Ombudsman	1.6	1.6	-	-
Department of the Prime Minister and Cabinet	0.6	-	-	-
<b>Total</b>	<b>13.9</b>	<b>1.6</b>	<b>-</b>	<b>-</b>
<i>Related capital (\$m)</i>				
Office of the Commonwealth Ombudsman	0.4	-	-	-
Refugee Review Tribunal	0.3	-	-	-
<b>Total</b>	<b>0.7</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Government will provide \$16.2 million over two years to implement more flexible and timely immigration detention arrangements arising from amendments to the *Migration Act 1958* through the *Migration Amendment (Detention Arrangements) Act 2005*. These changes will enable the detention of families with children to take place in the community and introduce processing time limits on the determination of primary protection visas and on reviews by the Refugee Review Tribunal. This measure includes \$0.7 million in capital funding in 2005-06 for information technology and office fit-out.

The changes will also provide the Office of the Commonwealth Ombudsman with a specific role in reviewing the cases of long-term detainees.

The funding for the Department of the Prime Minister and Cabinet will enable it to oversight these changes.

Further information can be found in the press release of 17 June 2005 issued by the Prime Minister.

**National security — introducing a maritime crew visa**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Immigration and Multicultural and Indigenous Affairs	7.4	6.0	11.9	12.7
Australian Customs Service	0.4	3.8	9.0	9.4
Australian Security Intelligence Organisation	-	1.2	1.2	1.2
<b>Total</b>	<b>7.8</b>	<b>10.9</b>	<b>22.0</b>	<b>23.2</b>
<i>Related capital (\$m)</i>				
Department of Immigration and Multicultural and Indigenous Affairs	4.7	-	-	-
Australian Customs Service	0.5	4.3	2.8	-
Australian Security Intelligence Organisation	-	0.4	0.3	-
<b>Total</b>	<b>5.1</b>	<b>4.8</b>	<b>3.1</b>	<b>-</b>

The Government will provide \$100.4 million over five years (including \$23.3 million in 2009-10) to implement a visa requirement for all maritime crew arriving in Australia. This measure will strengthen Australia’s border control mechanisms through increased security checking of maritime crew.

The measure provides funding for the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) to implement and monitor the new visa sub-class, including increased compliance activity and improved information technology connectivity.

The measure also provides funding to enable the faster boarding of vessels by the Australian Customs Service (Customs) to conduct face-to-passport checking of sea crew arriving in Australia, and to enable Customs’ data to be captured on DIMIA’s movements record database.

The measure includes \$13.1 million in capital funding for the development and implementation of essential information technology systems and office fit-out.

### Palmer and Comrie Reports — implementation plan

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Immigration and Multicultural and Indigenous Affairs	35.7	51.8	36.1	35.6
Office of the Commonwealth Ombudsman	3.8	3.1	3.6	3.6
<b>Total</b>	<b>39.6</b>	<b>54.9</b>	<b>39.7</b>	<b>39.2</b>
<i>Related capital (\$m)</i>				
Department of Immigration and Multicultural and Indigenous Affairs	8.8	2.6	0.1	0.1
Office of the Commonwealth Ombudsman	0.7	-	-	-
<b>Total</b>	<b>9.5</b>	<b>2.6</b>	<b>0.1</b>	<b>0.1</b>

The Government will provide \$243.7 million over five years (including \$38.4 million in 2009-10) to implement its response to the *Inquiry into the Circumstances of the Immigration Detention of Cornelia Rau* (the Palmer Report) and the *Inquiry into the Circumstances of the Vivian Alvarez Matter* (the Comrie Report). This measure will improve training, accountability, culture, client focus, information management and quality assurance in the Department of Immigration and Multicultural and Indigenous Affairs, and case management and mental health services for detainees.

This measure will also provide the Office of the Commonwealth Ombudsman with an expanded role in handling and investigating immigration complaints and broader detention issues.

The measure includes \$12.2 million in capital funding over four years for information technology upgrades.

The cost of this measure will be partially offset by \$22.2 million provided from the existing resources of the Department of Immigration and Multicultural and Indigenous Affairs.

Further information can be found in the press release of 6 October 2005 issued by the Minister for Immigration and Multicultural and Indigenous Affairs, the Palmer implementation plan, which is available on the Department of Immigration and Multicultural and Indigenous Affairs' website ([www.immi.gov.au](http://www.immi.gov.au)) and the Comrie Report, which is available on the Office of the Commonwealth Ombudsman's website ([www.ombudsman.gov.au](http://www.ombudsman.gov.au)).

## PRIME MINISTER AND CABINET

### Aboriginal and Torres Strait Islander employees — employment and capability strategy

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Public Service Commission	1.2	2.6	2.6	-

The Government will provide \$6.4 million over three years to improve employment opportunities for Aboriginal and Torres Strait Islanders in the Australian Public Service (APS).

This strategy, which involves increasing the number of Aboriginal and Torres Strait Islanders in the APS and enhancing their skills, will increase the APS's capacity in relation to Indigenous issues.

Further information can be found in the press release of 12 August 2005 issued by the Prime Minister.

### Auditing of Australian Government entities

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Australian National Audit Office	1.1	0.8	0.8	0.9
<i>Related revenue (\$m)</i>				
<i>Australian National Audit Office</i>	<i>1.1</i>	<i>0.8</i>	<i>0.8</i>	<i>0.9</i>

The Australian National Audit Office will be provided with \$3.6 million over four years to meet the additional costs incurred for increased audit coverage of nine fee-paying Australian Government entities including Telstra Corporation, Australia Post and Medicare Australia. The funding will be fully recovered through an increase in audit fees.

**Department of the Prime Minister and Cabinet — funding for taskforces and increased capacity**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of the Prime Minister and Cabinet	5.6	5.2	5.2	5.3

The Government will provide \$21.4 million over four years to improve the capacity of the Department of the Prime Minister and Cabinet (PM&C) to support the Prime Minister and the Government.

PM&C regularly hosts taskforces, particularly in relation to whole-of-government issues, which are staffed by officers of relevant departments and agencies. PM&C's workload is also increasing in relation to its role in coordinating government policies.

This funding will provide for the hosting of four taskforces by PM&C in 2005-06; overhead costs for hosting current and future taskforces; and an increased core staffing level.

**National Australia Day Council — increased support**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of the Prime Minister and Cabinet	0.5	1.0	1.0	1.0

The Government will provide \$3.5 million over four years to the National Australia Day Council to enhance Australia Day celebrations and promote good citizenship and values through the Australian of the Year awards.

## TRANSPORT AND REGIONAL SERVICES

### Australian Rail Track Corporation — increased funding in 2004-2005

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Transport and Regional Services	-	-	-	-

The Government provided a grant of \$100.0 million to the Australian Rail Track Corporation (ARTC) in 2004-05 to assist with investment in Australia's interstate rail network. The funding was allocated to the ARTC for the following projects on the Melbourne-Sydney-Brisbane rail corridor:

- \$44.0 million to increase railway track performance and reduce the frequency and severity of speed restrictions;
- \$40.0 million to improve railway clearances, allowing containers to be carried on standard deck-height wagons;
- \$15.0 million to provide a direct railway connection between the north-south and east-west railway corridors at Tottenham, Melbourne, which will provide transit time savings of around 30 minutes for through-trains; and
- \$1.0 million to undertake an alignment study to determine the benefits of eliminating the steep gradients in the Liverpool Range crossing.

These projects will improve track performance and reduce long-term maintenance costs on the rail corridor, increasing the competitiveness of freight rail.

Further information can be found in the press release of 5 July 2005 issued by the Minister for Transport and Regional Services.

### Aviation security — developing a national training framework

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Transport and Regional Services	1.3	2.3	-	-
<i>Related capital (\$m)</i>				
<i>Department of Transport and Regional Services</i>	0.3	-	-	-

The Government will provide \$3.8 million in 2005-06 and 2006-07 to develop a nationally consistent aviation security training framework, including nationally accredited security training modules.

Aviation industry employees will be able to develop nationally recognised skills and qualifications related to transport security. This will provide operators with competent staff to support the effective and secure operation of transport services to the public.

This measure includes \$0.3 million in capital funding in 2005-06 for the development of required computer systems.

This measure forms part of the Government's response to the Wheeler Report into airport security and policing arrangements.

Further information can be found in the press release of 21 September 2005 issued by the Prime Minister.

### **Aviation security — improving international outreach**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Foreign Affairs and Trade	0.6	1.0	0.6	0.3
Department of Transport and Regional Services	0.6	2.0	1.2	1.2
Total	1.2	2.9	1.8	1.5

The Government will provide \$8.5 million over five years (including \$1.1 million in 2009-10) to strengthen the international aviation security regime.

The Department of Transport and Regional Services will seek to conduct inspections and risk assessments of overseas airports that are last ports of call for flights to Australia. It will also develop and deliver aviation security capacity building activities for regional last port of call countries. The Department of Foreign Affairs and Trade will undertake targeted outreach activities to help encourage an international regime, including stronger controls over man-portable air defence systems.

**Aviation security — improving security and crime information exchange**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Transport and Regional Services	3.4	3.9	4.0	4.0
Australian Crime Commission	2.4	8.7	2.7	2.7
<b>Total</b>	<b>5.8</b>	<b>12.6</b>	<b>6.7</b>	<b>6.7</b>
<i>Related capital (\$m)</i>				
Department of Transport and Regional Services	4.1	-	-	-
Australian Crime Commission	1.1	0.3	-	-
<b>Total</b>	<b>5.2</b>	<b>0.3</b>	<b>-</b>	<b>-</b>

The Government will provide \$43.9 million over five years (including \$6.8 million in 2009-10) for improved national aviation security and crime information exchange arrangements.

The Australian Crime Commission will establish a new unit to provide regular criminal intelligence assessments for the aviation sector. The Department of Transport and Regional Services will regularly disseminate operational and policy focused analysis on transport security threats to industry. This information will draw on Australian Security Intelligence Organisation and Australian Crime Commission threat assessments.

This measure includes \$5.4 million in capital funding in 2005-06 and 2006-07 for the development of required computer, information and communication systems.

This measure forms part of the Government’s response to the Wheeler Report into airport security and policing arrangements.

Further information can be found in the press release of 21 September 2005 issued by the Prime Minister.

**Eyre Peninsula — rail upgrade**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Transport and Regional Services	-	-	-	-

The Government committed \$15.0 million in 2004-05 towards the costs of upgrading the Eyre Peninsula rail network. The upgrade will improve transport of the region’s grain harvest to port.



The funding was conditional on the remainder of the project's estimated cost of \$30.0 million being funded by contributions from the South Australian Government, industry and local councils.

Further information can be found in the joint press release of 24 June 2005 issued by the Minister for Transport and Regional Services and the South Australian Minister for Transport.

### Surface transport security — assessing new technology

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Transport and Regional Services	0.2	0.2	-	-

The Government will provide \$0.3 million over two years from 2005-06 for the Department of Transport and Regional Services to undertake an assessment of the potential of new technologies to improve the security of surface transport infrastructure.

### Surface transport security — developing a national approach for closed circuit television

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Transport and Regional Services	0.7	-	-	-
Office of the Privacy Commissioner	0.1	-	-	-
Total	0.8	-	-	-

The Government will provide \$0.7 million in 2005-06 for the Department of Transport and Regional Services to coordinate the National Counter-Terrorism Committee review of closed circuit television (CCTV) capability and to participate in the development of a national code of practice for the mass passenger transport sector (the code). The Government will provide \$0.1 million in 2005-06 to the Office of the Privacy Commissioner to participate in the development of the code.

The code will set protocols and minimum requirements for the use of CCTV systems associated with mass passenger transport. The code will be developed with the States and Territories.

See also the related expense measures titled *Aviation security – improving closed circuit television at airports* and *Aviation security – providing additional closed circuit television cameras and upgrading capabilities* in the Attorney-General's portfolio.

*Appendix A: Policy decisions taken since the 2005-06 Budget*

Further information can be found in the press release of 27 September 2005 issued by the Prime Minister.

**Surface transport security — enhancement**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Transport and Regional Services	0.2	0.5	0.3	-

The Government will provide \$1.0 million over three years from 2005-06, to implement the recommendations of the National Counter-Terrorism Committee for enhancing the security of surface-based mass passenger transport.

The Australian Government will work with the States and Territories and surface transport owners and operators in monitoring the effectiveness of screening in a mass transit environment, contributing to increased public and staff security awareness, incorporating land based transport requirements in counter-terrorism exercises and improving precinct security.

Further information can be found in the press release of 27 September 2005 issued by the Prime Minister.

## TREASURY

### **Budget Balancing Assistance — alignment of import entry thresholds for courier and postal imports**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of the Treasury	1.7	2.7	2.6	2.6

The Government has aligned the import entry level threshold for postal and courier imports at \$1,000, with effect from 12 October 2005.

Previously, the threshold for air and sea consignments and postal consignments carried by private couriers was \$250, while the threshold for postal consignments carried by Australia Post was \$1,000. The alignment will reduce GST revenue.

The alignment of these thresholds at \$1,000 will promote competitive neutrality and simplify the customs clearance process for a large number of importers.

For those States and Territories receiving Budget Balancing Assistance (BBA), the Government will adjust this assistance to compensate for the decrease in GST revenue resulting from this measure. Further information on BBA can be found in Budget Paper No. 3, *Federal Financial Relations 2005-06*.

See also the related revenue measure *Customs duty – alignment of import entry level thresholds for courier and postal imports* in the Attorney General's portfolio.

Further information can be found in Australian Customs Notice No. 2005/57 of 7 October 2005.

### **Budget Balancing Assistance — changes to the vouchers provisions**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of the Treasury	..	..	..	..

The Government will ensure that a simplified GST accounting arrangement is available for 'eligible vouchers' for GST purposes that are sold through a distribution chain. The measure will take effect from 1 July 2000.

The GST Act provides a simplified accounting arrangement for GST between principals and agents where the supplies are taxable supplies. This arrangement is not currently available for 'eligible vouchers' as these vouchers are not taxable supplies. The GST voucher provisions operate so that GST is remitted when the voucher is redeemed for goods and services and not on the sale of the voucher.

*Appendix A: Policy decisions taken since the 2005-06 Budget*

The effect of a simplified accounting arrangement being available for 'eligible vouchers' is that retailers/distributors of the vouchers will not be required to remit GST on any commissions or similar payments and the supplier of the voucher will not claim an input tax credit.

For those States and Territories receiving Budget Balancing Assistance (BBA), the Government will adjust this assistance to compensate for the decrease in GST revenue resulting from this measure. Further information on BBA can be found in Budget Paper No. 3, *Federal Financial Relations 2005-06*.

**Budget Balancing Assistance — GST and representatives of incapacitated entities**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of the Treasury	..	..	..	..

The Government will clarify the GST obligations for representatives that are appointed over entities that have become incapacitated. The measure will have effect from the first tax period after the date of Royal Assent of the enabling legislation.

Incapacitated entities include entities that are in liquidation or receivership.

This measure will ensure that these rules operate as intended and provide certainty to representatives of incapacitated entities.

For those States and Territories receiving Budget Balancing Assistance (BBA), the Government will adjust this assistance for any change in GST revenue resulting from this measure. Further information on BBA can be found in Budget Paper No. 3, *Federal Financial Relations 2005-06*.

**Budget Balancing Assistance — GST and the sale of real property — margin scheme**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of the Treasury	*	*	*	*

The Government has changed the requirement to obtain written agreement for the use of the margin scheme so that it no longer affects contracts entered into before the date of Royal Assent.

For those States and Territories receiving Budget Balancing Assistance (BBA), the Government will adjust this assistance accordingly. However, as the cost to GST revenue cannot be quantified, it is not possible to quantify the impact on BBA. Further information on BBA can be found in Budget Paper No. 3, *Federal Financial Relations 2005-06*.

Further information can be found in the press release of 7 June 2005 issued by the Minister for Revenue and Assistant Treasurer.

### **Budget Balancing Assistance — GST and the sale of real property — deferral of integrity measure**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of the Treasury	*	*	*	*

The Government has deferred the tax integrity measure concerning the interaction of the margin scheme with the GST free going concern and the GST free farm land provisions.

The Government is currently undertaking consultation with industry to ensure that the margin scheme applies appropriately to these supplies.

For those States and Territories receiving Budget Balancing Assistance (BBA), the Government will adjust this assistance accordingly. However, as the cost to GST revenue cannot be quantified, it is not possible to quantify the impact on BBA. Further information on BBA can be found in Budget Paper No. 3, *Federal Financial Relations 2005-06*.

Further information can be found in the press release of 7 June 2005 issued by the Minister for Revenue and Assistant Treasurer.

### **Budget Balancing Assistance — GST concession for the Melbourne 2006 Commonwealth Games**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of the Treasury	0.3	-	-	-

The Government has agreed to allow certain goods of a non commercial nature to be imported free of GST by 'Commonwealth Games Family' members for the Melbourne 2006 Commonwealth Games. The concession will take effect from 1 January 2006 and run until 30 June 2006.

A similar concession was provided for the Sydney 2000 Olympic and Paralympic Games.

*Appendix A: Policy decisions taken since the 2005-06 Budget*

For those States and Territories receiving Budget Balancing Assistance (BBA), the Government will adjust this assistance to compensate for the decrease in GST revenue resulting from this measure. Further information on BBA can be found in Budget Paper No. 3, *Federal Financial Relations 2005-06*.

Further information can be found in Australian Customs Notice No. 2005/67 of 7 October 2005.

See also the related revenue measure *Indirect tax – customs duty concession for the Melbourne 2006 Commonwealth Games* in the Attorney General's portfolio.

**Budget Balancing Assistance — Indirect Tax Concession Scheme — GST extension**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of the Treasury	..	..	..	..

The Government has provided or upgraded refunds for GST to certain countries' diplomatic and consular representation under the Indirect Tax Concession Scheme.

Twelve countries' missions and consulates are entitled to new or upgraded benefits as a result of this decision.

These enhanced concessions took effect from the time provided in the implementing instruments issued by the Minister for Foreign Affairs.

For those States and Territories receiving Budget Balancing Assistance (BBA), the Government will adjust this assistance to compensate for the decrease in GST revenue resulting from this measure. Further information on BBA can be found in Budget Paper No. 3, *Federal Financial Relations 2005-06*.

See also the related revenue measure *Indirect tax concession scheme – extension* in the Treasury portfolio.

### **Budget Balancing Assistance — personal aquatic survival skills**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of the Treasury	-	0.4	0.5	0.5

The Government has decided to issue regulations to allow a broader range of personal aquatic survival skills courses to be GST free with effect from a date to be specified in the enabling regulations. Broadly, if an instructor for a course holds a certificate in certain competencies in aquatic survival skills training, the courses provided by the instructor will be GST free. The certificate in the particular competencies will have been recognised under the Australian Quality Training Framework. The precise content of the regulations will be determined after consultation with the aquatic survival skills industry.

The introduction of this measure is subject to the unanimous approval of the States and Territories under the *Intergovernmental Agreement on the Reform of Commonwealth State Financial Relations*.

For those States and Territories receiving Budget Balancing Assistance (BBA), the Government will adjust this assistance to compensate for the decrease in GST revenue resulting from this measure. Further information on BBA can be found in Budget Paper No. 3, *Federal Financial Relations 2005-06*.

### **Budget Balancing Assistance — supplies of options and rights offshore — deregistration and change to start date**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of the Treasury	14.5	-	3.3	-

The Government has deferred the introduction of amendments to the goods and services tax (GST) law relating to the taxation of non-resident tour operators. The amended start date is 1 October 2005.

This amendment allowed affected enterprises time to adjust to the changes announced in the 2005-06 Budget and also allowed non resident tour operators to deregister for GST.

The revenue impact above represents a deferral of the collection of revenue from the original measure from 2004-05 to 2005-06.

For those States and Territories receiving Budget Balancing Assistance (BBA), the Government will adjust this assistance to compensate for the decrease in GST revenue resulting from this measure. Further information on BBA can be found in Budget Paper No. 3, *Federal Financial Relations 2005-06*.

Further information can be found in the press release of 20 June 2005 issued by the Minister for Revenue and Assistant Treasurer.

**Corporate Insolvency Law Reform — strengthening creditor protection and deterring misconduct by company officers**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Securities and Investments Commission	3.4	6.0	6.4	6.9
<i>Related capital (\$m)</i>				
<i>Australian Securities and Investments Commission</i>	0.3	-	-	-

The Government will provide \$23.1 million over four years to establish a fund to finance preliminary investigations of companies liquidated with little or no assets. Insolvency practitioners will conduct investigations where the Australian Securities and Investments Commission considers there is some possibility of misconduct.

The funding will also support an increased enforcement programme targeting matters identified by the investigations.

This amount includes \$0.3 million in capital funding for an electronic workflow system.

Further information can be found in the press release of 12 October 2005 issued by the Parliamentary Secretary to the Treasurer.

**Fuel Taxation and Credit Reform — eligibility of alternative fuels for a full credit when consumed in off-road business activities**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	-	-	-	-

The Government will bring forward its commitment to make alternative fuels used in off-road business activities eligible for a full fuel tax credit to apply from 1 July 2011. The start date when the measure was originally announced in June 2004 was 1 July 2012. Bringing forward the start date will make the tax treatment of all off-road uses of alternative fuels consistent and will result in an additional cost of \$5.0 million in 2011-12.

Further information can be found in the press release of 27 May 2005 issued by the Minister for Revenue and Assistant Treasurer.



### Fuel Taxation and Credit Reform — extension of alternative fuels grants until 1 July 2010

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Taxation Office	-	4.0	3.0	2.0

The Government will continue alternative fuel grants under the *Energy Grants (Credits) Scheme Act 2003* until 1 July 2010, with the grant rates payable reducing to zero in five equal annual steps commencing on 1 July 2006 and concluding on 1 July 2010. The estimated cost is \$10.0 million over the five-year transition period from 2006 to 2010.

Further information can be found in the press release of 27 May 2005 issued by the Minister for Revenue and the Assistant Treasurer.

### One.Tel — ongoing litigation and investigation

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Australian Securities and Investments Commission	3.3	-	-	-

The Government will provide additional funding of \$3.3 million in 2005-06 to the Australian Securities and Investments Commission to continue litigation arising from the collapse of One.Tel.

This funding is in addition to the \$2.6 million provided in the 2005-06 Budget for this matter.

### Taskforce on reducing the regulatory burden on business

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Productivity Commission	0.2	-	-	-

The Government will provide \$0.2 million in 2005-06 to the Productivity Commission to support the Taskforce on Reducing the Regulatory Burden on Business. The Taskforce will examine and report to the Prime Minister on areas where appropriate regulatory reform can provide significant immediate gains to business. The Taskforce will report by 31 January 2006.

Further information can be found in the joint press release of 12 October 2005 issued by the Prime Minister and the Treasurer.

## VETERANS' AFFAIRS

### Australia-Turkey Bilateral Relations and Cooperation

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Veterans' Affairs	3.3	3.2	3.2	3.4
Department of Foreign Affairs and Trade	1.3	1.9	1.8	2.0
Australian Federal Police	0.5	0.5	0.5	0.5
Department of Education, Science and Training	0.5	0.5	0.5	0.5
Attorney-General's Department	0.4	0.9	0.9	0.9
<b>Total</b>	<b>5.9</b>	<b>6.9</b>	<b>6.9</b>	<b>7.3</b>
<i>Related capital (\$m)</i>				
<i>Department of Foreign Affairs and Trade</i>	<i>0.7</i>	<i>4.5</i>	<i>-</i>	<i>-</i>
<i>Department of Veterans' Affairs</i>	<i>0.3</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Attorney-General's Department</i>	<i>0.1</i>	<i>..</i>	<i>-</i>	<i>-</i>
<b>Total</b>	<b>1.1</b>	<b>4.5</b>	<b>-</b>	<b>-</b>

The Government will provide \$40.7 million over five years (including \$8.0 million in 2009-10) to broaden Australia's bilateral relationship with Turkey, including measures relating to the Gallipoli sites and commemorative services.

The funding will cover additional resources for a joint historical and archaeological review of the Anzac battlefield and associated maritime sites, the management of the annual Anzac Day commemoration events, the establishment of a consulate at Canakkale and the expansion of the Endeavour scholarship programme.

The funding includes \$5.6 million in capital to be provided to the Department of Veterans' Affairs, Department of Foreign Affairs and Trade and the Attorney-General's Department.

Further information can be found in the press release of 26 April 2005 issued by the Prime Minister.

**Gallipoli Peninsula — veterans' affairs coordination**

Expense (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Veterans' Affairs	0.7	0.8	0.8	0.8
<i>Related capital (\$m)</i>				
Department of Veterans' Affairs	0.2	-	-	-

The Government will provide \$3.2 million over four years (including \$160,000 in capital funding in 2005-06) to fund one Australian-based and one locally engaged staff member in Turkey, to coordinate veterans' affairs activities in relation to the Gallipoli Peninsula.

Further information can be found in the press release of 26 April 2005 issued by the Prime Minister.

## Capital measures

### COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS

#### Communications Fund to future proof telecommunications services in regional, rural and remote Australia

Capital (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Communications, Information Technology and the Arts	-	-	-	-

The Government has established a \$2 billion Communications Fund. The \$2 billion has been invested in a term deposit with the Reserve Bank of Australia in the short term, while a detailed investment framework is developed and agreed by the Government.

Income earned from the Communications Fund will be used to implement the Australian Government's responses to recommendations made by the Regional Telecommunications Independent Review Committee on the adequacy of telecommunications services in regional, rural and remote Australia. The first review will commence in 2008, with the time between subsequent reviews being no more than three and a half years.

As the establishment of the fund affects only the composition of the Australian Government's financial assets, there is no impact on the fiscal balance.

Further information can be found in the press release of 23 September 2005 issued by the Minister for Communications, Information Technology and the Arts.

## FINANCE AND ADMINISTRATION

### National Portrait Gallery — enhanced new premises

Capital (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Finance and Administration	-	-	-	23.1

The Government will provide \$23.1 million in 2008-09 to meet an escalation in building costs, as well as an increase in functionality, for new premises for the National Portrait Gallery and to increase its scope. The additional funding will ensure that the gallery, to be built in the Parliamentary Triangle, meets all functional, environmental, regulatory and planning requirements. In addition, a multi-purpose function room and a larger car park, which were not part of the initial planning, will now be included in the design.

The gallery will be transferred to the Department of Communications, Information Technology and the Arts upon its completion.

This funding is in addition to capital funding of \$50.5 million for the construction of the gallery reported in the *Mid-Year Economic and Fiscal Outlook 2004-05*.

Further information can be found in the media release of 7 November 2005 issued by the Parliamentary Secretary to the Minister for Finance and Administration.

## HEALTH AND AGEING

### Pandemic influenza — purchase of Relenza

Capital (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Health and Ageing	15.5	41.1	-	-
<i>Related expense (\$m)</i>				
<i>Department of Health and Ageing</i>	0.2	0.7	0.7	0.7

The Government will provide \$59.0 million over four years to further enhance Australia's preparedness for a possible pandemic influenza by increasing the nation's stockpile of Relenza, an antiviral medication. This funding includes \$56.7 million in capital funding to purchase Relenza, and \$2.4 million in storage expenses.

This funding will provide for the purchase of Relenza, an antiviral that is inhaled from a breath-activated device to target the site of influenza infection and has a similar clinical efficacy to the antiviral Tamiflu.

### Pandemic influenza preparedness — national medical stockpile

Capital (\$m)	2005-06	2006-07	2007-08	2008-09
Department of Health and Ageing	115.5	-	-	-
<i>Related expense (\$m)</i>				
<i>Department of Health and Ageing</i>	3.8	3.2	3.2	3.2

The Government will provide \$128.9 million over four years to purchase and store antivirals, vaccines, intravenous antibiotics and protective equipment for the national medical stockpile, in preparation for a potential pandemic influenza. This funding includes \$115.5 million in capital to purchase these items, and \$13.4 million in storage and staff expenses.

The funding includes:

- \$79.2 million to purchase and store three million courses of the antiviral Tamiflu and 450,000 doses of antibiotics;
- \$16.5 million to develop and store five million doses of the H5N1 influenza vaccine currently being developed; and
- \$33.3 million to purchase and store gloves, masks, mask test kits and goggles for general practitioners, ambulance officers and emergency workers.

Further information can be found in the press release of 11 December 2005 issued by the Minister of Health and Ageing.





## APPENDIX B: GOVERNMENT FINANCE STATISTICS STATEMENTS

Financial tables presented in this Appendix are prepared in accordance with the Australian Bureau of Statistics' (ABS) accrual Government Finance Statistics (GFS) framework.

The tables include an operating statement, balance sheet and cash flow statement for the Australian Government general government, public non-financial corporations and total non-financial public sectors. A statement of other economic flows is also included for the Australian Government general government sector.

The Australian, State and Territory Governments have an agreed framework – the *Accrual Uniform Presentation Framework* – for the presentation of government financial information on a basis consistent with the ABS GFS publication. This Appendix presents Australian Government data on an ABS GFS basis, as required by the *Accrual Uniform Presentation Framework*, except for the departures (other than in relation to the treatment of goods and services tax (GST)) detailed in Attachment A to Part 3.

The only difference between the Australian Government general government sector statements in Part 3 and this Appendix is the treatment of the GST. The clear policy intent of the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations* is that GST is collected by the Australian Taxation Office, as an agent for the States and Territories (the States), and appropriated to the States. Consequently, it is not shown as Australian Government revenue in other parts in this document. However, the tables in this Appendix show GST as taxation revenue and payments to the States as grant expenses.

As a result of the different treatments of GST related transactions, fiscal balance, net operating balance and net worth estimates in this Appendix differ from those reported elsewhere in this document. This difference represents the effect of GST revenue accrued but not yet received and, therefore, not yet paid or payable to the States (as GST obligations to the States are on a cash basis).<sup>1</sup> The GFS cash surplus/deficit is not affected and provides identical results under both treatments of GST receipts.

Transactions between the Australian Government general government and public non-financial corporations sectors are included in the relevant tables, but removed from the total non-financial public sector tables as they are transactions internal to that sector.

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1 Table E2 in Appendix E shows the difference in the net operating and fiscal balance estimates resulting from the two treatments. The change in expenses when moving between the two GFS presentations of the estimates is less than the change in revenue.

*Appendix B: Government Finance Statistics statements*

Public access communication assets, computer software and other intangibles are recorded at historic costs, as market value information, or suitable proxies for market value, are not readily observable. This affects the public non-financial corporations sector balance sheet, but does not affect the general government sector balance sheet.

Appendix E provides reconciliations between key GFS aggregates and their Australian Accounting Standards counterparts.

In accordance with *Accrual Uniform Presentation Framework* requirements, this Appendix also contains an update of the Australian Government's Loan Council Allocation.

## GOVERNMENT FINANCE STATISTICS STATEMENTS

**Table B1: Australian Government general government sector operating statement**

	Estimates		Projections	
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
<b>GFS revenue</b>				
Taxation revenue	241,697	253,146	265,669	278,692
Current grants and subsidies	0	0	0	0
Sales of goods and services	4,900	4,855	4,976	4,835
Interest income	2,319	3,858	5,077	5,712
Dividend income	4,318	2,464	1,575	1,668
Other	3,307	3,350	3,414	3,457
<b>Total GFS revenue</b>	<b>256,542</b>	<b>267,674</b>	<b>280,711</b>	<b>294,365</b>
<b>GFS expenses</b>				
Gross operating expenses				
Depreciation	2,080	2,187	2,274	2,289
Superannuation	2,424	2,466	2,525	2,607
Salaries and wages	12,755	12,949	13,303	13,567
Payment for supply of goods and services	49,338	51,759	53,484	54,922
Other operating expenses	2,142	2,523	2,661	2,848
<i>Total gross operating expenses</i>	<i>68,739</i>	<i>71,885</i>	<i>74,247</i>	<i>76,232</i>
Nominal superannuation interest expense	5,793	5,708	5,684	5,970
Other interest expenses	3,910	3,807	3,787	3,588
Other property expenses	0	0	0	0
Current transfers				
Grant expenses	77,028	80,434	84,091	86,991
Subsidy expenses	6,629	6,624	6,881	7,478
Personal benefit payments in cash	78,026	83,459	89,554	96,793
Other current transfers	0	0	0	0
<i>Total current transfers</i>	<i>161,684</i>	<i>170,517</i>	<i>180,526</i>	<i>191,262</i>
Capital transfers	4,037	4,278	4,479	4,421
<b>Total GFS expenses</b>	<b>244,163</b>	<b>256,193</b>	<b>268,723</b>	<b>281,473</b>
<b>Net operating balance(a)</b>	<b>12,379</b>	<b>11,480</b>	<b>11,988</b>	<b>12,892</b>
<b>Net acquisition of non-financial assets</b>				
Purchases of non-financial assets	3,074	2,582	2,232	2,252
<i>less</i> Sales of non-financial assets	<i>275</i>	<i>172</i>	<i>180</i>	<i>168</i>
<i>less</i> Depreciation	<i>2,080</i>	<i>2,187</i>	<i>2,274</i>	<i>2,289</i>
<i>plus</i> Change in inventories	<i>402</i>	<i>492</i>	<i>189</i>	<i>359</i>
<i>plus</i> Other movements in non-financial assets	<i>66</i>	<i>147</i>	<i>121</i>	<i>-41</i>
<b>Total net acquisition of non-financial assets</b>	<b>1,186</b>	<b>862</b>	<b>88</b>	<b>113</b>
<b>Net lending/fiscal balance(a)(b)</b>	<b>11,193</b>	<b>10,619</b>	<b>11,900</b>	<b>12,779</b>

(a) The fiscal balance and net operating balance estimates in this table differ from those presented elsewhere in the MYEFO reflecting the treatment of the GST as an Australian Government tax.

(b) The term fiscal balance is not used by the ABS.

**Table B2: Australian Government general government sector balance sheet**

	Estimates		Projections	
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
<b>GFS assets</b>				
Financial assets				
Cash and deposits	1,228	1,231	1,203	1,191
Advances paid	21,459	23,155	25,301	27,669
Investments, loans and placements	44,414	81,034	93,661	104,559
Other non-equity assets	20,477	22,042	23,921	26,106
Equity(a)	44,930	18,319	18,238	18,203
<i>Total financial assets</i>	<i>132,506</i>	<i>145,780</i>	<i>162,323</i>	<i>177,729</i>
Non-financial assets				
Land	5,969	5,952	5,912	5,856
Buildings	13,439	13,682	13,623	13,818
Plant, equipment and infrastructure	9,039	9,214	9,043	8,830
Inventories	4,884	5,376	5,564	5,923
Heritage and cultural assets	7,743	7,776	7,803	7,829
Other non-financial assets	3,310	3,340	3,504	3,373
<i>Total non-financial assets</i>	<i>44,384</i>	<i>45,339</i>	<i>45,449</i>	<i>45,629</i>
<b>Total GFS assets</b>	<b>176,890</b>	<b>191,119</b>	<b>207,773</b>	<b>223,358</b>
<b>GFS liabilities</b>				
Deposits held	405	405	405	405
Advances received	0	0	0	0
Government securities	59,822	59,618	61,439	61,102
Loans	5,296	5,320	5,342	5,044
Other borrowing	250	227	254	264
Superannuation liability	94,647	98,105	101,344	104,690
Other employee entitlements and provisions	8,016	8,183	8,330	8,560
Other non-equity liabilities	32,635	33,043	33,933	34,935
<b>Total GFS liabilities</b>	<b>201,070</b>	<b>204,901</b>	<b>211,047</b>	<b>215,000</b>
<b>Net worth(b)(c)</b>	<b>-24,180</b>	<b>-13,782</b>	<b>-3,275</b>	<b>8,358</b>
Net financial worth(d)	-68,564	-59,120	-48,724	-37,271
Net debt(e)	-1,327	-39,850	-52,724	-66,605

- (a) In 2005-06 equity includes the valuation of the Telstra shareholding, which is valued at the average of the daily share price over a 90-day period.
- (b) The net worth estimates in this table differ from those presented elsewhere in the MYEFO reflecting the treatment of the GST as an Australian Government tax.
- (c) Net worth is calculated as total assets minus total liabilities.
- (d) Net financial worth equals total financial assets minus total liabilities. That is, it excludes non-financial assets.
- (e) Net debt equals the sum of deposits held, advances received, government securities, loans and other borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

**Table B3: Australian Government general government sector cash flow statement<sup>(a)</sup>**

	Estimates		Projections	
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
<b>Cash receipts from operating activities</b>				
Taxes received(b)	237,475	248,556	261,018	273,833
Receipts from sales of goods and services(c)	4,957	4,841	4,955	4,817
Grants and subsidies received	0	0	0	0
Interest receipts	2,170	3,522	4,851	5,462
Dividends	4,318	2,763	1,595	1,668
GST input credits received by general government(c)	0	0	0	0
Other receipts	3,077	3,153	3,207	3,243
<b>Total operating receipts</b>	<b>251,996</b>	<b>262,835</b>	<b>275,626</b>	<b>289,023</b>
<b>Cash payments for operating activities</b>				
Payments for goods and services(c)	-49,573	-52,260	-53,639	-55,260
Grants and subsidies paid(d)	-85,954	-89,891	-93,860	-96,747
Interest paid	-4,627	-3,844	-3,563	-3,472
Personal benefit payments	-77,347	-82,711	-88,869	-96,519
Salaries, wages and other entitlements	-17,677	-17,618	-18,221	-18,755
GST payments by general government to taxation authority(c)	0	0	0	0
Other payments for operating activities	-2,317	-2,363	-2,525	-2,718
<b>Total operating payments</b>	<b>-237,495</b>	<b>-248,688</b>	<b>-260,678</b>	<b>-273,472</b>
<b>Net cash flows from operating activities</b>	<b>14,501</b>	<b>14,147</b>	<b>14,948</b>	<b>15,552</b>
<b>Cash flows from investments in non-financial assets</b>				
Sales of non-financial assets	301	172	180	168
Purchases of new and secondhand non-financial assets	-3,114	-2,645	-2,349	-2,201
<b>Net cash flows from investments in non-financial assets</b>	<b>-2,813</b>	<b>-2,473</b>	<b>-2,169</b>	<b>-2,033</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-1,419</b>	<b>24,649</b>	<b>-2,307</b>	<b>-2,310</b>
<b>Cash flows from investments in financial assets for liquidity purposes</b>				
Increase in investments	-9,677	-36,651	-12,616	-10,930
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-9,677</b>	<b>-36,651</b>	<b>-12,616</b>	<b>-10,930</b>
<b>Cash flows from financing activities</b>				
Advances received (net)	0	0	0	0
Borrowing (net)	-1,574	155	2,136	-345
Deposits received (net)	0	0	0	0
Other financing (net)	410	175	-21	55
<b>Net cash flows from financing activities</b>	<b>-1,164</b>	<b>331</b>	<b>2,115</b>	<b>-290</b>
<b>Net increase/decrease in cash held</b>	<b>-572</b>	<b>3</b>	<b>-28</b>	<b>-11</b>
<b>Net cash from operating activities and investments in non-financial assets</b>	<b>11,688</b>	<b>11,674</b>	<b>12,779</b>	<b>13,519</b>
Finance leases and similar arrangements(e)	-23	-83	-3	-11
<b>Equals surplus(+)/deficit(-)</b>	<b>11,664</b>	<b>11,591</b>	<b>12,776</b>	<b>13,508</b>

(a) A positive number denotes a cash inflow, a negative sign denotes a cash outflow.

(b) Includes GST cash receipts on an Australian Government tax basis, which is \$69 million lower than GST cash receipts measured on a State tax basis (as shown in Appendix C, Note 16).

(c) GST flows are excluded from these categories.

(d) Includes GST cash payments on an Australian Government tax basis.

(e) The acquisition of assets under finance leases decreases the surplus or increases the deficit. The disposal of assets previously held under finance leases increases the surplus or decreases the deficit.

**Table B4: Australian Government general government sector statement of other economic flows (reconciliation of net worth)**

	Estimates		Projections	
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
<b>Opening net worth</b>	<b>-30,397</b>	<b>-24,180</b>	<b>-13,782</b>	<b>-3,275</b>
<b>Opening net worth adjustments(a)</b>	<b>-778</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Adjusted opening net worth</b>	<b>-31,175</b>	<b>-24,180</b>	<b>-13,782</b>	<b>-3,275</b>
<b>Change in net worth from operating transactions</b>	<b>12,379</b>	<b>11,480</b>	<b>11,988</b>	<b>12,892</b>
<b>Change in net worth from other economic flows</b>				
Revaluation of equity(b)	-5,206	92	26	25
Net writedowns of assets (including bad and doubtful debts)	-1,119	-1,766	-1,912	-1,597
Assets recognised for the first time	7	27	23	23
Liabilities recognised for the first time	0	0	0	0
Actuarial revaluations	0	0	0	0
Net foreign exchange gains	86	0	0	0
Net swap interest received	139	140	115	99
Market valuation of debt	585	342	266	171
Other economic revaluations(c)	126	82	1	20
<b>Total other economic flows</b>	<b>-5,383</b>	<b>-1,082</b>	<b>-1,481</b>	<b>-1,258</b>
<b>Closing net worth</b>	<b>-24,180</b>	<b>-13,782</b>	<b>-3,275</b>	<b>8,358</b>

- (a) Adjustments in opening net worth arise from a change in 2004-05 outcomes for the Australian Taxation Office and the Department of Defence and the impact of moving to new international accounting standards.
- (b) Revaluations of equity reflects changes in the market valuation of commercial entities, including for 2005-06 a change in the value of the Telstra shareholding which is valued at the average daily share price over a 90-day period. This line also reflects any equity revaluations at the point of disposal or sale.
- (c) Largely reflects revaluations of assets and liabilities.

**Table B5: Australian Government public non-financial corporations operating statement**

	Estimates
	2005-06
	\$m
<b>GFS revenue</b>	
Current grants and subsidies	345
Sales of goods and services	27,012
Interest income	123
Other	1
<b>Total GFS revenue</b>	<b>27,481</b>
<b>GFS expenses</b>	
Gross operating expenses	
Depreciation	3,625
Salaries, wages and other entitlements	6,542
Other operating expenses	12,741
<i>Total gross operating expenses</i>	<i>22,908</i>
Interest expenses	418
Other property expenses	2,455
Current transfers	
Tax expenses	1,801
Other current transfers	0
<i>Total current transfers</i>	<i>1,801</i>
Capital transfers	0
<b>Total GFS expenses</b>	<b>27,582</b>
<b>Net operating balance</b>	<b>-101</b>
<b>Net acquisition of non-financial assets</b>	
Purchases of non-financial assets	4,751
<i>less</i> Sales of non-financial assets	<i>14</i>
<i>less</i> Depreciation	<i>3,625</i>
<i>plus</i> Change in inventories	<i>31</i>
<i>plus</i> Other movements in non-financial assets	<i>217</i>
<b>Total net acquisition of non-financial assets</b>	<b>1,360</b>
<b>Net lending/fiscal balance(a)</b>	<b>-1,461</b>

(a) The term fiscal balance is not used by the ABS.

**Table B6: Australian Government public non-financial corporations balance sheet**

	Estimates
	2005-06
	\$m
<b>GFS assets</b>	
Financial assets	
Cash and deposits	1,983
Advances paid	0
Investments, loans and placements	588
Other non-equity assets	4,713
Equity	551
<i>Total financial assets</i>	<i>7,835</i>
Non-financial assets	
Land and fixed assets	28,045
Other non-financial assets(a)	3,641
<i>Total non-financial assets</i>	<i>31,686</i>
<b>Total GFS assets</b>	<b>39,522</b>
<b>GFS liabilities</b>	
Deposits held	0
Advances received	0
Borrowing	15,438
Unfunded superannuation liability and other employee entitlements	2,279
Provisions (other than depreciation and bad and doubtful debts)(a)	3,144
Other non-equity liabilities	1,709
<b>Total GFS liabilities</b>	<b>22,569</b>
<b>Shares and other contributed capital</b>	<b>55,687</b>
<b>Net worth(b)</b>	<b>-38,734</b>
Net financial worth(c)	-70,421
Net debt(d)	12,867

(a) Includes the elimination of commercial taxation adjustments for future income tax benefits and deferred income tax.

(b) Net worth is calculated as total assets minus total liabilities minus shares and other contributed capital. The negative net worth recorded for this sector reflects a higher valuation of listed Australian Government corporations by the sharemarket than the value of net assets recorded by these corporations.

(c) Net financial worth equals total financial assets minus total liabilities minus shares and other contributed capital. That is, it excludes non-financial assets.

(d) Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.



**Table B7: Australian Government public non-financial corporations cash flow statement<sup>(a)</sup>**

	Estimates
	2005-06
	\$m
<b>Cash receipts from operating activities</b>	
Receipts from sales of goods and services	29,181
Grants and subsidies received	221
GST input credit receipts	68
Other receipts	151
<b>Total receipts</b>	<b>29,621</b>
<b>Cash payments for operating activities</b>	
Payment for goods and services	-9,651
Interest paid	-418
Salaries, wages and other entitlements	-6,447
GST payments to taxation authority	-1,301
Other payments for operating activities(b)	-5,292
<b>Total payments</b>	<b>-23,109</b>
<b>Net cash flows from operating activities</b>	<b>6,512</b>
<b>Cash flows from investments in non-financial assets</b>	
Sales of non-financial assets	39
Purchases of new and secondhand non-financial assets	-4,756
<b>Net cash flows from investments in non-financial assets</b>	<b>-4,717</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>0</b>
<b>Cash flows from investments in financial assets for liquidity purposes</b>	
Increase in investments	76
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>76</b>
<b>Cash flows from financing activities</b>	
Advances received (net)	0
Borrowing (net)	64
Deposits received (net)	0
Distributions paid (net)(c)	-2,473
Other financing (net)	-592
<b>Net cash flows from financing activities</b>	<b>-3,001</b>
<b>Net increase/decrease in cash held</b>	<b>-1,131</b>
<b>Net cash from operating activities and investments in non-financial assets</b>	<b>1,795</b>
Finance leases and similar arrangements(d)	0
Distributions paid(c)	-2,473
<b>Equals surplus(+)/deficit(-)</b>	<b>-678</b>

(a) A positive number denotes a cash inflow; a negative sign denotes a cash outflow.

(b) Other payments for operating activities includes the cash flow to the general government sector from public non-financial corporation distributions paid.

(c) Distributions paid comprise public non-financial corporation dividends to non-general government shareholders.

(d) The acquisition of assets under finance leases decreases the surplus or increases the deficit. The disposal of assets previously held under finance leases increases the surplus or decreases the deficit.

**Table B8: Australian Government total non-financial public sector operating statement**

	Estimates
	2005-06
	\$m
<b>GFS revenue</b>	
Taxation revenue	239,773
Current grants and subsidies	0
Sales of goods and services	31,300
Interest income	2,442
Dividend income	1,514
Other	3,308
<b>Total GFS revenue</b>	<b>278,337</b>
<b>GFS expenses</b>	
Gross operating expenses	
Depreciation	5,705
Superannuation	2,575
Salaries and wages	19,149
Payment for supply of goods and services	58,286
Other operating expenses	2,392
<i>Total gross operating expenses</i>	<i>88,106</i>
Nominal superannuation interest expense	5,793
Other interest expenses	4,328
Other property expenses	2,455
Current transfers	
Grant expenses	77,028
Subsidy expenses	6,284
Personal benefit payments in cash	78,026
Other current transfers	0
<i>Total current transfers</i>	<i>161,339</i>
Capital transfers	4,037
<b>Total GFS expenses</b>	<b>266,059</b>
<b>Net operating balance(a)</b>	<b>12,278</b>
<b>Net acquisition of non-financial assets</b>	
Purchases of non-financial assets	7,824
<i>less</i> Sales of non-financial assets	289
<i>less</i> Depreciation	5,705
<i>plus</i> Change in inventories	433
<i>plus</i> Other movements in non-financial assets	283
<b>Total net acquisition of non-financial assets</b>	<b>2,546</b>
<b>Net lending/fiscal balance(a)(b)</b>	<b>9,731</b>

(a) The fiscal balance and net operating balance estimates in this table differ from those presented elsewhere in the MYEFO reflecting the treatment of the GST as an Australian Government tax.

(b) The term fiscal balance is not used by the ABS.

**Table B9: Australian Government total non-financial public sector balance sheet**

	Estimates
	2005-06
	\$m
<b>GFS assets</b>	
Financial assets	
Cash and deposits	3,211
Advances paid	21,459
Investments, loans and placements	45,001
Other non-equity assets	25,118
Equity	14,561
<i>Total financial assets</i>	<i>109,350</i>
Non-financial assets	
Land and fixed assets	69,119
Other non-financial assets	6,952
<i>Total non-financial assets</i>	<i>76,071</i>
<b>Total GFS assets</b>	<b>185,420</b>
<b>GFS liabilities</b>	
Deposits held	405
Advances received	0
Government securities	59,822
Loans	5,296
Other borrowing	15,688
Unfunded superannuation liability and other employee entitlements	104,941
Other provisions	8,767
Other non-equity liabilities	28,648
<b>Total GFS liabilities</b>	<b>223,567</b>
<b>Shares and other contributed capital</b>	<b>24,767</b>
<b>Net worth(a)</b>	<b>-62,914</b>
Net financial worth(b)	-138,985
Net debt(c)	11,540

(a) Net worth is calculated as total assets minus total liabilities minus shares and other contributed capital. The negative net worth recorded for this sector reflects a higher valuation of listed Australian Government corporations by the sharemarket than the value of net assets recorded by these corporations.

(b) Net financial worth equals total financial assets minus total liabilities minus shares and other contributed capital. That is, it excludes non-financial assets.

(c) Net debt equals the sum of deposits held, advances received, government securities, loans and other borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

**Table B10: Australian Government total non-financial public sector cash flow statement<sup>(a)</sup>**

	Estimates
	2005-06
	\$m
<b>Cash receipts from operating activities</b>	
Taxes received	235,673
Receipts from sales of goods and services(b)	32,220
Grants and subsidies received	0
Interest receipts	2,297
Dividends	1,546
GST input credit receipts(b)	0
Other receipts	3,069
<b>Total receipts</b>	<b>274,805</b>
<b>Cash payments for operating activities</b>	
Payments for goods and services(b)	-58,540
Grants and subsidies paid	-85,733
Interest paid	-5,045
Personal benefit payments	-77,347
Salaries, wages and other entitlements	-24,123
GST payments to taxation authority(b)	0
Other payments for operating activities	-3,005
<b>Total payments</b>	<b>-253,793</b>
<b>Net cash flows from operating activities</b>	<b>21,013</b>
<b>Cash flows from investments in non-financial assets</b>	
Sales of non-financial assets	340
Purchases of new and secondhand non-financial assets	-7,871
<b>Net cash flows from investments in non-financial assets</b>	<b>-7,530</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-1,419</b>
<b>Cash flows from investments in financial assets for liquidity purposes</b>	
Increase in investments	-9,601
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-9,601</b>
<b>Cash flows from financing activities</b>	
Advances received (net)	0
Borrowing (net)	-1,510
Deposits received (net)	0
Distributions paid (net)(c)	-2,473
Other financing (net)	-182
<b>Net cash flows from financing activities</b>	<b>-4,165</b>
<b>Net increase/decrease in cash held</b>	<b>-1,702</b>
<b>Net cash from operating activities and investments in non-financial assets</b>	<b>13,483</b>
Finance leases and similar arrangements(d)	-23
Distributions paid(c)	-2,473
<b>Equals surplus(+)/deficit(-)</b>	<b>10,986</b>

(a) A positive number denotes a cash inflow; a negative sign denotes a cash outflow.

(b) GST flows are excluded from these categories.

(c) Distributions paid comprise public non-financial corporation dividends to non-general government shareholders.

(d) The acquisition of assets under finance leases decreases the surplus or increases the deficit. The disposal of assets previously held under finance leases increases the surplus or decreases the deficit.

## AUSTRALIAN LOAN COUNCIL ALLOCATION

Under Loan Council arrangements, every year the Australian Government and each State and Territory Government nominate a Loan Council Allocation. A jurisdiction's Loan Council Allocation incorporates:

- the estimated non-financial public sector underlying cash balance (made up from the general government and public non-financial corporations sector balances);
- net cash flows from investments in financial assets for policy purposes; and
- memorandum items, which involve transactions that are not formally borrowings but nevertheless have many of the characteristics of borrowings.

Loan Council Allocation nominations are considered by the Loan Council, having regard to each jurisdiction's fiscal position and reasonable infrastructure requirements, as well as the macroeconomic implications of the aggregate figure.

In March 2005, the Australian Government nominated, and the Australian Loan Council endorsed, a Loan Council Allocation surplus of \$5,972 million. In the 2005-06 Budget, the Australian Government estimated a Loan Council Allocation surplus of \$8,432 million.

Table B11 presents a revised estimate for the Australian Government's 2005-06 Loan Council Allocation of a \$9,783 million surplus.

**Table B11: Australian Government Loan Council Allocation for 2005-06**

	2005-06 Budget Estimate \$m	2005-06 MYEFO Estimate \$m
General government sector cash deficit(+)/surplus(-)	-9,383	-11,664
PNFC sector cash deficit(+)/surplus(-)	-433	678
Non-financial public sector cash deficit(+)/surplus(-)	-9,815	-10,986
<i>less</i> Net cash flows from investments		
in financial assets for policy purposes(a)	-1,518	-1,419
<i>plus</i> Memorandum items(b)	-135	-215
<b>Loan Council Allocation</b>	<b>-8,432</b>	<b>-9,783</b>

(a) Such transactions involve the transfer or exchange of a financial asset and are not included within the cash deficit/surplus. However, the cash flow from investments in financial assets for policy purposes has implications for a government's call on financial markets.

(b) For the Australian Government, memorandum items comprise the change in net present value (NPV) of operating leases (with NPV greater than \$5 million), and over-funding of superannuation.



## **APPENDIX C: AUSTRALIAN ACCOUNTING STANDARDS FINANCIAL STATEMENTS**

This appendix presents financial statements that have been prepared on an accrual basis in accordance with applicable Australian Accounting Standards (AAS), being the Australian Equivalents to International Financial Reporting Standards (AEIFRS) and AAS 31 *Financial Reporting by Governments*, except where departures from the standard are identified in Note 1.

A reconciliation between the Australian Government's general government AAS and Government Finance Statistics (GFS) revenue, expenses and operating results is provided in Appendix E.

**Table C1: Australian Government general government sector income statement**

	Note	Estimates		Projections	
		2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
<b>Revenues</b>					
Taxation					
Income tax	3	169,700	178,120	187,490	197,290
Indirect tax	4	28,152	28,820	29,680	30,500
Fringe benefits tax		3,470	3,540	3,660	3,780
Other taxes		2,244	2,234	2,254	2,333
<b>Total taxation revenue</b>		<b>203,566</b>	<b>212,714</b>	<b>223,084</b>	<b>233,903</b>
Non-taxation					
Sales of goods and services		4,900	4,855	4,976	4,835
Interest and dividends	5	8,620	8,039	8,097	8,466
Other sources of non-tax revenue	6	3,519	3,543	3,589	3,617
<b>Total non-tax revenue</b>		<b>17,039</b>	<b>16,436</b>	<b>16,663</b>	<b>16,918</b>
<b>Total revenue</b>		<b>220,605</b>	<b>229,150</b>	<b>239,746</b>	<b>250,820</b>
<b>Gains</b>					
Net foreign exchange gains		86	0	0	0
Net gains from sale of assets		47	26,625	4	0
Other gains		867	471	346	260
<b>Total Gains</b>		<b>999</b>	<b>27,096</b>	<b>349</b>	<b>260</b>
<b>Income</b>		<b>221,604</b>	<b>256,246</b>	<b>240,096</b>	<b>251,081</b>
<b>Expenses</b>					
Goods and services					
Employees	7	23,114	23,646	24,173	24,992
Suppliers	8	18,868	18,786	19,073	18,452
Depreciation and amortisation	9	4,593	4,873	5,011	5,029
Net write-down and impairment of assets and fair value losses		2,183	2,039	2,163	2,307
Net foreign exchange losses		0	0	0	0
Net losses from sale of assets		0	5,475	0	7
Other goods and services expenses	10	7,682	8,168	8,875	9,647
<b>Total goods and services</b>		<b>56,439</b>	<b>62,987</b>	<b>59,296</b>	<b>60,434</b>
Subsidies benefits and grants					
Personal benefits		94,142	100,266	107,501	115,815
Subsidies		11,302	11,673	12,307	13,247
Grants	11	42,052	43,298	45,015	45,152
<b>Total subsidies benefits and grants</b>		<b>147,496</b>	<b>155,237</b>	<b>164,823</b>	<b>174,214</b>
<b>Borrowing costs</b>					
Interest		5,764	5,369	5,104	4,567
Other borrowing costs		16	14	13	8
<b>Total interest and other borrowing costs</b>		<b>5,780</b>	<b>5,383</b>	<b>5,117</b>	<b>4,575</b>
<b>Total expenses</b>		<b>209,716</b>	<b>223,607</b>	<b>229,237</b>	<b>239,223</b>
<b>Operating result</b>		<b>11,889</b>	<b>32,639</b>	<b>10,859</b>	<b>11,857</b>



**Table C2: Australian Government general government sector balance sheet**

	Note	Estimates		Projections	
		2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
<b>Assets</b>					
Financial assets					
Cash		1,228	1,231	1,203	1,191
Receivables	12	32,510	34,948	38,102	41,441
Investments		60,639	92,346	104,973	115,910
Equity accounted investments		399	399	399	399
Accrued revenue		561	704	726	750
Other financial assets		4	4	4	5
<b>Total financial assets</b>		<b>95,342</b>	<b>129,631</b>	<b>145,407</b>	<b>159,696</b>
Non-financial assets					
Land and buildings	13	19,408	19,634	19,535	19,674
Infrastructure		40,638	42,122	43,195	44,339
Heritage and cultural assets		7,743	7,776	7,803	7,829
Intangibles		1,946	2,013	1,997	1,950
Investment property		811	894	955	1,078
Biological assets		0	0	0	0
Assets held for sale		70	70	70	70
Inventories		4,884	5,376	5,564	5,923
Other non-financial assets		1,897	1,779	1,776	1,572
<b>Total non-financial assets</b>		<b>77,398</b>	<b>79,663</b>	<b>80,894</b>	<b>82,435</b>
<b>Total assets</b>		<b>172,740</b>	<b>209,294</b>	<b>226,301</b>	<b>242,131</b>
<b>Liabilities</b>					
Debt					
Government securities		59,822	59,618	61,439	61,102
Loans		4,236	4,251	4,270	3,970
Leases		221	199	227	238
Deposits		405	405	405	405
Overdrafts		0	0	0	0
Other debt		1,085	1,093	1,095	1,096
<b>Total debt</b>		<b>65,768</b>	<b>65,566</b>	<b>67,436</b>	<b>66,810</b>
Provisions and payables					
Employees	14	102,662	106,287	109,675	113,250
Suppliers		2,574	2,539	2,538	2,528
Personal benefits payable		6,270	6,671	7,123	7,342
Subsidies payable		1,339	1,256	1,215	1,311
Grants payable	15	10,200	10,188	10,529	11,056
Other provisions and payables		11,852	11,989	12,127	12,299
<b>Total provisions and payables</b>		<b>134,898</b>	<b>138,931</b>	<b>143,207</b>	<b>147,785</b>
Liabilities associated with assets held for sale					
<b>Total liabilities</b>		<b>200,666</b>	<b>204,497</b>	<b>210,643</b>	<b>214,596</b>
<b>Net assets</b>		<b>-27,926</b>	<b>4,797</b>	<b>15,658</b>	<b>27,535</b>
<b>Equity</b>					
Accumulated results		-66,110	-31,816	-19,208	-5,718
Reserves		38,184	36,614	34,866	33,253
Capital		0	0	0	0
<b>Total equity</b>		<b>-27,926</b>	<b>4,797</b>	<b>15,658</b>	<b>27,535</b>

Table C3: Australian Government general government sector statement of changes in equity

	Accumulated results		Asset revaluation reserve		Other reserves		Contributed equity/capital		Total equity	
	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Opening balance</b>										
Balance carried forward from previous period	-74,934	-66,110	16,939	16,689	21,505	21,495	0	0	-36,490	-27,926
Adjustment for errors / entity adjustments	235	0	-205	0	-9	0	0	0	21	0
Adjustment for changes in accounting policy	-3,204	0	na	na	na	na	na	na	-3,204	0
<b>Adjusted opening balance</b>	<b>-77,904</b>	<b>-66,110</b>	<b>16,734</b>	<b>16,689</b>	<b>21,496</b>	<b>21,495</b>	<b>0</b>	<b>0</b>	<b>-39,673</b>	<b>-27,926</b>
<b>Income and expense</b>										
Revenues and expenses recognised directly in equity										
Currency translation gain (loss)	na	na	na	na	0	0	na	na	0	0
Financial asset revaluations	na	na	-15	5	na	na	na	na	-15	5
Non-financial asset revaluations	na	na	-29	74	na	na	na	na	-29	74
Total revenues and expenses recognised directly in equity	0	0	-44	79	0	0	0	0	-44	79
Net operating result	<b>11,889</b>	<b>32,639</b>	na	na	na	na	na	na	<b>11,889</b>	<b>32,639</b>
<b>Total income and expenses</b>										
Transfers between reserves	1	1,649	-1	1	0	-1,651	na	na	0	0
Dividends	0	0	0	0	0	0	na	na	0	0
Other movements	-97	5	0	0	0	0	0	0	-97	5
<b>Closing balance</b>	<b>-66,110</b>	<b>-31,816</b>	<b>16,689</b>	<b>16,769</b>	<b>21,495</b>	<b>19,844</b>	<b>0</b>	<b>0</b>	<b>-27,926</b>	<b>4,797</b>

**Table C3: Australian Government general government sector statement of changes in equity (continued)**

	Accumulated results		Asset revaluation reserve		Other reserves		Contributed equity/capital		Total equity	
	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Opening balance</b>										
Balance carried forward from previous period	-31,816	-19,208	16,769	16,672	19,844	18,194	0	0	4,797	15,658
Adjustment for errors / entity adjustments	0	-6	0	0	0	0	0	0	0	-6
Adjustment for changes in accounting policy	0	0	na	na	na	na	na	na	0	0
<b>Adjusted opening balance</b>	<b>-31,816</b>	<b>-19,215</b>	<b>16,769</b>	<b>16,672</b>	<b>19,844</b>	<b>18,194</b>	<b>0</b>	<b>0</b>	<b>4,797</b>	<b>15,651</b>
<b>Income and expense</b>										
Revenues and expenses recognised directly in equity										
Currency translation gain (loss)	na	na	na	na	0	0	na	na	0	0
Financial asset revaluations	na	na	5	0	na	na	na	na	5	0
Non-financial asset revaluations	na	na	-2	38	na	na	na	na	-2	38
Total revenues and expenses recognised directly in equity	0	0	3	38	0	0	0	0	3	38
Net operating result	<b>10,859</b>	<b>11,857</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>10,859</b>	<b>11,857</b>
<b>Total income and expenses</b>										
Transfers between reserves	1,751	1,650	-100	1	-1,651	-1,651	na	na	0	0
Dividends	0	0	0	0	0	0	na	na	0	0
Other movements	-1	-11	0	0	0	0	0	0	-1	-11
<b>Closing balance</b>	<b>-19,208</b>	<b>-5,718</b>	<b>16,672</b>	<b>16,711</b>	<b>18,194</b>	<b>16,542</b>	<b>0</b>	<b>0</b>	<b>15,658</b>	<b>27,535</b>

**Table C4: Australian Government general government sector cash flow statement**

	Note	Estimates		Projections	
		2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
<b>Operating activities</b>					
Cash received					
Taxes	16	200,457	209,293	219,639	230,296
Sales of goods and services		5,144	5,032	5,153	5,019
Interest		4,201	5,261	6,375	6,634
Dividends		4,318	2,763	1,595	1,668
GST input credit receipts		2,955	3,022	3,098	3,105
Other		3,164	3,217	3,266	3,297
<b>Total operating cash received</b>		<b>220,239</b>	<b>228,588</b>	<b>239,125</b>	<b>250,019</b>
Cash used					
Payments to employees		19,994	19,981	20,746	21,371
Payments to suppliers		22,018	22,375	22,443	22,020
Subsidies paid		10,693	11,025	11,630	12,443
Personal benefits		93,462	99,518	106,816	115,541
Grant payments		41,734	43,274	44,652	44,612
Interest and other financing costs		6,563	5,390	5,209	4,755
GST payments to taxation authority		122	115	115	116
Other		7,857	8,180	8,841	9,608
<b>Total operating cash used</b>		<b>202,442</b>	<b>209,859</b>	<b>220,452</b>	<b>230,467</b>
<b>Net cash from operating activities</b>		<b>17,797</b>	<b>18,729</b>	<b>18,673</b>	<b>19,552</b>
<b>Investing activities</b>					
Cash received					
Proceeds from asset sales program		0	26,623	0	0
Proceeds from sales of property, plant and equipment and intangibles		301	172	180	168
Other net investing cash received		500	500	505	507
<b>Total investing cash received</b>		<b>801</b>	<b>27,295</b>	<b>686</b>	<b>675</b>
Cash used					
Purchase of property, plant and equipment and intangibles		6,404	6,679	6,360	6,329
Net loans, advances and HELP		1,266	1,811	2,142	2,193
Other net investing cash paid		10,215	37,669	13,122	11,437
<b>Total investing cash used</b>		<b>17,885</b>	<b>46,159</b>	<b>21,624</b>	<b>19,959</b>
<b>Net cash from investing activities</b>		<b>-17,084</b>	<b>-18,865</b>	<b>-20,938</b>	<b>-19,284</b>
<b>Financing activities</b>					
Cash received					
Net cash received from currency issues		0	0	0	0
Other		290	89	101	66
<b>Total financing cash received</b>		<b>290</b>	<b>89</b>	<b>101</b>	<b>66</b>
Cash used					
Net repayments of borrowings		1,574	-155	-2,136	345
Other		1	105	0	0
<b>Total financing cash used</b>		<b>1,575</b>	<b>-50</b>	<b>-2,136</b>	<b>345</b>
<b>Net cash from financing activities</b>		<b>-1,284</b>	<b>139</b>	<b>2,237</b>	<b>-280</b>
<b>Net increase/decrease in cash held</b>	2	<b>-572</b>	<b>3</b>	<b>-28</b>	<b>-11</b>

## NOTES TO THE AAS FINANCIAL STATEMENTS

### Note 1: External reporting standards and accounting policies

The *Charter of Budget Honesty Act 1998* requires that the Mid-Year Economic and Fiscal Outlook be based on external reporting standards and that departures from applicable external reporting standards be identified.

The financial statements included in this Appendix have been prepared on an accrual basis in accordance with applicable Australian Accounting Standards (AAS), being the Australian Equivalents to International Financial Reporting Standards (AEIFRS) and AAS 31 *Financial Reporting by Governments* (AAS 31).

AAS requires governments to prepare accrual based general purpose financial reports. This means that assets, liabilities, income and expenses are recorded in financial statements when transactions have an economic impact on the government, rather than when the cash flow associated with these transactions occurs. Consistent with AAS, an income statement, a balance sheet, a statement of changes in equity, and a cash flow statement have been prepared for the budget year and the three forward years.

The accounting policies in this Appendix are generally consistent with the accounting policies in AAS. While the scope for financial reporting recommended in AAS 31 is the whole of government (that is, the Australian Government public sector), in accordance with the *Charter of Budget Honesty Act 1998*, the presentation covers the general government sector only. This Appendix includes notes showing disaggregated information.

AAS would suggest the gross amount of goods and services tax (GST) be included in the Australian Government's financial statements. However, under the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations*, GST is collected by the Australian Taxation Office as an agent for the states and territories (the States), and appropriated to the States. Therefore, accrued GST revenues and associated payments to the States are not recorded in the financial statements.

The new standard under AEIFRS to be applied for superannuation is AASB 119 *Employee Benefits*. The expected impacts of applying this standard to the Australian Government's superannuation liability cannot be reliably determined at this point in time due to differences in interpretation in respect to the methodology used to calculate the discount rate.

**Note 2: Reconciliation of cash**

	Estimates		Projections	
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
<b>Operating result (revenues less expenses)</b>	<b>11,889</b>	<b>32,639</b>	<b>10,859</b>	<b>11,857</b>
less <b>Revenues not providing cash</b>				
Foreign exchange gains	86	0	0	0
Gains from asset sales programme	0	21,148	0	0
Gains from sale of assets	47	2	4	0
Other	1,254	844	769	729
<b>Total revenues not providing cash</b>	<b>1,386</b>	<b>21,994</b>	<b>772</b>	<b>729</b>
plus <b>Expenses not requiring cash</b>				
Increase/(decrease) in employee entitlements	3,080	3,625	3,387	3,576
Depreciation/amortisation expense	4,593	4,873	5,011	5,029
Provision for bad and doubtful debts	380	432	470	506
Provision for diminution in value of assets	298	104	69	57
Losses from asset sales programme	0	0	0	0
Losses from sale of assets	0	0	0	6
Foreign exchange losses	0	0	0	0
Other	-79	21	-3	-20
<b>Total expenses not requiring cash</b>	<b>8,272</b>	<b>9,055</b>	<b>8,935</b>	<b>9,154</b>
plus <b>Cash provided by working capital items</b>				
Decrease in inventories	0	0	0	0
Decrease in receivables	0	0	0	0
Decrease in other financial assets	118	0	39	35
Decrease in other non-financial assets	0	0	123	0
Increase in benefits subsidies and grants payable	729	479	849	916
Increase in suppliers' liabilities	234	0	0	0
Increase in other provisions and payables	0	40	0	0
<b>Total cash provided by working capital items</b>	<b>1,080</b>	<b>519</b>	<b>1,010</b>	<b>951</b>
less <b>Cash used by working capital items</b>				
Increase in inventories	402	492	189	359
Increase in receivables	911	740	1,119	1,226
Increase in other financial assets	0	139	0	0
Increase in other non-financial assets	23	1	0	3
Decrease in benefits subsidies and grants payable	124	83	41	0
Decrease in other provisions and payables	598	0	9	83
Decrease in suppliers' liabilities	0	35	1	11
<b>Total cash used by working capital items</b>	<b>2,058</b>	<b>1,490</b>	<b>1,359</b>	<b>1,681</b>
equals <i>Net cash from/(to) operating activities</i>	17,797	18,729	18,673	19,552
<i>Net cash from/(to) investing activities</i>	-17,084	-18,865	-20,938	-19,284
<b>Net cash from operating activities and investment</b>	<b>713</b>	<b>-136</b>	<b>-2,265</b>	<b>268</b>
<i>Net cash from/(to) financing activities</i>	-1,284	139	2,237	-280
<b>equals Net (increase)/decrease in cash</b>	<b>-572</b>	<b>3</b>	<b>-28</b>	<b>-11</b>

**Note 2(a): Consolidated Revenue Fund**

The estimated and projected cash balances reflected in the statement of financial position for the Australian Government general government sector (Table C2) include the reported cash balances controlled and administered by Australian Government agencies subject to the *Financial Management and Accountability Act 1997* and the reported cash balances controlled and administered by entities, subject to the *Commonwealth Authorities and Companies Act 1997* (CAC Act), that implement public policy through the provision of primarily non-market services.

Revenues or moneys raised by the Executive Government automatically form part of the Consolidated Revenue Fund by force of section 81 of the Australian Constitution. For practical purposes, total Australian Government general government sector cash, less cash controlled and administered by CAC Act entities, plus special public monies represents the Consolidated Revenue Fund referred to in section 81 of the Australian Constitution. On this basis, the balance of the Consolidated Revenue Fund is shown below.

	Estimates		Projections	
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
<b>Total General Government Sector Cash (Appendix C)</b>	<b>1,228</b>	<b>1,231</b>	<b>1,203</b>	<b>1,191</b>
<i>less</i> CAC Agency cash balances	973	846	872	846
<i>plus</i> Special public monies	80	81	83	86
<b>Balance of Consolidated Revenue Fund at 30 June</b>	<b>335</b>	<b>465</b>	<b>414</b>	<b>431</b>

**Note 3: Income taxation revenue**

	Estimates		Projections	
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
Individuals and other withholding tax				
Gross income tax withholding	102,030	107,720	115,750	124,090
Gross other individuals	25,110	25,850	27,260	29,220
less Refunds	15,000	15,960	16,870	18,180
Total individuals and other withholding tax	112,140	117,610	126,140	135,130
Companies	48,740	52,210	52,770	53,390
Superannuation funds				
Contributions and earnings	5,280	5,620	6,080	6,570
Surcharge	1,410	410	110	40
Total superannuation funds	6,690	6,030	6,190	6,610
Petroleum resource rent tax	2,130	2,270	2,390	2,160
<b>Total income taxation revenue</b>	<b>169,700</b>	<b>178,120</b>	<b>187,490</b>	<b>197,290</b>

**Note 4: Indirect taxation revenue**

	Estimates		Projections	
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
Excise duty				
Petroleum products	13,640	13,930	14,290	14,610
Crude oil	480	440	440	440
Other excise	7,780	7,950	8,070	8,180
Total excise duty revenue	21,900	22,320	22,800	23,230
Customs duty revenue	5,062	5,160	5,430	5,710
Other indirect taxation revenue	1,190	1,340	1,450	1,560
GST	37,920	40,240	42,410	44,630
less transfers to States and Territories in relation to GST revenue	37,920	40,240	42,410	44,630
GST revenue	0	0	0	0
Mirror taxes	366	384	402	422
less transfers to States and Territories in relation to mirror tax revenue	366	384	402	422
Mirror tax revenue	0	0	0	0
<b>Indirect taxation revenue</b>	<b>28,152</b>	<b>28,820</b>	<b>29,680</b>	<b>30,500</b>



**Note 5: Interest and dividend revenue**

	Estimates		Projections	
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
<b>Interest</b>				
Interest from other governments				
State and Territory debt	17	15	14	13
Housing agreements	170	166	162	158
<b>Total interest from other governments</b>	<b>187</b>	<b>181</b>	<b>176</b>	<b>170</b>
Interest from other sources				
Swap interest	1,983	1,717	1,445	1,085
Advances	3	3	3	3
Deposits	0	0	0	0
Bills receivable	6	6	6	5
Bank deposits	296	333	338	354
Indexation of HELP receivable and other student loans	410	404	445	499
Other	1,418	2,932	4,111	4,680
<b>Total interest from other sources</b>	<b>4,115</b>	<b>5,394</b>	<b>6,347</b>	<b>6,627</b>
<b>Total interest</b>	<b>4,302</b>	<b>5,575</b>	<b>6,522</b>	<b>6,797</b>
<b>Dividends</b>				
Dividends from associated entities	4,304	2,428	1,560	1,654
Other dividends	14	36	15	15
<b>Total dividends</b>	<b>4,318</b>	<b>2,464</b>	<b>1,575</b>	<b>1,668</b>
<b>Total interest and dividend revenue</b>	<b>8,620</b>	<b>8,039</b>	<b>8,097</b>	<b>8,466</b>

**Note 6: Other sources of non-taxation revenue**

	Estimates		Projections	
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
Industry contributions	275	252	235	209
International Monetary Fund related revenue	28	28	28	28
Royalties	1,019	1,141	1,173	1,188
Seigniorage	112	102	109	109
Other	2,085	2,020	2,046	2,084
<b>Total other sources of non-taxation revenue</b>	<b>3,519</b>	<b>3,543</b>	<b>3,589</b>	<b>3,617</b>

**Note 7: Employee expenses**

	Estimates		Projections	
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
Salaries and wages(a)	12,755	12,949	13,303	13,567
Leave and other entitlements	1,260	1,269	1,331	1,327
Separations and redundancies	39	37	37	38
Workers compensation premiums	0	0	0	0
Other (including superannuation)	9,060	9,390	9,501	10,060
<b>Total employee expenses</b>	<b>23,114</b>	<b>23,646</b>	<b>24,173</b>	<b>24,992</b>

(a) Salaries and wages do not include superannuation.

**Note 8: Suppliers expenses**

	Estimates		Projections	
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
Supply of goods and services	16,728	16,549	16,783	16,343
Operating lease rental expenses	1,644	1,655	1,692	1,679
Other	495	582	598	430
<b>Total suppliers expenses</b>	<b>18,868</b>	<b>18,786</b>	<b>19,073</b>	<b>18,452</b>

**Note 9: Depreciation and amortisation expenses**

	Estimates		Projections	
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
<b>Depreciation</b>				
Specialist military equipment	2,513	2,686	2,738	2,740
Buildings	569	568	582	595
Other infrastructure, plant and equipment	1,112	1,174	1,212	1,241
Heritage and cultural assets	43	43	45	46
Investment property	0	0	0	0
<b>Total depreciation</b>	<b>4,238</b>	<b>4,472</b>	<b>4,577</b>	<b>4,622</b>
<b>Total amortisation</b>	<b>355</b>	<b>402</b>	<b>434</b>	<b>407</b>
<b>Total depreciation and amortisation expenses</b>	<b>4,593</b>	<b>4,873</b>	<b>5,011</b>	<b>5,029</b>

**Note 10: Other goods and services expenses**

	Estimates		Projections	
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
Health care payments	4,710	4,666	4,946	5,197
Development cooperation program	1,353	1,603	1,849	2,097
Other	1,619	1,899	2,080	2,353
<b>Total other goods and services expenses</b>	<b>7,682</b>	<b>8,168</b>	<b>8,875</b>	<b>9,647</b>

**Note 11: Grants expenses**

	Estimates		Projections	
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
State and Territory governments	27,540	27,631	28,688	29,129
Non-profit organisations	1,296	1,348	1,384	1,401
Overseas	520	436	850	827
Private sector	1,983	1,550	1,342	1,215
Local governments	410	433	396	393
Other	10,303	11,902	12,355	12,187
<b>Total grants expenses</b>	<b>42,052</b>	<b>43,298</b>	<b>45,015</b>	<b>45,152</b>

**Note 12: Receivables**

	Estimates		Projections	
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
Taxes Receivable	11,214	12,697	14,124	15,625
Advances and Loans	13,337	14,278	15,347	16,246
Other Receivables	7,959	7,973	8,631	9,570
<b>Total receivables</b>	<b>32,510</b>	<b>34,948</b>	<b>38,102</b>	<b>41,441</b>

**Note 13: Total non-financial assets**

	Estimates		Projections	
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
Land and buildings				
Land	5,969	5,952	5,912	5,856
Buildings	13,439	13,682	13,623	13,818
<b>Total land and buildings</b>	<b>19,408</b>	<b>19,634</b>	<b>19,535</b>	<b>19,674</b>
Infrastructure				
Specialist military equipment	31,599	32,908	34,152	35,510
Other	9,039	9,214	9,043	8,830
<b>Total infrastructure</b>	<b>40,638</b>	<b>42,122</b>	<b>43,195</b>	<b>44,339</b>
Intangibles				
Computer software	1,793	1,871	1,873	1,843
Other	154	142	124	106
<b>Total intangibles</b>	<b>1,946</b>	<b>2,013</b>	<b>1,997</b>	<b>1,950</b>
Heritage and cultural assets	7,743	7,776	7,803	7,829
<b>Total heritage and cultural assets</b>	<b>7,743</b>	<b>7,776</b>	<b>7,803</b>	<b>7,829</b>
Investment properties	811	894	955	1,078
<b>Total investment properties</b>	<b>811</b>	<b>894</b>	<b>955</b>	<b>1,078</b>
Biological assets	0	0	0	0
<b>Total biological assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Assets held for sale	70	70	70	70
<b>Total assets held for sale</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>70</b>
Inventories	4,884	5,376	5,564	5,923
<b>Total inventories</b>	<b>4,884</b>	<b>5,376</b>	<b>5,564</b>	<b>5,923</b>
Other non-financial assets				
Prepayments	1,414	1,416	1,293	1,296
Other	483	364	483	275
<b>Total other non-financial assets</b>	<b>1,897</b>	<b>1,779</b>	<b>1,776</b>	<b>1,572</b>
<b>Total non-financial assets</b>	<b>77,398</b>	<b>79,663</b>	<b>80,894</b>	<b>82,435</b>

**Note 14: Employee and superannuation liabilities**

	Estimates		Projections	
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
Superannuation	94,229	97,664	100,880	104,202
Leave and other entitlements	4,156	4,159	4,135	4,201
Accrued salaries and wages	163	192	223	241
Workers compensation claims	1,606	1,624	1,642	1,660
Separations and redundancies	33	33	33	33
Workers compensation premiums	1,584	1,691	1,796	1,912
Other	892	925	965	1,001
<b>Total employee and superannuation liabilities</b>	<b>102,662</b>	<b>106,287</b>	<b>109,675</b>	<b>113,250</b>

**Note 15: Grants payable**

	Estimates		Projections	
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
State and Territory governments	4,232	4,508	4,783	5,043
Non-profit organisations	78	78	78	78
Private sector	605	409	201	201
Overseas	1,183	948	1,118	1,306
Local governments	1	1	1	1
Other	4,101	4,244	4,348	4,427
<b>Total grants payable</b>	<b>10,200</b>	<b>10,188</b>	<b>10,529</b>	<b>11,056</b>

**Note 16: Taxation receipts**

	Estimates		Projections	
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
Total tax receipts	237,822	248,877	261,361	274,198
less payments to States and Territories in relation to GST revenue	37,000	39,200	41,320	43,480
less payments to States and Territories in relation to mirror tax revenue	366	384	402	422
<b>Taxation receipts</b>	<b>200,457</b>	<b>209,293</b>	<b>219,639</b>	<b>230,296</b>

# APPENDIX D: STATEMENT OF RISKS

## OVERVIEW

Full details of fiscal risks and contingent liabilities are provided in Budget Paper No. 1, *Budget Strategy and Outlook 2005-06*. The following statement updates (where necessary) those fiscal risks and contingent liabilities that have changed since the 2005-06 Budget.

The forward estimates of revenue and expenses in the *Mid-Year Economic and Fiscal Outlook 2005-06* incorporate assumptions and judgements based on information available at the time of publication.

## DETAILS OF FISCAL RISKS AND CONTINGENT LIABILITIES

New or revised fiscal risks and contingent liabilities with a possible impact on the forward estimates greater than \$20 million in any one year, or \$40 million over the forward estimates period, that have arisen or changed since the 2005-06 Budget are described below and summarised in Table D1.

Information on contingent liabilities is also provided in the annual financial statements of departments, agencies and non-budget entities.

**Table D1: Summary of changes to Statement of Risks since 2005-06 Budget**

<b>FISCAL RISKS — REVENUE</b>	
<b>Treasury</b>	
General interest charge on Australian Taxation Office audit amendments affecting pre-2000 assessments	New
<b>FISCAL RISKS — EXPENSES</b>	
<b>Finance and Administration</b>	
Asset sales — Telstra	Modified
<b>CONTINGENT LIABILITIES — QUANTIFIABLE</b>	
<b>Communications, Information Technology and the Arts</b>	
Litigation	New
<b>Defence</b>	
Guarantees	Modified
<b>Finance and Administration</b>	
Australian Industry Development Corporation	Modified
<b>Foreign Affairs and Trade</b>	
Export Finance and Insurance Corporation	Modified
<b>Immigration and Multicultural and Indigenous Affairs</b>	
Separation of Aboriginal children from their families in the Northern Territory	Deleted
<b>Transport and Regional Services</b>	
Maritime industry reform	Modified
Code Management Company — indemnity for the Code of Practice for the Defined Interstate Rail Network	New
<b>Treasury</b>	
Reserve Bank of Australia guarantee	Modified
<b>CONTINGENT LIABILITIES — UNQUANTIFIABLE</b>	
<b>Attorney-General's</b>	
Integrated Cargo System	New
<b>Defence</b>	
HMAS Westralia indemnity	New
Sale of ADI Ltd	New
ASC Pty Ltd — Australian Government indemnities provided to Electric Boat Corporation under the services agreement	Modified
Decontamination of Defence sites	New
<b>Industry, Tourism and Resources</b>	
Litigation	Deleted
<b>Transport and Regional Services</b>	
Assumed residual liabilities of the Australian National Railways Commission	New
Deep vein thrombosis action	Deleted

Note: Risks not appearing in this Statement are substantially unchanged since disclosed in Budget Paper No. 1, *Budget Strategy and Outlook 2005-06*, Statement 11.



## **FISCAL RISKS — REVENUE**

### **Treasury**

#### **General interest charge on Australian Taxation Office audit amendments affecting pre-2000 assessments**

Towards the end of 2004-05, the Australian Taxation Office (ATO) was made aware of an error in the procedure for calculation of General Interest Charge (GIC) in respect of amended assessments relating to periods prior to 2000. The ATO's business systems were designed to apply GIC to the total debt outstanding at the date GIC took effect, which included interest amounts incurred under the previous interest regime. In resolving a taxpayer complaint, the ATO reviewed the basis of the underlying design and concluded that GIC should not apply to the previous interest amounts. As a result, some taxpayers may have been overcharged GIC. The ATO is currently examining the affected taxpayer accounts to determine what adjustments are required in light of subsequent remission and settlement activity which may have affected the accounts.

## **FISCAL RISKS — EXPENSES**

### **Finance and Administration**

#### **Asset sales — Telstra**

The forward estimates include the effect of the sale of the Australian Government's shareholding in Telstra, noting that the level of proceeds will depend, inter alia, on the prevailing levels of world equity markets at the time of sale. A decision by the Government on the nature and timing of a sale will not be made until the first quarter of 2006 and will be conditional on achieving an appropriate return to the taxpayer.

## **CONTINGENT LIABILITIES — QUANTIFIABLE**

### **Communications, Information Technology and the Arts**

#### **Litigation**

On 28 November 2005, proceedings were commenced in the Western Australia Supreme Court against the Australian Government (as one of two defendants) in which the plaintiff alleges that the Australian Government and the second defendant owe a debt of \$5.4 billion to a third party. The Australian Government is currently obtaining legal advice in relation to this matter. Similar proceedings commenced by the plaintiff in the New South Wales Supreme Court were dismissed by the New South Wales Supreme Court on 3 November 2005.

## **Defence**

### **Guarantees**

The Department of Defence (Defence) and the Defence Materiel Organisation (DMO) carry an extensive range of guarantees and undertakings, normally of a short-term nature, relating to business, training activities and other arrangements involving contracts, agreements and other Defence and DMO activities. Indemnities issued cover potential losses or damages for which the Australian Government would be liable.

There are 344 instances of contingencies that are unquantifiable and 184 instances of quantifiable contingencies to the value of \$4.7 billion. While these contingencies are considered remote, they have been reported in aggregate for completeness.

## **Finance and Administration**

### **Australian Industry Development Corporation**

Under the *Australian Industry Development Corporation Act 1970* certain obligations of the Australian Industry Development Corporation (AIDC) are guaranteed by the Australian Government. As at 30 June 2005, AIDC's contingent liabilities, subject to Australian Government guarantee, were approximately \$126 million in respect of guarantees and credit risk facilities.

In addition, AIDC had outstanding Australian Government guaranteed borrowings which totalled approximately \$340.8 million as at the most current valuation of 30 June 2005. These borrowing obligations have been matched by AIDC's holdings of Australian Government guaranteed securities of similar value, largely eliminating the Australian Government's guarantee exposure. These securities were purchased on market by UBS Warburg and paid to AIDC as consideration for UBS Warburg's purchase of AIDC Limited's (a subsidiary of AIDC) financial assets. UBS AG, the international parent company that has taken over from UBS Warburg, manages this borrowing portfolio on behalf of AIDC. The UBS AG arrangement also provides a guarantee to cover any cash flow differences between the interest rate and maturity profiles of the matched borrowings and securities, together with any exchange rate movements in the borrowings. The Australian Government's contingent exposure to these borrowings is therefore negligible and is consequently recorded as zero.

## **Foreign Affairs and Trade**

### **Export Finance and Insurance Corporation**

The Australian Government guarantees the due payment by Export Finance and Insurance Corporation (EFIC) of money that is, or may at any time become, payable by EFIC to any body other than the Australian Government. The Australian Government also has in place a \$200 million callable capital facility available to EFIC on request to cover liabilities, losses and claims. As at 30 September 2005, the Australian Government's total contingent liability was \$3.1 billion, comprising EFIC's liabilities to

third parties (\$2.5 billion) and EFIC's overseas investments insurance, contracts of insurance and guarantees (\$609 million).

## **Transport and Regional Services**

### **Maritime industry reform**

On 18 August 1998, the Australian Government provided a guarantee to cover borrowings made by the Maritime Industry Finance Company Limited to finance redundancy-related payments in the stevedoring and maritime industries. Outstanding borrowings covered by the guarantee are \$99.9 million as at 30 September 2005.

### **Code Management Company — indemnity for the Code of Practice for the Defined Interstate Rail Network**

The Code Management Company (CMC) is a company owned by the Australasian Railway Association and includes all Australia's major rail operators and track owners and representatives from smaller companies. The Australian Government has provided an indemnity for CMC against any loss or expense that occurred prior to the transfer of ownership from the Commonwealth relating to the correct use or application of the Code of Practice for the Defined Interstate Rail Network. The Code sets out a national approach to operational and engineering practices, including uniform standards for safe working, train operations, and freight loading specifications. The indemnity is limited to an aggregate of \$50 million for a period of six years from the date of transfer of ownership and expires on 15 July 2009.

## **Treasury**

### **Reserve Bank of Australia guarantee**

This contingent liability relates to the Australian Government's guarantee of the liabilities of the Reserve Bank of Australia. It is measured as the Bank's total liabilities excluding capital, reserves and Australian Government deposits. The major component of the Bank's liabilities are notes (that is, currency) on issue. Currently, notes on issue amount to \$36.6 billion and the total guarantee is \$48.9 billion.

## **CONTINGENT LIABILITIES — UNQUANTIFIABLE**

### **Attorney-General's**

#### **Integrated Cargo System**

In October 2005 the Australian Customs Service (Customs) implemented a new Integrated Cargo System for imports. Subsequent technical and business issues resulted in the delayed movement of some cargo. Customs have received claims for reimbursement of costs incurred by some importers in relation to the implementation

of the new system. The extent of any potential liability cannot be quantified at this stage.

## **Defence**

### **ADI Limited — HMAS Westralia indemnity**

The Department of Defence is subject to claims by ADI Ltd for the indemnity for uninsurable losses relating to the fire on *HMAS Westralia*. This claim is under the 1999 deed of indemnity given by the Australian Government to ADI.

### **Sale of ADI Limited**

ADI Group Pty Ltd has initiated litigation in relation to the alleged non-disclosure issues associated with the sale of ADI Ltd by the Australian Government. A claim for damages by the purchasers was lodged in October 2005.

### **ASC Pty Ltd — Australian Government indemnities provided to Electric Boat Corporation under the services agreement**

In early October 2002, the Department of Defence entered into a services agreement with Electric Boat Corporation (EB) and its subsidiary Electric Boat Australia (EBA) to provide technical and commercial support to ASC Pty Ltd as it transitioned from being a producer of submarines to an agency for through-life support. EB/EBA staff commenced at ASC Pty Ltd on 14 October 2002. The initial services agreement ran for three years and the Australian Government has taken up the option to extend the agreement by a further three years.

Under this agreement, EB and EBA are provided with a warranty by the Australian Government and ASC Pty Ltd that they had the right to provide EB/EBA with confidential and other information and the Australian Government provides an indemnity to EB and EBA against claims arising from a breach of that warranty.

The Australian Government also indemnified EB and EBA against claims arising from property loss or personal injury resulting from a defect in the operation or performance of the Collins Class submarine, other than caused by unlawful conduct, gross negligence or wilful misconduct of EB or EBA, against claims exceeding the greater of US\$1 million or profit earned by EB under the agreement.

### **Decontamination of Defence sites**

The Department of Defence is currently quantifying its total land, buildings and infrastructure decontamination liabilities. Where a decontamination liability can be reliably quantified, a provision is created in the accounts. However, there are a significant number of contaminated sites where the estimated decontamination costs have not yet been quantified, or cannot be quantified.

## **Transport and Regional Services**

### **Assumed residual liabilities of the Australian National Railways Commission**

The Australian Government under Schedule 3 of the Australian National Railways Commission Sale Act of 1997 assumed the residual liabilities of the Australian National Railways Commission. A writ of summons has been filed in the High Court of Australia and a statement of claim on behalf of 24 other plaintiffs has been filed in the District Court of South Australian seeking unspecified damages for personal injuries as a result of exposure to lead and other particles from trains carrying lead and zinc ore.



# APPENDIX E: FINANCIAL REPORTING STANDARDS AND BUDGET CONCEPTS

## REPORTING STANDARDS

The *Charter of Budget Honesty Act 1998* requires that the Mid-Year Economic and Fiscal Outlook (MYEFO) be based on external reporting standards. Accordingly, the major external standards used in the MYEFO are the Australian Bureau of Statistics' (ABS) accrual Government Finance Statistics (GFS) framework and Australian Accounting Standards (AAS), being the Australian Equivalents to International Financial Reporting Standards (AEIFRS) and AAS 31 *Financial Reporting by Governments*. The major fiscal aggregates (including the fiscal and underlying cash balances) are based on the accrual GFS framework.

The Charter also requires that departures from applicable external reporting standards be identified. These are disclosed in Attachment A to Part 3, the opening text of Appendix B and Note 1 in Appendix C.

The next section provides a brief overview of the GFS and AAS reporting frameworks. Further information can be found in Budget Paper No. 1, *Budget Strategy and Outlook 2005-06, Statement 8: Financial Reporting Standards and Budget Concepts*.

## ACCUAL GFS FRAMEWORK

The GFS reporting framework is a specialised statistical system designed to support economic analysis of the public sector. It allows comprehensive assessments to be made of the economic impact of government and is consistent with international statistical standards (the *System of National Accounts 1993* (SNA93) and the International Monetary Fund's (IMF) *Government Finance Statistics Manual 2001*).<sup>1</sup>

The GFS conceptual framework is divided into a number of separate statements, each of which draws out analytical aggregates or balances of particular economic significance. Together, these aggregates provide for a thorough understanding of the financial position of the public sector. The GFS statements reported in the MYEFO are the operating statement, balance sheet, cash flow statement and statement of other economic flows.

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1 Additional information on the Australian accrual GFS framework is available in the ABS publication *Australian System of Government Finance Statistics: Concepts, Sources and Methods, 2005* (Cat. No. 5514.0).

All GFS data are recorded as either stocks (assets and liabilities) or flows (classified as either transactions or other economic flows).

A transaction results from a mutually agreed interaction between economic entities. Despite their compulsory nature, taxes are transactions deemed to occur by mutual agreement between the government and the taxpayer. Transactions that increase or decrease net worth (assets minus liabilities) are reported as revenues and expenses respectively in the operating statement.<sup>2</sup>

A change to the value or volume of an asset or liability that does not result from a transaction is another economic flow. This can include changes in values from market prices, most actuarial valuations and exchange rates and changes in volumes from discoveries, depletion and destruction. Other economic flows are reported in the statement of other economic flows.

Under the accrual GFS framework, flows are recorded in the period in which they occurred. As a result, prior period outcomes may be revised where information arises that could reasonably be expected to have been known in the past, is material in at least one of the affected periods and can be reliably assigned to the relevant period(s).

## **Operating statement**

The operating statement presents details of transactions in GFS revenues, GFS expenses and the net acquisition of non-financial assets (net capital investment) for an accounting period.

GFS revenues arise from transactions that increase net worth and GFS expenses arise from transactions that decrease net worth. GFS revenues less GFS expenses gives the GFS net operating balance. The net operating balance is comparable to the National Accounts concept of government saving plus capital transfers.

The net acquisition of non-financial assets (net capital investment) measures the change in the Australian Government's stock of non-financial assets due to transactions. As such, it measures the net effect of purchases, sales and consumption (for example, depreciation of fixed assets and use of inventory) of non-financial assets during an accounting period.

Net acquisition of non-financial assets equals gross fixed capital formation, less depreciation, plus changes (investment) in inventories, plus other transactions in non-financial assets.

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2 Not all transactions impact on net worth. For example, transactions in financial assets and liabilities do not impact on net worth as they represent the swapping of assets and liabilities on the balance sheet.



## **Fiscal balance**

The fiscal balance (or GFS net lending/borrowing) is the net operating balance less net capital investment. Thus, fiscal balance includes the impact of net expenditure (effectively purchases less sales) on non-financial assets rather than consumption (depreciation) of non-financial assets.<sup>3</sup>

The fiscal balance measures the Australian Government's investment-saving balance. It measures in accrual terms the gap between government savings plus net capital transfers, and investment in non-financial assets. As such, it approximates the contribution of the Australian Government general government sector to the balance on the current account in the balance of payments.

## **Balance sheet**

The balance sheet shows stocks of assets, liabilities and GFS net worth. Net debt is also reported in the balance sheet.

## **Net debt**

Net debt is the sum of selected financial liabilities (deposits held, advances received, government securities, loans, and other borrowing) less the sum of selected financial assets (cash and deposits, advances paid, and investments, loans and placements). Net debt does not include superannuation or superannuation related liabilities. Net debt is a common measure of the strength of a government's financial position. High levels of net debt impose a call on future revenue flows to service that debt.

## **Net worth**

The net worth of the general government sector is defined as assets less liabilities. For the public financial corporations and public non-financial corporations sectors, net worth is defined as assets less liabilities less shares and other contributed capital. Net worth is an economic measure of wealth, reflecting the Australian Government's contribution to the wealth of Australia.

## **Cash flow statement**

The cash flow statement identifies how cash is generated and applied in a single accounting period. The cash flow statement reflects a cash basis of recording (rather than an accrual basis) where information is derived indirectly from underlying accrual transactions and movements in balances. This, in effect, means that transactions are captured when cash is received or when cash payments are made. Cash transactions

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<sup>3</sup> The net operating balance includes consumption of non-financial assets because depreciation is a GFS expense. Depreciation also forms part of net capital investment, which (in the calculation of fiscal balance) offsets the inclusion of depreciation in the net operating balance.

are specifically identified because cash management is considered an integral function of accrual budgeting.

### **Underlying cash balance**

The underlying cash balance plus Future Fund earnings (GFS cash surplus/deficit) is the cash counterpart of the fiscal balance, reflecting the Australian Government's cash investment-saving balance. This measure is conceptually equivalent under the current accrual framework and the previous cash framework. For the general government sector, the underlying cash balance is calculated as shown below.

Net cash flows from operating activities

*plus*

Net cash flows from investments in non-financial assets

*less*

Net acquisitions of assets acquired under finance leases and similar arrangements<sup>4</sup>

*equals*

GFS cash surplus/deficit

*less*

Future Fund earnings

*equals*

Underlying cash balance

The Government is reporting the underlying cash balance net of Future Fund earnings from 2005-06 onwards because the earnings will be reinvested to meet future superannuation payments and are therefore not available for current spending. However, Future Fund earnings are included in the fiscal balance because superannuation expenses relating to future cash payments are recorded in the fiscal balance estimates.

Expected Future Fund earnings are separately identified in the Australian Government cash flow statement Part 3 Attachment B and the historic tables in Appendix F.

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4 The underlying cash balance treats the acquisition and disposal of non-financial assets in the same manner regardless of whether they occur by purchase/sale or finance lease – acquisitions reduce the underlying cash balance and disposals increase the underlying cash balance. However, finance leases do not generate cash flows at the time of acquisition or disposal equivalent to the value of the asset. As such, net acquisitions of assets under finance leases are not shown in the body of the cash flow statement but are reported as a supplementary item for the calculation of the underlying cash balance.

### **Headline cash balance**

The headline cash balance is calculated by adding cash flows from investments in financial assets for policy purposes and Future Fund earnings to the underlying cash balance.

Cash flows from investments in financial assets for policy purposes include equity transactions and net advances.<sup>5</sup> Equity transactions include equity injections into controlled businesses and privatisations of government businesses. Net advances include net loans to the States, net loans to students under the Higher Education Loan Programme (HELP), and contributions to international organisations that increase the Australian Government's financial assets.

### **Statement of other economic flows (reconciliation of net worth)**

The statement of other economic flows outlines changes in net worth driven by economic flows other than GFS revenues and GFS expenses. GFS revenues, GFS expenses and other economic flows sum to the total change in net worth during a period. The majority of other economic flows for the Australian Government general government sector arise from price movements in its assets and liabilities.

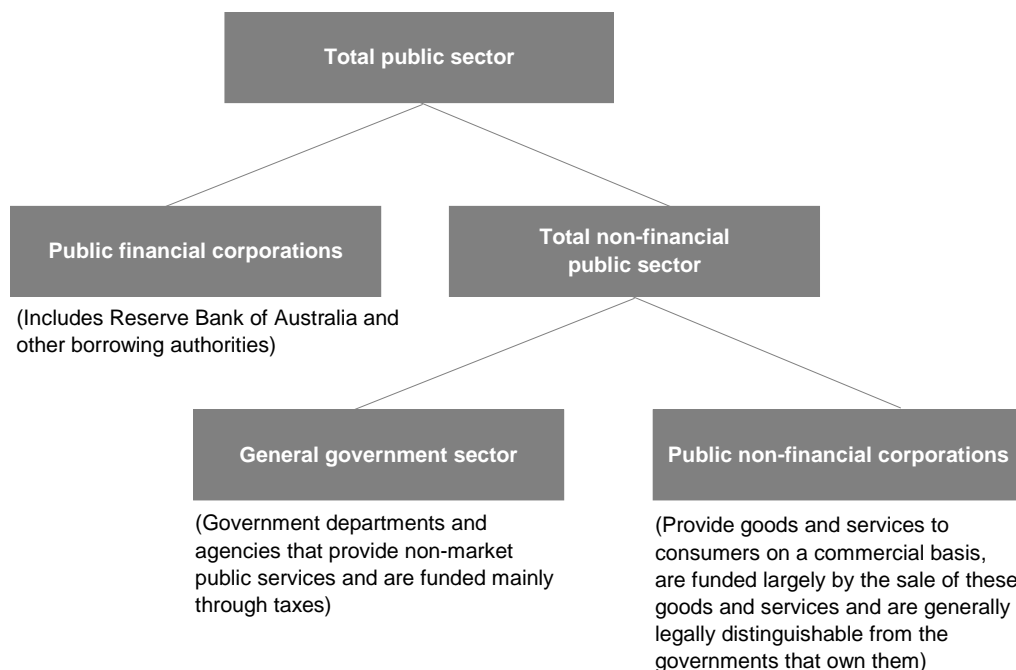
### **Sectoral classifications**

To assist in analysing the public sector, GFS data are presented by institutional sector. GFS distinguishes between the general government sector, the public non-financial corporations sector and the public financial corporations sector, as shown in Figure E1.

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5 Cash flows from investments in financial assets for policy purposes were called net advances under the cash budgeting framework.

**Figure E1: Institutional structure of the public sector**



Budget reporting focuses on the general government sector. The general government sector provides public services that are mainly non-market in nature, and for the collective consumption of the community, or involve the transfer or redistribution of income. These services are largely financed through taxes and other compulsory levies, although user charging and external funding have increased in recent years. This sector comprises all government departments, offices and some other bodies.

In preparing financial statements for the sectors all material transactions and balances between entities within the sectors are eliminated.

## **AUSTRALIAN ACCOUNTING STANDARD REPORTING FRAMEWORK**

The AAS reporting framework, being the AEIFRS and AAS 31, requires the preparation of accrual-based general purpose financial reports, showing government assets, liabilities, income, expenses and cash flows. Reporting under this framework is intended to provide a consolidated overview of the financial performance and financial position of government.

There are four main general purpose statements that must be prepared in accordance with the AAS framework. These are:

- an income statement, which includes an operating result;

- a balance sheet, which shows net assets;
- a statement of changes in equity, which shows movements in equity; and
- a cash flow statement, which includes the net increase/decrease in cash held.

In addition to these general purpose statements, notes to the financial statements are required. These notes include a summary of accounting policies, disaggregated information and other disclosures required by AAS.

A full set of AAS financial statements and accompanying notes prepared for the general government sector can be found in Appendix C.

## **RECONCILIATION OF GFS AND AAS AGGREGATES**

There is a general consistency of treatment of the elements of financial statements between GFS and AAS. Both frameworks are based on the concept of economic events that give rise to stocks and flows. As a result, the definitions of stocks are broadly similar under the two frameworks and relate to the control of economic benefits, while flows are defined with reference to changes in stocks.

The GFS and AAS definitions of the scope of the public sector agree in almost all cases, with AAS 31 recommending the same segmentation of the public sector into general government, public non-financial corporations and public financial corporations sectors.

Transactions are generally treated in a similar manner by GFS and AAS; however, where GFS is a framework designed to facilitate macro-economic analysis, AAS is designed for general purpose financial reporting. The different objectives of the two systems lead to some variation in the treatment of certain items. This differing treatment relates predominantly to the definitions of revenues and expenses under the two frameworks.

In particular, revaluations of assets and liabilities are classified differently under the AAS and GFS standards. Major revaluations include write-downs of bad and doubtful debts (excluding those that are mutually agreed), changes in the valuation of superannuation liabilities, and gains and losses due to changes in foreign exchange rates and interest rates.

Under AAS reporting, valuation changes may affect income or expenses and therefore the operating result. However, under GFS reporting, revaluations are not considered to be transactions (that is, they are considered to be other economic flows) and accordingly do not form part of revenues or expenses. Therefore, most revaluations are not taken into account in the calculation of the GFS net operating balance or fiscal

balance. However, revaluations still impact on GFS assets and liabilities, as can be seen in the statement of other economic flows.

Some of the major differences between the GFS and AAS treatments of transactions are outlined in Table E1. Further information on the differences between the two systems is provided in the ABS publication *Australian System of Government Finance Statistics: Concepts, Sources and Methods, 2005* (Cat. No. 5514.0).

**Table E1: Selected differences between AAS and GFS reporting standards**

Issue	AAS treatment	GFS treatment
Asset write-downs	Treated as part of operating expenses.	Treated as revaluations (other economic flows), except for mutually agreed write-downs, and therefore not included in expenses.
Gains and losses on assets	Treated as part of operating income/expenses.	Treated as revaluations (other economic flows) and therefore not included in revenues/expenses.
Provisions for bad and doubtful debts	Treated as part of operating expenses and included in the balance sheet as an offset to assets.	Act of creating provisions is not considered an economic event and is therefore not considered an expense or included in the balance sheet.  The Australian Government departs from this latter requirement (see Attachment A to Part 3).
Interest flows related to swaps and other financial derivatives	Treated as operating income and expenses.	Treated as other economic flows and so not included in revenues and expenses.
Acquisition of defence weapons platforms	Treated as capital expenditure. Defence weapons platforms appear as an asset on the balance sheet. Depreciation expense on assets is recorded in the operating statement.	Treated as an expense at the time of acquisition. Defence weapons platforms do not appear as an asset on the balance sheet and no depreciation is recorded in the operating statement.
Valuation of assets and liabilities	Classes of assets and liabilities are measured using a range of methods. The predominant methods for valuing different asset classes include historic cost and market value.	Individual assets and liabilities are measured at current market value based on current market prices or a suitable proxy where market prices are not available.
Finance leases	Treats finance leases as if an asset were purchased from borrowings. That is, the lease payment is split into an interest component (which is shown as an operating expense) and a principal component.  The asset and the liability are recorded on the balance sheet.  This convention does not apply to the cash flow statement, which does not record the acquisition of the asset or the liability.	As per the accounting standard, except that the GFS cash flow statement includes the acquisition of the asset as a supplementary item for the calculation of the surplus/deficit and underlying cash balance.

Following the broad strategic direction of the Financial Reporting Council, the Australian Accounting Standards Board is currently pursuing harmonisation of GFS and AAS. The Australian Accounting Standards Board released an exposure draft (ED 142 *Financial Reporting of General Government Sectors by Governments*) for comment.

Table E2 reconciles GFS revenue and expenses with their AAS counterparts.

**Table E2: Reconciliation of GFS and AAS revenue and expenses**

	Estimates		Projections	
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
<b>GFS revenue (Appendix B)</b>	<b>256,542</b>	<b>267,674</b>	<b>280,711</b>	<b>294,365</b>
<i>less</i> GST revenue for States and Territories	37,920	40,240	42,410	44,630
<b>GFS revenue (Parts 1 and 3)</b>	<b>218,622</b>	<b>227,434</b>	<b>238,301</b>	<b>249,735</b>
<i>plus</i> asset revenue recognised first time	257	100	58	58
<i>plus</i> foreign exchange gains	86	0	0	0
<i>plus</i> other economic revaluations	587	340	266	171
<i>plus</i> proceeds from the sale of assets	69	26,656	26	31
<i>plus</i> swap interest revenue	1,983	1,717	1,445	1,085
<b>AAS income (Appendix C)</b>	<b>221,604</b>	<b>256,246</b>	<b>240,096</b>	<b>251,081</b>
<b>GFS expenses (Appendix B)</b>	<b>244,163</b>	<b>256,193</b>	<b>268,723</b>	<b>281,473</b>
<i>less</i> GST Grants to States and Territories	37,000	39,200	41,320	43,480
<i>plus</i> GST interest on overpayments	0	0	0	0
<i>less</i> GST mutually agreed writedowns	125	135	140	150
<b>GFS expenses (Parts 1 and 3)</b>	<b>207,038</b>	<b>216,858</b>	<b>227,263</b>	<b>237,843</b>
<i>plus</i> actuarial revaluations	0	0	0	0
<i>plus</i> net writedown of assets/bad and doubtful debts	1,648	1,563	1,652	1,538
<i>plus</i> foreign exchange losses	0	0	0	0
<i>plus</i> other economic adjustments	0	0	0	0
<i>plus</i> value of assets sold	0	4,953	0	6
<i>plus</i> swap interest expense	1,845	1,576	1,330	987
<i>plus</i> defence weapons platforms depreciation	2,513	2,686	2,738	2,740
<i>less</i> defence weapons platforms investment	3,328	4,030	4,011	4,128
<i>plus</i> AusAid IDA/ADF expenses	0	0	265	237
<b>AAS expenses (Appendix C)</b>	<b>209,716</b>	<b>223,607</b>	<b>229,237</b>	<b>239,223</b>

Table E3 reconciles the AAS operating result to the GFS net operating balance and the fiscal balance (GFS net lending).

The AAS operating result is equal to AAS income less expenses. Similarly, GFS revenues less expenses equal the GFS net operating balance. Consequently, the reconciliation between the AAS operating result before extraordinary items and the GFS net operating balance relates directly to differences in the definitions of revenues and expenses which are shown in Table E2.

The second part of the Table E3 reconciliation shows the adjustment for net capital investment required to derive the fiscal balance from the GFS net operating balance.

As discussed previously, the fiscal balance is calculated as the net operating balance less net capital investment. This is a useful economic indicator as it represents the gap between government saving (less capital transfers) and investment, and so is included at the end of the GFS operating statement. In AAS there is no equivalent measure to the fiscal balance. That is, the AAS income statement stops at the operating result and includes no information on net capital investment.



**Table E3: Reconciliation of AAS net operating result and fiscal balance**

	Estimates		Projections	
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
<b>AAS operating result before extraordinary items (Appendix C)</b>	<b>11,889</b>	<b>32,639</b>	<b>10,859</b>	<b>11,857</b>
Net differences from revenue and expense definitions	490	-21,159	1,129	1,035
<b>GFS net operating balance (Appendix B)</b>	<b>12,379</b>	<b>11,480</b>	<b>11,988</b>	<b>12,892</b>
<i>less</i> purchase of property, plant and equipment and intangibles	6,378	6,529	6,240	6,370
<i>less</i> assets acquired under finance leases	23	83	3	11
<i>less</i> other non-financial assets	92	147	121	-41
<i>less</i> increase in inventories	402	492	189	359
<i>plus</i> defence weapons platforms investment	3,328	4,030	4,011	4,128
<i>plus</i> proceeds from sales of property, plant and equipment and intangibles	301	172	180	168
<i>plus</i> depreciation and amortisation	4,593	4,873	5,011	5,029
<i>less</i> weapons depreciation	2,513	2,686	2,738	2,740
<b>Fiscal balance (GFS net lending) (Appendix B)(a)</b>	<b>11,193</b>	<b>10,619</b>	<b>11,900</b>	<b>12,779</b>
<i>Impact of GST</i>	-795	-905	-950	-1,000
<b>Fiscal balance (GFS net lending) (Part 3)(a)</b>	<b>10,398</b>	<b>9,714</b>	<b>10,950</b>	<b>11,779</b>

(a) The fiscal balance estimates in Appendix B are higher than those presented in Part 3, as explained in the introduction to Appendix B.



## APPENDIX F: HISTORICAL AUSTRALIAN GOVERNMENT DATA

This appendix provides historical data for Australian Government fiscal aggregates across the general government, public non-financial corporations and non-financial public sectors.

Under the accrual Government Finance Statistics (GFS) framework, flows are recorded in the period in which they occurred. As a result, prior period outcomes may be revised where information arises that could reasonably be expected to have been known in the past, is material in at least one of the affected periods and can be reliably assigned to the relevant period(s).

Estimates up to and including 1998-99 are calculated on cash terms, while estimates from 1999-2000 are cash proxies derived from an accrual framework. Due to methodological and data-source changes associated with the move to an accrual accounting framework, time series data that include measures derived under both cash and accrual accounting should be used with caution.

There are other structural breaks within the data set, prior to the shift to accrual reporting. Classification differences and revisions, as well as changes to the structure of the budget, can impact on comparisons over such an extended period.

Specific factors that affect the comparability of data between years include:

- classification differences in the data relating to the period prior to 1976-77 (which means that earlier data may not be entirely consistent with data for 1976-77 onwards);
- adjustments in the coverage of agencies included in the accounts of the different sectors. These include the reclassification of Central Banking Authorities from the general government to the public financial corporations sector in 1998-99, and subsequent backcasting to account for this change;
- consistent with the revised GFS treatment announced by the Australian Bureau of Statistics (ABS) (Cat. No. 5501.0, released October 2002), the general government measures in this statement, from 1998-99 onwards, incorporate the interest component of superannuation related payments by the Australian Government general government sector in respect of accumulated public non-financial corporations' superannuation liabilities;
- transfers of taxing powers between the Australian Government and the States;
- other changes in financial arrangements between the Australian Government and the state/local government sector; and

*Appendix F: Historical Australian Government data*

- changes in arrangements for transfer payments, where tax concessions or rebates are replaced by payments through the social security system. This has the effect of increasing both cash receipts and payments, as compared with earlier periods, but not changing cash balances. Changes in the opposite direction (tax expenditures replacing outlays) reduce both cash payments and receipts.

Occasionally classification changes are made that require revisions to the historic series. Where appropriate, the changes are back-cast to 1999-2000 to ensure that data is consistent across the accrual period. For example, the back-casting to account for the market valuation of net debt as discussed on page 2-12 of the Budget Paper No. 1, *Budget Strategy and Outlook 2003-04*.

While approximate adjustments can be made to identify trends in budget aggregates on a generally consistent basis, the further back the analysis is taken, the more difficult the task becomes.

**Table F1: Australian Government general government sector receipts, payments and underlying cash balance<sup>(a)(b)</sup>**

	Receipts			Payments			Future Fund earnings	Underlying cash balance(c)	
	\$m	Per cent		\$m	Per cent		\$m	\$m	Per cent of GDP
		real growth	Per cent of GDP		real growth	Per cent of GDP			
1972-73	9,414	0.4	19.2	9,120	7.5	18.6	-	294	0.6
1973-74	11,890	10.4	20.1	10,829	3.8	18.3	-	1,061	1.8
1974-75	15,325	5.8	21.9	15,275	15.8	21.8	-	50	0.1
1975-76	18,316	3.6	22.4	19,876	12.8	24.3	-	-1,560	-1.9
1976-77	21,418	4.1	22.7	22,657	1.5	24.0	-	-1,239	-1.3
1977-78	23,491	0.8	22.8	25,489	3.4	24.7	-	-1,998	-1.9
1978-79	25,666	3.2	22.0	27,753	2.8	23.8	-	-2,087	-1.8
1979-80	29,780	6.0	22.5	31,041	2.1	23.4	-	-1,261	-1.0
1980-81	35,148	6.8	23.4	35,260	2.8	23.5	-	-112	-0.1
1981-82	40,831	2.8	23.6	40,394	1.4	23.3	-	437	0.3
1982-83	44,675	-1.7	24.0	47,907	6.6	25.7	-	-3,232	-1.7
1983-84	49,102	2.9	23.4	55,966	9.4	26.6	-	-6,864	-3.3
1984-85	57,758	11.8	24.9	63,639	8.0	27.4	-	-5,881	-2.5
1985-86	64,845	5.7	25.3	69,838	3.3	27.3	-	-4,993	-2.0
1986-87	73,145	5.2	26.1	75,392	0.7	26.9	-	-2,247	-0.8
1987-88	81,217	3.4	25.4	79,440	-1.9	24.8	-	1,777	0.6
1988-89	88,369	0.3	24.4	82,202	-4.7	22.7	-	6,167	1.7
1989-90	95,517	1.8	24.0	88,882	1.9	22.4	-	6,635	1.7
1990-91	97,705	-2.5	23.9	97,333	4.3	23.8	-	372	0.1
1991-92	92,966	-6.6	22.3	104,551	5.4	25.1	-	-11,585	-2.8
1992-93	94,448	0.4	21.6	111,484	5.4	25.5	-	-17,036	-3.9
1993-94	100,142	5.2	21.8	117,252	4.4	25.5	-	-17,110	-3.7
1994-95	109,720	8.6	22.5	122,901	3.9	25.3	-	-13,181	-2.7
1995-96	121,105	7.7	23.4	131,182	4.1	25.3	-	-10,077	-1.9
1996-97	129,845	5.5	23.8	135,126	1.4	24.8	-	-5,281	-1.0
1997-98	135,779	3.2	23.5	134,608	-1.7	23.3	-	1,171	0.2
1998-99	146,496	7.6	24.1	142,159	5.3	23.4	-	4,337	0.7

**Table F1: Australian Government general government sector receipts, payments and underlying cash balance<sup>(a) (b)</sup>(continued)**

	Receipts			Payments			Future Fund earnings	Underlying cash balance(c)	
	\$m	Per cent		\$m	Per cent		\$m	\$m	Per cent of GDP
		real growth	Per cent of GDP		real growth	Per cent of GDP			
1999-00	165,806	na	25.7	152,747	na	23.7	-	13,059	2.0
2000-01	160,829	-7.1	23.3	154,858	-2.9	22.5	-	5,970	0.9
2001-02	162,524	-1.3	22.1	163,507	3.2	22.2	-	-983	-0.1
2002-03	176,147	5.2	22.5	168,661	0.1	21.5	-	7,486	1.0
2003-04	186,971	2.5	22.3	178,935	2.5	21.3	-	8,036	1.0
2004-05	203,573	4.8	22.8	189,957	2.2	21.3		13,616	1.5
<b>2005-06(e)</b>	<b>218,509</b>	<b>3.2</b>	<b>22.8</b>	<b>206,845</b>	<b>4.7</b>	<b>21.6</b>	<b>212</b>	<b>11,452</b>	<b>1.2</b>
2006-07(e)	227,022	1.6	22.5	215,431	1.9	21.4	1,889	9,702	1.0
2007-08(p)	237,781	3.8	22.6	225,005	3.5	21.4	2,642	10,134	1.0
2008-09(p)	249,016	3.6	22.7	235,507	3.6	21.4	2,783	10,725	1.0

(a) There is a break in the series between 1998-99 and 1999-2000. Data for the years up to and including 1998-99 are consistent with the cash ABS GFS reporting requirements. From 1999-2000, data are derived from an accrual ABS GFS reporting framework, with receipts proxied by receipts from operating activities and sales of non-financial assets, and payments proxied by payments for operating activities, purchases of non-financial assets and net acquisition of assets under finance leases. Due to associated methodological and data-source changes, time series data that encompass measures derived under both cash and accrual accounting should be used with caution.

(b) Some historical proportions and growth rates have changed since the *Final Budget Outcome 2004-05* due to significant revisions by the Australian Bureau of Statistics to its GDP series and non-farm GDP deflator series.

(c) Underlying cash balance is equal to receipts less payments less expected Future Fund earnings. For the purposes of consistent comparison with years prior to 2005-06, Future Fund Earnings should be added back to the underlying cash balance.

(e) Estimates.

(p) Projections.

na Not applicable, due to a structural break in the series.

**Table F2: Australian Government general government sector taxation receipts, non-taxation receipts and total receipts<sup>(a)(b)</sup>**

	Taxation receipts			Non-taxation receipts			Total receipts		
	\$m	Per cent		\$m	Per cent		\$m	Per cent	
		real growth	Per cent of GDP		real growth	Per cent of GDP		real growth	Per cent of GDP
1972-73	8,411	0.4	17.2	1,003	0.4	2.1	9,414	0.4	19.2
1973-74	10,832	12.5	18.3	1,058	-7.8	1.8	11,890	10.4	20.1
1974-75	14,141	7.1	20.2	1,184	-8.2	1.7	15,325	5.8	21.9
1975-76	16,920	3.7	20.7	1,396	2.2	1.7	18,316	3.6	22.4
1976-77	19,714	3.8	20.9	1,704	8.7	1.8	21,418	4.1	22.7
1977-78	21,428	-0.1	20.8	2,063	11.3	2.0	23,491	0.8	22.8
1978-79	23,409	3.1	20.0	2,257	3.3	1.9	25,666	3.2	22.0
1979-80	27,473	7.2	20.7	2,307	-6.7	1.7	29,780	6.0	22.5
1980-81	32,641	7.5	21.8	2,507	-1.7	1.7	35,148	6.8	23.4
1981-82	37,880	2.7	21.9	2,951	4.2	1.7	40,831	2.8	23.6
1982-83	41,025	-2.7	22.0	3,650	11.2	2.0	44,675	-1.7	24.0
1983-84	44,849	2.4	21.3	4,253	9.1	2.0	49,102	2.9	23.4
1984-85	52,970	12.2	22.8	4,788	7.0	2.1	57,758	11.8	24.9
1985-86	58,841	4.6	23.0	6,004	18.1	2.3	64,845	5.7	25.3
1986-87	66,467	5.4	23.7	6,678	3.8	2.4	73,145	5.2	26.1
1987-88	75,076	5.2	23.5	6,141	-14.3	1.9	81,217	3.4	25.4
1988-89	83,452	2.4	23.0	4,917	-26.2	1.4	88,369	0.3	24.4
1989-90	90,773	2.5	22.8	4,744	-9.1	1.2	95,517	1.8	24.0
1990-91	92,739	-2.7	22.7	4,966	-0.3	1.2	97,705	-2.5	23.9
1991-92	87,364	-7.5	21.0	5,602	10.7	1.3	92,966	-6.6	22.3
1992-93	88,760	0.4	20.3	5,688	0.3	1.3	94,448	0.4	21.6
1993-94	93,362	4.4	20.3	6,780	18.3	1.5	100,142	5.2	21.8
1994-95	104,921	11.4	21.6	4,799	-29.8	1.0	109,720	8.6	22.5
1995-96	115,700	7.6	22.3	5,405	9.9	1.0	121,105	7.7	23.4
1996-97	124,559	5.9	22.8	5,286	-3.8	1.0	129,845	5.5	23.8
1997-98	130,984	3.8	22.7	4,795	-10.5	0.8	135,779	3.2	23.5
1998-99	141,105	7.4	23.2	5,391	12.1	0.9	146,496	7.6	24.1
1999-00	150,695	na	23.4	15,111	na	2.3	165,806	na	25.7
2000-01	146,056	-7.2	21.2	14,774	-6.4	2.1	160,829	-7.1	23.3
2001-02	147,544	-1.3	20.1	14,980	-0.9	2.0	162,524	-1.3	22.1
2002-03	160,661	5.7	20.5	15,487	0.3	2.0	176,147	5.2	22.5
2003-04	172,243	3.6	20.5	14,729	-8.1	1.8	186,971	2.5	22.3
2004-05	187,279	4.6	21.0	16,294	6.5	1.8	203,573	4.8	22.8
<b>2005-06(e)</b>	<b>200,544</b>	<b>2.9</b>	<b>21.0</b>	<b>17,965</b>	<b>6.0</b>	<b>1.9</b>	<b>218,509</b>	<b>3.2</b>	<b>22.8</b>
2006-07(e)	209,357	2.1	20.8	17,665	-3.8	1.8	227,022	1.6	22.5
2007-08(p)	219,698	4.0	20.9	18,083	1.5	1.7	237,781	3.8	22.6
2008-09(p)	230,350	3.7	21.0	18,666	2.1	1.7	249,016	3.6	22.7

(a) There is a break in the series between 1998-99 and 1999-2000. Data for the years up to and including 1998-99 are consistent with the cash ABS GFS reporting requirements. From 1999-2000, data are derived from an accrual ABS GFS reporting framework, with receipts proxied by receipts from operating activities and sales of non-financial assets. Due to associated methodological and data-source changes, time series data that encompass measures derived under both cash and accrual accounting should be used with caution.

(b) Some historical proportions and growth rates have changed since the *Final Budget Outcome 2004-05* due to significant revisions by the Australian Bureau of Statistics to its GDP series and non-farm GDP deflator series.

(e) Estimates.

(p) Projections.

na Not applicable, due to a structural break in the series.

**Table F3: Australian Government receipts**

	Actual		Estimates		Projections	
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	\$m	\$m	\$m	\$m	\$m	\$m
<i>Income taxation</i>						
Individuals and other withholding						
Gross income tax withholding	89,638	97,304	101,430	107,090	115,060	123,350
Gross other individuals	19,935	22,554	24,060	24,830	26,180	28,060
less: Refunds	12,325	13,734	15,000	15,960	16,870	18,180
Total individuals and other withholding	97,247	106,123	110,490	115,960	124,370	133,230
Companies	36,101	40,404	48,210	51,300	51,980	52,600
Superannuation funds						
Contributions and earnings	4,502	5,014	5,300	5,600	6,050	6,540
Superannuation surcharge	1,050	1,233	1,300	380	100	40
Total superannuation funds	5,551	6,248	6,600	5,980	6,150	6,580
Petroleum resource rent tax	1,168	1,459	2,130	2,270	2,390	2,160
<b>Income taxation receipts</b>	<b>140,067</b>	<b>154,234</b>	<b>167,430</b>	<b>175,510</b>	<b>184,890</b>	<b>194,570</b>
<i>Excise and customs</i>						
<i>Excise duty</i>						
Petrol	7,434	7,330	7,210	7,280	7,370	7,460
Diesel	5,587	6,131	6,260	6,500	6,770	6,980
Other fuel products	210	147	170	150	150	170
Crude oil	309	668	480	440	440	440
Beer	1,633	1,653	1,690	1,710	1,740	1,770
Potable spirits	659	739	790	850	920	980
Tobacco	5,247	5,220	5,300	5,390	5,410	5,430
Total excise duty	21,079	21,888	21,900	22,320	22,800	23,230
<i>Customs duty</i>						
Textiles, clothing and footwear	993	966	790	840	880	970
Passenger motor vehicles	960	866	740	650	720	830
Excise-like goods	1,581	1,697	1,700	1,710	1,750	1,790
Other imports	1,739	1,789	1,519	1,656	1,776	1,816
less: Refunds and drawbacks	235	306	300	300	300	300
Total customs duty	5,038	5,012	4,449	4,556	4,826	5,106
<b>Excise and customs receipts</b>	<b>26,117</b>	<b>26,900</b>	<b>26,349</b>	<b>26,876</b>	<b>27,626</b>	<b>28,336</b>
<i>Indirect taxation</i>						
Wine equalisation tax	704	682	660	730	770	820
Luxury car tax	335	298	310	340	360	370
Other taxes	-48	35	40	60	70	80
<b>Indirect taxation receipts</b>	<b>992</b>	<b>1,015</b>	<b>1,010</b>	<b>1,130</b>	<b>1,200</b>	<b>1,270</b>
<i>Other taxation</i>						
Fringe benefits tax	3,226	3,316	3,440	3,560	3,680	3,800
Agricultural levies	603	584	599	608	606	600
Other taxes	1,239	1,229	1,716	1,673	1,696	1,774
<b>Other taxation receipts</b>	<b>5,068</b>	<b>5,129</b>	<b>5,755</b>	<b>5,841</b>	<b>5,982</b>	<b>6,174</b>
<b>Taxation receipts</b>	<b>172,243</b>	<b>187,279</b>	<b>200,544</b>	<b>209,357</b>	<b>219,698</b>	<b>230,350</b>
<i>Non-taxation</i>						
Sales of goods and services	4,422	4,865	5,144	5,032	5,153	5,019
Dividends	3,223	3,838	4,318	2,763	1,595	1,668
Interest received	1,056	1,400	2,170	3,522	4,851	5,462
Other	6,028	6,192	6,333	6,347	6,485	6,516
<b>Non-taxation receipts</b>	<b>14,729</b>	<b>16,294</b>	<b>17,965</b>	<b>17,665</b>	<b>18,083</b>	<b>18,666</b>
<b>Total receipts</b>	<b>186,971</b>	<b>203,573</b>	<b>218,509</b>	<b>227,022</b>	<b>237,781</b>	<b>249,016</b>



**Table F4: Australian Government general government sector net debt and net interest payments<sup>(a)(b)</sup>**

	Net debt		Net interest payments(c)	
	\$m	Per cent of GDP	\$m	Per cent of GDP
1972-73	-790	-1.6	-266	-0.5
1973-74	-1,851	-3.1	-306	-0.5
1974-75	-1,901	-2.7	-267	-0.4
1975-76	-341	-0.4	-389	-0.5
1976-77	898	1.0	-161	-0.2
1977-78	2,896	2.8	-106	-0.1
1978-79	4,983	4.3	126	0.1
1979-80	6,244	4.7	290	0.2
1980-81	6,356	4.2	444	0.3
1981-82	5,919	3.4	475	0.3
1982-83	9,151	4.9	654	0.4
1983-84	16,015	7.6	1,327	0.6
1984-85	21,896	9.4	2,462	1.1
1985-86	26,889	10.5	3,626	1.4
1986-87	29,136	10.4	4,387	1.6
1987-88	27,359	8.6	4,019	1.3
1988-89	21,982	6.1	3,722	1.0
1989-90	16,121	4.1	3,848	1.0
1990-91	16,936	4.1	2,834	0.7
1991-92	31,132	7.5	2,739	0.7
1992-93	55,218	12.6	2,912	0.7
1993-94	70,223	15.3	4,549	1.0
1994-95	83,492	17.2	6,310	1.3
1995-96	95,831	18.5	7,812	1.5
1996-97	96,281	17.6	8,449	1.5
1997-98	82,935	14.4	7,381	1.3
1998-99	70,402	11.6	6,901	1.1
1999-00	53,768	8.3	6,014	0.9
2000-01	42,651	6.2	4,855	0.7
2001-02	38,024	5.2	4,238	0.6
2002-03	29,665	3.8	3,641	0.5
2003-04	23,421	2.8	2,994	0.4
2004-05	11,534	1.3	2,463	0.3
<b>2005-06(e)</b>	<b>-1,327</b>	<b>-0.1</b>	<b>2,457</b>	<b>0.3</b>
2006-07(e)	-39,850	-4.0	322	0.0
2007-08(p)	-52,724	-5.0	-1,288	-0.1
2008-09(p)	-66,605	-6.1	-1,990	-0.2

(a) There is a break in the net debt and net interest series between 1998-99 and 1999-2000 (the first year of accrual budgeting). Up to 1998-99, Australian Government general government debt instruments are valued at historic cost. From 1999-2000, Australian Government general government debt instruments are valued at market prices, consistent with accrual GFS standards.

(b) Some historical proportions and growth rates have changed since the *Final Budget Outcome 2004-05* due to significant revisions by the Australian Bureau of Statistics to its GDP series and non-farm GDP deflator series.

(c) Excludes superannuation related interest flows.

(e) Estimates.

(p) Projections.

**Table F5: Australian Government general government sector revenue, expenses, net capital investment, fiscal balance and net worth<sup>(a)(b)</sup>**

	Revenue		Expenses		Net capital investment		Fiscal balance		Net worth(c)	
	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP
1996-97	141,688	26.0	145,809	26.7	90	0.0	-4,211	-0.8	-74,354	-13.6
1997-98	146,820	25.4	148,646	25.7	147	0.0	-1,973	-0.3	-68,544	-11.9
1998-99	151,897	25.0	146,620	24.1	1,433	0.2	3,844	0.6	-76,150	-12.5
1999-00	166,875	25.9	156,209	24.2	-1,225	-0.2	11,892	1.8	-40,552	-6.3
2000-01	161,789	23.5	157,382	22.8	-1,168	-0.2	5,575	0.8	-43,299	-6.3
2001-02	162,599	22.1	166,401	22.6	-369	-0.1	-3,433	-0.5	-48,429	-6.6
2002-03	175,191	22.4	170,676	21.8	-219	0.0	4,734	0.6	-53,251	-6.8
2003-04	187,559	22.4	182,005	21.7	724	0.1	4,830	0.6	-39,595	-4.7
2004-05	206,218	23.1	195,293	21.9	147	0.0	10,778	1.2	-32,758	-3.7
<b>2005-06(e)</b>	<b>218,622</b>	<b>22.9</b>	<b>207,038</b>	<b>21.6</b>	<b>1,186</b>	<b>0.1</b>	<b>10,398</b>	<b>1.1</b>	<b>-26,733</b>	<b>-2.8</b>
2006-07(e)	227,434	22.6	216,858	21.5	862	0.1	9,714	1.0	-16,930	-1.7
2007-08(p)	238,301	22.6	227,263	21.6	88	0.0	10,950	1.0	-7,048	-0.7
2008-09(p)	249,735	22.7	237,843	21.6	113	0.0	11,779	1.1	3,930	0.4

(a) The fiscal balance is equal to revenue less expenses less net capital investment. Net worth is calculated as assets minus liabilities.

(b) Some historical proportions and growth rates have changed since the *Final Budget Outcome 2004-05* due to significant revisions by the Australian Bureau of Statistics to its GDP series and non-farm GDP deflator series.

(c) There is a break in the net worth series between 1998-99 and 1999-2000. Data up to 1998-99 are sourced from the Australian Government's Consolidated Financial Statements based on Australian accounting standards. Data beginning in 1999-2000 are based on the GFS framework. For the general government sector, the major change across the break in the series is an improvement in net worth. This is primarily due to the move from valuing investments in public corporations at historic cost to current market value (which is calculated using the share price for listed corporations). This is partly offset by defence weapons platforms no longer being recorded as assets and valuing debt at current market value.

(e) Estimates.

(p) Projections.

**Table F6: Australian Government general government sector accrual taxation revenue, non-taxation revenue and total revenue<sup>(a)</sup>**

	Taxation revenue			Non-taxation revenue			Total revenue		
	\$m	Per cent	Per cent	\$m	Per cent	Per cent	\$m	Per cent	Per cent
		real	of GDP		real	of GDP		real	of GDP
	growth			growth			growth		
1999-00	152,856	na	23.7	14,020	na	2.2	166,875	na	25.9
2000-01	151,437	-5.1	22.0	10,352	-29.3	1.5	161,789	-7.2	23.5
2001-02	150,077	-3.2	20.4	12,522	18.2	1.7	162,599	-1.8	22.1
2002-03	163,232	5.5	20.9	11,958	-7.3	1.5	175,191	4.5	22.4
2003-04	175,058	3.6	20.9	12,501	1.0	1.5	187,559	3.4	22.4
2004-05	193,252	6.2	21.7	12,965	-0.2	1.5	206,218	5.8	23.1
<b>2005-06(e)</b>	<b>203,777</b>	<b>1.3</b>	<b>21.3</b>	<b>14,845</b>	<b>10.0</b>	<b>1.6</b>	<b>218,622</b>	<b>1.9</b>	<b>22.9</b>
2006-07(e)	212,906	2.2	21.1	14,527	-4.3	1.4	227,434	1.8	22.6
2007-08(p)	223,259	3.9	21.2	15,042	2.6	1.4	238,301	3.8	22.6
2008-09(p)	234,062	3.7	21.3	15,673	3.1	1.4	249,735	3.7	22.7

(a) Some historical proportions and growth rates have changed since the *Final Budget Outcome 2004-05* due to significant revisions by the Australian Bureau of Statistics to its GDP series and non-farm GDP deflator series.

(e) Estimates.

(p) Projections.

na Not applicable, due to a structural break in the series.

**Table F7: Australian Government revenue**

	Actual		Estimates		Projections	
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	\$m	\$m	\$m	\$m	\$m	\$m
<i>Income taxation</i>						
Individuals and other withholding						
Gross income tax withholding	90,095	98,250	102,030	107,720	115,750	124,090
Gross other individuals	21,010	24,003	25,110	25,850	27,260	29,220
less: Refunds	12,325	13,734	15,000	15,960	16,870	18,180
Total individuals and other withholding	98,779	108,519	112,140	117,610	126,140	135,130
Companies	36,337	43,106	48,740	52,210	52,770	53,390
Superannuation funds						
Contributions and earnings	4,487	5,083	5,280	5,620	6,080	6,570
Superannuation surcharge	1,298	1,326	1,410	410	110	40
Total superannuation funds	5,785	6,410	6,690	6,030	6,190	6,610
Petroleum resource rent tax	1,165	1,465	2,130	2,270	2,390	2,160
<b>Income taxation revenue</b>	<b>142,067</b>	<b>159,499</b>	<b>169,700</b>	<b>178,120</b>	<b>187,490</b>	<b>197,290</b>
<i>Excise and customs</i>						
<i>Excise duty</i>						
Petrol	7,423	7,371	7,210	7,280	7,370	7,460
Diesel	5,587	6,164	6,260	6,500	6,770	6,980
Other fuel products	210	147	170	150	150	170
Crude oil	309	668	480	440	440	440
Beer	1,633	1,653	1,690	1,710	1,740	1,770
Potable spirits	659	741	790	850	920	980
Tobacco	5,247	5,237	5,300	5,390	5,410	5,430
Total excise duty	21,068	21,981	21,900	22,320	22,800	23,230
<i>Customs duty</i>						
Textiles, clothing and footwear	993	966	790	840	880	970
Passenger motor vehicles	1,547	1,397	1,350	1,252	1,322	1,432
Excise-like goods	1,581	1,697	1,700	1,710	1,750	1,790
Other imports	1,736	1,793	1,522	1,658	1,778	1,818
less: Refunds and drawbacks	235	306	300	300	300	300
Total customs duty	5,622	5,548	5,062	5,160	5,430	5,710
<b>Excise and customs revenue</b>	<b>26,690</b>	<b>27,529</b>	<b>26,962</b>	<b>27,480</b>	<b>28,230</b>	<b>28,940</b>
<i>Indirect taxation</i>						
Wine equalisation tax	705	693	660	730	770	820
Luxury car tax	336	302	310	340	360	370
Other taxes	-38	169	220	270	320	370
<b>Indirect taxation revenue</b>	<b>1,002</b>	<b>1,164</b>	<b>1,190</b>	<b>1,340</b>	<b>1,450</b>	<b>1,560</b>
<i>Other taxation</i>						
Fringe benefits tax	3277	3,089	3,470	3,540	3,660	3,780
Agricultural levies	603	584	599	608	606	600
Other levies	73	206	192	148	119	124
Broadcasting licence fees	225	287	263	273	284	298
Other taxes	1122	895	1,402	1,397	1,420	1,471
<b>Other taxation revenue</b>	<b>5,299</b>	<b>5,061</b>	<b>5,925</b>	<b>5,966</b>	<b>6,089</b>	<b>6,272</b>
<b>Taxation revenue</b>	<b>175,058</b>	<b>193,252</b>	<b>203,777</b>	<b>212,906</b>	<b>223,259</b>	<b>234,062</b>
<i>Non-taxation</i>						
Sales of goods and services	4,314	4,880	4,900	4,855	4,976	4,835
Dividends	4,199	3,176	4,318	2,464	1,575	1,668
Interest received	1,304	1,621	2,319	3,858	5,077	5,712
Other	2,684	3,289	3,307	3,350	3,414	3,457
<b>Non-taxation revenue</b>	<b>12,501</b>	<b>12,965</b>	<b>14,845</b>	<b>14,527</b>	<b>15,042</b>	<b>15,673</b>
<b>Total revenue</b>	<b>187,559</b>	<b>206,218</b>	<b>218,622</b>	<b>227,434</b>	<b>238,301</b>	<b>249,735</b>

Table F8: Australian Government cash receipts, payments and cash surplus by institutional sector (\$m)<sup>(a)</sup>

	General government				Public non-financial corporations				Non-financial public sector			
	Underlying cash		Cash surplus		Underlying cash		Cash surplus		Underlying cash		Cash surplus	
	Receipts	Payments	Receipts	Payments	Receipts	Payments	Receipts	Payments	Receipts	Payments	Receipts	Payments
1987-88	81,217	79,440	1,777	4,129	5,006	944	84,333	83,439	2,721			
1988-89	88,369	82,202	6,167	4,177	6,035	257	91,544	87,188	6,424			
1989-90	95,517	88,882	6,635	3,926	11,322	-5,261	98,387	99,081	1,374			
1990-91	97,705	97,333	372	4,804	9,351	-2,139	101,315	105,476	-1,767			
1991-92	92,966	104,551	-11,585	3,899	7,713	101	95,063	110,448	-11,484			
1992-93	94,448	111,484	-17,036	4,385	7,819	-196	97,327	117,775	-17,232			
1993-94	100,142	117,252	-17,110	5,178	6,476	1,482	103,065	121,457	-15,628			
1994-95	109,720	122,901	-13,181	5,262	7,318	1,956	113,013	128,247	-11,225			
1995-96	121,105	131,182	-10,077	4,927	8,190	-527	123,269	136,607	-10,604			
1996-97	129,845	135,126	-5,281	4,782	7,373	473	131,512	139,385	-4,808			
1997-98	135,779	134,608	1,171	6,238	7,923	1,119	139,560	140,006	2,290			
1998-99	146,496	142,159	4,337	na	na	-353	na	na	3,984			
1999-00	165,806	152,747	13,059	na	na	-2,594	na	na	10,465			
2000-01	160,829	154,858	5,970	na	na	391	na	na	6,362			
2001-02	162,524	163,507	-983	na	na	1,210	na	na	227			
2002-03	176,147	168,661	7,486	na	na	1,280	na	na	8,766			
2003-04	186,971	178,935	8,036	na	na	1,575	na	na	9,611			
2004-05	203,573	189,957	13,616	na	na	1,550	na	na	15,167			
<b>2005-06(e)</b>	<b>218,509</b>	<b>206,845</b>	<b>11,452</b>	na	na	<b>-678</b>	na	na	<b>10,774</b>			
2006-07(e)	227,022	215,431	9,702	na	na	na	na	na	na			
2007-08(p)	237,781	225,005	10,134	na	na	na	na	na	na			
2008-09(p)	249,016	235,507	10,725	na	na	na	na	na	na			

(a) There is a break in the series between 1998-99 and 1999-2000. Data for the years up to and including 1998-99 are consistent with the cash ABS GFS reporting requirements. From 1999-2000, data are derived from an accrual ABS GFS reporting framework, with receipts proxied by receipts from operating activities and sales of non-financial assets, and payments proxied by payments for operating activities, purchases of non-financial assets and net acquisition of assets under finance leases. Due to associated methodological and data-source changes, time series data that encompass measures derived under both cash and accrual accounting should be used with caution.

(b) These items exclude expected Future Fund earnings. Expected Future Fund earnings are shown in Table F1.

(e) Estimates.

(p) Projections.

na Data not available.

**Table F9: Australian Government accrual revenue, expenses and fiscal balance by institutional sector (\$m)<sup>(a)</sup>**

	General government			Public non-financial corporations			Non-financial public sector		
	Revenue	Expenses(b)	Fiscal balance(b)	Revenue	Expenses	Fiscal balance	Revenue	Expenses	Fiscal balance
1996-97	141,688	145,809	-4,211	27,431	26,015	-331	na	na	-4,542
1997-98	146,820	148,646	-1,973	29,618	26,999	2,360	na	na	387
1998-99	151,897	146,620	3,844	27,687	26,088	-816	175,682	168,806	3,028
1999-00	166,875	156,209	11,892	25,485	23,542	1,062	188,412	174,646	12,953
2000-01	161,789	157,382	5,575	25,869	24,762	-826	183,052	177,538	4,750
2001-02	162,599	166,401	-3,433	26,638	25,341	793	184,629	187,134	-2,640
2002-03	175,191	170,676	4,734	24,339	22,916	1,975	194,402	188,507	6,709
2003-04	187,559	182,005	4,830	25,449	23,444	2,143	207,263	199,705	6,973
2004-05	206,218	195,293	10,778	26,965	25,191	1,473	227,298	214,599	12,250
<b>2005-06(e)</b>	<b>218,622</b>	<b>207,038</b>	<b>10,398</b>	<b>27,481</b>	<b>27,582</b>	<b>-1,461</b>	<b>240,417</b>	<b>228,934</b>	<b>8,936</b>
2006-07(e)	227,434	216,858	9,714	na	na	na	na	na	na
2007-08(p)	238,301	227,263	10,950	na	na	na	na	na	na
2008-09(p)	249,735	237,843	11,779	na	na	na	na	na	na

(a) The fiscal balance is equal to revenue less expenses less net capital investment. Net capital investment is not shown in this table.

(b) The increases in expenses and decreases in fiscal balance and net worth arise from a change in recognition of family tax benefits and other expenses from a cash to an accrual basis.

(e) Estimates.

(p) Projections.

na Data not available.