

# Mid-Year Economic and Fiscal Outlook 2015-16

DECEMBER 2015

Statement by

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and  
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For the information of honourable members

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## NOTES

- (a) The following definitions are used in this Mid-Year Economic and Fiscal Outlook (MYEFO):
- 'real' means adjusted for the effect of inflation;
  - real growth in expenses and payments is calculated by the Consumer Price Index (CPI) as the deflator;
  - the Budget year refers to 2015-16, while the forward years refer to 2016-17, 2017-18 and 2018-19; and
  - one billion is equal to one thousand million.
- (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:
- |         |   |
|---------|---|
| -       | nil   |
| na      | not applicable (unless otherwise specified) |
| \$m     | millions of dollars                         |
| \$b     | billions of dollars                         |
| nfp     | not for publication                         |
| (e)     | estimates (unless otherwise specified)      |
| (p)     | projections (unless otherwise specified)    |
| NEC/nec | not elsewhere classified                    |

- (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

- (f) In this paper the term Commonwealth refers to the Commonwealth of Australia. The term is used when referring to the legal entity of the Commonwealth of Australia.

The term Australian Government is used when referring to the Government and the decisions and activities made by the Government on behalf of the Commonwealth of Australia.

## FOREWORD

The *Mid-Year Economic and Fiscal Outlook 2015-16* (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 on the Government's fiscal position.

Consistent with these requirements:

- **Part 1: Overview** – contains summary information on the key fiscal and economic indicators and outlook.
- **Part 2: Economic outlook** – discusses the domestic and international economic forecasts and projections that underpin the budget estimates.
- **Part 3: Fiscal strategy and outlook** – provides a discussion of the fiscal strategy and outlook, in addition to a summary of the factors explaining variations in the cash flow statement, the operating statement and the balance sheet since the 2015-16 Budget. This part includes discussion of the sensitivity of the budget estimates to changes in economic parameters, confidence intervals around forecasts, expenses by function, tax expenditures, payments to the States, and a debt statement.
- **Appendix A: Policy decisions taken since the 2015-16 Budget** – provides details of decisions taken since the 2015-16 Budget that affect revenue, expense and capital estimates.
- **Appendix B: Australian Government Budget Financial Statements** – provides financial statements for the general government, public non-financial corporations and total non-financial public sectors.
- **Appendix C: 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 D: Historical Australian Government data** – provides historical data for the Australian Government's key fiscal aggregates.



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## PART 1: OVERVIEW

The Government is focused on building a stronger economy to drive further gains in employment and prosperity. The 2015-16 Mid-Year Economic and Fiscal Outlook (MYEFO) shows the Government's fiscal position is forecast to maintain an improving trajectory over the forward estimates period, despite changes in economic parameters detracting from the fiscal outlook since the 2015-16 Budget.

The Australian economy continues to perform well, transitioning from strong resource investment-led growth to broader-based drivers of economic activity. Employment growth has strengthened as the economy transitions to more labour intensive sectors. While business investment intentions currently remain subdued, conditions conducive to stronger business investment are in place.

Building on Australia's economic growth record requires sound government finances, continued investment in Australia's productive capacity and policy settings that support the innovation and drive of Australian workers and businesses. This underscores the importance of the Government's integrated national plan for economic growth and jobs.

### UPDATED FISCAL OUTLOOK

The underlying cash deficit is expected to narrow from \$37.4 billion (2.3 per cent of GDP) in 2015-16 to \$14.2 billion (0.7 per cent of GDP) in 2018-19. The average annual pace of fiscal consolidation is 0.4 per cent of GDP over the forward estimates period, only slightly less than the 2015-16 Budget despite economic parameter variations detracting significantly from the fiscal outlook.

**Table 1.1: Budget aggregates**

	Estimates			
	2015-16		2016-17	
	Budget	MYEFO	Budget	MYEFO
<b>Underlying cash balance(\$b)(a)</b>	<b>-35.1</b>	<b>-37.4</b>	<b>-25.8</b>	<b>-33.7</b>
Per cent of GDP	-2.1	-2.3	-1.5	-2.0
<b>Fiscal balance(\$b)</b>	<b>-33.0</b>	<b>-35.8</b>	<b>-23.4</b>	<b>-32.8</b>
Per cent of GDP	-2.0	-2.2	-1.3	-1.9
	Projections			
	2017-18		2018-19	
	Budget	MYEFO	Budget	MYEFO
<b>Underlying cash balance(\$b)(a)</b>	<b>-14.4</b>	<b>-23.0</b>	<b>-6.9</b>	<b>-14.2</b>
Per cent of GDP	-0.8	-1.3	-0.4	-0.7
<b>Fiscal balance(\$b)</b>	<b>-9.2</b>	<b>-17.4</b>	<b>-3.2</b>	<b>-10.2</b>
Per cent of GDP	-0.5	-1.0	-0.2	-0.5

(a) Excludes expected net Future Fund earnings.

Net debt is projected to peak at 18.5 per cent of GDP in 2017-18 and then decline over the medium term.

## *Part 1: Overview*

Government payments as a share of GDP are expected to decline from 25.9 per cent of GDP in 2015-16 to 25.3 per cent of GDP in 2018-19. Based on the 2014-15 Budget outcome, real growth in payments over the forward estimates has fallen since the 2015-16 Budget from 2.0 per cent to 1.8 per cent due to a lower spending profile.

Consistent with the Government's fiscal strategy, spending decisions taken since the 2015-16 Budget, including those arising from Senate negotiations, have been more than offset by reductions in spending elsewhere in the budget. After taking into account the provision previously made for the China-Australia Free Trade Agreement, new policy decisions taken since the 2015-16 Budget have had a positive net impact on the underlying cash balance over the forward estimates (see Table 3.6).

Excluding policy changes, total receipts are expected to be \$33.8 billion lower over the forward estimates than expected at the 2015-16 Budget. This largely reflects revisions to forecast nominal GDP, with declining commodity prices resulting in lower company tax receipts and a weaker outlook for wages and population growth, leading to lower expected income tax from individuals. Furthermore, weaker equity markets since the 2015-16 Budget have also resulted in downward revisions to receipts from capital gains tax.

Partly offsetting the impact of lower forecast tax receipts, stronger employment and slower population growth have driven a decrease in expected personal benefit payments.

## **UPDATED ECONOMIC OUTLOOK**

The Australian economy continues to perform well. Australia's real GDP growth is forecast to strengthen from 2½ per cent in 2015-16 to 2¾ per cent in 2016-17, with the economy's transition from resource investment-led growth towards broader-based drivers of activity appearing to be underway. This transition is being supported by historically low interest rates, the fall in the Australian dollar and lower oil prices.

World economic growth is expected to improve in 2016 and 2017, providing support to Australia's growth outlook. Global conditions remain uneven, with significant divergence across the major advanced economies. Growth in emerging market economies is expected to pick up in 2016 and 2017, driving more than 70 per cent of world growth. However, risks to the global outlook remain elevated, with China's shifting composition of growth and an uncertain market reaction to the withdrawal of monetary policy stimulus in the United States raising the potential for further volatility.

The Treasury has updated its technical assumptions for growth in the working-age population and average hours worked, which has affected estimates of the economy's potential output. This contributes to lower projected growth in real and nominal GDP over the coming years.

The assumed pace of real GDP growth in the five years from 2017-18 has been revised down to 3 per cent, from the 3½ per cent assumed in the 2014-15 Budget.

Changes to the economic assumptions underpinning the projections have reduced the projected underlying cash balance by around \$9 billion over the forward estimates. These changes also affect the medium-term fiscal projections, with weaker tax receipts impacting the return to surplus (see Box A in Part 3).

**Table 1.2: Major economic parameters<sup>(a)</sup>**

	Outcomes	Forecasts		Projections	
	2014-15	2015-16	2016-17	2017-18	2018-19
Real GDP	2.2	2 1/2	2 3/4	3	3
Employment	1.5	2	1 3/4	1 1/2	1 1/2
Unemployment rate	6.0	6	6	5 3/4	5 1/2
Consumer price index	1.5	2	2 1/4	2 1/2	2 1/2
Wage price index	2.3	2 1/2	2 3/4	2 3/4	3
Nominal GDP	1.6	2 3/4	4 1/2	5	5 1/4

(a) Year average unless otherwise stated. From 2014-15 to 2016-17, employment and the wage price index are through the year growth to the June quarter. The unemployment rate is the rate for the June quarter. The consumer price index is through the year growth to the June quarter.

Source: Treasury projections.

The number of Australians with jobs rose by over 340,000 over the past year. Employment is forecast to grow by 2 per cent through the year to the June quarter of 2016 and by 1¾ per cent to the June quarter of 2017. The unemployment rate is expected to peak at a lower level than previously forecast, remaining at around 6 per cent in the June quarters of 2016 and 2017.

Soft commodity prices and a moderate outlook for inflation and wages are expected to weigh on nominal GDP growth over the forecast period. Forecast nominal GDP growth has been revised down since the 2015-16 Budget to 2¾ per cent in 2015-16 and 4½ per cent in 2016-17.

The iron ore price assumption has been reduced from US\$48 per tonne at the 2015-16 Budget to US\$39 per tonne. While the depreciation of the Australian dollar provides some buffer, the fall in prices is expected to detract around \$7 billion from forecast tax receipts over the forward estimates.

Moderate income growth highlights the importance of improving Australia's productivity performance to support future growth in national living standards.

## **A NATIONAL PLAN FOR ECONOMIC GROWTH AND JOBS**

The Government is investing in the drivers of Australia's future prosperity and supporting job creation through its integrated national plan for economic growth and jobs. The Government is putting in place policies to create a dynamic, competitive economy that rewards effort, incentivises innovation and sets Australia up to capitalise on the abundant opportunities in the fast-growing Asian region.

The Government's National Innovation and Science Agenda backs Australians to generate and capitalise on ideas that will grow the economy and create jobs. Encouraging innovation is a key part of the Government's strategy to build a stronger, more competitive and more dynamic economy.

Complementing this agenda, free trade agreements with China, Japan and Korea and the historic Trans-Pacific Partnership Agreement (TPP) will open up new trade opportunities in the rapidly growing Asia Pacific region. The trade and investment guaranteed by the Government's trade deals with regional partners will support growth, job creation and income for Australia.

The Government is supporting record levels of infrastructure investment through its \$50 billion infrastructure package, increasing the economy's productive capacity, creating jobs and expanding business and labour market opportunities. As part of this, the Government is partnering with the States and Territories to release capital to fund productive infrastructure through the Asset Recycling Initiative.

The Government's response to the Financial System Inquiry will further strengthen Australia's already robust financial system by ensuring it continues to meet the needs of Australians and supports sustainable growth in the economy.

The Government is also strengthening Australia's competition frameworks through its response to the Harper Review to support a more dynamic, productive and innovative economy and improve living standards. This includes working with the State and Territory governments to unlock the benefits of choice and diversity in areas such as health and aged care.

The Government has initiated a comprehensive dialogue on how to create a 'growth friendly' tax system that backs Australians who are working, saving and investing. As demonstrated by the National Innovation and Science Agenda, the Government's focus is on changes to the tax system that will help grow our economy and create jobs, while ensuring the burden of taxation is fair.

A strengthening budget position is another important pillar of a strong, resilient economy. As the 2015-16 MYEFO shows, the Government's policies and continued fiscal control maintain an improving trajectory for the budget position despite global economic headwinds.

## **PART 2: ECONOMIC OUTLOOK**

### **OVERVIEW**

The Australian economy is transitioning from strong resource investment-led growth to broader-based drivers of economic activity. The transition is being supported by historically low interest rates, the fall in the Australian dollar and low oil prices. Employment growth has strengthened as the economy transitions to more labour-intensive sectors such as services and has been supported by moderate wage growth. While business investment intentions currently remain subdued, conditions conducive to stronger business investment are in place.

Australia's real GDP growth has been revised down for 2015-16 from the Budget forecast of 2¾ per cent to 2½ per cent but is forecast to strengthen to 2¾ per cent in 2016-17. With business investment intentions in the non-mining sectors of the economy yet to strengthen, real GDP growth is forecast to pick up more gradually than anticipated at Budget.

Nominal GDP growth is also expected to be weaker than forecast at Budget at 2¾ per cent in 2015-16 and 4½ per cent in 2016-17. This reflects weaker commodity prices and a moderate outlook for inflation.

### **INTERNATIONAL ECONOMIC OUTLOOK**

World economic growth is expected to pick up over the forecast horizon, but not to the extent forecast at Budget. Growth remains uneven, with the recovery in advanced economies being patchy. While emerging market economies have slowed in 2015, their growth is expected to pick up in 2016 and 2017. More than 70 per cent of world growth is expected to come from emerging market economies, predominantly those within the Asia-Pacific region.

Australia's major trading partner growth is expected to continue to exceed world growth at 4 per cent in 2015, 2016 and 2017. This reflects the relative strength of East Asian economies and the importance of this region as a destination for Australia's exports.

Risks to the global outlook are elevated, with the world economy struggling to regain sustained momentum. The significant transitions underway in the global economy, while welcome, may not be smooth. China's shift from investment-led growth to a greater reliance on consumption and services has implications for regional and global activity, while also presenting new opportunities for Australian businesses.

The prospect of normalisation of US monetary policy from near-zero interest rates has the potential to contribute to financial market volatility. Emerging market economies have accumulated large amounts of debt in recent years and could be exposed to

Part 2: Economic outlook

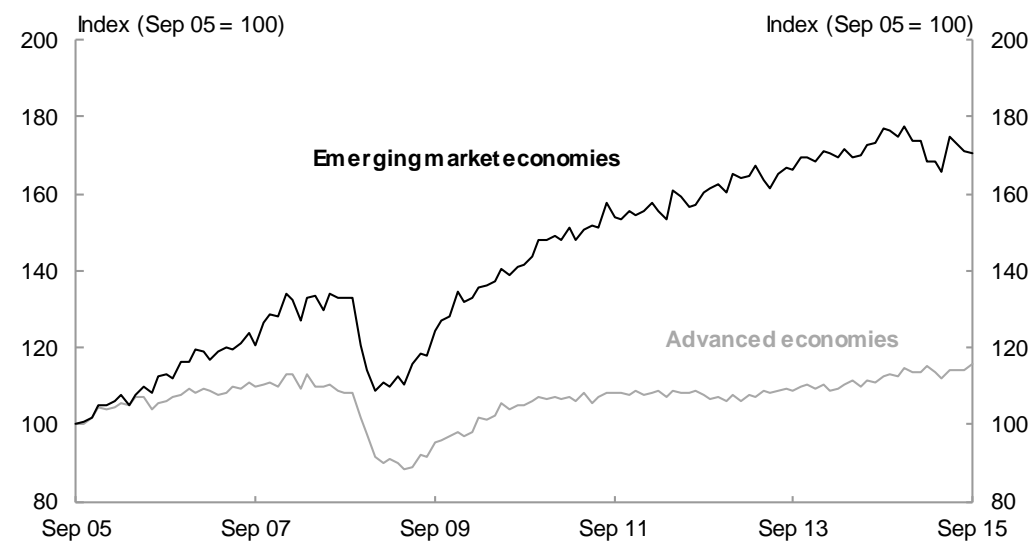
sudden shifts in market sentiment. Financial market volatility was pronounced through the middle of the year and there is potential for further episodes.

Since the Budget, commodity prices have continued to fall reflecting both increasing supply and slowing demand growth. Both oil and iron ore spot prices have fallen by around a third since Budget in US dollar terms, while thermal coal and metallurgical coal spot prices have fallen by around 15 per cent and 10 per cent respectively. Lower commodity and oil prices are, on balance, likely to support global growth, despite being a drag on the economies of oil and commodity exporters.

Global inflation pressures remain weak, with the fall in oil prices over the past year suppressing headline inflation. Core inflation pressures (excluding food and energy) also remain weak in most major economies. Additionally, market expectations of medium and longer-term inflation have fallen in the major advanced economies. Against this background, global monetary policy remains very accommodative.

A further sign that the global economy is struggling to regain sustained momentum is slower growth in global trade, which is particularly evident in export-focused East Asian economies. So far in 2015, world merchandise trade volumes have expanded at their slowest rate since 2009, driven by a slowdown in emerging market economies (Chart 2.1). There are a number of factors contributing to slower global trade growth, including the shifting composition of China's growth.

**Chart 2.1: Global merchandise trade volumes**



For **China**, Australia's largest trading partner, forecasts are unchanged since Budget, with growth moderating as the economy transitions. The traditional drivers of growth, including investment, industrial production and exports, remain weak reflecting



overcapacity in some sectors as well as a difficult global environment. In contrast, retail sales growth remains stable and the labour market is relatively robust.

The Chinese authorities have reaffirmed their commitment to double GDP as well as income *per capita* from 2010 levels by 2020. They will be attempting to achieve this target as the economy transitions.

**Table 2.1: International GDP growth forecasts**

	Actuals	Forecasts		
	2014	2015	2016	2017
China	7.3	6 3/4	6 1/2	6 1/4
India	7.1	7 1/4	7 1/2	7 1/2
Japan	0.0	3/4	3/4	1/2
United States	2.4	2 1/2	2 3/4	2 3/4
Euro area	0.9	1 1/2	1 3/4	1 3/4
Other East Asia(a)	4.1	3 3/4	4 1/4	4 1/4
Major trading partners	4.2	4	4	4
World	3.4	3	3 1/2	3 3/4

(a) Other East Asia comprises the newly industrialised economies of Hong Kong, South Korea, Singapore and Taiwan and the Association of Southeast Asian Nations group of five (ASEAN-5), comprising Indonesia, Malaysia, the Philippines, Thailand and Vietnam.

Note: World, euro area and other East Asia growth rates are calculated using GDP weights based on purchasing power parity (PPP), while growth rates for major trading partners are calculated using export trade weights.

Source: National Statistical Agencies, IMF World Economic Outlook October 2015, Thomson Reuters and Treasury.

Growth in the **ASEAN 5 economies** has slowed in 2015. The impact of China's transition is being felt in many of these economies, which are exposed to the slowing in Chinese investment and the slowing rate of growth in Chinese industrial production.

In **Japan**, growth is expected to pick up in 2015 and 2016 albeit at a slow pace. Japan continues to face significant structural challenges which present downside risks to growth.

Growth in the **United States** is forecast to be the strongest amongst the major advanced economies, but slower than expected at Budget. The labour market recovery continues. The domestically-oriented sectors remain strong, outweighing the pressure on externally-exposed sectors from a strong exchange rate and slower global growth. Growth is forecast to be 2½ per cent in 2015 and 2¾ per cent in 2016 and 2017.

The recovery in the **euro area** is expected to remain relatively subdued and expectations for growth in 2015 have been revised down marginally since Budget. During 2015 growth improved in Spain, Italy and Ireland while growth is lower than expected in Germany. Accommodative monetary policy, a weaker currency and lower commodity prices continue to support euro area activity. Immediate risks associated with Greece have abated, but structural challenges remain.

**India** continues to benefit from low commodity prices and is expected to remain the fastest growing major economy in 2015. Growth is expected to continue to be underpinned in coming years by the Indian Government's reform agenda, including the proposed reduction of company tax as well as measures to make doing business easier and more predictable.

## **DOMESTIC ECONOMIC OUTLOOK**

Australia's real GDP growth is forecast to strengthen from 2½ per cent in 2015-16 to 2¾ per cent in 2016-17. This compares with forecasts at Budget of 2¾ per cent in 2015-16 and 3¼ per cent in 2016-17. While real GDP growth is weaker than forecast at Budget, the transition from resource investment-led growth towards broader-based drivers of economic activity appears to be underway, supported by historically low interest rates, the fall in the Australian dollar and lower oil prices. Employment growth has strengthened recently as the economy transitions to more labour intensive sectors such as services and has been supported by moderate wage growth.

**Exports** continue to grow strongly, with total export volumes in 2014-15 in line with expectations at Budget. Planned resource projects are nearing completion which is giving rise to an increase in production and exports of commodities. Exports of services continue to strengthen with sectors such as tourism and education benefiting from the lower Australian dollar and rising demand from East Asia. In 2015-16, rural exports are expected to fall as a result of adverse weather conditions associated with El Niño and as beef producers enter a period of restocking.

**Imports** are expected to fall by ½ per cent in 2015-16 and grow by 2½ per cent in 2016-17. Overall, net exports contributed 1.4 per cent to real GDP growth in 2014-15 and are expected to remain strong over the forecast horizon, contributing 1 percentage point to GDP growth in both 2015-16 and 2016-17.

**Business investment** fell 6.3 per cent in 2014-15 as resource investment continued to decline. Non-mining business investment grew modestly in 2014-15. The outlook for 2015-16 is more subdued than forecast at Budget as the transition towards broader-based growth is materialising at a slower pace than previously anticipated. While the Australian Bureau of Statistics' Capital Expenditure Survey indicates weak investment intentions, the National Australia Bank Business Survey has more firms intending to increase than to decrease investment in the 12 months from September 2015.

Conditions for investment continue to remain favourable with low borrowing costs leaving firms well placed to increase investment. Moreover, there has been a sustained lift in non-mining business conditions since Budget and rising capacity utilisation in the non-mining sector (Chart 2.2). As growth in domestic demand and exports gathers pace, businesses will have more opportunities to expand their productive capacity.

**Table 2.2: Domestic economy forecasts<sup>(a)</sup>**

	Outcomes(b)	Forecasts			
	2014-15	2015-16		2016-17	
		Budget	MYEFO	Budget	MYEFO
<b>Real gross domestic product</b>	<b>2.2</b>	<b>2 3/4</b>	<b>2 1/2</b>	<b>3 1/4</b>	<b>2 3/4</b>
Household consumption	2.5	3	2 3/4	3 1/4	3
Dwelling investment	7.7	6 1/2	8 1/2	4 1/2	2
Total business investment(c)	-6.3	-7	-9 1/2	-3 1/2	-4
<i>By industry</i>					
Mining investment	-17.3	-25 1/2	-26	-30 1/2	-25 1/2
Non-mining investment	1.0	4	- 1/2	7 1/2	4 1/2
Private final demand(c)	0.9	1 1/4	3/4	2 1/4	1 3/4
Public final demand(c)	-0.1	1 1/2	2	1 1/2	1 1/2
Change in inventories(d)	0.2	0	0	0	0
Gross national expenditure	0.8	1 1/2	1	2 1/4	1 3/4
Exports of goods and services	6.6	5	4 1/2	6 1/2	7
Imports of goods and services	0.1	-1 1/2	- 1/2	2 1/2	2 1/2
Net exports(d)	1.4	1 1/4	1	1	1
Nominal gross domestic product	1.6	3 1/4	2 3/4	5 1/2	4 1/2
Prices and wages					
Consumer price index(e)	1.5	2 1/2	2	2 1/2	2 1/4
Wage price index(f)	2.3	2 1/2	2 1/2	2 3/4	2 3/4
GDP deflator	-0.6	1/2	0	2 1/4	1 1/2
Labour market					
Participation rate (per cent)(g)	64.7	64 3/4	65	64 3/4	65
Employment(f)	1.5	1 1/2	2	2	1 3/4
Unemployment rate (per cent)(g)	6.0	6 1/2	6	6 1/4	6
Balance of payments					
Terms of trade(h)	-10.2	-8 1/2	-10 1/2	3/4	-2 1/4
Current account balance (per cent of GDP)	-3.6	-3 1/2	-5 1/4	-2 3/4	-5

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

(b) Calculated using original data unless otherwise indicated.

(c) Excluding second hand asset sales from the public sector to the private sector.

(d) Percentage point contribution to growth in GDP.

(e) Through the year growth rate to the June quarter.

(f) Seasonally adjusted, through the year growth rate to the June quarter.

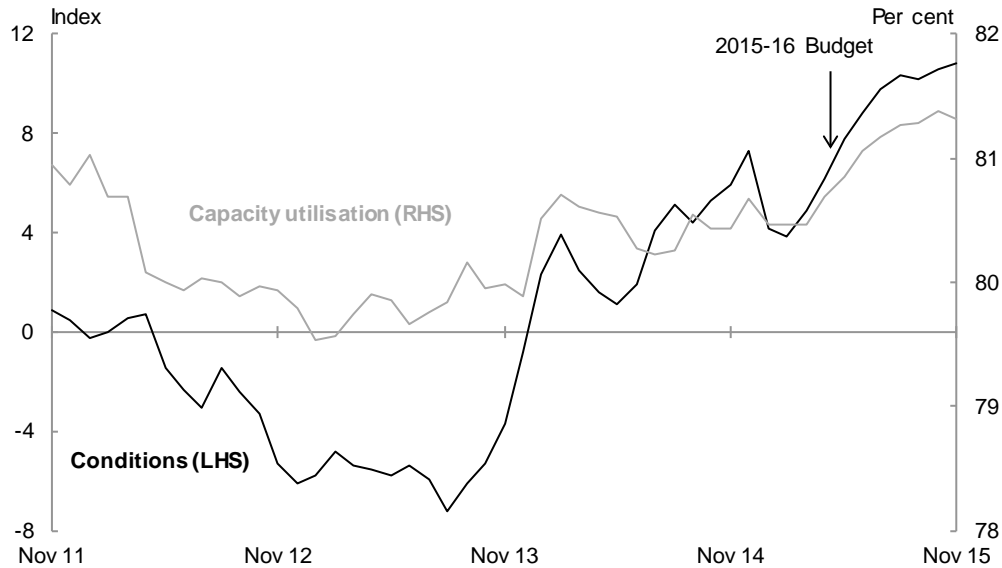
(g) Seasonally adjusted rate for the June quarter.

(h) The forecasts are underpinned by spot prices of US\$39 per tonne (FOB) for iron ore; US\$73 per tonne (FOB) for metallurgical coal; and US\$52 per tonne (FOB) for thermal coal.

Note: The forecasts for the domestic economy are based on several technical assumptions. The exchange rate is assumed to remain around its recent average level — a trade weighted index of around 61 and a \$US exchange rate of around 72 US cents. Interest rates are assumed to move broadly in line with market expectations. World oil prices (Malaysian Tapis) are assumed to be US\$43 per barrel.

Source: ABS cat. no. 5204.0, 5206.0, 5302.0, 6202.0, 6345.0, 6401.0, unpublished ABS data and Treasury.

**Chart 2.2: Non-mining business conditions and capacity utilisation**



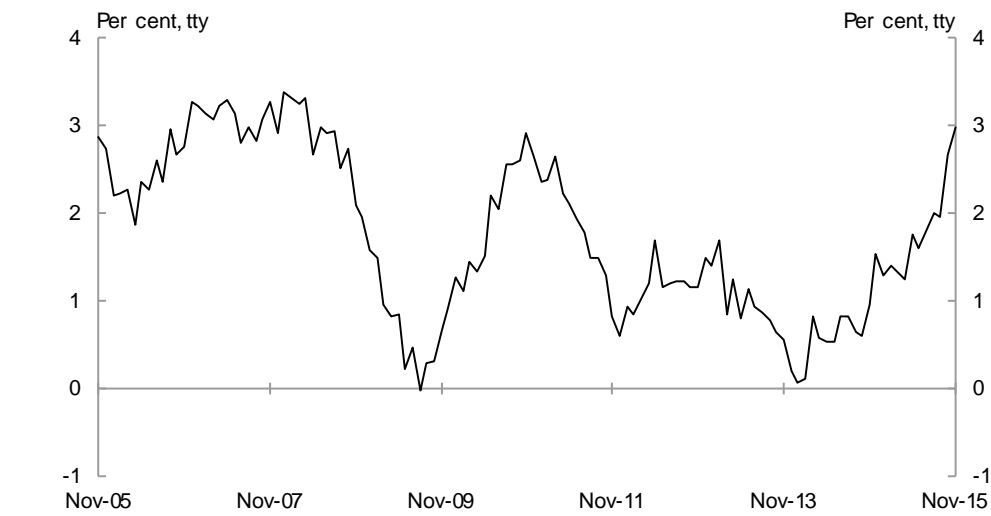
Note: Figures represent the 3-month moving average.  
Source: NAB Monthly Business Survey and Treasury.

**Dwelling investment** grew more strongly in 2014-15 than expected at Budget rising by 7.7 per cent compared with the then forecast of 6½ per cent. With approvals, commencements and work yet to be done currently at or near record levels, dwelling investment is expected to maintain momentum throughout 2015-16. Dwelling investment is forecast to grow by 8½ per cent in 2015-16, with growth easing to 2 per cent in 2016-17.

The number of Australians with jobs rose by more than 340,000 over the past year, the strongest jobs growth in seven years (Chart 2.3). **Employment** is forecast to grow by 2 per cent through the year to the June quarter of 2016 and by 1¾ per cent to the June quarter of 2017. Consistent with lower forecast growth in real GDP and in line with slower population growth, expected employment growth in 2016-17 is lower than forecast at Budget. This results in lower forecast growth in compensation of employees. The unemployment rate is expected to have peaked at a lower level than previously forecast, remaining at around 6 per cent in the June quarters of 2016 and 2017.

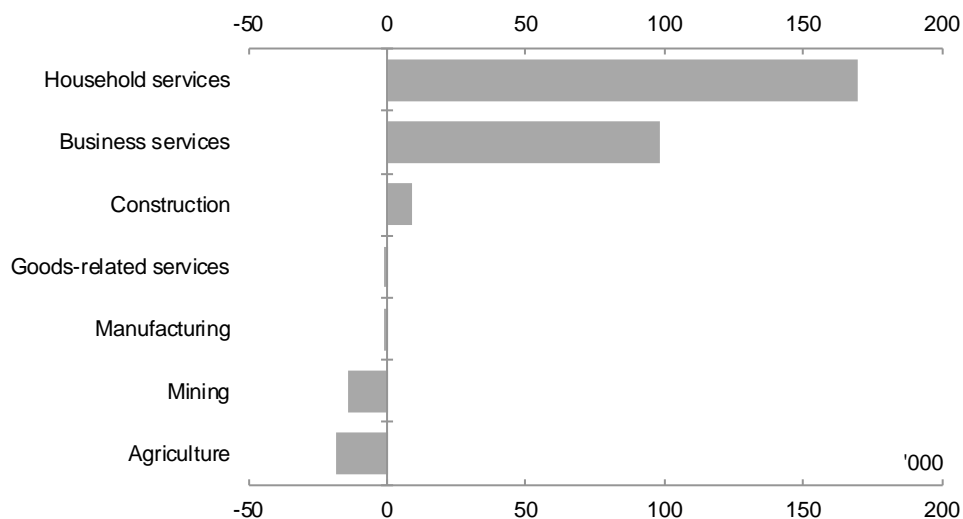
The youth unemployment rate has fallen to 12.4 per cent from the peak of 14.5 per cent in November 2014 but remains substantially higher now than the 30 year lows reached before the global financial crisis.

**Chart 2.3: Employment growth**



The transition in the economy from capital intensive mining to labour intensive service sectors is evident in the strength and composition of employment growth (Chart 2.4). While the economy has grown slower than its potential rate over the past year, employment growth has been significantly above the long run average, driven by the fast-growing household and business services sectors.

**Chart 2.4: Growth in employment by industry in 2014-15**



Note: Household services includes: accommodation and food services, education and training, health care and social assistance, arts and recreation services and other services. Business services includes: information media and telecommunications, financial and insurance services, rental, hiring and real estate services, professional, scientific and technical services, and administrative and support services. Goods-related services includes: electricity, gas, water, and waste services, wholesale trade, retail trade and transport, postal and warehousing.  
Source: ABS cat. No. 6291.0.55.003.

*Part 2: Economic outlook*

The **participation rate** has increased to 65.3 per cent as those previously outside the labour market have responded to improving job opportunities. The participation rate is forecast to be 65 per cent over the forecast period.

**Wage growth** remains moderate, which continues to help the economy in its adjustment to broader-based growth. Moderate wage growth is supporting employment outcomes during a period of below potential GDP growth. Wage growth is forecast to be 2½ per cent through to the June quarter 2016 and 2¾ per cent through the year to the June quarter 2017.

Household **consumption** grew by 2.5 per cent in 2014-15, supported by strong growth in employment and lower petrol and electricity prices. Buoyant conditions in the housing market are also likely to have provided support for household consumption, contributing to an increase in household wealth and underpinning spending on household furnishings. Consistent with this outlook, recent surveys suggest that consumer sentiment is strengthening.

A strengthening labour market and a further modest decline in the household saving ratio are expected to support solid growth in household consumption, albeit at a slower rate than expected at Budget. Household consumption is forecast to grow by 2¾ per cent in 2015-16 and 3 per cent in 2016-17.

Headline CPI **inflation** is forecast to be 2 per cent through the year to the June quarter 2016 and 2¼ per cent to the June quarter 2017. The subdued outlook for inflation reflects moderate wage growth in combination with below potential GDP growth and lower oil prices.

The oil price, key commodity export prices and the exchange rate used to underpin the forecasts are based on a recent average, continuing the approach taken at the 2015-16 Budget. The average spot price for iron ore, metallurgical coal and thermal coal at the time of finalising MYEFO was \$US39 per tonne free on board (FOB), \$US73 per tonne (FOB) and \$US52 per tonne (FOB) respectively.

Oil prices have continued to fall since the Budget, hitting six-year lows in November. While the sustained drop in oil prices is benefiting many parts of the Australian economy, it has a negative impact on LNG prices. As LNG export prices are linked to oil prices through long-term contracts, the large fall in the price of oil has resulted in lower LNG prices than forecast at Budget. With major Australian LNG projects coming on stream in the next few years, the lower oil price assumption is leading to lower forecast export values from these projects.

Falls in commodity prices since Budget continue to weigh on the **terms of trade**. As a result, the terms of trade are forecast to fall by 10½ per cent in 2015-16, compared with 8½ per cent at Budget. The terms of trade are expected to continue to fall by a further 2¼ per cent in 2016-17 compared with Budget forecasts of a small rise.

The **nominal GDP growth** outcome for 2014-15 was broadly in line with forecasts at Budget with growth of 1.6 per cent. Forecast nominal GDP growth has been revised down since Budget to be  $2\frac{3}{4}$  per cent in 2015-16 and  $4\frac{1}{2}$  per cent in 2016-17. Declines in commodity prices have resulted in lower forecast company tax receipts, while moderate wages growth continues to weigh on personal income tax receipts.

There are continuing uncertainties in the outlook for commodity prices. The impact of the slowdown in the Chinese property market, along with overcapacity in resource and energy intensive sectors, is a downside risk to the prices of key Australian commodity exports.

There are also risks of financial market volatility associated with the prospect of the US Federal Reserve raising its policy rate for the first time in more than nine years.

In addition, there are risks around the momentum in consumer spending, with uncertainty over the global economic outlook having the potential to result in households being more cautious and saving more than expected. Changes to housing market conditions could also have an impact on household wealth and confidence and affect the outlook for household consumption.

The pace of the pick-up in non-mining business investment also remains a major source of uncertainty. As mining investment declines and the economy transitions to broader-based growth, business investment will be underpinned by a greater number of smaller investments in a diverse range of industries. These industries are generally less capital intensive, such as small businesses and businesses in the services sector, and lead times for investments are typically shorter than those for large mining projects. This adds to the difficulty in estimating both the timing and scale of the expected pick up in business investment.

The uncertainty around the forecasts can be estimated based on past forecast errors. The real GDP growth rate in 2015-16 is expected to be around  $2\frac{1}{2}$  per cent, with the 70 per cent confidence interval ranging from  $1\frac{3}{4}$  to  $3\frac{1}{4}$  per cent. Nominal GDP growth forecasts carry with them additional uncertainty. The 70 per cent confidence interval for nominal GDP growth in 2015-16 ranges from  $1\frac{1}{2}$  to  $3\frac{3}{4}$  per cent. Attachment A of Part 3 provides further detail on the confidence intervals around the forecasts.

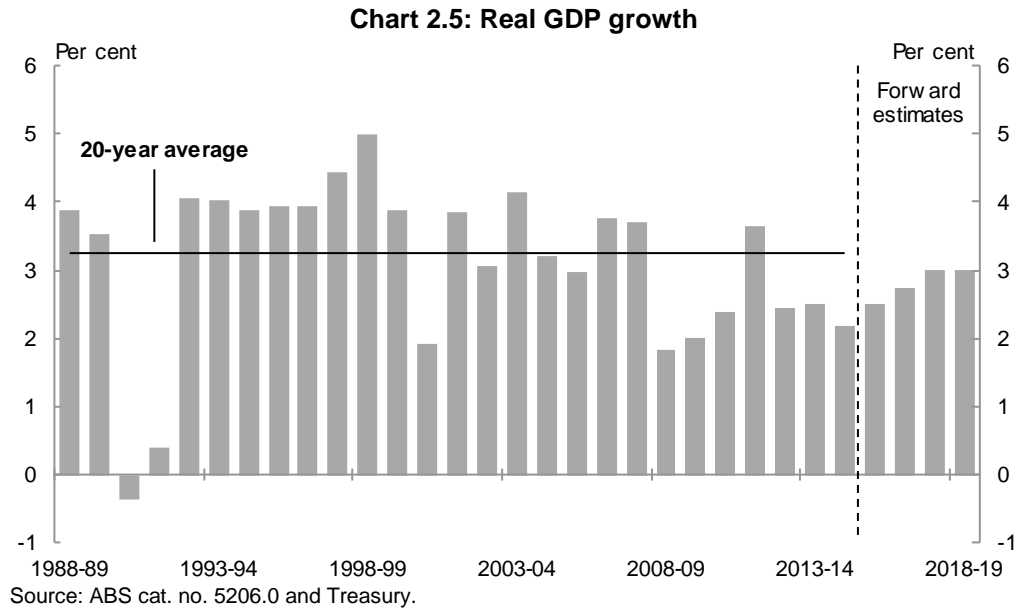
### **Medium-term economic projections**

The fiscal aggregates in the MYEFO are underpinned by a set of forward estimates, containing economic forecasts for the budget year and the subsequent financial year, and projections for the next two financial years. Importantly, these projections are not forecasts, but rather reflect a set of medium-term assumptions.

The medium-term projection methodology (as outlined in the 2014-15 Budget) assumes that any spare capacity remaining in the economy at the end of the forecast period will

Part 2: Economic outlook

be absorbed over the following five years<sup>1</sup>. As this occurs, labour market variables including employment and the participation rate are assumed to converge to their long-run potential levels. To absorb the forecast spare capacity in the economy, real GDP is projected to grow above potential for a period of five years from 2017-18 (Chart 2.5). By then the spare capacity is absorbed and real GDP is assumed to grow at its potential rate thereafter.



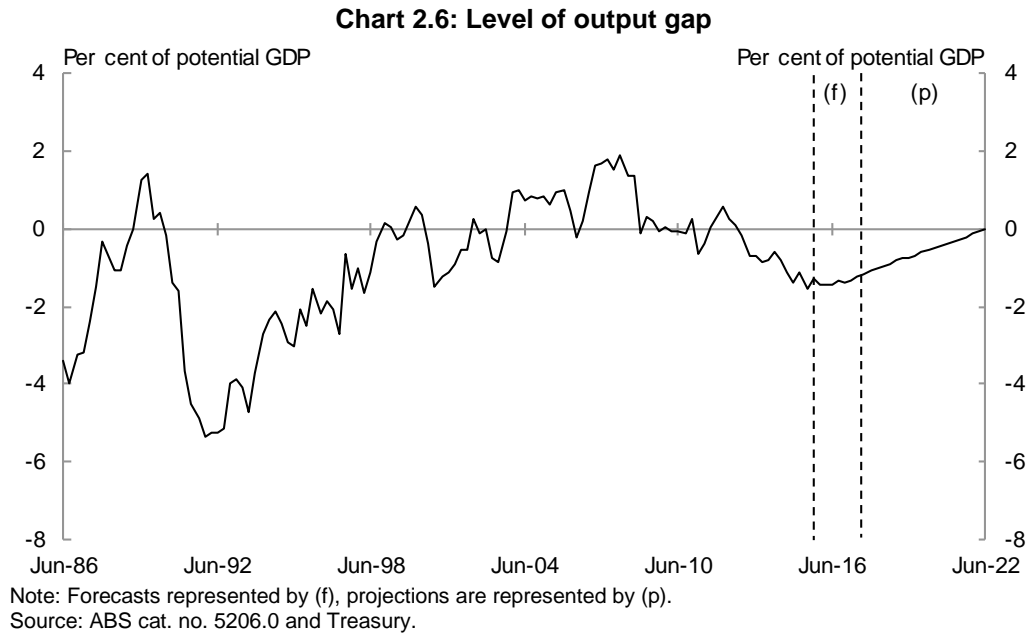
Potential GDP is estimated based on analysis of underlying trends for population, productivity and participation. The unemployment rate is projected to converge back to 5 per cent over the medium-term, Treasury’s estimate of the non-accelerating inflation rate of unemployment. Inflation is projected to be 2½ per cent, consistent with the mid-point of the Reserve Bank of Australia’s medium-term target band.

Since the release of economic projections in the 2015-16 Budget, downward revisions to Australia’s current and projected population, as well as revised labour force estimates and projections, including a lower assessment of trend working hours, indicate that the economy’s productive capacity is somewhat lower than estimated at last Budget. Incorporating this new information into the same methodological approach used in the 2014-15 and 2015-16 Budgets, results in downward revisions to the estimate of Australia’s current potential output level, as well as to projected growth in potential output, which is now estimated to be 2¾ per cent over the next few years. As a result, the current estimate of the divergence between the economy’s actual and potential output level – known as the output gap – is less than estimated at the 2015-16

<sup>1</sup> Further information on the medium term projection methodology can be found at <http://treasury.gov.au/PublicationsAndMedia/Publications/2014/Tsy-Medium-Term-Projection>.



Budget (Chart 2.6) necessitating lower projected growth to absorb the lower forecast of spare capacity in the economy.



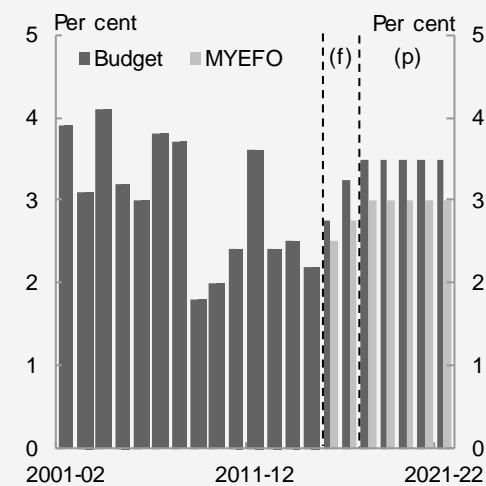
Additional information on the medium-term projections changes are in Box A.

**Box A: Medium-term economic projections**

Treasury has lowered its estimates of potential GDP in light of downward revisions to Australia’s population and updated labour force data.<sup>2</sup>

As a result of lower estimated potential GDP, the rate of economic growth over the medium term has been revised down from 3½ per cent to 3 per cent (Chart A).

**Chart A: Impact on real GDP projections**



**Revised population and labour force**

Revised population data showed that growth in Australia’s working-age population over recent years was slower than initially reported by the Australian Bureau of Statistics (ABS).

This reflected lower than expected net overseas migration (NOM) in line with declines in temporary visas (in particular, graduate and 457 visas) and lower net migration from New Zealand.

The revised data show that the working-age population expanded by 1½ per cent over the year to June 2015, lower than the 1¾ per cent growth assumed at Budget and the average 1¾ per cent growth in the past decade.

Taking account of these historical revisions and lower NOM projections by the Department of Immigration and Border Protection, the working-age population is now projected to grow at around 1½ per cent over the next three years.

Estimates of trend average hours worked have also been reviewed in light of new ABS labour force data. These data suggest a larger share of the recent decline in average hours worked is likely to be related to trend rather than cyclical factors, including the continued rise of part-time work and dual income families.

**Impact on GDP projections**

Growth in potential GDP is now estimated at 2¾ per cent over the next few years, down from 3 per cent at Budget.

As a result, real GDP is projected to be lower each year from 2017-18 than at Budget, in line with the downward revisions to estimated potential GDP.

Similarly, nominal GDP is also projected to be lower over this period than at Budget, which has flow-on effects for the fiscal outlook. Fiscal impacts are discussed in Part 3, Box A.

<sup>2</sup> Further information on the impact of revised population and labour force data can be found at: [www.treasury.gov.au/PublicationsAndMedia/Speeches/2015/The-Macroeconomic-Context](http://www.treasury.gov.au/PublicationsAndMedia/Speeches/2015/The-Macroeconomic-Context).

## PART 3: FISCAL STRATEGY AND OUTLOOK

### OVERVIEW

The fiscal position is forecast to maintain an improving trajectory over the forward estimates period, consistent with the Government's commitment to returning the budget to a sustainable position and reducing debt over the medium term. This is despite changes in economic parameters detracting from the fiscal outlook since the 2015-16 Budget.

The underlying cash deficit is expected to narrow from \$37.4 billion (2.3 per cent of GDP) in 2015-16 to \$14.2 billion (0.7 per cent of GDP) in 2018-19. Likewise, the fiscal balance is expected to improve from \$35.8 billion (2.2 per cent of GDP) in 2015-16 to \$10.2 billion (0.5 per cent of GDP) in 2018-19 (see Table 3.1).

**Table 3.1: Budget aggregates**

	Estimates			
	2015-16		2016-17	
	Budget	MYEFO	Budget	MYEFO
<b>Underlying cash balance(\$b)(a)</b>	<b>-35.1</b>	<b>-37.4</b>	<b>-25.8</b>	<b>-33.7</b>
Per cent of GDP	-2.1	-2.3	-1.5	-2.0
<b>Fiscal balance(\$b)</b>	<b>-33.0</b>	<b>-35.8</b>	<b>-23.4</b>	<b>-32.8</b>
Per cent of GDP	-2.0	-2.2	-1.3	-1.9
	Projections			
	2017-18		2018-19	
	Budget	MYEFO	Budget	MYEFO
<b>Underlying cash balance(\$b)(a)</b>	<b>-14.4</b>	<b>-23.0</b>	<b>-6.9</b>	<b>-14.2</b>
Per cent of GDP	-0.8	-1.3	-0.4	-0.7
<b>Fiscal balance(\$b)</b>	<b>-9.2</b>	<b>-17.4</b>	<b>-3.2</b>	<b>-10.2</b>
Per cent of GDP	-0.5	-1.0	-0.2	-0.5

(a) Excludes expected net Future Fund earnings.

The Government remains committed to repairing the budget by controlling expenditure. Government payments as a share of GDP are forecast to decline from 25.9 per cent in 2015-16 to 25.3 per cent in 2018-19.

Consistent with the Government's fiscal strategy, spending decisions taken since the 2015-16 Budget, including those arising from Senate negotiations, have been more than offset by reductions in spending elsewhere in the budget. After taking into account the provision the Government has previously made for the China-Australia Free Trade Agreement, policy decisions taken since the 2015-16 Budget have been more than offset over the forward estimates (see Table 3.6).

### *Part 3: Fiscal Strategy and Outlook*

Economic parameter and other variations since the 2015-16 Budget have contributed to a \$33.8 billion downward revision to total receipts over the four years to 2018-19. Declines in commodity prices have resulted in lower forecast company tax receipts, while weaker wages growth is weighing on income tax receipts. In addition, weaker equity markets have resulted in downward revisions to capital gains tax receipts.

## **FISCAL STRATEGY**

The Government's medium-term fiscal strategy is to achieve budget surpluses, on average, over the course of the economic cycle. The fiscal strategy underlines the commitment to budget discipline and outlines how the Government will set medium-term fiscal policy while allowing for flexibility in response to changing economic conditions.

The strategy is underpinned by the following three policy elements:

- investing in a stronger economy by redirecting Government spending to quality investment to boost productivity and workforce participation;
- maintaining strong fiscal discipline by controlling expenditure to reduce the Government's share of the economy over time in order to free up resources for private investment to drive jobs and economic growth, with:
  - the payments-to-GDP ratio falling;
  - stabilising and then reducing net debt over time; and
- strengthening the Government's balance sheet by improving net financial worth over time.

The Budget repair strategy is designed to deliver budget surpluses building to at least 1 per cent of GDP as soon as possible consistent with the medium term fiscal strategy.

This strategy sets out that:

- new spending measures will be more than offset by reductions in spending elsewhere within the budget;
- the overall impact of shifts in receipts and payments due to changes in the economy will be banked as an improvement to the budget bottom line, if this impact is positive; and
- a clear path back to surplus is underpinned by decisions that build over time.

The Budget repair strategy will stay in place until a strong surplus is achieved and so long as economic growth prospects are sound and unemployment remains low.

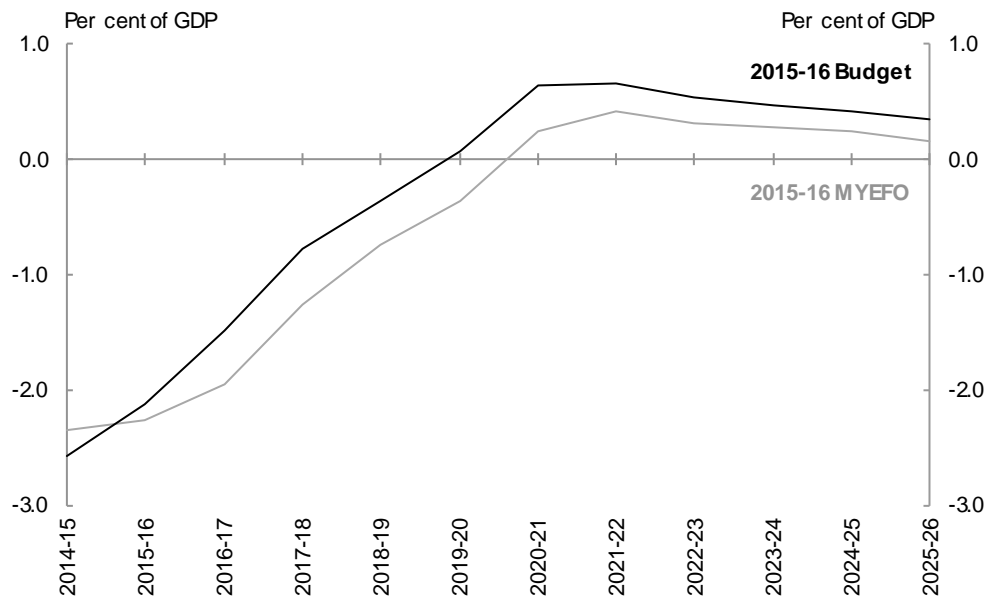
### Medium-term fiscal strategy

The underlying cash balance is expected to improve over the forward estimates. This is notwithstanding a deterioration since the 2015-16 Budget that is largely attributable to considerably weaker tax receipts. Weaker commodity prices, low wages growth and equity markets have all contributed to the write-down. Revised assumptions around the working-age population have also impacted the underlying cash balance (see Box A).

The underlying cash balance is projected to return to surplus in 2020-21, one year later than projected at the 2015-16 Budget (see Chart 3.1). Modest surpluses, of up to 0.4 per cent of GDP, are projected over the remainder of the medium term, down from the 2015-16 Budget. A surplus of 0.2 per cent of GDP is projected by the end of the projection period, down from 0.4 per cent at Budget.

Along with lower-than-expected tax receipts, an increase in the Government's borrowing costs as a result of higher yields has contributed to the weaker medium-term fiscal outlook (see Attachment E: Debt Statement). The write-down in tax receipts has also meant the tax-to-GDP cap of 23.9 per cent is projected to be reached one year later than Budget, in 2021-22. These impacts are partially offset by the effects of lower population growth on projections of some Government expenditure programs.

**Chart 3.1: Underlying cash balance projected to 2025-26**



Note: A tax-to-GDP cap of 23.9 per cent is applied to these projections. The tax cap applies from 2021-22 at the 2015-16 MYEFO and from 2020-21 at the 2015-16 Budget. Net Future Fund earnings are included in projections of the underlying cash balance from 2020-21 when drawdowns from the Future Fund commence. Source: Treasury projections.

**Box A: Impact of revised assumptions on the underlying cash balance**

As outlined in Box A in Part 2, the Australian Bureau of Statistics has revised down estimates of the working-age population in recent years as a result of lower net overseas migration (NOM) outcomes than initially estimated.

Taking account of these historical revisions and lower NOM projections by the Department of Immigration and Border Protection, the working-age population is now projected to grow at around 1½ per cent over the next three years, significantly lower than the 1¾ per cent factored into the 2015-16 Budget. By June 2019, this will result in a working age population around 150,000 less than that projected at the 2015-16 Budget.

Along with lower estimates of trend average hours worked, the downward revision to the working-age population has led Treasury to reduce its estimates of the economy's potential output over coming years.

Lower estimates of trend average hours worked and the downward revision to the working-age population results in lower expected nominal GDP and therefore tax receipts. Around \$13 billion of the reduction in tax receipts (including GST) over the forward estimates reported in this MYEFO is a result of these changes in assumptions.

A smaller population also affects total payments. It results in lower expenditure on Medicare, and a smaller labour force reduces the number of unemployment benefit recipients. There is also a small impact on other payments, as in most cases population growth is only a minor driver and in other cases the revision to the relevant population cohort is relatively small (for instance, the cohort eligible for the Age Pension). In aggregate, the revision to projected population lowers expected payments by around \$4 billion (including GST payments to the States) over the four years to 2018-19.

In aggregate, the net impact of the revised assumptions on the underlying cash balance is in the order of \$9 billion over the four years to 2018-19. The change to the assumptions contributes around two thirds of the total reduction in projected tax receipts to 2021-22 compared with the 2015-16 Budget.

**Investing in a stronger economy**

Continued investment in Australia's productive capacity is important for building a stronger, dynamic and competitive economy that rewards effort, incentivises innovation and sets Australia up to capitalise on the abundant opportunities in the fast-growing Asian region.

The Government is investing in a stronger economy by redirecting spending to quality investment to boost productivity and workforce participation. This includes the Government's National Innovation and Science Agenda (see Box B).

The Government is supporting record levels of infrastructure investment through its \$50 billion infrastructure package announced in the 2014-15 Budget, increasing the economy's productive capacity, generating jobs and expanding business and labour market opportunities. As part of this, the Government is partnering with the States and Territories to release capital to fund productive infrastructure through the Asset Recycling Initiative.

The economic strength of Asia and ever-growing integration of the global economy present exciting opportunities for Australian businesses. These future growth opportunities are boosted by our recent historic Free Trade Agreements with Japan, Korea and China, all creating new markets for Australian businesses. The trade and investment generated through the China-Australia Free Trade Agreement will help drive growth, increase productive capacity and create jobs. The China-Australia Free Trade Agreement will help attract investment to Australia, make key industries more competitive and increase opportunities for Australian businesses.

Delivering a better tax system will help grow the economy and create jobs, while ensuring that the burden of taxation is fair. The Government has initiated an open and constructive conversation with the community on how we can achieve this.

The response to the Financial System Inquiry will further strengthen Australia's already robust financial system and ensure that it continues to meet the needs of Australians and support sustainable growth in the economy. The Government's financial system program will be implemented in stages over the coming years, ensuring Australia's financial system is equipped to respond to future challenges and embrace technology-driven innovation.

The Government is also strengthening Australia's competition frameworks to support a more dynamic, agile and innovative economy. This includes working with the State and Territory governments to unlock the benefits of choice and diversity in areas such as health and aged care.

**Box B: National Innovation and Science Agenda**

The Government announced its \$1.1 billion National Innovation and Science Agenda on 7 December 2015.

Building on existing policy settings, the Agenda plays a key role in supporting innovation by setting out an ambitious vision and putting in place a strategy and the architecture to deliver it. The measures in the Agenda demonstrate the Government's focus on enabling an environment that incentivises and rewards innovation, science and taking risks to succeed.

The Agenda builds on the Government's responses to the Harper Competition Policy Review and the Murray Financial System Inquiry and is the next step in building a more innovative and agile economy. This is a dynamic process and the Government will seek to model and encourage innovation in everything it does, including focusing on innovation and productivity in its forthcoming reform processes such as the Defence White Paper and the Tax White Paper.

To encourage innovation and risk taking and build an entrepreneurial culture in Australia, as part of the National Innovation and Science Agenda the Government is:

- increasing access to equity capital for innovative new businesses by providing attractive tax incentives to Australian angel investors and venture capital funds;
- removing features of our tax system that can impose extra costs on innovative businesses, including allowing greater access to tax losses and improving the tax treatment of intangible assets, such as patents, which are increasingly important in our knowledge-based economy; and
- improving our insolvency laws to facilitate the restructure of financially stressed companies and reducing the stigma of business failure.

The Agenda also includes measures to help increase the level of collaboration between industry and research to drive world-first innovation, such as a new \$200 million CSIRO Innovation Fund to co-invest in new spin-off companies and existing start-ups that will develop technology from CSIRO and other publicly funded research agencies and universities.

In addition, the Government is continuing efforts to develop and attract the best talent to create a 21st Century workforce. This includes \$84 million to ensure Australians have the digital and STEM skills needed for the future, and making it easier for Australian business to attract and retain the global skills and talents they need by making visas for entrepreneurs and high quality talent more readily available.



**Box B: National Innovation and Science Agenda (continued)**

The Government will also improve its own data analytic capability and skills by providing \$75 million of extra funding for Data61.

A new independent statutory board, Innovation and Science Australia, will be responsible for researching, planning and advising government on the long term strategic vision for innovation and science. One of its first responsibilities will be to review the current R&D Tax Incentive to improve its effectiveness and integrity, including by sharpening its focus on encouraging additional R&D spending, drawing on the detailed departmental review currently underway.

**Fiscal discipline**

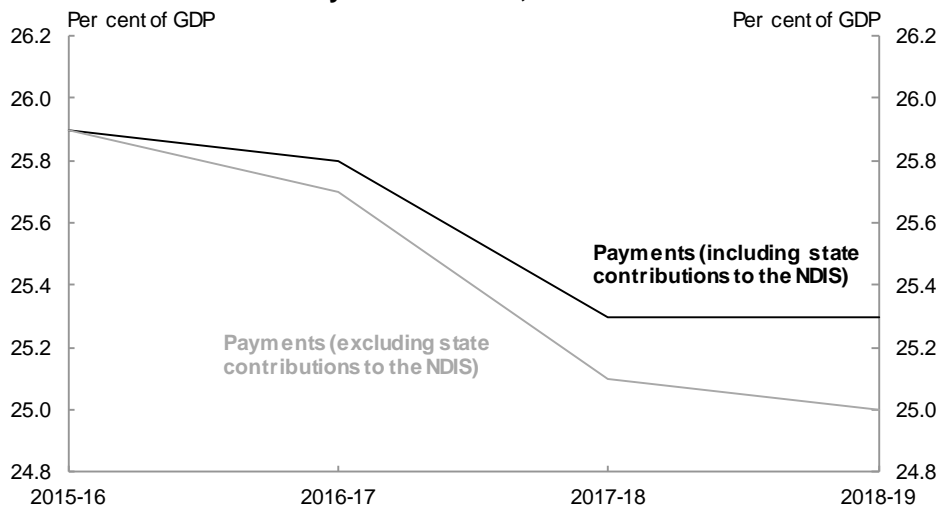
The Government remains committed to fiscal discipline by controlling expenditure. Strong fiscal discipline will reduce the Government’s share of the economy over time in order to free up resources for private investment to drive jobs and economic growth.

**Payments-to-GDP**

Government payments as a share of GDP are forecast to decline from 25.9 per cent in 2015-16 to 25.3 per cent in 2018-19. This decline is consistent with that reported in the 2015-16 Budget despite total nominal payments being lower across the forward estimates and a fall in expected nominal GDP.

The current payments-to-GDP ratio includes the contributions of State and Territory governments towards the National Disability Insurance Scheme. As shown in Chart 3.2, if State and Territory contributions to the NDIS were excluded the Commonwealth’s payments-to-GDP ratio would decline to 25.0 per cent of GDP by 2018-19.

**Chart 3.2: Payments to GDP, 2015-16 to 2018-19**



Source: Treasury.

### Part 3: Fiscal Strategy and Outlook

Based on the 2014-15 Budget outcome, real growth in payments over the forward estimates has fallen since the 2015-16 Budget from 2.0 per cent to 1.8 per cent per annum, due to a lower spending profile. This rate is currently projected to increase to 3.0 per cent on average over the medium-term (2019-20 to 2025-26), indicating that further restraint in expenditure is necessary if payments growth is to remain in line with the lower rates of the forward estimates period.

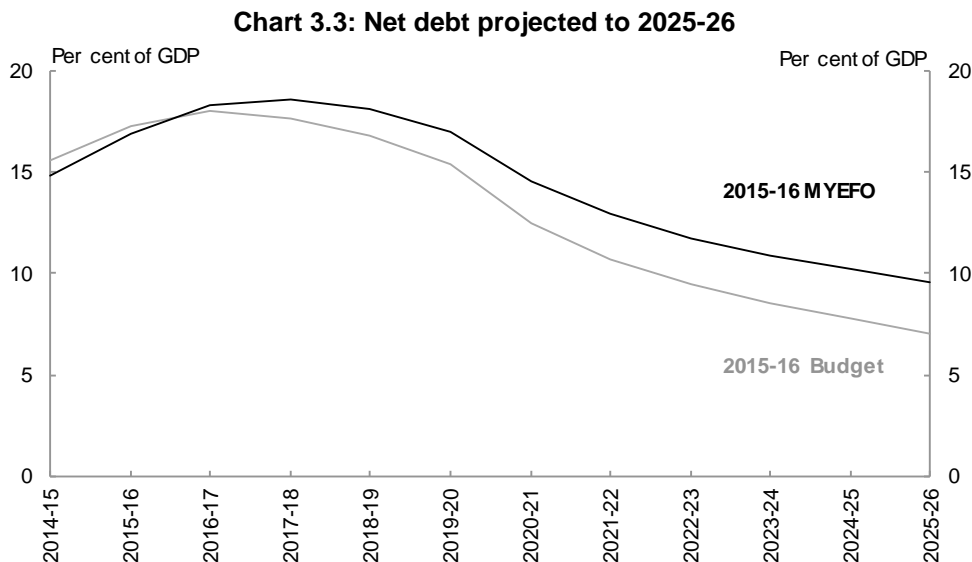
#### Government debt

The Government is focused on stabilising and then reducing net debt over time. Paying down debt is important as it enhances flexibility to respond to unanticipated events and reduces the Government's interest payments, freeing up resources for use in priority areas.

Gross debt measures the face value of Commonwealth Government Securities (CGS) on issue at a point in time. As net debt incorporates both selected financial assets and liabilities mostly at their fair value, it provides a broader measure of the financial position of the Commonwealth than gross debt.

Net debt is estimated to peak at 18.5 per cent of GDP in 2017-18, before declining to 18.2 per cent of GDP by the end of the forward estimates. Net debt is projected to continue to decline over the medium-term, reaching 9.6 per cent of GDP by 2025-26.

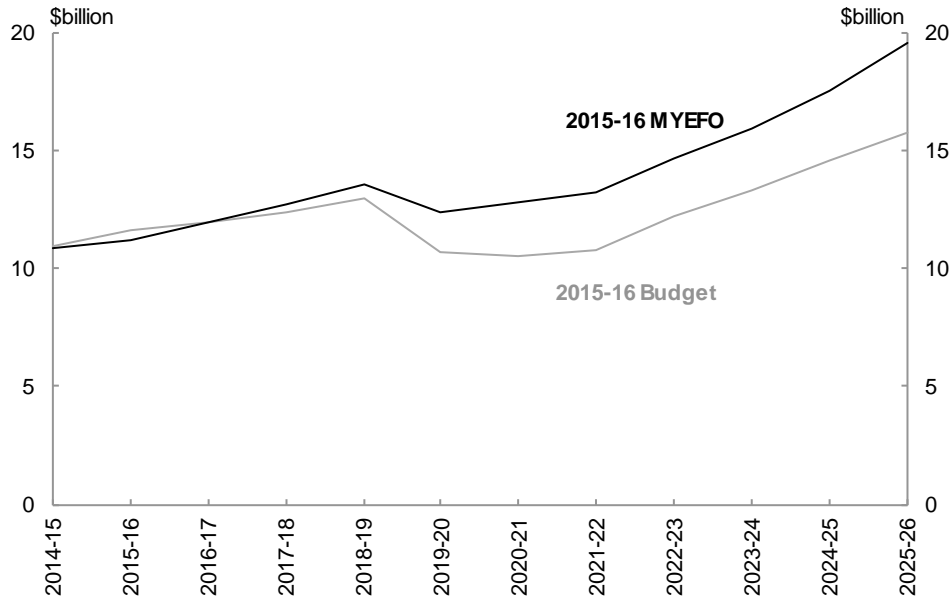
The trajectory for net debt involves a higher peak and a smaller improvement than that projected at Budget (Chart 3.3). This reflects an increase in projected CGS on issue, although this impact is partially offset by higher yields which lower the market value of CGS on issue.



Note: A tax-to-GDP cap of 23.9 per cent is applied to MYEFO projections from 2021-22. This tax cap is applied to 2015-16 Budget projections from 2020-21.  
Source: Treasury projections.

Net interest payments are projected to increase over the medium term, reaching \$19.5 billion in 2025-26 (0.7 per cent of GDP) (Chart 3.4). This is \$3.8 billion higher than projected at the 2015-16 Budget, reflecting the increase in projections of CGS on issue and higher yields.

**Chart 3.4: Net interest payments projected to 2025-26**



Note: A tax-to-GDP cap of 23.9 per cent is applied to MYEFO projections from 2021-22. The tax cap applies to 2015-16 Budget projections from 2020-21.

Source: Australian Office of Financial Management and Treasury projections.

The face value of CGS on issue (gross debt) is estimated to rise from \$429 billion in 2015-16 to \$552 billion by the end of the forward estimates period. Gross debt is projected to continue to rise over the medium term, reaching \$647 billion by 2025-26, up from \$573 billion at the 2015-16 Budget. The increase in projected CGS on issue since the 2015-16 Budget is a result of the weaker underlying cash balance and the associated higher public debt interest expense, accumulating over the medium term.

### Balance sheet aggregates

Table 3.2 provides a summary of Australian Government general government sector net worth, net financial worth, net debt and net interest payments over the forward estimates.

**Table 3.2: Australian Government general government sector net worth, net financial worth, net debt and net interest payments**

	Estimates			
	2015-16		2016-17	
	Budget \$b	MYEFO \$b	Budget \$b	MYEFO \$b
Financial assets	332.6	352.6	380.5	388.4
Non-financial assets	122.1	122.8	125.6	126.8
<b>Total assets</b>	<b>454.7</b>	<b>475.3</b>	<b>506.1</b>	<b>515.1</b>
<b>Total liabilities</b>	<b>716.1</b>	<b>730.1</b>	<b>786.5</b>	<b>798.1</b>
<b>Net worth</b>	<b>-261.4</b>	<b>-254.8</b>	<b>-280.4</b>	<b>-282.9</b>
<b>Net financial worth(a)</b>	<b>-383.5</b>	<b>-377.5</b>	<b>-406.0</b>	<b>-409.7</b>
Per cent of GDP	-23.2	-22.9	-23.3	-23.7
<b>Net debt(b)</b>	<b>285.8</b>	<b>278.8</b>	<b>313.4</b>	<b>316.5</b>
Per cent of GDP	17.3	16.9	18.0	18.3
<b>Net interest payments</b>	<b>11.6</b>	<b>11.2</b>	<b>11.9</b>	<b>11.9</b>
Per cent of GDP	0.7	0.7	0.7	0.7
	Projections			
	2017-18		2018-19	
	Budget \$b	MYEFO \$b	Budget \$b	MYEFO \$b
Financial assets	398.2	411.1	422.0	432.5
Non-financial assets	129.9	131.6	135.0	137.5
<b>Total assets</b>	<b>528.1</b>	<b>542.7</b>	<b>557.0</b>	<b>570.0</b>
<b>Total liabilities</b>	<b>813.4</b>	<b>838.5</b>	<b>839.8</b>	<b>870.7</b>
<b>Net worth</b>	<b>-285.3</b>	<b>-295.8</b>	<b>-282.8</b>	<b>-300.7</b>
<b>Net financial worth(a)</b>	<b>-415.2</b>	<b>-427.3</b>	<b>-417.8</b>	<b>-438.2</b>
Per cent of GDP	-22.6	-23.6	-21.6	-23.0
<b>Net debt(b)</b>	<b>323.7</b>	<b>336.4</b>	<b>325.4</b>	<b>346.6</b>
Per cent of GDP	17.6	18.5	16.8	18.2
<b>Net interest payments</b>	<b>12.3</b>	<b>12.7</b>	<b>13.0</b>	<b>13.5</b>
Per cent of GDP	0.7	0.7	0.7	0.7

(a) Net financial worth equals total financial assets minus total liabilities.

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

**Net debt** is expected to be \$278.8 billion (16.9 per cent of GDP) in 2015-16, a slight improvement on the estimate at Budget due to valuation effects associated with an increase in yields. Net debt peaks in 2017-18 at 18.5 per cent of GDP, before falling to 18.2 per cent of GDP in 2018-19.

**Net financial worth** is estimated to be -\$377.5 billion (-22.9 per cent of GDP) in 2015-16 and is expected to be -\$438.2 billion (-23.0 per cent of GDP) by the end of the forward estimates in 2018-19. Compared with Budget, net financial worth has improved in 2015-16 (from -\$383.5 billion or -23.2 per cent of GDP) but has deteriorated in the other years of the forward estimates.

The deterioration in net financial worth over the forward estimates reflects increased issuance of Government securities. In part, this has been offset by the higher value of certain financial investments held by the Government, including at the Future Fund.

### **The budget repair strategy**

The fiscal strategy explicitly recognises that the current fiscal position is in need of repair. As such, the impact of all policy decisions taken since the 2015-16 Budget (including the cost of Senate negotiations) has been offset, after taking into account the provision the Government has previously made relating to the China-Australia Free Trade Agreement. The net budget impact of new policy decisions over the forward estimates are detailed in Table 3.6.

The budget repair strategy commits the Government to bank any positive overall shift in receipts and payments due to changes in the economy. In this update, the net impact of parameter and other variations has reduced the underlying cash balance.

The net impact of the economy on the budget has been negative at each government update since the 2010-11 MYEFO. As the economy improves, net improvements from favourable parameter variations will be allowed to flow through to the bottom line.

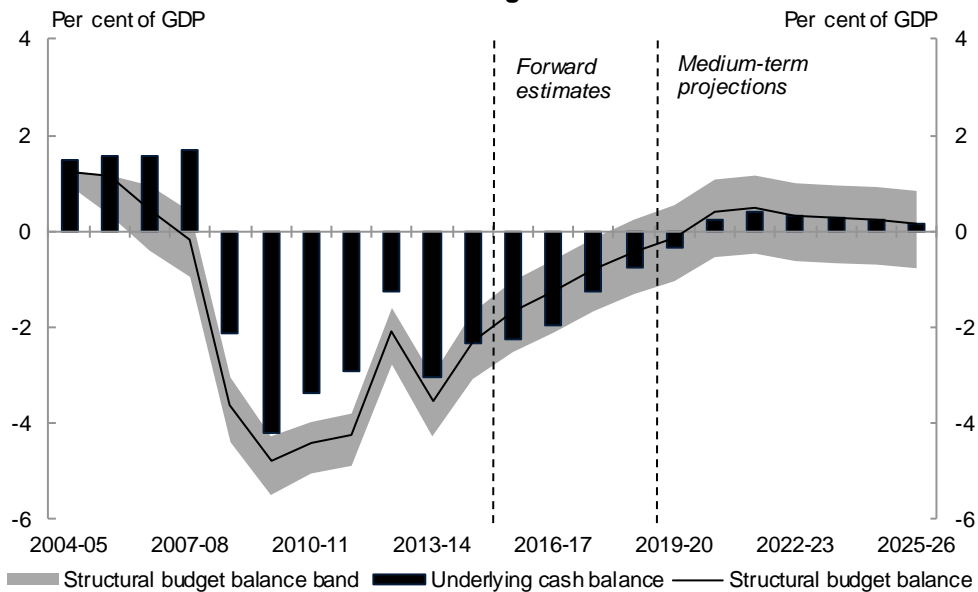
### **Structural budget balance**

Restoring the structural integrity of the budget is crucial for achieving surpluses on average over the economic cycle and paying down government debt, consistent with the medium-term fiscal strategy. Considered in conjunction with other measures, estimates of the structural budget balance can provide insight into the sustainability of current fiscal settings.

The structural budget balance removes factors that have a temporary effect on revenues and expenditures, such as fluctuations in commodity prices and the extent of spare capacity in the economy. Treasury estimates of spare capacity (the output gap) have narrowed since Budget, in line with slower potential economic growth. This has led to downward revisions to cyclical revenues and expenditures. In net terms the estimates of the structural budget balance have, on average, deteriorated by around ½ per cent of annual GDP in each year over the next decade.

Despite the downward revisions since Budget, the overall level of the structural budget balance improves from a deficit of around 1¼ per cent of GDP in 2015-16, to a series of small surpluses from 2021-22 onwards, converging to the underlying cash balance (see Chart 3.5).

**Chart 3.5: Structural budget balance estimates**



Note: The methodology for producing structural budget balance estimates was detailed in Treasury Working Paper 2013-01 and incorporates the medium-term projection methodology detailed in Treasury Working Paper 2014-02.

## FISCAL OUTLOOK

### Budget aggregates

An underlying cash deficit of \$37.4 billion (2.3 per cent of GDP) is expected in 2015-16, improving to a deficit of \$14.2 billion (0.7 per cent of GDP) in 2018-19.

A headline cash deficit of \$48.2 billion (2.9 per cent of GDP) is expected in 2015-16, improving to a deficit of \$23.8 billion (1.2 per cent of GDP) in 2018-19.

In accrual terms, a fiscal deficit of \$35.8 billion (2.2 per cent of GDP) is expected in 2015-16, improving to a deficit of \$10.2 billion (0.5 per cent of GDP) in 2018-19.

Table 3.3 provides key budget aggregates for the Australian Government general government sector.

**Table 3.3: Australian Government general government sector budget aggregates**

	Estimates			
	2015-16		2016-17	
	Budget \$b	MYEFO \$b	Budget \$b	MYEFO \$b
<b>Receipts</b>	<b>398.0</b>	<b>394.9</b>	<b>422.5</b>	<b>415.3</b>
Per cent of GDP	24.0	23.9	24.2	24.1
<b>Payments(a)</b>	<b>429.8</b>	<b>428.3</b>	<b>444.9</b>	<b>445.3</b>
Per cent of GDP	25.9	25.9	25.5	25.8
Net Future Fund earnings	3.3	4.0	3.4	3.7
<b>Underlying cash balance(b)</b>	<b>-35.1</b>	<b>-37.4</b>	<b>-25.8</b>	<b>-33.7</b>
Per cent of GDP	-2.1	-2.3	-1.5	-2.0
<b>Revenue</b>	<b>405.4</b>	<b>401.0</b>	<b>433.4</b>	<b>423.2</b>
Per cent of GDP	24.5	24.3	24.8	24.5
<b>Expenses</b>	<b>434.5</b>	<b>432.2</b>	<b>452.7</b>	<b>451.2</b>
Per cent of GDP	26.2	26.2	25.9	26.1
Net operating balance	-29.1	-31.3	-19.2	-28.0
Net capital investment	3.9	4.5	4.2	4.7
<b>Fiscal balance</b>	<b>-33.0</b>	<b>-35.8</b>	<b>-23.4</b>	<b>-32.8</b>
Per cent of GDP	-2.0	-2.2	-1.3	-1.9
<i>Memorandum item:</i>				
Headline cash balance	<b>-44.8</b>	<b>-48.2</b>	<b>-43.9</b>	<b>-48.9</b>
	Projections			
	2017-18		2018-19	
	Budget \$b	MYEFO \$b	Budget \$b	MYEFO \$b
<b>Receipts</b>	<b>453.6</b>	<b>440.9</b>	<b>488.2</b>	<b>473.5</b>
Per cent of GDP	24.7	24.3	25.2	24.8
<b>Payments(a)</b>	<b>464.3</b>	<b>459.9</b>	<b>491.1</b>	<b>483.3</b>
Per cent of GDP	25.3	25.3	25.3	25.3
Net Future Fund earnings	3.7	4.0	4.0	4.5
<b>Underlying cash balance(b)</b>	<b>-14.4</b>	<b>-23.0</b>	<b>-6.9</b>	<b>-14.2</b>
Per cent of GDP	-0.8	-1.3	-0.4	-0.7
<b>Revenue</b>	<b>466.2</b>	<b>452.6</b>	<b>501.3</b>	<b>487.1</b>
Per cent of GDP	25.4	24.9	25.9	25.5
<b>Expenses</b>	<b>471.8</b>	<b>465.9</b>	<b>499.4</b>	<b>491.4</b>
Per cent of GDP	25.7	25.7	25.8	25.7
Net operating balance	-5.6	-13.3	1.9	-4.3
Net capital investment	3.6	4.1	5.1	5.9
<b>Fiscal balance</b>	<b>-9.2</b>	<b>-17.4</b>	<b>-3.2</b>	<b>-10.2</b>
Per cent of GDP	-0.5	-1.0	-0.2	-0.5
<i>Memorandum item:</i>				
Headline cash balance	<b>-24.7</b>	<b>-32.3</b>	<b>-17.3</b>	<b>-23.8</b>

(a) Equivalent to cash payments for operating activities, purchases of non-financial assets and net acquisition of assets under finance leases.

(b) Excludes expected net Future Fund earnings.

## Underlying cash balance estimates

**Table 3.4: Summary of Australian Government general government sector cash flows**

	Estimates			
	2015-16		2016-17	
	Budget \$b	MYEFO \$b	Budget \$b	MYEFO \$b
Cash receipts				
Operating cash receipts	396.1	393.0	422.2	415.0
Capital cash receipts(a)	1.9	1.9	0.3	0.3
Total cash receipts	398.0	394.9	422.5	415.3
Cash payments				
Operating cash payments	418.7	416.5	433.4	433.2
Capital cash payments(b)	11.2	11.8	11.5	12.1
Total cash payments	429.8	428.3	444.9	445.3
Finance leases and similar arrangements(c)	0.0	0.0	0.0	0.0
<b>GFS cash surplus(+)/deficit(-)</b>	<b>-31.9</b>	<b>-33.4</b>	<b>-22.5</b>	<b>-29.9</b>
Per cent of GDP	-1.9	-2.0	-1.3	-1.7
less Net Future Fund earnings	3.3	4.0	3.4	3.7
<b>Underlying cash balance(d)</b>	<b>-35.1</b>	<b>-37.4</b>	<b>-25.8</b>	<b>-33.7</b>
Per cent of GDP	-2.1	-2.3	-1.5	-2.0
<i>Memorandum items:</i>				
Net cash flows from investments in financial assets for policy purposes	-12.9	-14.7	-21.4	-18.9
plus Net Future Fund earnings	3.3	4.0	3.4	3.7
<b>Headline cash balance</b>	<b>-44.8</b>	<b>-48.2</b>	<b>-43.9</b>	<b>-48.9</b>
	Projections			
	2017-18		2018-19	
	Budget \$b	MYEFO \$b	Budget \$b	MYEFO \$b
Cash receipts				
Operating cash receipts	453.3	440.6	487.4	472.7
Capital cash receipts(a)	0.3	0.3	0.8	0.9
Total cash receipts	453.6	440.9	488.2	473.5
Cash payments				
Operating cash payments	451.7	446.8	477.3	469.0
Capital cash payments(b)	12.6	13.1	13.8	14.3
Total cash payments	464.3	459.9	491.1	483.3
Finance leases and similar arrangements(c)	0.0	0.0	0.0	0.0
<b>GFS cash surplus(+)/deficit(-)</b>	<b>-10.7</b>	<b>-19.0</b>	<b>-2.9</b>	<b>-9.8</b>
Per cent of GDP	-0.6	-1.0	-0.1	-0.5
less Net Future Fund earnings	3.7	4.0	4.0	4.5
<b>Underlying cash balance(d)</b>	<b>-14.4</b>	<b>-23.0</b>	<b>-6.9</b>	<b>-14.2</b>
Per cent of GDP	-0.8	-1.3	-0.4	-0.7
<i>Memorandum items:</i>				
Net cash flows from investments in financial assets for policy purposes	-14.0	-13.3	-14.5	-14.0
plus Net Future Fund earnings	3.7	4.0	4.0	4.5
<b>Headline cash balance</b>	<b>-24.7</b>	<b>-32.3</b>	<b>-17.3</b>	<b>-23.8</b>

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

(b) Equivalent to cash payments for purchases of non-financial assets in the cash flow statement.

(c) 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.

(d) Excludes expected net Future Fund earnings.



The 2015-16 underlying cash deficit has deteriorated by \$2.3 billion since the 2015-16 Budget but has improved by around \$500 million compared with the 2014-15 Final Budget Outcome.

Since the 2015-16 Budget, the effect of parameter and other variations has resulted in a \$33.8 billion reduction in receipts across the four years to 2018-19, partly offset by a \$13.2 billion reduction in payments.

**Table 3.5: Reconciliation of general government sector underlying cash balance estimates**

	Estimates		Projections		Total \$m
	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m	
<b>2015-16 Budget underlying cash balances(a)</b>	<b>-35,115</b>	<b>-25,836</b>	<b>-14,396</b>	<b>-6,905</b>	<b>-82,252</b>
Per cent of GDP	-2.1	-1.5	-0.8	-0.4	
<b>Changes from 2015-16 Budget to 2015-16 MYEFO</b>					
Effect of policy decisions(b)(c)					
Receipts	-1,345	-917	-907	-668	-3,837
Payments	1,171	1,510	-1,209	-1,589	-117
Total policy decisions impact on underlying cash balance	-2,516	-2,427	302	921	-3,720
Effect of parameter and other variations(c)					
Receipts	-1,744	-6,216	-11,805	-14,034	-33,800
Payments	-2,672	-1,155	-3,187	-6,217	-13,231
less Net Future Fund earnings	697	343	308	429	1,777
Total parameter and other variations impact on underlying cash balance	231	-5,404	-8,927	-8,246	-22,345
<b>2015-16 MYEFO underlying cash balance(a)</b>	<b>-37,399</b>	<b>-33,667</b>	<b>-23,021</b>	<b>-14,229</b>	<b>-108,317</b>
Per cent of GDP	-2.3	-2.0	-1.3	-0.7	

(a) Excludes expected net Future Fund earnings.

(b) Excludes secondary impacts on public debt interest of policy decisions and offsets from the Contingency Reserve for decisions taken.

(c) A positive number for receipts indicates an increase in the underlying cash balance, while a positive number for payments indicates a decrease in the underlying cash balance.

The Government remains committed to offsetting all new policy decisions. After taking into account the provision the Government previously made relating to the China-Australia Free Trade Agreement, the overall impact of policy decisions since the 2015-16 Budget is an improvement of almost \$400 million over the four years to 2018-19 (Table 3.6).

**Table 3.6: Impact of decisions in the 2015-16 MYEFO (underlying cash balance)**

	Estimates		Projections		Total
	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m	
<b>Total impact of policy decisions since the 2015-16 Budget</b>	<b>-2,516</b>	<b>-2,427</b>	<b>302</b>	<b>921</b>	<b>-3,720</b>
<i>Add: Provision made for the China Free Trade Agreement</i>	655	1,005	1,160	1,295	4,115
<b>Equals total impact of policy decisions</b>	<b>-1,861</b>	<b>-1,422</b>	<b>1,462</b>	<b>2,216</b>	<b>395</b>
<i>Less: Decisions taken as part of negotiations with the Senate</i>	-539	-968	199	-169	-1,476
<b>Net budget impact of new policy decisions</b>	<b>-1,322</b>	<b>-454</b>	<b>1,263</b>	<b>2,385</b>	<b>1,871</b>

Passage of a number of savings measures has been delayed in the Senate, causing a negative impact on the bottom line. The Government has taken steps to mitigate this impact where the prospect of legislation passing seemed remote.

The Government has revised its package of changes to family payments by not proceeding with measures blocked by the Senate and introducing new family payments measures and changes to the child care system that achieve similar savings.

In addition, the Government has delayed the implementation of reforms to higher education that have failed to pass the Senate, while the Government consults further on reforms for the future.

Negotiations in the Senate have also led to several additional spending measures to help secure the passage of legislation.

The net impact of decisions taken as part of negotiations with the Senate since the 2015-16 Budget has been a cost to the underlying cash balance of \$1.5 billion over the four years to 2018-19.

Adjusting for the provision previously made for the China Free Trade Agreement and Senate negotiations, the net impact of policy decisions taken since the 2015-16 Budget is a \$1.9 billion improvement in the underlying cash balance over the forward estimates.

**Table 3.7: Impacts and adjustments due to the Senate (underlying cash balance)**

	Estimates		Projections		Total
	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m	
<b>Decisions where likelihood of passing legislation seemed remote</b>					
Family Payment Reform - a new families package	26	-118	-330	-917	-1,340
Family Day Care - improving integrity	18	127	311	474	931
Child Care System - changes	15	29	191	205	441
Higher Education Reform - delay	-282	-196	32	75	-371
<b>Impact of decisions where likelihood of passing legislation seemed remote</b>	<b>-222</b>	<b>-158</b>	<b>204</b>	<b>-162</b>	<b>-339</b>
<b>Concessions to secure passage of legislation</b>					
Infrastructure Investment Programme - new investments	-316	-807	0	0	-1,123
National Wind Farm Commissioner and Independent Scientific Committee on Wind Turbines - establishment	..	..	..	..	-1
Taxation treatment of biodiesel - extension of phase-in for new arrangements	0	-3	-5	-7	-14
<b>Impact of concessions to secure passage of legislation</b>	<b>-316</b>	<b>-809</b>	<b>-5</b>	<b>-7</b>	<b>-1,138</b>
<b>Delays in passing legislation (a)</b>					
Attorney-General's	-15	-16	-16	-17	-64
Employment	-10	0	0	0	-10
Health	-210	-36	-23	-24	-293
Industry and Science	-24	0	0	0	-24
Social Services	-956	-881	-1,417	-697	-3,952
Veterans' Affairs	-11	0	0	0	-11
<b>Impact of delays in passing legislation</b>	<b>-1,226</b>	<b>-933</b>	<b>-1,456</b>	<b>-738</b>	<b>-4,354</b>
<b>Total impacts and adjustments due to the Senate</b>	<b>-1,765</b>	<b>-1,901</b>	<b>-1,257</b>	<b>-907</b>	<b>-5,830</b>

(a) Since the 2015-16 Budget

Further details of the impact of policy decisions and major variations arising from parameter and other variations on the fiscal outlook are provided in the receipt estimates and payment estimates sections below.

### Receipts estimates

Total receipts are expected to be \$3.1 billion lower in 2015-16 than estimated at the 2015-16 Budget. Tax receipts are \$1.9 billion lower and non-tax receipts are \$1.2 billion lower.

Table 3.8 and Table 3.9 provide a summary of changes in total receipts in 2015-16 and 2016-17.

**Table 3.8: Australian Government general government sector cash receipts — 2015-16**

	Estimates		Change on Budget	
	Budget \$m	MYEFO \$m	\$m	%
Individuals and other withholding taxes				
Gross income tax withholding	176,800	175,200	-1,600	-0.9
Gross other individuals	40,800	41,600	800	2.0
less: Refunds	28,000	27,500	-500	-1.8
Total individuals and other withholding tax	189,600	189,300	-300	-0.2
Fringe benefits tax	4,880	4,530	-350	-7.2
Company tax	68,200	67,100	-1,100	-1.6
Superannuation fund taxes	9,080	7,730	-1,350	-14.9
Minerals resource rent tax(a)	0	0	0	-
Petroleum resource rent tax	1,450	1,000	-450	-31.0
<b>Income taxation receipts</b>	<b>273,210</b>	<b>269,660</b>	<b>-3,550</b>	<b>-1.3</b>
Goods and services tax	57,316	57,614	298	0.5
Wine equalisation tax	820	840	20	2.4
Luxury car tax	450	520	70	15.6
Excise and customs duty				
Petrol	6,100	6,200	100	1.6
Diesel	9,110	9,320	210	2.3
Other fuel products	2,840	2,420	-420	-14.8
Tobacco	9,370	9,150	-220	-2.3
Beer	2,390	2,330	-60	-2.5
Spirits	2,030	1,970	-60	-3.0
Other alcoholic beverages(b)	960	910	-50	-5.2
Other customs duty				
Textiles, clothing and footwear	380	440	60	15.8
Passenger motor vehicles	420	550	130	31.0
Other imports	1,120	1,370	250	22.3
less: Refunds and drawbacks	420	420	0	0.0
Total excise and customs duty	34,300	34,240	-60	-0.2
Carbon pricing mechanism	0	0	0	-
Agricultural levies	472	475	3	0.6
Other taxes(c)	3,573	4,881	1,308	36.6
<b>Indirect taxation receipts</b>	<b>96,930</b>	<b>98,570</b>	<b>1,639</b>	<b>1.7</b>
<b>Taxation receipts</b>	<b>370,140</b>	<b>368,230</b>	<b>-1,911</b>	<b>-0.5</b>

**Table 3.8: Australian Government general government sector cash receipts — 2015-16 (continued)**

	Estimates		Change on Budget	
	Budget \$m	MYEFO \$m	\$m	%
Sales of goods and services(c)	9,475	7,870	-1,605	-16.9
Interest received	3,334	3,874	539	16.2
Dividends	4,623	4,516	-107	-2.3
Other non-taxation receipts	10,407	10,401	-6	-0.1
<b>Non-taxation receipts</b>	<b>27,840</b>	<b>26,661</b>	<b>-1,179</b>	<b>-4.2</b>
<b>Total receipts</b>	<b>397,980</b>	<b>394,891</b>	<b>-3,089</b>	<b>-0.8</b>
<i>Memorandum:</i>				
<i>Total excise(d)</i>	24,820	21,330	-3,490	-14.1
<i>Total customs duty(d)</i>	9,480	12,910	3,430	36.2
<i>Capital gains tax(e)</i>	11,500	10,600	-900	-7.8
<i>Medicare and DisabilityCare Australia levy</i>	14,870	15,014	144	1.0

(a) The MRRT applied until 30 September 2014.

(b) Other alcoholic beverages are those not exceeding 10 per cent by volume of alcohol (excluding beer, brandy and wine).

(c) Visa application charges have been reclassified from non-taxation receipts to taxation receipts to reflect a sustained change in the nature of receipts. The reclassification is reflected from 2015-16 MYEFO and back casting occurs in Appendix D Historical Series from 2003-04.

(d) The variation from Budget largely reflects a shift towards tobacco products being cleared through the customs system rather than the ATO.

(e) Capital gains tax is part of gross other individuals, company tax and superannuation fund taxes.

**Table 3.9: Australian Government general government sector cash receipts — 2016-17**

	Estimates		Change on Budget	
	Budget \$m	MYEFO \$m	\$m	%
Individuals and other withholding taxes				
Gross income tax withholding	187,600	184,500	-3,100	-1.7
Gross other individuals	43,900	44,900	1,000	2.3
less: Refunds	28,400	28,900	500	1.8
Total individuals and other withholding tax	203,100	200,500	-2,600	-1.3
Fringe benefits tax	5,090	4,700	-390	-7.7
Company tax	73,800	70,700	-3,100	-4.2
Superannuation fund taxes	10,530	9,080	-1,450	-13.8
Minerals resource rent tax(a)	0	0	0	-
Petroleum resource rent tax	1,450	1,050	-400	-27.6
<b>Income taxation receipts</b>	<b>293,970</b>	<b>286,030</b>	<b>-7,940</b>	<b>-2.7</b>
Goods and services tax	61,231	60,991	-239	-0.4
Wine equalisation tax	850	860	10	1.2
Luxury car tax	400	510	110	27.5
Excise and customs duty				
Petrol	6,250	6,400	150	2.4
Diesel	9,520	9,630	110	1.2
Other fuel products	2,840	2,430	-410	-14.4
Tobacco	10,180	9,700	-480	-4.7
Beer	2,500	2,330	-170	-6.8
Spirits	2,140	2,010	-130	-6.1
Other alcoholic beverages(b)	1,000	920	-80	-8.0
Other customs duty				
Textiles, clothing and footwear	290	300	10	3.4
Passenger motor vehicles	400	590	190	47.5
Other imports	1,010	1,140	130	12.9
less: Refunds and drawbacks	420	420	0	0.0
Total excise and customs duty	35,710	35,030	-680	-1.9
Carbon pricing mechanism	0	0	0	-
Agricultural levies	480	485	5	1.0
Other taxes(c)	3,781	5,219	1,438	38.0
<b>Indirect taxation receipts</b>	<b>102,452</b>	<b>103,095</b>	<b>644</b>	<b>0.6</b>
<b>Taxation receipts</b>	<b>396,422</b>	<b>389,125</b>	<b>-7,296</b>	<b>-1.8</b>

**Table 3.9: Australian Government general government sector cash receipts — 2016-17 (continued)**

	Estimates		Change on Budget	
	Budget \$m	MYEFO \$m	\$m	%
Sales of goods and services(c)	11,735	9,580	-2,154	-18.4
Interest received	3,537	4,007	470	13.3
Dividends	3,305	4,542	1,237	37.4
Other non-taxation receipts	7,463	8,074	611	8.2
<b>Non-taxation receipts</b>	<b>26,040</b>	<b>26,202</b>	<b>163</b>	<b>0.6</b>
<b>Total receipts</b>	<b>422,461</b>	<b>415,327</b>	<b>-7,134</b>	<b>-1.7</b>
<i>Memorandum:</i>				
<i>Total excise(d)</i>	25,880	21,530	-4,350	-16.8
<i>Total customs duty(d)</i>	9,830	13,500	3,670	37.3
<i>Capital gains tax(e)</i>	13,900	12,300	-1,600	-11.5
<i>Medicare and DisabilityCare Australia levy</i>	15,570	15,592	22	0.1

(a) The MRRT applied until 30 September 2014.

(b) Other alcoholic beverages are those not exceeding 10 per cent by volume of alcohol (excluding beer, brandy and wine).

(c) Visa application charges have been reclassified from non-taxation receipts to taxation receipts to reflect a sustained change in the nature of receipts. The reclassification is reflected from 2015-16 MYEFO and back casting occurs in Appendix D Historical Series from 2003-04.

(d) The variation from Budget largely reflects a shift towards tobacco products being cleared through the customs system rather than the ATO.

(e) Capital gains tax is part of gross other individuals, company tax and superannuation fund taxes.

Table 3.10 shows the Australian Government general government cash receipts from 2014-15 to 2018-19 by heads of revenue.

**Table 3.10: Australian Government general government sector cash receipts**

	Actual	Estimates		Projections	
	2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
Individuals and other withholding taxes					
Gross income tax withholding	166,352	175,200	184,500	195,300	207,700
Gross other individuals	38,541	41,600	44,900	49,500	54,600
less: Refunds	27,033	27,500	28,900	30,700	32,650
Total individuals and other withholding tax	177,860	189,300	200,500	214,100	229,650
Fringe benefits tax	4,347	4,530	4,700	4,590	4,790
Company tax	66,174	67,100	70,700	76,600	82,700
Superannuation fund taxes	5,873	7,730	9,080	9,810	10,510
Minerals resource rent tax(a)	60	0	0	0	0
Petroleum resource rent tax	1,810	1,000	1,050	1,000	1,000
<b>Income taxation receipts</b>	<b>256,125</b>	<b>269,660</b>	<b>286,030</b>	<b>306,100</b>	<b>328,650</b>
Goods and services tax	54,542	57,614	60,991	63,970	66,961
Wine equalisation tax	792	840	860	890	920
Luxury car tax	520	520	510	520	530
Excise and customs duty					
Petrol	6,035	6,200	6,400	6,700	7,050
Diesel	8,908	9,320	9,630	9,980	10,480
Other fuel products	2,885	2,420	2,430	2,530	2,640
Tobacco	8,848	9,150	9,700	9,990	10,280
Beer	2,310	2,330	2,330	2,410	2,500
Spirits	1,996	1,970	2,010	2,070	2,140
Other alcoholic beverages(b)	899	910	920	950	980
Other customs duty					
Textiles, clothing and footwear	645	440	300	250	270
Passenger motor vehicles	732	550	590	540	600
Other imports	1,664	1,370	1,140	890	990
less: Refunds and drawbacks	356	420	420	420	420
Total excise and customs duty	34,568	34,240	35,030	35,890	37,510
Carbon pricing mechanism	1,627	0	0	0	0
Agricultural levies	515	475	485	493	498
Other taxes(c)	4,805	4,881	5,219	5,309	5,341
<b>Indirect taxation receipts</b>	<b>97,369</b>	<b>98,570</b>	<b>103,095</b>	<b>107,072</b>	<b>111,760</b>
<b>Taxation receipts</b>	<b>353,494</b>	<b>368,230</b>	<b>389,125</b>	<b>413,172</b>	<b>440,410</b>
Sales of goods and services(c)	7,103	7,870	9,580	12,471	16,248
Interest received	3,056	3,874	4,007	4,050	4,642
Dividends	4,745	4,516	4,542	3,232	3,859
Other non-taxation receipts	9,904	10,401	8,074	7,958	8,372
<b>Non-taxation receipts</b>	<b>24,807</b>	<b>26,661</b>	<b>26,202</b>	<b>27,711</b>	<b>33,121</b>
<b>Total receipts</b>	<b>378,301</b>	<b>394,891</b>	<b>415,327</b>	<b>440,883</b>	<b>473,531</b>
<i>Memorandum:</i>					
Total excise	23,663	21,330	21,530	22,380	23,450
Total customs duty	10,905	12,910	13,500	13,510	14,060
Capital gains tax(d)	8,400	10,600	12,300	14,300	16,100
Medicare and DisabilityCare					
Australia levy	14,640	15,014	15,592	16,260	17,038

(a) The MRRT applied until 30 September 2014.

(b) Other alcoholic beverages are those not exceeding 10 per cent by volume of alcohol (excluding beer, brandy and wine).

(c) Visa application charges have been reclassified from non-taxation receipts to taxation receipts to reflect a sustained change in the nature of receipts. The reclassification is reflected from 2015-16 MYEFO, 2014-15 Outcome and back casting occurs in Appendix D Historical Series from 2003-04.

(d) Capital gains tax is part of gross other individuals, company tax and superannuation fund taxes. The 2014-15 figure is an estimate.



**Policy decisions**

Policy decisions since the 2015-16 Budget have reduced total receipts by \$1.3 billion in 2015-16 and reduced total receipts by \$3.8 billion over the forward estimates period.

The reduction as a result of policy decisions primarily reflects reduced tariff receipts associated with the China-Australia Free Trade Agreement. In the absence of this, total receipts would have increased by less than \$300 million over the four years to 2018-19 as a result of policy decisions.

**Parameter and other variations**

Parameter and other variations have reduced total receipts since the 2015-16 Budget by \$1.7 billion in 2015-16 and \$33.8 billion over the forward estimates period.

The 2015-16 Budget made provisions for a number of measures that were still subject to finalisation at the time. Consistent with usual practice, the provision for the China-Australia Free Trade Agreement, which was included in the 2014-15 MYEFO and 2015-16 Budget, has now been removed as this measure is included in the 2015-16 MYEFO.

The 2015-16 MYEFO includes new provisions for the Trans-Pacific Partnership Agreement and the Environmental Goods Agreement. As is standard practice, measures will be published once the agreements have been formally signed.

The key economic parameters that influence tax receipts and tax revenue are shown in Table 3.11. The table shows effects on the Australian Government's main tax bases of the changed circumstances and outlook since the 2015-16 Budget.

**Table 3.11: Key economic parameters<sup>(a)</sup>**

	Outcome	Estimates		Projections	
	2014-15 %	2015-16 %	2016-17 %	2017-18 %	2018-19 %
<b>Revenue parameters at 2015-16 MYEFO</b>					
Nominal gross domestic product	1.6	2 3/4	4 1/2	5	5 1/4
<i>Change since 2015-16 Budget</i>	0	- 1/2	-1	- 1/4	- 1/4
Compensation of employees(b)	2.4	4	3 3/4	4 1/4	4 1/2
<i>Change since 2015-16 Budget</i>	- 1/2	1/4	- 3/4	- 1/2	- 3/4
Corporate gross operating surplus(c)	-2.7	0	5	6 3/4	6 1/4
<i>Change since 2015-16 Budget</i>	0	- 1/4	-2 1/2	1/4	1/2
Unincorporated business income	8.5	4 1/2	5 1/2	6 1/2	6 3/4
<i>Change since 2015-16 Budget</i>	8 1/4	2 1/4	1 1/2	1 1/2	1
Property income(d)	5.4	0	6 1/4	4 1/2	4 3/4
<i>Change since 2015-16 Budget</i>	1 1/4	-6	- 3/4	- 3/4	- 3/4
Consumption subject to GST	3.3	4 1/4	5 1/2	4 3/4	5
<i>Change since 2015-16 Budget</i>	0	-1	0	- 3/4	- 1/2

(a) Current prices, per cent change on previous years. Changes since the 2015-16 Budget are percentage points and may not reconcile due to rounding.

(b) Compensation of employees measures total remuneration earned by employees.

(c) Corporate gross operating surplus is an Australian National Accounts measure of company profits, gross of depreciation.

(d) Property income measures income derived from interest, rent and dividends.

Tax receipts have been revised down, consistent with downgrades to expected nominal GDP growth and softer equity markets since Budget. Further falls in commodity prices have led to downward revisions to company tax, while a weaker outlook for wages growth, stemming partly from lower projected population growth, has resulted in lower expected income tax from individuals. Weaker equity markets have resulted in downward revisions to capital gains, reducing expected tax receipts from superannuation, companies and individuals.

Excluding policy decisions, individuals and other withholding tax has been written down by \$300 million (0.2 per cent) in 2015-16 and \$11.8 billion across the forward estimates, reflecting ongoing weakness in collections, a weaker outlook for wages growth and lower population growth.

Company tax receipts have been written down by \$1.1 billion (1.6 per cent) in 2015-16 and \$12.1 billion over the forward estimates, mainly owing to weaker expected mining profitability associated with lower commodity prices. Superannuation fund taxes have been written down \$1.4 billion (14.9 per cent) in 2015-16 and \$5.5 billion across the forward estimates, largely owing to weaker forecast capital gains tax and higher than expected losses relating to foreign exchange movements. Petroleum resource rent tax has also been written down by \$1.7 billion over the forward estimates, consistent with a lower oil price assumption.

Excise and excise equivalent customs duty has been written down by \$4.1 billion over the forward estimates, mainly reflecting lower tobacco and alcohol excise collections and weaker forecast consumption of these goods.

Analysis of the sensitivity of the receipts estimates to changes in the economic outlook is provided in Attachment A to this part.

### **Payment estimates**

Since the 2015-16 Budget, total cash payments for 2015-16 have decreased by \$1.5 billion. The overall net impact of payment related decisions (including the impact of Senate negotiations) have decreased total cash payments by \$117 million over the four years to 2018-19, with parameter and other variations decreasing payments by a further \$13.2 billion.

### **Policy decisions**

The impact of major policy decisions since the 2015-16 Budget which increase payments include:

- additional funding of \$300 million in 2015-16 (\$1.1 billion over two years to 2016-17) for the Roads to Recovery programme, which supports local governments across Australia to deliver vital services;
- increasing Australia's existing humanitarian program to permanently resettle an additional 12,000 refugees who are fleeing the conflict in Syria and Iraq, which is expected to increase cash payments by \$158 million in 2015-16 (\$909 million over four years to 2018-19);
- funding a number of new and amended listings on the Pharmaceutical Benefits Scheme and Repatriation Pharmaceutical Benefits Scheme, which is expected to increase cash payments by \$112 million in 2015-16 (\$621 million over four years to 2018-19);
- continuing to manage Illegal Maritime Arrivals, who are in Australia, while their immigration status is resolved, which is expected to increase cash payments by \$403 million in 2016-17 (\$500 million over two years to 2017-18); and
- as part of the Government's National Innovation and Science Agenda, establishing an ongoing research infrastructure funding program to provide long-term, sustainable funding for the National Collaborative Research Infrastructure Strategy, the Square Kilometre Array (SKA) Project and the Australian Synchrotron, which is expected to increase cash payments by \$15 million in 2016-17 (\$459 million over three years to 2018-19).

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The impact of these policy decisions is broadly offset over the four years to 2018-19 by a number of decisions that have reduced cash payments, including:

- recovering money from a greater number of people where discrepancies have been identified between employment income declared to Centrelink and Pay As You Go (PAYG) information provided by employers to the Australian Taxation Office. This measure is expected to reduce cash payments by \$152 million in 2016-17 (\$704 million over three years to 2018-19);
- removing bulk-billing incentives for pathology services, aligning bulk-billing incentives for diagnostic imaging services with those that apply to GP services and reducing the bulk-billing incentive for magnetic resonance imaging (MRI) services. This measure is expected to reduce cash payments by \$197 million in 2016-17 (\$639 million over four years to 2018-19);
- streamlining funding across a range of health workforce programs, which is expected to reduce cash payments by \$178 million in 2015-16 (\$595 million over four years to 2018-19);
- refining the Aged Care Funding Instrument to better align the funding claimed by providers to the level of care provided, through changes to the scoring matrix. This measure is expected to reduce cash payments by \$104 million in 2016-17 (\$472 million over three years to 2018-19); and
- changes to the child care system, including reducing the Child Care Subsidy for families who earn more than \$250,000 per year, capping the number of places in the Interim Home Based Carer Subsidy programme and removing the Access to Affordability Support element under the Community Child Care Fund. This measure is expected to reduce cash payments by \$15 million in 2015-16 (\$441 million over the four years to 2018-19).

#### Parameter and other variations

Parameter and other variations since the 2015-16 Budget have decreased payments by \$2.7 billion in 2015-16 and \$13.2 billion over the four years to 2018-19.

Major increases in cash payments in 2015-16 and over the four years to 2018-19 as a result of parameter and other variations since the 2015-16 Budget include:

- payments relating to public debt interest expenses, which are expected to increase by \$168 million in 2015-16 and by \$2.7 billion over the four years to 2018-19, reflecting increases in the financing requirement and an increase in the weighted average cost of borrowing. This is partially offset by an increase in interest receipts (\$707 million over the four years to 2018-19);

- payments related to the Research and Development Tax Incentive, which are expected to increase by \$206 million in 2015-16 (\$1.8 billion over the four years to 2018-19), largely reflecting a higher than expected number and size of claims for the Research and Development refundable tax offset;
- payments related to the Residential and Flexible Care programme, which are expected to increase by \$162 million in 2015-16 (\$943 million over the four years to 2018-19), largely reflecting a higher than expected growth in care subsidies provided to residential aged care facilities;
- National Partnership Payments for housing services, which are expected to increase by \$103 million in 2015-16, largely reflecting early commencement and completion of new houses and refurbishments in Queensland and Western Australia; and
- payments related to Illegal Maritime Arrivals (IMAs) management, which are expected to increase by \$44 million in 2015-16 (\$588 million over the four years to 2018-19), largely reflecting slower than forecast processing of onshore and offshore IMAs and updated estimates of the distribution of IMAs across the onshore detention network.

Major reductions in cash payments in 2015-16 and over the four years to 2018-19 as a result of parameter and other variations since the 2015-16 Budget include:

- payments related to the Financial Assistance Grants programme, which are expected to decrease by \$1.1 billion in 2015-16, as a result of payments being made earlier in 2014-15 to help fund the additional expenditure associated with the Government's commitment of a further \$1.1 billion over the next two years for the Roads to Recovery programme;
- payments related to the Pharmaceuticals Benefit Scheme, which are expected to decrease by \$549 million in 2015-16 (\$1.6 billion over four years to 2018-19), largely reflecting higher than expected savings from existing pricing policies;
- payments related to the Child Care Benefit, Child Care Rebate and Child Care Subsidy, which are expected to decrease by \$235 million in 2015-16 (\$591 million over four years to 2018-19), largely reflecting a higher than expected proportion of child care fee assistance payments being made in arrears;
- payments related to Income Support for People with Disability, which are expected to decrease by \$201 million in 2015-16 (\$756 million over four years to 2018-19), largely reflecting slower than expected growth in the number of recipients and changes in the medium-term population projections (refer to Box A for further information); and

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- payments related to the Income Support for Carers programme, which are expected to decrease by \$192 million in 2015-16 (\$1.2 billion over the four years to 2018-19), largely due to slower than expected growth in the number of Carer Payment recipients and changes in the medium-term population projections (refer to Box A for further information).

Consistent with previous budgets, the underlying cash balance has been improved by the regular draw down of the conservative bias allowance. Details of this draw down are provided at Attachment C.

Analysis of the sensitivity of the payments estimates to changes in the economic outlook is provided in Attachment A to this part.

### Fiscal balance estimates

Compared with the 2015-16 Budget, the fiscal balance is expected to be \$2.8 billion lower for 2015-16.

Table 3.12 provides a reconciliation of fiscal balance estimates, including the impact of policy decisions and parameter and other variations on revenue, expense and net capital investment.

**Table 3.12: Reconciliation of general government sector fiscal balance estimates**

	Estimates		Projections		Total
	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m	
<b>2015-16 Budget fiscal balance</b>	<b>-32,972</b>	<b>-23,425</b>	<b>-9,236</b>	<b>-3,230</b>	<b>-68,863</b>
Per cent of GDP	-2.0	-1.3	-0.5	-0.2	
<b>Changes from 2015-16 Budget to 2015-16 MYEFO</b>					
Effect of policy decisions(a)(b)					
Revenue	-991	-492	-860	-696	-3,038
Expenses	829	1,015	-2,356	-2,114	-2,627
Net capital investment	128	46	-56	-75	43
Total policy decisions impact on fiscal balance	-1,948	-1,552	1,552	1,494	-454
Effect of parameter and other variations(b)					
Revenue	-3,407	-9,735	-12,737	-13,499	-39,377
Expenses	-3,064	-2,462	-3,567	-5,944	-15,037
Net capital investment	502	501	560	918	2,482
Total parameter and other variations impact on fiscal balance	-845	-7,773	-9,731	-8,473	-26,822
<b>2015-16 MYEFO fiscal balance</b>	<b>-35,765</b>	<b>-32,751</b>	<b>-17,415</b>	<b>-10,209</b>	<b>-96,139</b>
Per cent of GDP	-2.2	-1.9	-1.0	-0.5	

(a) Excludes secondary impacts on public debt interest of policy decisions and offsets from the Contingency Reserve for decisions taken.

(b) 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.

**Revenue estimates**

Total revenue has been revised down by \$4.4 billion in 2015-16 since the 2015-16 Budget.

While changes in tax revenue are generally driven by the same factors as tax receipts, there are differences as not all revenue raised in a given year is actually paid in that year. These differences exist for most revenue heads, and vary across years.

Detailed Australian Government general government sector revenue estimates for 2015-16 and 2016-17, compared with estimates from the 2015-16 Budget, are provided in Tables 3.13 and 3.14 respectively.

**Table 3.13: Reconciliation of the 2015-16 general government sector (accrual) revenue**

	Estimates		Change on Budget	
	Budget \$m	MYEFO \$m	\$m	%
Individuals and other withholding taxes				
Gross income tax withholding	178,460	176,550	-1,910	-1.1
Gross other individuals	43,800	44,310	510	1.2
less: Refunds	28,000	27,500	-500	-1.8
Total individuals and other withholding tax	194,260	193,360	-900	-0.5
Fringe benefits tax	5,020	4,610	-410	-8.2
Company tax	69,800	67,996	-1,804	-2.6
Superannuation fund taxes	9,180	7,780	-1,400	-15.3
Minerals resource rent tax(a)	0	0	0	0.0
Petroleum resource rent tax	1,420	960	-460	-32.4
<b>Income taxation revenue</b>	<b>279,680</b>	<b>274,706</b>	<b>-4,974</b>	<b>-1.8</b>
Goods and services tax	60,330	59,790	-540	-0.9
Wine equalisation tax	840	850	10	1.2
Luxury car tax	450	520	70	15.6
Excise and customs duty				
Petrol	6,130	6,220	90	1.5
Diesel	9,140	9,350	210	2.3
Other fuel products	2,850	2,423	-427	-15.0
Tobacco	9,390	9,150	-240	-2.6
Beer	2,400	2,340	-60	-2.5
Spirits	2,030	1,970	-60	-3.0
Other alcoholic beverages(b)	960	910	-50	-5.2
Other customs duty				
Textiles, clothing and footwear	380	440	60	15.8
Passenger motor vehicles	420	550	130	31.0
Other imports	1,120	1,370	250	22.3
less: Refunds and drawbacks	420	420	0	0.0
Total excise and customs duty	34,400	34,303	-97	-0.3
Carbon pricing mechanism	0	0	0	0.0
Agricultural levies	472	475	3	0.6
Other taxes(c)	3,902	5,279	1,377	35.3
<b>Indirect taxation revenue</b>	<b>100,394</b>	<b>101,217</b>	<b>823</b>	<b>0.8</b>
<b>Taxation revenue</b>	<b>380,074</b>	<b>375,923</b>	<b>-4,151</b>	<b>-1.1</b>
Sales of goods and services(c)	9,542	7,956	-1,586	-16.6
Interest	4,083	4,519	436	10.7
Dividends	3,143	3,841	698	22.2
Other non-taxation revenue	8,508	8,714	206	2.4
<b>Non-taxation revenue</b>	<b>25,276</b>	<b>25,030</b>	<b>-246</b>	<b>-1.0</b>
<b>Total revenue</b>	<b>405,350</b>	<b>400,953</b>	<b>-4,397</b>	<b>-1.1</b>



**Table 3.13: Reconciliation of the 2015-16 general government sector (accrual) revenue (continued)**

	Estimates		Change on Budget	
	Budget \$m	MYEFO \$m	\$m	%
<i>Memorandum:</i>				
<i>Total excise(d)</i>	24,920	21,393	-3,527	-14.2
<i>Total customs duty(d)</i>	9,480	12,910	3,430	36.2
<i>Capital gains tax(e)</i>	11,500	10,600	-900	-7.8
<i>Medicare and DisabilityCare Australia levy</i>	14,870	15,014	144	1.0

(a) The MRRT applied until 30 September 2014.

(b) Other alcoholic beverages are those not exceeding 10 per cent by volume of alcohol (excluding beer, brandy and wine).

(c) Visa application charges have been reclassified from non-taxation revenue to taxation revenue to reflect a sustained change in the nature of revenue. The reclassification is reflected from 2015-16 MYEFO and back casting occurs in Appendix D Historical Series from 2003-04.

(d) The variation from Budget largely reflects a shift towards tobacco products being cleared through the customs system rather than the ATO.

(e) Capital gains tax is part of gross other individuals, company tax and superannuation fund taxes.

**Table 3.14: Reconciliation of the 2016-17 general government sector (accrual) revenue**

	Estimates		Change on Budget	
	Budget \$m	MYEFO \$m	\$m	%
Individuals and other withholding taxes				
Gross income tax withholding	189,130	185,950	-3,180	-1.7
Gross other individuals	47,230	47,740	510	1.1
less: Refunds	28,400	28,900	500	1.8
Total individuals and other withholding tax	207,960	204,790	-3,170	-1.5
Fringe benefits tax	5,230	4,780	-450	-8.6
Company tax	75,500	71,600	-3,900	-5.2
Superannuation fund taxes	10,670	9,150	-1,520	-14.2
Minerals resource rent tax(a)	0	0	0	0.0
Petroleum resource rent tax	1,450	1,070	-380	-26.2
<b>Income taxation revenue</b>	<b>300,810</b>	<b>291,390</b>	<b>-9,420</b>	<b>-3.1</b>
Goods and services tax	64,130	63,700	-430	-0.7
Wine equalisation tax	870	860	-10	-1.1
Luxury car tax	410	510	100	24.4
Excise and customs duty				
Petrol	6,250	6,400	150	2.4
Diesel	9,530	9,640	110	1.2
Other fuel products	2,890	2,440	-450	-15.6
Tobacco	10,180	9,700	-480	-4.7
Beer	2,500	2,330	-170	-6.8
Spirits	2,140	2,010	-130	-6.1
Other alcoholic beverages(b)	1,000	920	-80	-8.0
Other customs duty				
Textiles, clothing and footwear	290	300	10	3.4
Passenger motor vehicles	400	590	190	47.5
Other imports	1,010	1,140	130	12.9
less: Refunds and drawbacks	420	420	0	0.0
Total excise and customs duty	35,770	35,050	-720	-2.0
Carbon pricing mechanism	0	0	0	0
Agricultural levies	480	485	5	1.0
Other taxes(c)	4,148	5,547	1,399	33.7
<b>Indirect taxation revenue</b>	<b>105,807</b>	<b>106,151</b>	<b>344</b>	<b>0.3</b>
<b>Taxation revenue</b>	<b>406,617</b>	<b>397,541</b>	<b>-9,076</b>	<b>-2.2</b>
Sales of goods and services(c)	11,791	9,641	-2,151	-18.2
Interest	4,680	4,938	258	5.5
Dividends	3,561	3,050	-511	-14.4
Other non-taxation revenue	6,777	8,030	1,253	18.5
<b>Non-taxation revenue</b>	<b>26,810</b>	<b>25,659</b>	<b>-1,151</b>	<b>-4.3</b>
<b>Total revenue</b>	<b>433,427</b>	<b>423,200</b>	<b>-10,226</b>	<b>-2.4</b>

**Table 3.14: Reconciliation of the 2016-17 general government sector (accrual) revenue (continued)**

	Estimates		Change on Budget	
	Budget \$m	MYEFO \$m	\$m	%
<i>Memorandum:</i>				
<i>Total excise(d)</i>	25,940	21,550	-4,390	-16.9
<i>Total customs duty(d)</i>	9,830	13,500	3,670	37.3
<i>Capital gains tax(e)</i>	13,900	12,300	-1,600	-11.5
<i>Medicare and DisabilityCare Australia levy</i>	15,570	15,592	22	0.1

(a) The MRRT applied until 30 September 2014.

(b) Other alcoholic beverages are those not exceeding 10 per cent by volume of alcohol (excluding beer, brandy and wine).

(c) Visa application charges have been reclassified from non-taxation revenue to taxation revenue to reflect a sustained change in the nature of revenue. The reclassification is reflected from 2015-16 MYEFO and back casting occurs in Appendix D Historical Series from 2003-04.

(d) The variation from Budget largely reflects a shift towards tobacco products being cleared through the customs system rather than the ATO.

(e) Capital gains tax is part of gross other individuals, company tax and superannuation fund taxes.

Table 3.15 shows the Australian Government general government (accrual) revenue from 2014-15 to 2018-19 by heads of revenue.

**Table 3.15: Australian Government general government sector (accrual) revenue**

	Actual	Estimates		Projections	
	2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
Individuals and other withholding taxes					
Gross income tax withholding	167,645	176,550	185,950	196,870	209,390
Gross other individuals	40,565	44,310	47,740	52,580	58,010
less: Refunds	27,033	27,500	28,900	30,700	32,650
Total individuals and other withholding tax	181,177	193,360	204,790	218,750	234,750
Fringe benefits tax	4,393	4,610	4,780	4,670	4,870
Company tax	66,311	67,996	71,600	77,700	83,900
Superannuation fund taxes	5,890	7,780	9,150	9,880	10,580
Minerals resource rent tax(a)	63	0	0	0	0
Petroleum resource rent tax	1,319	960	1,070	960	990
<b>Income taxation revenue</b>	<b>259,151</b>	<b>274,706</b>	<b>291,390</b>	<b>311,960</b>	<b>335,090</b>
Goods and services tax	56,462	59,790	63,700	67,010	70,480
Wine equalisation tax	828	850	860	890	920
Luxury car tax	540	520	510	520	530
Excise and customs duty					
Petrol	6,042	6,220	6,400	6,710	7,060
Diesel	8,918	9,350	9,640	9,990	10,490
Other fuel products	2,887	2,423	2,440	2,560	2,670
Tobacco	8,826	9,150	9,700	9,990	10,280
Beer	2,312	2,340	2,330	2,410	2,500
Spirits	1,997	1,970	2,010	2,070	2,140
Other alcoholic beverages(b)	900	910	920	950	980
Other customs duty					
Textiles, clothing and footwear	645	440	300	260	270
Passenger motor vehicles	732	550	590	560	600
Other imports	1,665	1,370	1,140	930	990
less: Refunds and drawbacks	356	420	420	420	420
Total excise and customs duty	34,570	34,303	35,050	36,010	37,560
Carbon pricing mechanism	0	0	0	0	0
Agricultural levies	509	475	485	493	498
Other taxes(c)	5,114	5,279	5,547	5,638	5,725
<b>Indirect taxation revenue</b>	<b>98,024</b>	<b>101,217</b>	<b>106,151</b>	<b>110,562</b>	<b>115,712</b>
<b>Taxation revenue</b>	<b>357,175</b>	<b>375,923</b>	<b>397,541</b>	<b>422,522</b>	<b>450,802</b>
Sales of goods and services(c)	7,239	7,956	9,641	12,527	16,307
Interest	3,147	4,519	4,938	5,361	6,566
Dividends	6,178	3,841	3,050	3,702	4,030
Other non-taxation revenue	7,006	8,714	8,030	8,468	9,388
<b>Non-taxation revenue</b>	<b>23,571</b>	<b>25,030</b>	<b>25,659</b>	<b>30,059</b>	<b>36,291</b>
<b>Total revenue</b>	<b>380,746</b>	<b>400,953</b>	<b>423,200</b>	<b>452,581</b>	<b>487,094</b>

**Table 3.15: Australian Government general government sector (accrual) revenue (continued)**

	Actual	Estimates		Projections	
	2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
<i>Memorandum:</i>					
<i>Total excise</i>	23,687	21,393	21,550	22,430	23,500
<i>Total customs duty</i>	10,884	12,910	13,500	13,580	14,060
<i>Capital gains tax(d)</i>	8,400	10,600	12,300	14,300	16,100
<i>Medicare and DisabilityCare Australia levy</i>	14,640	15,014	15,592	16,260	17,038

(a) The MRRT applied until 30 September 2014.

(b) Other alcoholic beverages are those not exceeding 10 per cent by volume of alcohol (excluding beer, brandy and wine).

(c) Visa application charges have been reclassified from non-taxation revenue to taxation revenue to reflect a sustained change in the nature of revenue. The reclassification is reflected from 2015-16 MYEFO, 2014-15 Outcome and back casting occurs in Appendix D Historical Series from 2003-04.

(d) Capital gains tax is part of gross other individuals, company tax and superannuation fund taxes. The 2014-15 figure is an estimate.

### Expense and net capital investment estimates

Movements in accrual expenses and net capital investments over the forward estimates are broadly similar to the movements in cash payments. The key exceptions include:

- an increase in the accrued superannuation expenses for 2015-16 of \$531 million for civilian superannuation schemes, mainly reflecting a change from budget for the actuarial discount rate. This movement has no impact on cash payments; and
- the provision of Goods and Services Tax (GST) to the States and Territories, reflecting higher than estimated GST entitlements of \$342 million for the 2014-15 financial year. This amount was accrued in 2014-15 and will be paid in 2015-16.

Estimates of Australian Government general government sector expenses by function can be found in Attachment D.

Table 3.16 provides a reconciliation of expense estimates.

**Table 3.16: Reconciliation of general government sector expense estimates**

	Estimates		Projections		Total
	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m	
<b>2015-16 Budget expenses</b>	<b>434,469</b>	<b>452,654</b>	<b>471,816</b>	<b>499,428</b>	<b>1,858,366</b>
<b>Changes from 2015-16 Budget to 2015-16 MYEFO</b>					
Effect of policy decisions(a)	829	1,015	-2,356	-2,114	-2,627
Effect of economic parameter variations					
Total economic parameter variations	-372	-1,741	-2,484	-3,541	-8,137
<i>Unemployment benefits</i>	-337	-647	-565	-705	-2,254
<i>Prices and wages</i>	-348	-985	-1,243	-1,479	-4,055
<i>Interest and exchange rates</i>	112	121	135	174	542
<i>GST payments to the States</i>	200	-230	-810	-1,530	-2,370
Public debt interest	119	620	874	1,356	2,969
Program specific parameter variations	392	-445	296	-2,262	-2,018
Other variations	-3,204	-896	-2,254	-1,498	-7,851
Total variations	-2,235	-1,448	-5,923	-8,059	-17,664
<b>2015-16 MYEFO expenses</b>	<b>432,234</b>	<b>451,206</b>	<b>465,892</b>	<b>491,370</b>	<b>1,840,702</b>

(a) Excludes secondary impacts on public debt interest of policy decisions and offsets from the Contingency Reserve for decisions taken.

Table 3.17 provides a reconciliation of the net capital investment estimates.

**Table 3.17: Reconciliation of general government sector net capital investment estimates**

	Estimates		Projections		Total
	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m	
<b>2015-16 Budget net capital investment</b>	<b>3,854</b>	<b>4,198</b>	<b>3,598</b>	<b>5,090</b>	<b>16,740</b>
<b>Changes from 2015-16 Budget to 2015-16 MYEFO</b>					
Effect of policy decisions(a)	128	46	-56	-75	43
Effect of parameter and other variations	502	501	560	918	2,482
<b>Total variations</b>	<b>630</b>	<b>547</b>	<b>505</b>	<b>843</b>	<b>2,525</b>
<b>2015-16 MYEFO net capital investment</b>	<b>4,484</b>	<b>4,745</b>	<b>4,103</b>	<b>5,933</b>	<b>19,265</b>

(a) Excludes secondary impacts on public debt interest of policy decisions and offsets from the Contingency Reserve for decisions taken.

### Headline cash balance

The headline cash balance consists of the underlying cash balance, net cash flows from investments in financial assets for policy purposes (for example, the equity funding of NBN Co) and net Future Fund earnings.

Table 3.18 provides further detail between the underlying and headline cash balance estimates of the Australian Government general government sector.

**Table 3.18: Reconciliation of general government sector underlying and headline cash balance estimates**

	Estimates		Projections		Total
	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m	
<b>2015-16 MYEFO underlying cash balance(a)</b>	<b>-37,399</b>	<b>-33,667</b>	<b>-23,021</b>	<b>-14,229</b>	<b>-108,317</b>
<b>plus Net cash flows from investments in financial assets for policy purposes</b>					
Student loans	-7,926	-9,382	-11,100	-12,115	-40,524
NBN investment	-7,838	-8,475	0	0	-16,313
Residential mortgage backed securities	2,195	1,919	147	0	4,261
WestConnex	-28	-647	-732	-546	-1,954
Trade support loans	-460	-511	-563	-569	-2,102
Asbestos removal in the ACT - Mr Fluffy loose fill asbestos remediation	-250	0	50	50	-150
Northern Australia Infrastructure Facility	0	-935	-870	-805	-2,610
Drought and rural assistance loans	-63	-250	-250	-250	-813
Net other	-356	-641	56	191	-751
<b>Total net cash flows from investments in financial assets for policy purposes</b>	<b>-14,727</b>	<b>-18,922</b>	<b>-13,262</b>	<b>-14,044</b>	<b>-60,955</b>
plus Net Future Fund earnings	3,955	3,717	4,007	4,465	16,145
<b>2015-16 MYEFO headline cash balance</b>	<b>-48,171</b>	<b>-48,872</b>	<b>-32,276</b>	<b>-23,808</b>	<b>-153,127</b>

(a) Excludes expected net Future Fund earnings.

The headline cash balance for 2015-16 is estimated to be a deficit of \$48.2 billion (2.9 per cent of GDP), compared with a deficit of \$44.8 billion at 2015-16 Budget. Over the four years to 2018-19, the headline cash deficit is projected to decline to \$23.8 billion in 2018-19. The deterioration in the headline cash balance has been primarily driven by the deterioration of the underlying cash balance.





## Attachment A

### FORECAST UNCERTAINTIES, SENSITIVITIES AND SCENARIOS

#### Overview

The macroeconomic and fiscal forecasts presented in the 2015-16 MYEFO incorporate assumptions and judgments based on information available at the time of preparation.

This attachment presents estimates of uncertainty around economic and fiscal forecasts and a medium-term scenario assuming an alternative profile for market yields. It also presents an analysis of the sensitivity of MYEFO estimates to changes in key assumptions, as required under the *Charter of Budget Honesty Act 1998*.

A more detailed discussion of risks around fiscal forecasts is presented in Appendix C.

#### CONFIDENCE INTERVALS AROUND THE ECONOMIC AND FISCAL FORECASTS

Estimates of economic and fiscal variables over the forward estimates period are subject to inherent uncertainties. Generally, these uncertainties tend to increase as the forecast horizon lengthens. Confidence intervals quantifying estimates of uncertainty around the key 2015-16 MYEFO forecasts are presented below. These confidence intervals present a range of plausible alternative outcomes around any given point estimate.

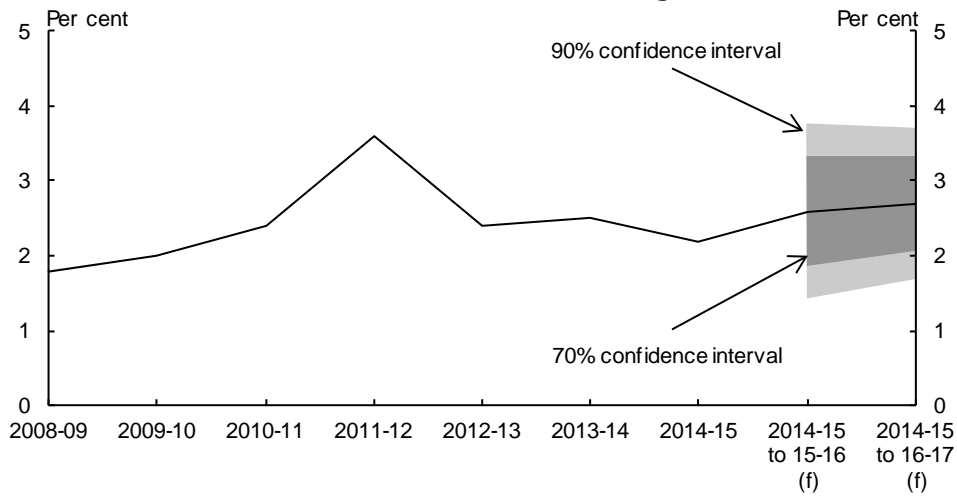
#### Measures of uncertainty around economic forecasts

##### Real GDP forecasts

Real GDP forecasts in the 2015-16 MYEFO are based on assumptions about the exchange rate, interest rates and oil prices. The forecasts incorporate judgments about how developments in one part of the Australian economy affect other parts, and also about the impact of events in the international economy on the domestic economy.

The accuracy of the forecasts depends on the extent to which the assumptions and judgments underpinning them prove to be correct.

**Chart 3.6: Confidence intervals around real GDP growth rate forecasts**



Note: The central line shows the outcomes and the 2015-16 MYEFO forecasts. Annual growth rates are reported for the outcomes. Average annualised growth rates from 2014-15 are reported for 2015-16 onwards. (f) are forecasts. Confidence intervals are based on the root mean square errors (RMSEs) of December forecasts from 1998 onwards, with outcomes based on September quarter 2015 National Accounts data.

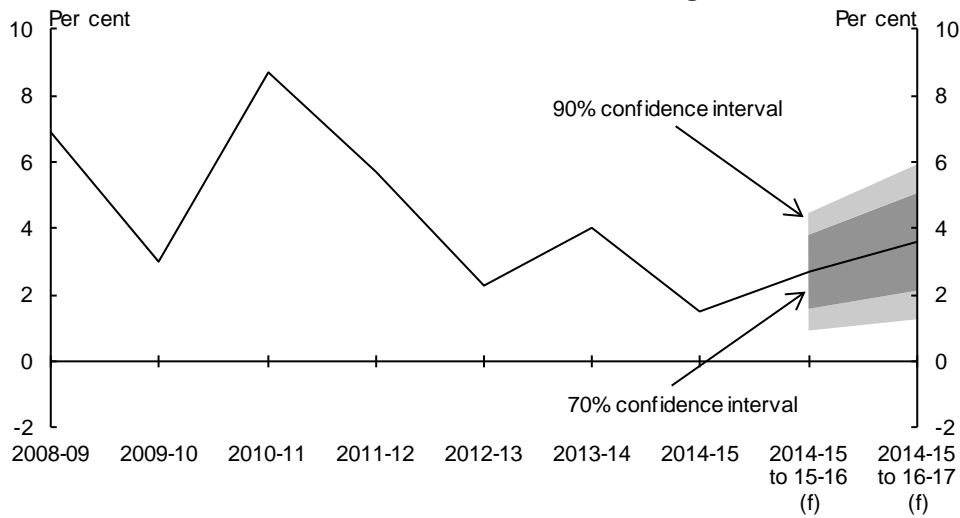
Source: ABS cat. no. 5206.0 and Treasury.

Chart 3.6 above shows that real GDP growth in 2015-16 is expected to be around 2½ per cent, with the 70 per cent confidence interval ranging from 1¾ to 3¼ per cent.

### Nominal GDP forecasts

In 2015-16, nominal GDP growth is expected to be lower than forecast at the 2015-16 Budget. This reflects the steeper than anticipated decline in key commodity prices over the past six months, and slower than anticipated growth in consumer prices, which have contributed to a lower forecast of the GDP deflator.

**Chart 3.7: Confidence intervals around nominal GDP growth rate forecasts**



Note: See note to Chart 3.6.  
Source: ABS cat. no. 5206.0 and Treasury.

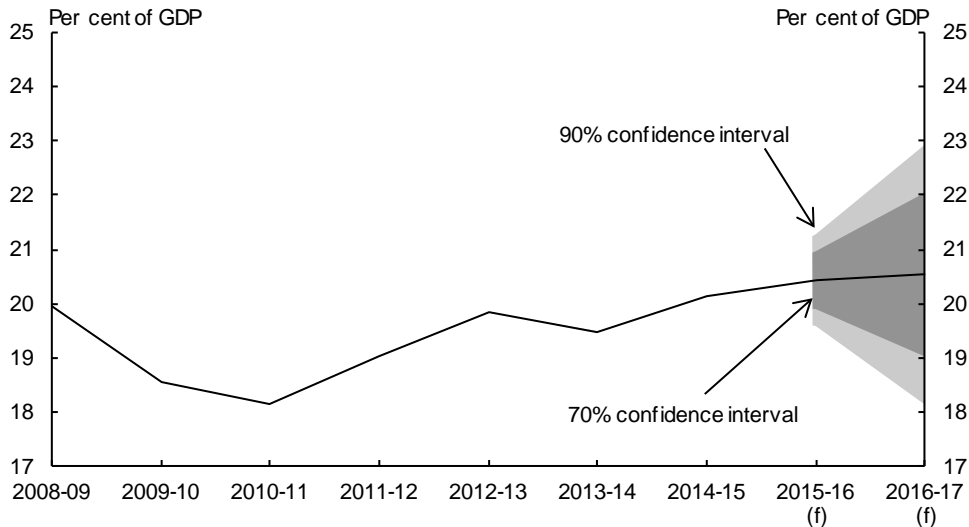
The confidence intervals around nominal GDP forecasts are wider than those around the real GDP forecasts, reflecting both the uncertainty over the outlook for real GDP and the added uncertainty about the outlook for domestic prices and the terms of trade. Chart 3.7 suggests that nominal GDP growth in 2015-16 is expected to be around 2¾ per cent, with the 70 per cent confidence interval ranging from 1½ to 3¾ per cent.

### Measures of uncertainty around fiscal forecasts

#### Receipts forecasts

The Government's tax receipts estimates are generally prepared using a 'base plus growth' methodology. The last known outcome (2014-15 for the 2015-16 MYEFO) is used as the base to which estimated growth rates are applied, resulting in tax receipts estimates for the current and future years.

**Chart 3.8: Confidence intervals around receipts forecasts**



Note: The central line shows the outcomes and 2015-16 MYEFO point estimate forecasts. (f) are forecasts. Confidence intervals use RMSEs for MYEFO forecasts from the 1998-99 MYEFO onwards.  
Source: Budget papers and Treasury.

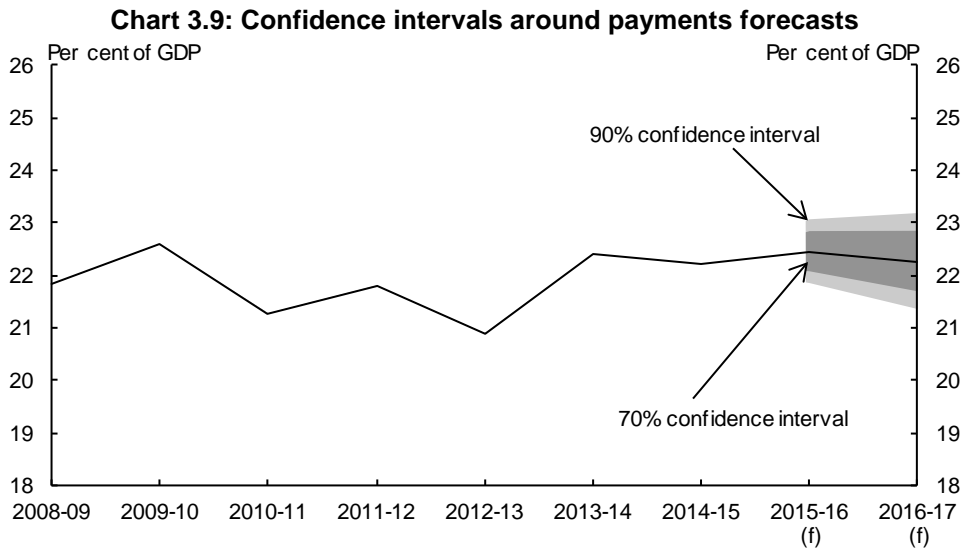
Chart 3.8 shows confidence intervals around the forecasts for receipts (excluding GST<sup>1</sup> and including Future Fund earnings). Impacts of future policy decisions are beyond the scope of these forecasts. To account for this, confidence intervals constructed around the receipts forecasts exclude historical variations caused by subsequent policy decisions. These intervals take into account errors caused by parameter and other variations in isolation.

The chart shows that there is considerable uncertainty around receipts forecasts and that this uncertainty increases over the estimates period. It suggests that in 2015-16, the width of the 70 per cent confidence interval for the 2015-16 MYEFO receipts forecast is approximately 1.1 per cent of GDP (\$20 billion) and the 90 per cent confidence interval is approximately 1.7 per cent of GDP (\$30 billion).

## Payments

The Government's payments estimates are prepared by Australian Government agencies that comprise the Australian Government general government sector.

<sup>1</sup> GST was not reported as a Commonwealth tax in budget documents prior to the 2008-09 Budget. As a result, GST data have been removed from historical receipts and payments data to abstract from any error associated with this change in accounting treatment.



Note: See note to Chart 3.8  
 Source: Budget papers and Treasury.

Chart 3.9 shows confidence intervals around payments forecasts (excluding GST payments). As with the receipts estimates, historical policy decisions are excluded,<sup>2</sup> and future policy decisions are out of scope. The estimates include the public debt interest impact of policy decisions.

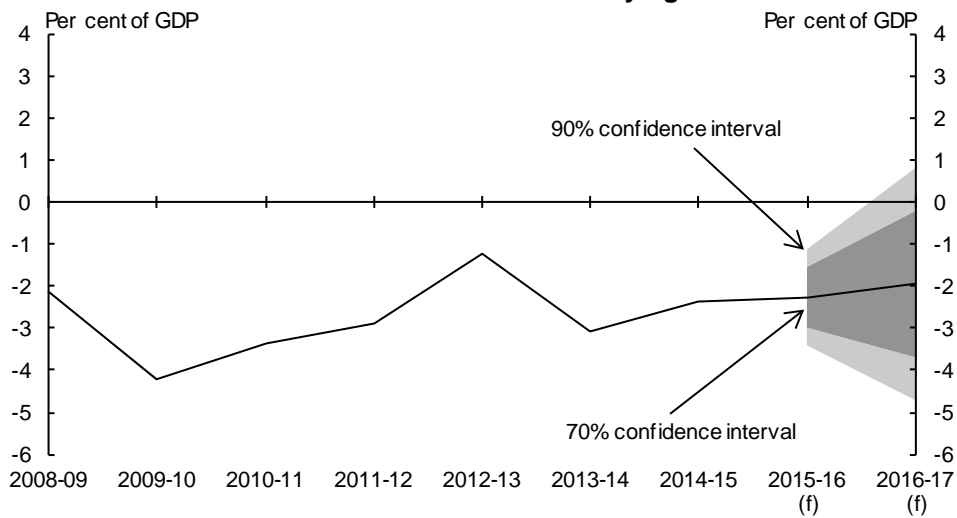
The chart shows that there is moderate uncertainty around payments forecasts. In 2015-16 the width of the 70 per cent confidence interval for the 2015-16 MYEFO payments forecast is approximately 0.8 per cent of GDP (\$15 billion) and the 90 per cent confidence interval is approximately 1.2 per cent of GDP (\$20 billion).

### Underlying cash balance

The underlying cash balance estimates are sensitive to the same forecasting errors that affect estimates of receipts and payments. Confidence interval analysis shows that there is considerable uncertainty around the underlying cash balance forecasts (see Chart 3.10).

<sup>2</sup> Excluding historical variations stemming from policy decisions does not exclude cases that are classified in budget documentation as parameter and other variations, but have more in common with decisions of government. For example, decisions to re-profile spending due to changes in timing of projects are captured for reporting purposes as parameter and other variations, as are new and often substantial spending decisions to provide assistance for the impacts of natural disasters. Such variations contribute to the size of the confidence intervals around payments.

**Chart 3.10: Confidence intervals around the underlying cash balance forecasts**



Note: See note to Chart 3.8.

Source: Budget papers and Treasury.

In 2015-16, the width of the 70 per cent confidence interval for the 2015-16 MYEFO underlying cash balance forecast is approximately 1.4 per cent of GDP (\$25 billion) and the 90 per cent confidence interval is approximately 2.3 per cent of GDP (\$40 billion). In line with receipts forecasts, uncertainty increases over the estimates period.

## SENSITIVITY OF BUDGET ESTIMATES TO ECONOMIC DEVELOPMENTS

Small movements in economic parameters can result in large changes to the fiscal estimates. For example, as highlighted in Box A of Part 3, downward revisions to population and labour force projections since Budget 2015-16 have affected nominal GDP and Commonwealth payments and receipts over the forward estimates and the medium term. Consideration of particular scenarios and sensitivity analysis in this section demonstrates the potential impact of such changes.

### Fiscal sensitivity to permanent changes in key economic variables

#### Scenario 1: A one per cent reduction in nominal GDP from a fall in the terms of trade

This scenario involves a permanent fall in world prices of non-rural commodity exports in 2015-16 consistent with a fall in the terms of trade of around 4 per cent, which causes a 1 per cent fall in nominal GDP by 2016-17. The sensitivity analysis evaluates the flow-on effects on the economy, the labour market and prices. The impacts in Table 3.19 are stylised and refer to per cent deviations from the baseline levels of the economic parameters.

**Table 3.19: Illustrative impact of a permanent terms of trade fall consistent with a 1 per cent fall in nominal GDP by 2016-17 (per cent deviation from the baseline level)<sup>3</sup>**

	2015-16 per cent	2016-17 per cent
Real GDP	0	- 1/4
Non-farm GDP deflator	- 3/4	- 3/4
Employment	- 1/4	- 1/2
Wages	0	- 1/4
CPI	0	- 1/4
Company profits	-3	-3
Consumption	- 1/4	- 1/2

Assuming no change in exchange rates or interest rates, the fall in export prices leads directly to a lower non-farm GDP deflator (from the export component of GDP) and lower domestic incomes. Lower domestic incomes cause both consumption and investment to fall, resulting in lower real GDP, employment and wages. The fall in aggregate demand puts downward pressure on domestic prices.

Given these assumptions, the overall impact of the fall in the terms of trade is a decrease in the underlying cash balance of around \$2.7 billion in 2015-16 and around \$5.7 billion in 2016-17 (see Table 3.20).

On the receipts side, a fall in the terms of trade results in a fall in nominal GDP which reduces tax collections. The largest impact is on company tax receipts, as the fall in export income decreases company profits. Owing to lags in the tax system, the effect on company tax is larger in 2016-17. Lower company profits are assumed to flow through to lower Australian equity prices, therefore reducing capital gains tax from individuals, companies and superannuation funds.

The weaker economy results in lower aggregate demand, which flows through to lower employment and wages, reducing individuals' income tax receipts. The decrease in disposable incomes leads to lower consumption, which in turn results in a decrease in GST receipts (decreasing GST payments to the States by the same amount) and other indirect taxes.

<sup>3</sup> These results represent a partial economic analysis only and do not attempt to capture all the economic feedback and other policy responses related to changed economic conditions, and assume no change in the exchange rate, interest rates or policy over the forecast period.

**Table 3.20: Illustrative sensitivity of the budget balance to a 1 per cent decrease in nominal GDP due to a fall in the terms of trade**

	2015-16	2016-17
	\$b	\$b
<b>Receipts</b>		
Individuals' and other withholding taxes	-0.6	-1.7
Superannuation fund taxes	-0.1	-0.2
Company tax	-1.7	-3.3
Goods and services tax	-0.1	-0.3
Excise and customs duty	0.0	-0.1
Other taxes	-0.1	-0.1
<b>Total receipts</b>	<b>-2.6</b>	<b>-5.7</b>
<b>Payments</b>		
Income support	-0.2	-0.2
Other payments	0.0	0.1
Goods and services tax	0.1	0.3
<b>Total payments</b>	<b>-0.1</b>	<b>0.2</b>
Public debt interest	0.0	-0.2
<b>Underlying cash balance impact(a)</b>	<b>-2.7</b>	<b>-5.7</b>

(a) Estimated impacts fall within the 70 per cent confidence intervals for years 2015-16 and 2016-17, as shown in Charts 3.8 to 3.10.

On the payments side, a significant proportion of government expenditure is partially indexed to movements in costs (as reflected in various price and wage measures). Some forms of expenditure, in particular income support payments, are also driven by the number of beneficiaries.

The overall estimated expenditure on income support payments increases in both years because of a higher number of unemployment benefit recipients. The increase in spending on unemployment benefits in 2016-17 is partly offset by reduced expenditure on pensions and allowances reflecting lower growth in benefit rates resulting from lower wages growth and lower inflation. At the same time other payments linked to inflation fall in line with the reduced growth in prices.

The deterioration in the underlying cash balance results in a higher borrowing requirement and a higher public debt interest cost.

While not taken into account in this scenario, under a floating exchange rate, a fall in the terms of trade would be expected to lead to a fall exchange rate. This would likely dampen the effects on real GDP, meaning the impact on the fiscal position could be substantially more subdued.

**Scenario 2: A one per cent increase in real GDP driven by an increase in labour productivity and labour force participation with each contributing equally**

As discussed above, the 2015-16 MYEFO forecasts also depend on assumptions about the economy's supply side. Should the outcomes for population, productivity and participation differ from what was assumed, then so may the 2015-16 MYEFO outcomes.



This scenario involves a permanent 0.5 per cent increase in both the participation rate and labour productivity, resulting in a 1 per cent increase in real GDP from 2015-16. Once again, the sensitivity analysis evaluates the flow-on effects on the economy, the labour market and prices. The impacts in Table 3.21 are stylised and refer to per cent deviations from the baseline levels of the parameters.

**Table 3.21: Illustrative impact of a 1 per cent increase in real GDP due to an equal increase in both productivity and participation (per cent deviation from the baseline level)**

	2015-16 per cent	2016-17 per cent
Nominal GDP	3/4	3/4
Non-farm GDP deflator	- 1/4	- 1/4
Employment	1/2	1/2
Wages	1/4	1/4
CPI	- 1/4	- 1/4
Company profits	1 3/4	1 3/4
Consumption	1	1

The 1 per cent increase in real GDP increases nominal GDP by slightly less but the magnitude of the effects on receipts, payments and the underlying cash balance differ from the first scenario because different parts of the economy are affected in different ways.

The increases in labour force participation and labour productivity have the same impact on output, but different impacts on the labour market. Higher productivity leads to higher real GDP and higher real wages, while an increase in the participation rate increases employment and real GDP. Imports are higher in this scenario, reflecting higher domestic incomes.

Since the supply side of the economy expands, inflation temporarily falls relative to the baseline. The lower domestic prices make exports more attractive to foreigners, with the resulting increase in exports offsetting higher imports, leaving the trade balance unchanged. The exchange rate is assumed to be unchanged.

The overall impact of the increase in labour productivity and participation is an increase in the underlying cash balance of around \$3.6 billion in 2015-16 and around \$4.4 billion in 2016-17 (see Table 3.22).

**Table 3.22: Illustrative sensitivity of the budget balance to a 1 per cent increase in real GDP due to an equal increase in both productivity and participation**

	2015-16	2016-17
	\$b	\$b
<b>Receipts</b>		
Individuals' and other withholding taxes	1.9	1.6
Superannuation fund taxes	0.1	0.2
Company tax	1.1	1.7
Goods and services tax	0.5	0.6
Excise and customs duty	0.4	0.4
Other taxes	0.0	0.0
<b>Total receipts</b>	<b>4.0</b>	<b>4.5</b>
<b>Payments</b>		
Income support	0.0	0.2
Other payments	0.1	0.1
Goods and services tax	-0.5	-0.6
<b>Total payments</b>	<b>-0.4</b>	<b>-0.3</b>
Public debt interest	0.0	0.2
<b>Underlying cash balance impact(a)</b>	<b>3.6</b>	<b>4.4</b>

(a) Estimated impacts fall within the 70 per cent confidence intervals for years 2015-16 and 2016-17, as shown in Charts 3.8 to 3.10.

On the receipts side, individuals' income tax collections increase because of the rise in the number of wage earners and, additionally, higher real wages. The stronger labour market also increases tax collections from superannuation funds because contributions (including compulsory contributions) are higher. The increase in personal incomes leads to higher consumption which results in an increase in GST receipts (with the corresponding receipts passed on in higher GST payments to the States). In addition, the stronger economy results in higher levels of corporate profitability, increasing company taxes.

On the payments side, overall estimated expenditure on income support payments (including pensions, unemployment benefits and other allowances) is lower, reflecting lower growth in benefit rates through indexation due to lower inflation (as measured by the Consumer Price Index).<sup>4</sup> This effect is partly offset by growth in the number of unemployment benefit recipients (as higher labour force participation increases both employment and the number unemployed). At the same time other payments linked to inflation fall in line with the reduced growth in prices.

On balance, the rise in estimated tax collections is only partially offset by increased payments. This improves the underlying cash position, which results in a lower borrowing requirement and lower public debt interest cost.

<sup>4</sup> Under existing indexation arrangements, the growth in wages (average weekly earnings) has historically been the key driver of the growth in benefit rates for pensions and similar payments. However, with recent subdued wages growth, the key driver is now indexation of benefit rates to growth in the CPI.

### **Medium-term projection scenarios**

The medium-term projections set out in the 2015-16 MYEFO are not equivalent to forecasts. The medium-term projections use the forward estimates as a base. They are therefore subject to similar risks and uncertainties that affect the fiscal aggregates discussed above, but the longer timeframes mean even greater uncertainty.

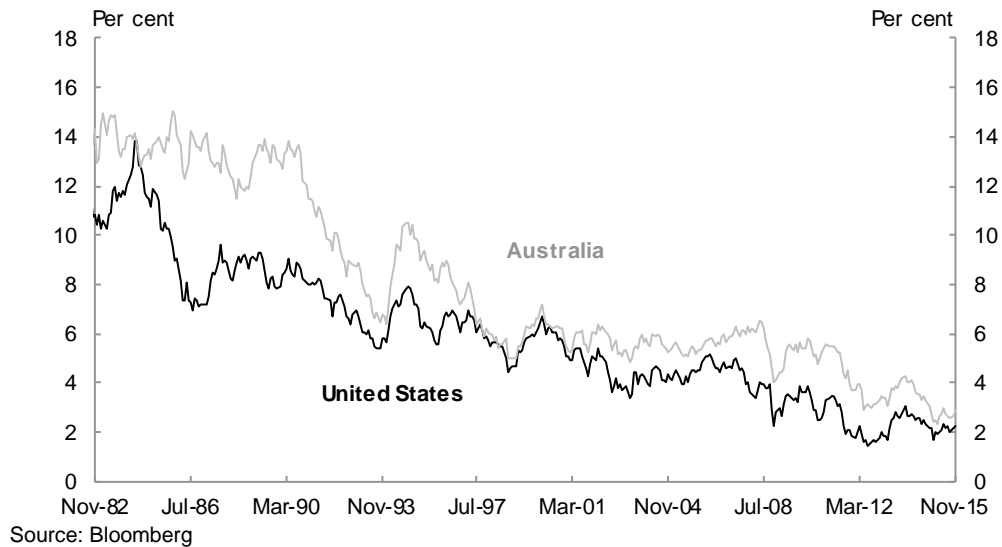
Beyond the forward estimates, a range of simplifying assumptions are used to project government payments, with the main drivers being: movements in prices; economic growth; the size and structure of the population; and the expected per person costs (in each age bracket) of major government programs based on current Government policy. In this context, it is important to note that the projections are very unlikely to unfold exactly as outlined. There will be changes over the projection period that are not anticipated in the underlying assumptions, and government policy will change.

Relatively small changes to assumptions underpinning medium-term projections can have a significant effect on projections of the key fiscal aggregates including the underlying cash balance and CGS on issue (otherwise known as gross debt) by the end of the projection period. In the same way, small changes from government decisions, or from developments beyond the Government's control, can be magnified over the medium term.

#### **Scenario: Impact of higher yields over the medium term**

Government bond yields have recently been at historically low levels (Chart 3.11). The 10-year Treasury bond yield underpinning the 2015-16 MYEFO is 2.9 per cent, compared with 2.6 per cent at the time of the 2015-16 Budget and 3.9 per cent at the 2014-15 Budget. This scenario illustrates the impact on key medium-term aggregates of an increase in yields to the level at the 2014-15 Budget. Such an increase is relatively modest compared with past peaks (see Chart 3.11).

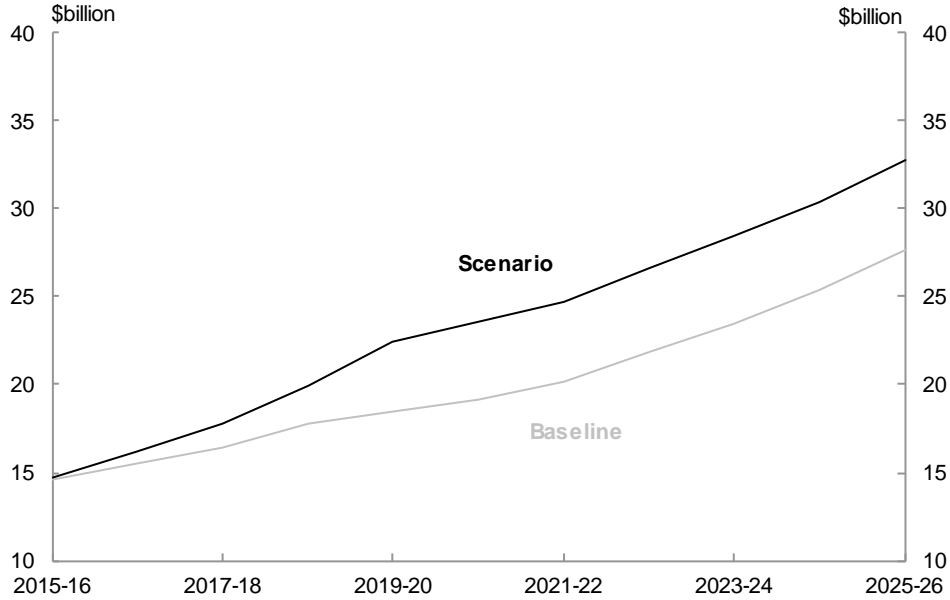
**Chart 3.11: United States and Australian 10-year government bond yields**



Future borrowing costs are determined by interest rates on Government bonds at the time of issuance. Significant levels of CGS are expected to be issued in the forward estimates period, including to finance projected cash deficits and to refinance maturing debt. This debt issuance requirement means that an increase in yields from current rates would lead to an increase in public debt interest costs.

Future pressures on global bond yields—such as a sustained recovery in global inflationary pressures—could be expected to increase the cost of servicing Government debt. Chart 3.12 shows public debt interest costs to 2025-26 under the yield assumptions for the 2015-16 MYEFO, compared with the higher yield assumptions at the 2014-15 Budget.

**Chart 3.12: Impact of higher yields on public debt interest costs over the medium term**

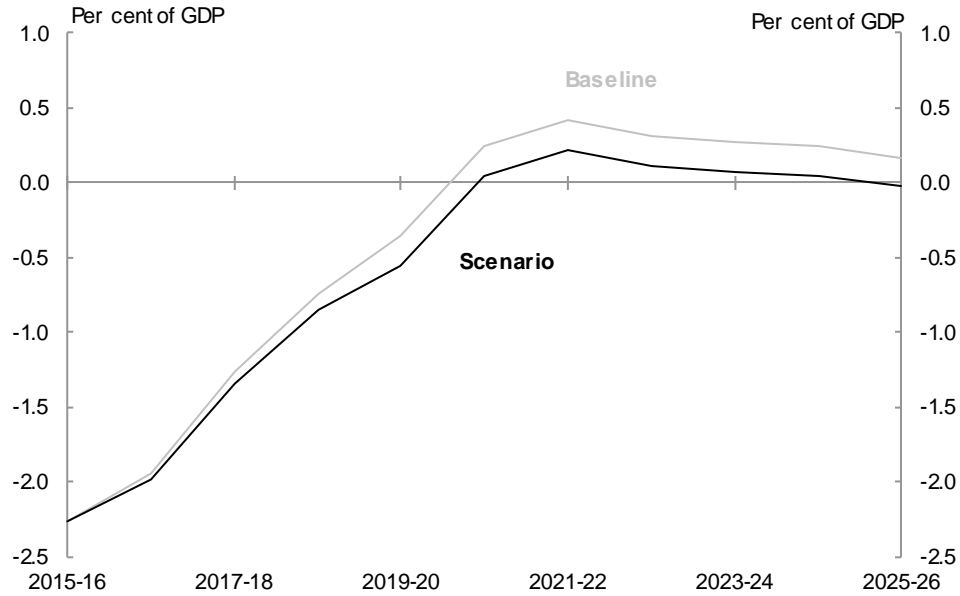


Source: Treasury projections.

The chart suggests that if the 2014-15 Budget yield assumption was applied to borrowings estimated in the 2015-16 MYEFO, public debt interest costs would be around \$5 billion higher by 2025-26. This increase in public debt interest costs would increase payments, leading to a deterioration in the underlying cash balance (Chart 3.13).

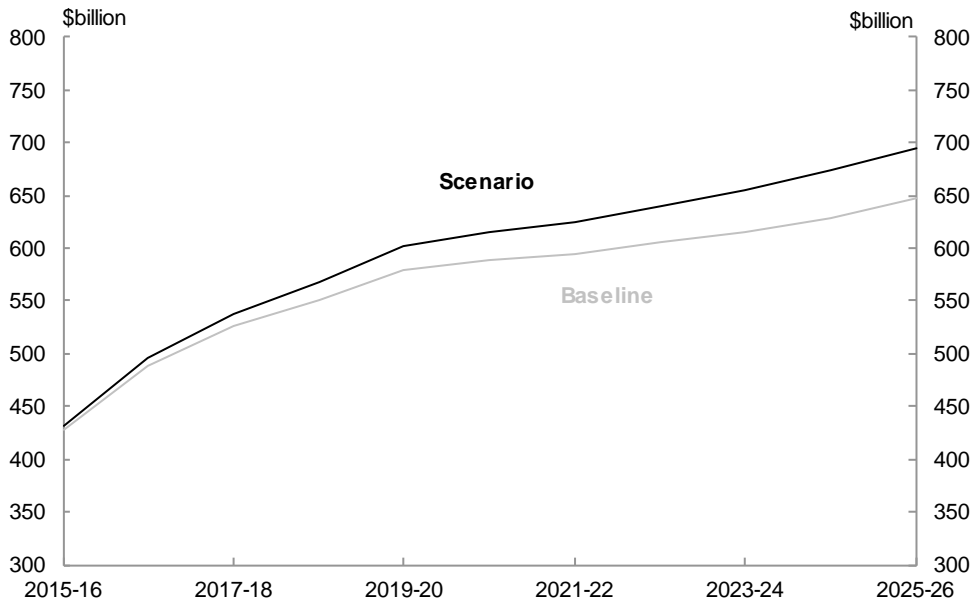
Chart 3.13 shows the underlying cash balance to 2025-26 under the yield assumptions for the 2015-16 MYEFO, compared with the higher yield assumptions at the 2014-15 Budget. The underlying cash balance over the medium term deteriorates from a surplus of 0.2 per cent of GDP in 2025-26 to a balanced position under the higher yield assumption.

**Chart 3.13: Impact of higher yields on the underlying cash balance over the medium term**



Source: Treasury projections.

**Chart 3.14: Impact of higher yields on face value of CGS on issue over the medium term**



Source: Treasury projections.

As shown in Chart 3.14, an increase in Commonwealth deficits from higher public debt interest payments would flow through to further borrowings, increasing the face value of CGS on issue to around \$695 billion by the end of the medium term, compared with \$647 billion under the 2015-16 MYEFO yield assumptions.

The impact of higher yields on the medium-term underlying cash balance and the face value of CGS on issue highlights the risks around the balance sheet and the importance of prudent balance sheet management. A strong balance sheet means that governments have the flexibility to respond to unanticipated events during times of financial crises or economic shocks, and that resources that would otherwise need to be used to meet interest payments can be allocated to other priorities.

## **TAX EXPENDITURES**

This attachment provides information on Australian Government tax expenditures, as required by the *Charter of Budget Honesty Act 1998*.

A tax expenditure arises where the actual tax treatment of an activity or class of taxpayer differs from the benchmark tax treatment. Tax expenditures typically involve tax exemptions, deductions or offsets, concessional tax rates or deferrals of tax liability.

Benchmarks represent the standard taxation treatment that applies to similar taxpayers or types of activity. Benchmarks may also incorporate structural elements of the tax system; for example, the progressive income tax rate scale for individual taxpayers.

Determining benchmarks involves judgment and consequently, the choice of benchmark may be contentious. Benchmarks may also vary over time. The choice of benchmark should not be interpreted as indicating a view on how an activity or class of taxpayer ought to be taxed.

Consistent with most OECD countries, estimates of the size of tax expenditures reflect the existing utilisation of a tax expenditure, similar to Budget estimates of outlays on demand-driven expenditure programs. Estimates do not indicate the Budget impact if a tax expenditure were to be abolished, as there may be significant changes in taxpayer behaviour were tax expenditures to be removed.

Care needs to be taken when comparing tax expenditures with direct expenditures as they may measure different things. In addition, estimates from different editions of the Tax Expenditures Statement (TES) should not be compared because, for example, benchmarks may have changed.

The information in Table 3.23 is derived from the 2014 TES and, consistent with longstanding practice, does not include the impact of decisions taken since the 2014-15 MYEFO. Further information on tax expenditures is available in the 2014 TES. Updated tax expenditure estimates will be published in the 2015 TES, to be released in January 2016. This will also include estimates for any new or modified tax expenditures since the 2014 TES.



**Table 3.23: Large measured tax expenditures for 2015-16 to 2018-19**

Tax expenditure	Estimate \$m				
	2015-16	2016-17	2017-18	2018-19	
<b>Large positive tax expenditures</b>					
E6	Capital gains tax main residence exemption — discount component	25,500	25,500	26,000	26,500
E5	Capital gains tax main residence exemption	20,500	21,000	21,500	22,000
C3	Concessional taxation of employer superannuation contributions	17,350	18,100	19,050	20,150
C6	Concessional taxation of superannuation entity earnings	16,150	21,600	26,800	30,400
H28	GST — Food	6,700	7,000	7,300	7,600
E11	Capital gains tax discount for individuals and trusts	6,150	6,840	7,600	8,570
H16	GST — Education	4,300	4,700	5,150	5,600
H2	GST — Financial supplies — input taxed treatment	3,750	3,950	4,150	4,350
H19	GST — Health — medical and health services	3,800	4,100	4,400	4,700
C5	Concessional taxation of non-superannuation termination benefits	1,950	1,900	1,900	1,850
A38	Exemption of Family Tax Benefit payments	2,170	2,110	2,040	2,100
B73	Statutory effective life caps	1,930	1,850	1,745	1,650
B14	Exemption from interest withholding tax on certain securities	1,860	1,860	1,860	1,860
A19	Medicare levy exemption for residents with taxable income below the low-income thresholds	1,860	1,930	2,000	2,070
A17	Exemption of the Private Health Insurance Rebate	1,690	1,760	1,850	1,940
D10	Exemption for public and not-for-profit hospitals and public ambulance services	1,500	1,600	1,700	1,800
D14	Exemption for public benevolent institutions (excluding public and not-for-profit hospitals)	1,430	1,510	1,580	1,660
F8	Concessional rate of excise levied on aviation gasoline and aviation turbine fuel	1,310	1,400	1,500	1,580
H20	GST — Health — residential care, community care and other care services	1,190	1,270	1,360	1,460
A54	Philanthropy — deduction for gifts to deductible gift recipients	1,140	1,170	1,190	1,220
H5	GST — Child care services	1,220	1,340	1,470	1,600
B80	Research and development — non-refundable tax offset	980	960	980	980
H6	GST — Water, sewerage and drainage	1,170	1,290	1,430	1,590
B75	Capital works expenditure deduction	1,005	1,055	1,110	1,160
H3	GST — Financial supplies — reduced input tax credits	940	990	1,050	1,100
<b>Large negative tax expenditures</b>					
F24	Customs duty	- 1,490	- 1,250	- 1,230	- 1,210
F12	Higher rate of excise levied on cigarettes not exceeding 0.8 grams of tobacco	- 2,195	- 2,555	- 2,690	- 2,790

**SUPPLEMENTARY EXPENSES TABLE AND THE CONTINGENCY RESERVE**

**Expenses**

Table 3.24 shows estimates of Australian Government general government expenses by function and sub-function for 2015-16 and the forward years.

**Table 3.24: Estimates of Australian Government general government sector expenses by function and sub-function**

	Estimates						Projections					
	2015-16			2016-17			2017-18			2018-19		
	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	1,058	1,061	0	1,234	1,243	1	1,054	1,063	1	1,069	1,077	1
Financial and fiscal affairs	7,934	7,028	-11	8,532	7,493	-12	8,430	7,313	-13	8,533	7,401	-13
Foreign affairs and economic aid	5,422	5,430	0	5,663	5,636	0	5,573	5,427	-3	5,740	5,760	0
General research	2,716	2,785	3	2,674	2,741	3	2,534	2,804	11	2,627	2,899	10
General services	913	961	5	877	926	6	888	929	5	906	950	5
Government superannuation benefits	4,119	5,372	30	3,956	3,967	0	3,745	3,818	2	3,667	3,770	3
<b>Defence</b>	26,348	26,559	1	26,106	26,312	1	27,631	27,640	0	28,783	28,627	-1
<b>Public order and safety</b>	4,885	4,958	1	4,851	4,844	0	4,735	4,718	0	4,806	4,738	-1
<b>Education</b>	31,854	32,478	2	33,133	33,166	0	34,055	33,813	-1	35,115	34,921	-1
<b>Health</b>	69,381	68,686	-1	71,634	70,375	-2	74,076	72,318	-2	76,987	75,195	-2
<b>Social security and welfare</b>	154,000	152,782	-1	159,654	158,721	-1	170,719	168,251	-1	186,869	182,548	-2
<b>Housing and community amenities</b>	5,329	5,434	2	5,242	5,233	0	5,041	5,091	1	4,553	4,641	2
<b>Recreation and culture</b>	3,530	3,440	-3	3,350	3,257	-3	3,294	3,210	-3	3,287	3,173	-3
<b>Fuel and energy</b>	6,706	6,773	1	6,705	6,707	0	6,895	6,932	1	7,237	7,192	-1
<b>Agriculture, fisheries and forestry</b>	3,063	3,119	2	2,930	3,018	3	2,780	2,828	2	2,408	2,484	3
<b>Mining, manufacturing and construction</b>	3,142	3,619	15	3,129	3,683	18	3,082	3,777	23	3,092	3,923	27
<b>Transport and communication</b>	8,575	8,882	4	11,198	11,917	6	9,304	9,102	-2	6,315	6,558	4
<b>Other economic affairs</b>												
Tourism and area promotion	177	180	2	176	182	3	175	182	4	166	173	4
Labour and employment affairs	3,963	3,868	-2	4,296	4,200	-2	4,326	4,158	-4	4,358	4,194	-4
Immigration	3,622	4,020	11	2,451	3,441	40	2,356	2,537	8	2,416	2,473	2
Other economic affairs nec	2,030	2,063	2	1,994	2,020	1	1,992	2,019	1	2,010	2,056	2

**Table 3.24: Estimates of Australian Government general government sector expenses by function and sub-function (continued)**

	Estimates						Projections					
	2015-16			2016-17			2017-18			2018-19		
	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	15,561	15,680	1	16,455	17,075	4	16,846	17,720	5	17,364	18,719	8
Nominal superannuation interest	9,869	9,231	-6	10,259	10,261	0	10,648	10,650	0	11,034	11,036	0
General purpose inter-government transactions	60,038	59,239	-1	63,949	63,777	0	67,534	66,776	-1	71,232	69,744	-2
Natural disaster relief	33	40	21	5	8	60	-1	3	400	-1	0	100
Contingency reserve	201	-1,456	-824	2,201	1,002	-54	4,104	2,811	-32	8,854	7,117	-20
<b>Total expenses</b>	<b>434,469</b>	<b>432,234</b>	<b>-1</b>	<b>452,654</b>	<b>451,206</b>	<b>0</b>	<b>471,816</b>	<b>465,892</b>	<b>-1</b>	<b>499,428</b>	<b>491,370</b>	<b>-2</b>

## Contingency Reserve

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

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

The Contingency Reserve contains an allowance for the tendency for estimates of expenses for existing Government policy to be revised upwards in the forward years, known as the conservative bias allowance (CBA). The rising profile of expenses in the contingency reserve sub-function over the forward estimates is largely due to the CBA. Since the 2015-16 Budget, the allowance has been drawn down to:

- $\frac{1}{4}$  of a percentage point of total general government sector expenses (excluding GST payments to the States) in the first forward year (2016-17);
- $\frac{3}{4}$  of a percentage point of expenses in the second forward year (2017-18); and
- a  $1\frac{1}{2}$  percentage point provision in the third forward year (2018-19).

The drawdown of the allowance reduced expenses by \$973 million in 2016-17, \$1.0 billion in 2017-18 and \$2.2 billion in 2018-19. The drawdown of the allowance is consistent with long standing practice and does not represent a saving or offset to Government spending measures.

In general, the Contingency Reserve can also include:

- a provision for underspends in the current financial year reflecting the tendency for budgeted expenses for some entities or functions not to be met;
- commercial-in-confidence and national security-in-confidence items that cannot be disclosed separately and programmes that are yet to be renegotiated with State and Territory governments;
- the effect, on the budget and forward estimates, of economic parameter revisions received late in the process and hence not able to be allocated to individual entities or functions;
- decisions taken but not yet announced by the Government, and decisions made too late for inclusion against individual entity estimates; and
- provisions for other specific events and pressures that are reasonably expected to affect the budget estimates.

## AUSTRALIA'S FEDERAL RELATIONS

This attachment provides information on payments for specific purposes and general revenue assistance provided to the States and Territories (the States).

The current framework for federal financial relations under the *Intergovernmental Agreement on Federal Financial Relations* (the Intergovernmental Agreement) was introduced on 1 January 2009.

The Commonwealth provides substantial funding to the States through both general revenue assistance and specific purpose payments.

More detailed information on the Intergovernmental Agreement and Australia's federal financial relations is provided in Budget Paper No. 3, *Federal Financial Relations 2015-16*, and at [www.federalfinancialrelations.gov.au](http://www.federalfinancialrelations.gov.au).

### Overview of payments to the States

Payments to the States in 2015-16 are estimated to be \$107.4 billion, or 24.8 per cent of total Commonwealth expenditure for the year. This amount comprises payments for specific purposes of \$49.3 billion and general revenue assistance of \$58.1 billion.

Table 3.25 shows payments for specific purposes and general revenue assistance to the States.

**Table 3.25: Commonwealth payments to the States, 2015-16 to 2018-19**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total(a)
<b>2015-16</b>									
Payments for specific purposes	14,662	11,474	10,008	5,419	3,468	1,138	761	1,249	49,257
General revenue assistance	17,451	12,832	13,024	1,922	5,556	2,249	1,075	3,286	58,094
<b>Total payments to the States</b>	<b>32,113</b>	<b>24,306</b>	<b>23,032</b>	<b>7,341</b>	<b>9,024</b>	<b>3,387</b>	<b>1,835</b>	<b>4,535</b>	<b>107,351</b>
<b>2016-17</b>									
Payments for specific purposes	16,915	11,552	11,627	5,729	3,777	1,211	832	1,134	54,386
General revenue assistance	18,075	13,366	14,847	1,647	6,153	2,331	1,123	3,324	61,489
<b>Total payments to the States</b>	<b>34,990</b>	<b>24,918</b>	<b>26,474</b>	<b>7,376</b>	<b>9,929</b>	<b>3,543</b>	<b>1,955</b>	<b>4,457</b>	<b>115,874</b>
<b>2017-18</b>									
Payments for specific purposes	16,101	11,482	11,311	5,734	3,536	1,060	779	973	52,239
General revenue assistance	18,940	14,041	16,194	1,337	6,511	2,421	1,205	3,183	64,391
<b>Total payments to the States</b>	<b>35,042</b>	<b>25,523</b>	<b>27,505</b>	<b>7,071</b>	<b>10,047</b>	<b>3,481</b>	<b>1,984</b>	<b>4,156</b>	<b>116,630</b>
<b>2018-19</b>									
Payments for specific purposes	15,485	11,656	10,545	5,693	3,453	1,077	792	749	50,718
General revenue assistance	19,935	14,855	16,841	1,559	6,682	2,459	1,254	3,225	67,256
<b>Total payments to the States</b>	<b>35,420</b>	<b>26,511</b>	<b>27,386</b>	<b>7,252</b>	<b>10,135</b>	<b>3,536</b>	<b>2,045</b>	<b>3,974</b>	<b>117,974</b>

(a) As state allocations for a number of programs have yet to be determined, relevant payments are not included in state totals. As such, total payments may not equal the sum of state totals.

### **Payments for specific purposes**

The Commonwealth provides payments to the States for specific purposes in areas administered by the States. Payments to the States for specific purposes will total \$49.3 billion in 2015-16, which is estimated to represent 11.4 per cent of total Commonwealth expenditure in 2015-16.

The Commonwealth provides the following types of Specific Purpose Payments (SPPs) to the States:

- National Specific Purpose Payments (National SPPs) in respect of key service delivery sectors;
- National Health Reform (NHR) funding, which commenced from 1 July 2012;
- Students First funding, which commenced from 1 January 2014; and
- National Partnership payments.

Table 3.26 shows total payments for specific purposes by category (National SPPs, NHR funding, Students First funding and National Partnership payments).

**Table 3.26: Total payments for specific purposes by category, 2015-16 to 2018-19**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total(a)
<b>2015-16</b>									
National Specific Purpose Payments	1,350	1,055	849	463	301	91	69	43	4,222
National Health Reform funding	5,243	4,134	3,284	1,831	1,188	349	321	174	16,525
Students First funding	4,812	3,924	3,298	1,579	1,126	365	265	288	15,658
National Partnership payments(b)	3,256	2,361	2,577	1,546	853	333	105	743	12,852
<b>Total payments for specific purposes</b>	<b>14,662</b>	<b>11,474</b>	<b>10,008</b>	<b>5,419</b>	<b>3,468</b>	<b>1,138</b>	<b>761</b>	<b>1,249</b>	<b>49,257</b>
<b>2016-17</b>									
National Specific Purpose Payments	1,378	1,081	868	476	305	92	71	44	4,314
National Health Reform funding	5,523	4,331	3,451	1,956	1,238	359	343	193	17,394
Students First funding	5,240	4,221	3,627	1,701	1,202	394	281	315	16,982
National Partnership payments(b)	4,775	1,919	3,681	1,597	1,031	366	138	582	15,695
<b>Total payments for specific purposes</b>	<b>16,915</b>	<b>11,552</b>	<b>11,627</b>	<b>5,729</b>	<b>3,777</b>	<b>1,211</b>	<b>832</b>	<b>1,134</b>	<b>54,386</b>
<b>2017-18</b>									
National Specific Purpose Payments	1,408	1,109	888	490	311	93	72	45	4,415
Public hospitals funding(c)	5,755	4,533	3,629	2,001	1,270	378	296	184	18,047
Students First funding(d)	5,541	4,466	3,808	1,897	1,277	404	294	310	17,999
National Partnership payments(b)	3,397	1,373	2,987	1,347	678	185	116	434	11,779
<b>Total payments for specific purposes</b>	<b>16,101</b>	<b>11,482</b>	<b>11,311</b>	<b>5,734</b>	<b>3,536</b>	<b>1,060</b>	<b>779</b>	<b>973</b>	<b>52,239</b>
<b>2018-19</b>									
National Specific Purpose Payments	1,440	1,139	909	504	316	93	74	46	4,522
Public hospitals funding(c)	5,987	4,734	3,778	2,095	1,315	388	308	191	18,796
Students First funding(d)	5,693	4,668	3,915	2,090	1,345	406	311	298	18,727
National Partnership payments(b)	2,365	1,115	1,943	1,003	477	189	99	215	8,673
<b>Total payments for specific purposes</b>	<b>15,485</b>	<b>11,656</b>	<b>10,545</b>	<b>5,693</b>	<b>3,453</b>	<b>1,077</b>	<b>792</b>	<b>749</b>	<b>50,718</b>

(a) As state allocations for a number of programmes have yet to be determined, relevant payments are not included in state totals. As such, total payments may not equal the sum of state totals.

(b) Includes financial assistance grants for local government.

(c) State allocations of public hospitals funding are shown on the basis of state population shares of total funding and are not adjusted for cross-border activity.

(d) State allocations from the 2018 school year onwards are indicative only, and final allocations are subject to formal negotiations between the Commonwealth, the States and the non-government sector.

The majority of payments for specific purposes relate to National SPPs, NHR funding and Students First funding, and total \$36.4 billion in 2015-16, an estimated increase of \$2.2 billion on the \$34.2 billion the States received in 2014-15.

Payments for specific purposes cover most areas of state and local government activity including health, education, skills and workforce development, community services, affordable housing, infrastructure and environment. Table 3.27 shows total payments for specific purposes by sector.



**Table 3.27: Payments for specific purposes by sector, 2015-16 to 2018-19**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total(a)
<b>2015-16</b>									
Health	5,374	4,381	3,389	1,901	1,218	406	328	268	17,267
Education	4,970	4,066	3,411	1,645	1,166	376	273	354	16,283
Skills and workforce development	587	458	372	201	131	40	30	19	1,838
Community services	478	823	351	421	116	34	28	245	2,496
Affordable housing	470	353	444	303	122	31	23	141	1,889
Infrastructure	2,082	787	1,641	767	486	156	36	183	7,167
Environment	254	269	73	8	130	49	6	9	812
Contingent payments	3	2	34	..	..	..	..	2	41
Other(b)	444	334	292	173	98	44	36	27	1,465
<b>Total payments for specific purposes</b>	<b>14,662</b>	<b>11,474</b>	<b>10,008</b>	<b>5,419</b>	<b>3,468</b>	<b>1,138</b>	<b>761</b>	<b>1,249</b>	<b>49,257</b>
<b>2016-17</b>									
Health	5,591	4,383	3,498	1,999	1,250	411	346	282	17,759
Education	5,394	4,344	3,737	1,759	1,239	406	289	367	17,561
Skills and workforce development	638	499	403	217	142	43	33	20	1,994
Community services	502	422	342	190	116	36	27	83	1,969
Affordable housing	475	359	427	261	118	31	24	220	1,915
Infrastructure	3,386	727	2,630	981	604	183	25	111	9,963
Environment	127	214	67	5	134	22	29	4	617
Contingent payments	..	..	7	..	..	-	-	1	8
Other(b)	803	604	515	318	174	80	60	44	2,598
<b>Total payments for specific purposes</b>	<b>16,915</b>	<b>11,552</b>	<b>11,627</b>	<b>5,729</b>	<b>3,777</b>	<b>1,211</b>	<b>832</b>	<b>1,134</b>	<b>54,386</b>
<b>2017-18</b>									
Health	5,802	4,569	3,664	2,021	1,280	396	298	217	18,247
Education	5,651	4,551	3,888	1,938	1,304	413	300	361	18,431
Skills and workforce development	479	377	302	166	106	31	25	15	1,501
Community services	527	450	361	205	122	38	29	80	2,077
Affordable housing	451	343	386	236	108	29	22	202	1,777
Infrastructure	2,289	480	2,126	835	402	70	12	50	7,202
Environment	82	86	54	1	36	2	30	2	329
Contingent payments	-	-	3	..	-	-	-	1	3
Other(b)	821	625	527	331	178	82	62	45	2,673
<b>Total payments for specific purposes</b>	<b>16,101</b>	<b>11,482</b>	<b>11,311</b>	<b>5,734</b>	<b>3,536</b>	<b>1,060</b>	<b>779</b>	<b>973</b>	<b>52,239</b>
<b>2018-19</b>									
Health	6,031	4,769	3,810	2,114	1,324	401	310	216	18,975
Education	5,693	4,668	3,915	2,090	1,345	406	311	338	18,766
Skills and workforce development	485	384	306	170	107	31	25	15	1,524
Community services	554	481	381	221	128	40	30	73	2,186
Affordable housing	441	349	278	154	97	29	23	18	1,388
Infrastructure	1,420	307	1,269	597	257	79	11	41	4,890
Environment	11	50	38	1	12	8	18	2	219
Contingent payments	-	-	-	-	-	-	-	-	-
Other(b)	850	649	547	346	183	84	64	46	2,769
<b>Total payments for specific purposes</b>	<b>15,485</b>	<b>11,656</b>	<b>10,545</b>	<b>5,693</b>	<b>3,453</b>	<b>1,077</b>	<b>792</b>	<b>749</b>	<b>50,718</b>

(a) As state allocations for a number of programmes have yet to be determined, relevant payments are not included in state totals. As such, total payments may not equal the sum of state totals.

(b) Includes financial assistance grants for local government.

Total payments for specific purposes by sector and category (National SPPs, NHR funding, Students First funding and National Partnership payments) are shown in Table 3.28.

**Table 3.28: Payments for specific purposes by sector and category, 2015-16 to 2018-19**

\$million	2015-16	2016-17	2017-18	2018-19
<i>Health</i>				
National Health Reform funding	16,525	17,394	-	-
Public hospitals funding	-	-	18,047	18,796
National Partnerships	743	366	200	179
<i>Education</i>				
Students First funding	15,658	16,982	17,999	18,727
National Partnerships	624	578	432	40
<i>Skills and workforce development</i>				
National Skills and Workforce Development SPP	1,455	1,478	1,501	1,524
National Partnerships	382	516	-	-
<i>Community services</i>				
National Disability SPP	1,442	1,492	1,550	1,613
National Partnerships	1,054	477	527	573
<i>Affordable housing</i>				
National Affordable Housing SPP	1,324	1,344	1,364	1,385
National Partnerships	565	571	413	4
<i>Infrastructure</i>				
National Partnerships	7,167	9,963	7,202	4,890
<i>Environment</i>				
National Partnerships	812	617	329	219
<i>Contingent payments</i>				
National Partnerships	41	8	3	-
<i>Other</i>				
National Partnerships(a)	1,465	2,598	2,673	2,769
<b>Total payments for specific purposes</b>	<b>49,257</b>	<b>54,386</b>	<b>52,239</b>	<b>50,718</b>

(a) Includes financial assistance grants for local government.

Detailed tables of payments for specific purposes are provided in Annex A (available online). This annex provides accrual estimates of Commonwealth payments to the States.

The Commonwealth provides funding under the Natural Disaster Relief and Recovery Arrangements (NDRRA) to assist the States with relief and recovery assistance following eligible natural disasters.

For accounting purposes, the Commonwealth recognises a liability equal to the present value of future payments expected to be made to the States under the NDRRA. This is regardless of whether or not a state has completed eligible disaster reconstruction work or submitted an eligible claim under the NDRRA.

The estimated NDRRA cash payments are shown in Table 3.29 below (see Table A.8 in Annex A (available online) for accrual estimates).

**Table 3.29: Estimated NDRRA cash payments, 2015-16 to 2018-19**

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2015-16	111,895	79,421	1,091,809	3,660	3,643	109	-	22,054	1,312,591
2016-17	1,095	50	226,404	2,205	50	-	-	48,672	278,476
2017-18	36	-	157,836	313	-	-	-	31,955	190,140
2018-19	-	-	-	-	-	-	-	-	-

### GST and general revenue assistance

General revenue assistance is provided to the States without conditions, and can be spent by the States according to their own budget priorities.

In 2015-16, the States will receive \$58.1 billion in general revenue assistance from the Commonwealth, comprising \$57.3 billion in GST entitlements and \$844.3 million in other general revenue assistance. This is a 4.8 per cent increase in general revenue assistance on the \$55.4 billion the States received in 2014-15. Total general revenue assistance to the States is estimated to represent 13.4 per cent of total Commonwealth expenditure in 2015-16.

GST entitlement estimates have been revised down since the 2015-16 Budget by \$2.4 billion over the four years to 2018-19.

Table 3.30 summarises GST and general revenue assistance payments to the States. Detailed tables of GST and general revenue assistance, including state shares of each payment, are provided in Annex A (available online).

**Table 3.30: GST and general revenue assistance, 2015-16 to 2018-19**

\$million	2015-16	2016-17	2017-18	2018-19
GST entitlements	57,250.0	60,720.0	63,690.0	66,670.0
Other payments				
<i>ACT municipal services</i>	38.5	39.1	39.7	40.3
<i>Reduced royalties</i>	32.0	31.7	28.2	22.7
<i>Royalties</i>	698.8	622.7	557.7	448.4
<i>Snowy Hydro Ltd tax compensation</i>	75.0	75.0	75.0	75.0
Total other	844.3	768.5	700.5	586.4
Total GST and other payments	58,094.3	61,488.5	64,390.5	67,256.4

### GST

GST entitlement variations since the 2015-16 Budget

Table 3.31 provides a reconciliation of the GST entitlement estimates since the 2015-16 Budget. The reconciliation accounts for policy decisions and parameter and other variations.

**Table 3.31: Reconciliation of GST entitlement estimates since the 2015-16 Budget**

\$million	2015-16	2016-17	2017-18	2018-19
GST entitlement at 2015-16 Budget	57,050	60,950	64,500	68,200
<i>Changes between 2015-16 Budget and MYEFO</i>				
Effect of policy decisions	2	11	14	14
Effect of parameter and other variations	198	-241	-824	-1,544
Total variations	200	-230	-810	-1,530
GST entitlement at 2015-16 MYEFO	57,250	60,720	63,690	66,670

Specific policy decisions taken since the 2015-16 Budget that affect the GST entitlement are shown in Table 3.32. These decisions increase the amount of the GST entitlement by \$41 million over four years.

Detailed information on policy decisions since the 2015-16 Budget is included in Appendix A.

**Table 3.32: Policy decisions since the 2015-16 Budget that affect the GST entitlement**

\$million	2015-16	2016-17	2017-18	2018-19
Indirect Tax Concession Scheme — diplomatic and consular concessions	..	..	..	..
Syrian and Iraqi Humanitarian Crisis	2.0	10.6	13.6	14.5
Total	2.0	10.6	13.6	14.5

#### Reconciling GST revenue and GST entitlements to the States

Under the Intergovernmental Agreement, the States are entitled to receive payments from the Commonwealth equivalent to the revenue received from the GST.

However, GST revenue for a financial year varies from the amount of GST paid to the States for that year because of:

- GST revenue which is recognised on a Commonwealth whole-of-government basis, but not remitted to the Australian Taxation Office (ATO) by 30 June of each financial year, as the receipts will not be remitted until the following financial year;
- penalties, other than general interest charge (GIC) penalties, which are not included in the definition in the *Federal Financial Relations Act 2009* of GST to be paid to the States;
- the GST component of sales by Commonwealth agencies which has been collected by those agencies but which, as at 30 June in each financial year, has not been remitted to the ATO, because it is not due to be paid until the next Business Activity Statement is lodged; and

- a balancing adjustment to account for any variation in the previous financial year between the Treasurer's final outcome determination, and GST payment advances made during that financial year.

The reconciliation of GST revenue and GST entitlements to the States is provided in Table 3.33.

**Table 3.33: Reconciling GST revenue and GST entitlements to the States**

\$million	Outcome	Estimates			
	2014-15	2015-16	2016-17	2017-18	2018-19
GST revenue	56,462	59,790	63,700	67,010	70,480
less Change in GST receivables	1,921	2,176	2,709	3,040	3,519
GST receipts	54,542	57,614	60,991	63,970	66,961
less Non-GIC penalties collected	237	250	270	280	290
less Net GST collected by Commonwealth agencies but not yet remitted to the ATO	-37	114	1	..	1
GST entitlements to the States	54,342	57,250	60,720	63,690	66,670

Table 3.34 below provides information on the balancing adjustment relating to 2014-15 which has been paid in 2015-16.

**Table 3.34: Balancing adjustment relating to 2014-15**

\$million	Total
GST entitlements to the States in 2014-15	54,342.0
less Advances of GST made throughout 2014-15	54,000.0
<i>equals</i> Following year balancing adjustment	342.0

#### Distribution of GST entitlement pool among the States

As agreed by all parties to the Intergovernmental Agreement, GST payments are distributed among the States in accordance with the principle of horizontal fiscal equalisation, having regard to the recommendations of the Commonwealth Grants Commission. The calculations for the distribution of the GST pool in 2015-16 are shown in Table 3.35.

**Table 3.35: Distribution of the GST entitlement pool, 2015-16<sup>(a)</sup>**

	Estimated 31 December 2015 population (1)	GST relativities (2)	Adjusted population (1) x (2) (3)	Share of adjusted population % (4)	2015-16 GST entitlement \$million (5)
NSW	7,667,528	0.94737	7,263,986	30.4	17,401.4
VIC	5,989,877	0.89254	5,346,205	22.4	12,807.2
QLD	4,821,821	1.12753	5,436,748	22.7	13,024.1
WA	2,629,341	0.29999	788,776	3.3	1,889.6
SA	1,706,930	1.35883	2,319,428	9.7	5,556.4
TAS	516,085	1.81906	938,790	3.9	2,248.9
ACT	393,232	1.10012	432,602	1.8	1,036.3
NT	246,247	5.57053	1,371,726	5.7	3,286.1
Total	23,971,061	na	23,898,261	100.0	57,250.0

(a) Total may not equal sum of state totals due to rounding.

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The calculations for the distribution of the 2014-15 balancing adjustment are shown in Table 3.36. This adjustment has been paid to each state in 2015-16 following the upwards revision to the States' 2014-15 GST entitlements of \$342 million.

**Table 3.36: Distribution of the GST balancing adjustment, 2014-15<sup>(a)</sup>**

	31 December 2014 population (1)	GST relativities (2)	Adjusted population (1) x (2) (3)	Share of adjusted population % (4)	2014-15 GST entitlement \$million (5)	2014-15 GST advances \$million (6)	Balancing adjustment \$million (5) - (6) (7)
NSW	7,565,497	0.97500	7,376,360	31.3	17,019.8	16,897.2	122.6
VIC	5,886,436	0.88282	5,196,663	22.1	11,990.5	11,902.2	88.2
QLD	4,750,513	1.07876	5,124,663	21.8	11,824.3	11,746.4	78.0
WA	2,581,250	0.37627	971,247	4.1	2,241.0	2,242.9	-1.9
SA	1,691,503	1.28803	2,178,707	9.3	5,027.0	4,986.3	40.7
TAS	515,235	1.63485	842,332	3.6	1,943.5	1,928.0	15.5
ACT	387,640	1.23600	479,123	2.0	1,105.5	1,098.3	7.2
NT	244,265	5.66061	1,382,689	5.9	3,190.3	3,198.7	-8.4
Total	23,622,339	na	23,551,784	100.0	54,342.0	54,000.0	342.0

(a) Total may not equal sum of state totals due to rounding.

Table 3.37 shows the distribution of the GST entitlement over the current financial year and forward estimates.

**Table 3.37: Distribution of the GST entitlement over financial year and forward estimates**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2015-16	17,401.4	12,807.2	13,024.1	1,889.6	5,556.4	2,248.9	1,036.3	3,286.1	57,250.0
2016-17	18,025.0	13,341.3	14,847.1	1,615.4	6,152.6	2,331.3	1,083.7	3,323.7	60,720.0
2017-18	18,890.1	14,016.2	16,193.9	1,308.8	6,511.4	2,420.6	1,165.6	3,183.3	63,690.0
2018-19	19,885.0	14,829.8	16,840.6	1,536.0	6,681.9	2,458.7	1,213.3	3,224.8	66,670.0

GST administration costs

States compensate the Commonwealth for the costs incurred by the ATO in administering the GST, including costs incurred by the Department of Immigration and Border Protection, as shown in Table 3.38.

**Table 3.38: GST administration budget, 2014-15 to 2018-19**

\$million	Actual	Estimates			
	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office budget	688.5	679.6	617.1	597.8	587.6
less Prior year adjustment	8.2	7.4			
<i>equals</i> State government payments	680.3	672.2	617.1	597.8	587.6
less Australian Taxation Office outcome(a)	681.1				
<b><i>equals</i> Commonwealth budget impact</b>	<b>-0.8</b>				
plus Prior year adjustment	8.2				
<i>equals</i> Following year adjustment	7.4				

(a) Estimated outcome for 2014-15 pending confirmation by the Australian National Audit Office.

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The preliminary outcome for 2014-15 GST administration expenses of \$681.1 million differs from the amount paid by the States and the prior year adjustment by \$7.4 million. Once the audit of the outcome for GST administration expenses in 2014-15 is completed, the final adjustment will be incorporated into the States' administration costs for 2015-16.

## DEBT STATEMENT

The Debt Statement provides information on estimated and projected Government net debt, current and projected debt on issue and details of climate spending and the extent to which this spending has contributed to debt.

Net debt is expected to be \$278.8 billion (16.9 per cent of GDP) in 2015-16. Net debt is projected to peak at 18.5 per cent of GDP in 2017-18, before declining over the medium term to 9.6 per cent of GDP (\$263 billion) in 2025-26.

The end-of-year face value of Commonwealth Government Securities (CGS) on issue subject to the Treasurer's Direction is expected to be around \$426 billion in 2015-16 and is expected to increase to \$549 billion in 2018-19. By the end of the medium term (2025-26) the total face value of CGS on issue is projected to rise to around \$647 billion.

### Commonwealth Government Securities issuance

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

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

**Treasury Bonds:** medium- to long-term securities with a fixed annual rate of interest payable every six months;

**Treasury Indexed Bonds (TIBs):** medium- to long-term securities for which the capital value of the security is adjusted for movements in the consumer price index (CPI). Interest on TIBs is paid quarterly, at a fixed rate, on the adjusted capital value; and

**Treasury Notes:** short-term securities generally maturing within six months of issuance. The volume of Treasury Notes on issue will vary over the course of the year, depending on the size and profile of the within-year funding flows.

All new CGS issuance is undertaken in Australian dollars. There is a very small amount of foreign currency denominated debt securities on issue remaining from issuance undertaken before 1988. Most of these securities mature in March 2017.

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



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

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

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

In recent years, the AOFM has taken the opportunity to lengthen the CGS yield curve. In August 2015, the yield curve for Treasury Indexed Bonds was extended to 25 years, following the issuance of an August 2040 Indexed Bond. Similarly, the yield curve for Treasury Bonds was extended to 24 years, following the issuance of a June 2039 Treasury Bond in October 2015.

This has provided for a lower risk profile of maturing debt and has been achieved during a period when borrowing costs have been low by historical standards. It has also underpinned the development of a 20-year Treasury Bond futures contract by the ASX, which will assist investors with the management of interest rate risk.

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

The Government remains committed to a well-functioning and liquid CGS market. In particular, the Government will focus on ensuring a market of sufficient size to maintain liquidity across the longer yield curve and that supports the Treasury Bond futures market.

A well-functioning and liquid CGS market supports the development of a corporate bond market by providing a risk-free benchmark; it also provides a low-risk investment vehicle.

### **Estimates and projections of key debt aggregates**

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

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

The **face value** of CGS on issue is the amount that the Government pays back to investors at maturity, independent of fluctuations in market prices.<sup>1</sup> The total face value of CGS on issue changes when new securities are issued, or when securities are repurchased or reach maturity.

The **market value** of CGS represents the value of securities as traded on the secondary market, which changes continuously with movements in market prices. Consistent with external reporting standards the market value of CGS on issue is reported on the Australian Government general government sector balance sheet.

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

Not all government assets or liabilities are included in the measurement of net debt. For example, neither the Government's unfunded superannuation liability nor the equity holdings of the Future Fund are accounted for in net debt.

### **Estimates and projections of net debt**

Table 3.39 contains estimates and projections of net debt to the end of the forward estimates period.

In 2015-16, net debt is expected to be \$278.8 billion, compared to \$285.8 billion at the 2015-16 Budget. Over the forward estimates, net debt is projected to peak at 18.5 per cent of GDP in 2017-18. This peak is both higher and one year later than expected at the 2015-16 Budget, when net debt was expected to peak at 18.0 per cent of GDP in 2016-17. Over the medium term, net debt is projected to decline to 9.6 per cent of GDP (\$263 billion) in 2025-26.

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<sup>1</sup> For TIBs, the final repayment amount paid to investors includes an additional amount owing to inflation growth over the life of the security. This amount is not included in the calculation of face value.

**Table 3.39: Liabilities and assets included in net debt from 2015-16 to 2018-19**

	Estimates		Projections	
	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
<b>Liabilities included in net debt</b>				
Deposits held	218	218	218	218
Government securities	472,416	533,845	570,473	596,257
Loans	16,191	15,605	15,526	15,440
Other borrowing	1,562	1,456	1,350	1,302
<b>Total liabilities included in net debt</b>	<b>490,387</b>	<b>551,124</b>	<b>587,567</b>	<b>613,216</b>
<b>Assets included in net debt</b>				
Cash and deposits	3,872	3,503	3,393	3,466
Advances paid	53,218	63,370	73,127	83,729
Investments, loans and placements	154,537	167,731	174,643	179,465
<b>Total assets included in net debt</b>	<b>211,626</b>	<b>234,603</b>	<b>251,163</b>	<b>266,659</b>
<b>Net debt</b>	<b>278,761</b>	<b>316,520</b>	<b>336,404</b>	<b>346,557</b>

**Changes in net debt since the 2015-16 Budget**

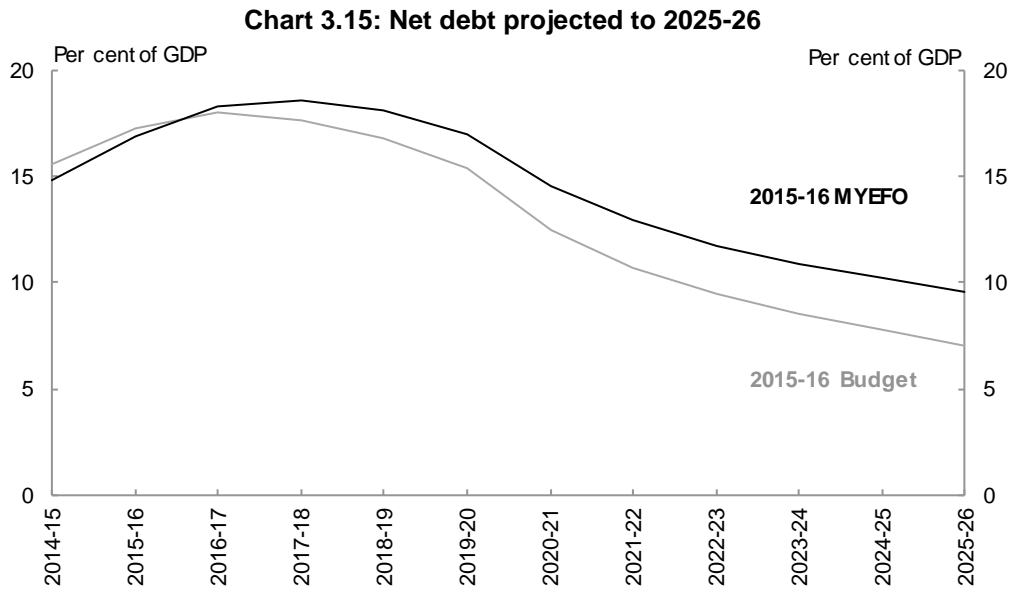
Table 3.40 shows the drivers of the change in net debt between the 2015-16 Budget and the 2015-16 MYEFO.

Net debt in 2015-16 is estimated to have fallen by \$7.0 billion since the 2015-16 Budget to \$278.8 billion due to valuation effects associated with an increase in yields. From 2016-17 to 2018-19, net debt is estimated to have increased compared to the 2015-16 Budget. This increase is primarily driven by higher levels of CGS on issue owing to changes in the financing requirement. The increase in CGS on issue is partially offset by changes to the market value of debt owing to increases in average yields; and the higher value of investments held by the Government, including the Future Fund.

**Table 3.40: Net debt — reconciliation from the 2015-16 Budget to the 2015-16 MYEFO**

	2015-16 \$b	2016-17 \$b	2017-18 \$b	2018-19 \$b
<b>Net debt as at 2015-16 Budget (\$b)</b>	285.8	313.4	323.7	325.4
Changes in financing requirement	13.9	12.5	26.1	32.2
Impact of yields on CGS	-5.8	-6.1	-5.7	-5.5
Asset and other liability movements	-15.2	-3.2	-7.7	-5.6
<i>Cash and deposits</i>	-0.4	0.7	1.6	2.2
<i>Advances paid</i>	-0.3	0.0	0.6	1.2
<i>Investments, loans and placements</i>	-16.6	-6.0	-12.0	-11.2
<i>Other movements</i>	2.2	2.1	2.1	2.1
<i>Total movements in net debt from 2015-16 Budget to 2015-16 MYEFO</i>	<i>-7.0</i>	<i>3.2</i>	<i>12.7</i>	<i>21.1</i>
<b>Net debt as at 2015-16 MYEFO (\$b)</b>	<b>278.8</b>	<b>316.5</b>	<b>336.4</b>	<b>346.6</b>

Chart 3.15 shows that net debt is projected to be 9.6 per cent of GDP (\$263 billion) in 2025-26. This is higher than the 7.1 per cent of GDP (\$201 billion) projected at the 2015-16 Budget.



Note: A tax-to-GDP cap of 23.9 per cent is applied to MYEFO projections from 2021-22. This tax cap is applied to 2015-16 Budget projections from 2020-21.  
Source: Treasury projections

### Estimates and projections of CGS on issue

Table 3.41 contains projections of the face value (end-of-year and within-year peak)<sup>2</sup> and the market value (end-of-year) of CGS on issue.

The *Commonwealth Inscribed Stock Act 1911* (CIS Act) requires the Treasurer to issue a direction to the AOFM stipulating the maximum face value of relevant CGS that may be on issue<sup>3</sup>. As required by the *Charter of Budget Honesty Act 1998*, Table 3.41 reports projections of CGS on issue subject to the Treasurer's Direction.

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

<sup>2</sup> End-of-year values are estimates or projections of CGS on issue at 30 June for the particular year. The precise timing of within-year peaks of CGS on issue is not known. The timing of the within-year peak is therefore reported to the given month in the particular year.  
<sup>3</sup> On 11 December 2013, the Treasurer directed that the maximum face value of CGS that can be on issue is \$500 billion.

**Table 3.41: Estimates and projections of CGS on issue subject to the Treasurer's Direction(a)**

	2015-16 \$b	2016-17 \$b	2017-18 \$b	2018-19 \$b
Face value - end of year	426	486	523	549
Per cent of GDP	25.8	28.1	28.8	28.8
Face value - within-year peak(b)	445	488	524	551
Per cent of GDP(b)	26.9	29.5	31.7	33.3
<i>Month of peak(b)</i>	<i>Jun-16</i>	<i>Jun-17</i>	<i>Jan-18</i>	<i>Mar-19</i>
Market value - end of year(c)	468	529	566	592
Per cent of GDP	28.3	32.0	34.3	35.8

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

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

(c) The Treasurer's Direction applies only to the face value of CGS on issue. This table shows the equivalent market value of CGS that are subject to the Treasurer's Direction. These figures will differ from the estimates and projections published in *Appendix B: Australian Government Budget Financial Statements* Table B2: Australian Government general government sector balance sheet that refer to total CGS on issue.

Source: Australian Office of Financial Management.

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

In 2015-16, the end-of-year face value of CGS on issue subject to the Treasurer's Direction is expected to be \$426 billion, compared to around \$412 billion at the 2015-16 Budget. Over the forward estimates, the end-of year face value of CGS on issue subject to the Treasurer's Direction is expected to peak at \$549 billion in 2018-19, around \$31 billion higher than the \$518 billion estimated at the 2015-16 Budget.

In 2015-16, the face value of CGS on issue is expected to reach a within-year peak of around \$445 billion. Over the forward estimates, the face value of CGS on issue is projected to rise to a within-year peak of around \$551 billion in 2018-19.

### Changes in CGS on issue since the 2015-16 Budget

Table 3.42 shows the change in the projected end-of-year face value of CGS on issue, between the 2015-16 Budget and the 2015-16 MYEFO.

**Table 3.42: Projected CGS on issue subject to the Treasurer's Direction — reconciliation from the 2015-16 Budget to the 2015-16 MYEFO**

	2015-16 \$b	2016-17 \$b	2017-18 \$b	2018-19 \$b
<b>Total face value of CGS on issue subject to the Treasurer's Direction as at 2015-16 Budget</b>	412	474	497	518
<b>Factors affecting the change in face value of CGS on issue from 2015-16 Budget to 2015-16 MYEFO(a)</b>				
Cumulative receipts decisions	1.3	2.3	3.2	3.8
Cumulative receipts variations	1.7	8.0	19.8	33.8
Cumulative payment decisions	1.2	2.7	1.5	-0.1
Cumulative payment variations	-2.7	-3.8	-7.0	-13.2
Cumulative change in net investments in financial assets(b)	11.8	2.6	8.2	7.3
Other contributors	0.6	0.3	0.2	-0.3
<b>Total face value of CGS on issue subject to the Treasurer's Direction as at 2015-16 MYEFO</b>	426	486	523	549

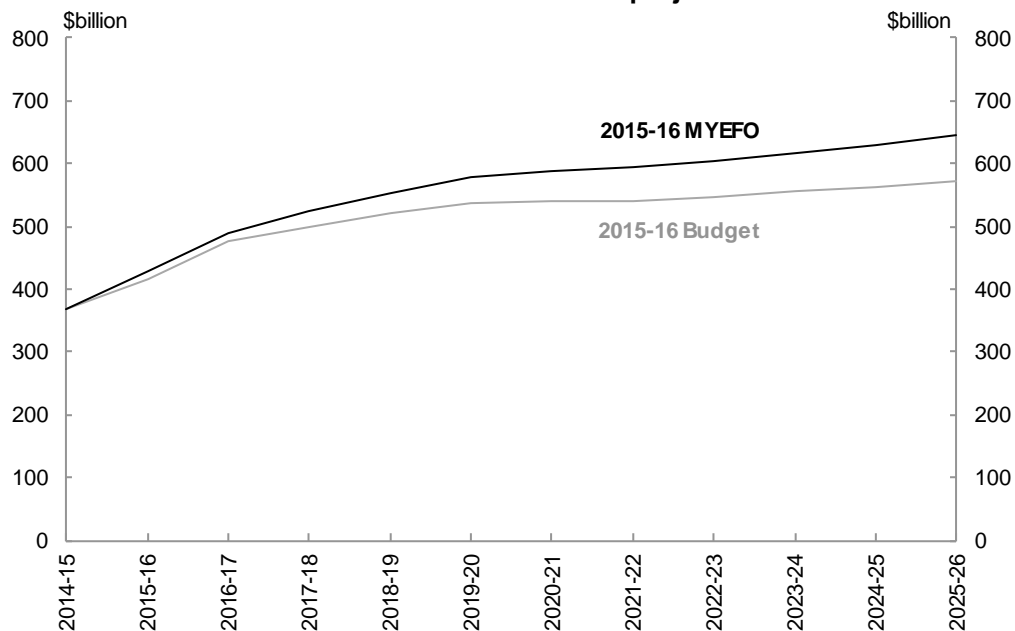
(a) Cumulative impact of decisions and variations from 2015-16 to 2018-19. Increases to payments are shown as positive, and increases to receipts are shown as negative.

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

Note: End of year data.

The face value of CGS on issue is projected to rise to around \$647 billion by 2025-26, reflecting a weaker underlying cash balance, and its associated higher public debt interest expense, accumulating over the medium term. This is around \$73 billion higher than the \$573 billion projected at the 2015-16 Budget.

**Chart 3.16: Face value of CGS on issue projected to 2025-26**



Note: A tax-to-GDP cap of 23.9 per cent is applied to MYEFO projections from 2021-22. This tax cap is applied to 2015-16 Budget projections from 2020-21.

Source: Australian Office of Financial Management and Treasury projections.

Further details on the changes to the underlying cash balance since the 2015-16 Budget can be found in *Part 3: Fiscal Strategy and Outlook*.

### Breakdown of CGS currently on issue

Table 3.43 provides a breakdown of the CGS on issue by type of security as at 7 December 2015.

**Table 3.43: Breakdown of current Commonwealth Government Securities on issue**

	On issue as at 7 December 2015	
	Face value \$m	Market value \$m
Treasury Bonds (a)	365,787	396,105
Treasury Indexed Bonds (a)	26,316	34,141
Treasury Notes (a)	9,000	8,978
<b>Total CGS subject to Treasurer's Direction(a)(b)</b>	<b>401,103</b>	<b>439,223</b>
Other stock and securities	2,484	4,712
<b>Total CGS on issue</b>	<b>403,588</b>	<b>443,935</b>

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

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

Source: Australian Office of Financial Management.

### Treasury Bonds

Table 3.44 lists Treasury Bonds currently on issue, as well as the annual interest rate (the coupon) and the timing of coupon payments. As at 7 December 2015, there were 21 Treasury Bond lines on issue, with a weighted average term to maturity of around 6.7 years and the longest maturity extending to June 2039.

Since late 2010-11, the AOFM has taken advantage of favourable market conditions to lengthen the CGS yield curve and bias issuance into longer maturities, while still lowering the cost of borrowing significantly. This increases the average maturity and duration profile of the AOFM's debt portfolio – thereby lowering variability in future debt servicing costs and reducing refinancing risk.

**Table 3.44: Treasury Bonds on issue**

Coupon Per cent	Maturity	On issue as at 7 December 2015		Timing of interest payments(a)		
		\$m				
4.75	15-Jun-16	21,900	Twice yearly	15 Jun		15 Dec
6.00	15-Feb-17	21,096	Twice yearly	15 Feb		15 Aug
4.25	21-Jul-17	18,900	Twice yearly	21 Jul		21 Jan
5.50	21-Jan-18	20,500	Twice yearly	21 Jan		21 Jul
3.25	21-Oct-18	17,300	Twice yearly	21 Oct		21 Apr
5.25	15-Mar-19	22,347	Twice yearly	15 Mar		15 Sep
2.75	21-Oct-19	17,800	Twice yearly	21 Oct		21 Apr
4.50	15-Apr-20	21,797	Twice yearly	15 Apr		15 Oct
1.75	21-Nov-20	9,600	Twice yearly	21 Nov		21 May
5.75	15-May-21	22,299	Twice yearly	15 May		15 Nov
5.75	15-Jul-22	19,800	Twice yearly	15 Jul		15 Jan
5.50	21-Apr-23	21,300	Twice yearly	21 Apr		21 Oct
2.75	21-Apr-24	24,700	Twice yearly	21 Apr		21 Oct
3.25	21-Apr-25	25,200	Twice yearly	21 Apr		21 Oct
4.25	21-Apr-26	22,600	Twice yearly	21 Apr		21 Oct
4.75	21-Apr-27	20,200	Twice yearly	21 Apr		21 Oct
3.25	21-Apr-29	10,500	Twice yearly	21 Apr		21 Oct
4.50	21-Apr-33	10,400	Twice yearly	21 Apr		21 Oct
2.75	21-Jun-35	5,050	Twice yearly	21 Jun		21 Dec
3.75	21-Apr-37	8,500	Twice yearly	21 Apr		21 Oct
3.25	21-Jun-39	4,000	Twice yearly	21 Jun		21 Dec

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

Source: Australian Office of Financial Management.

### Treasury Indexed Bonds

Table 3.45 lists Treasury Indexed Bonds currently on issue, as well as the annual interest rate (the coupon) and the timing of coupon payments. As at 7 December 2015, there were seven TIB lines on issue, with a weighted average term to maturity of around 9.7 years and the longest maturity extending to August 2040.

**Table 3.45: Treasury Indexed Bonds on issue**

Coupon Per cent	Maturity	On issue as at 7 December 2015		Timing of interest payments(a)			
		\$m					
1.00	21-Nov-18	4,889	Quarterly	21 Nov	21 Feb	21 May	21 Aug
4.00	20-Aug-20	5,114	Quarterly	20 Aug	20 Nov	20 Feb	20 May
1.25	21-Feb-22	4,690	Quarterly	21 Feb	21 May	21 Aug	21 Nov
3.00	20-Sep-25	6,193	Quarterly	20 Sep	20 Dec	20 Mar	20 Jun
2.50	20-Sep-30	3,443	Quarterly	20 Sep	20 Dec	20 Mar	20 Jun
2.00	21-Aug-35	3,050	Quarterly	21 Aug	21 Nov	21 Feb	21 May
1.25	21-Aug-40	1,400	Quarterly	21 Aug	21 Nov	21 Feb	21 May

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

Source: Australian Office of Financial Management.



### Treasury Notes

The face value of Treasury Notes on issue as at 7 December 2015 was \$9 billion. Table 3.46 lists the Treasury Notes currently on issue. Treasury Notes do not pay a coupon, but they are issued at a discount – the face value received at maturity is higher than the price paid at issuance.

**Table 3.46: Treasury Notes on issue**

Maturity	On issue as at	
	7 December 2015 \$m	Timing of interest payment
11-Dec-15	4,500	At maturity 11 Dec
26-Feb-16	4,000	At maturity 26 Feb
22-Apr-16	500	At maturity 22 Apr

Source: Australian Office of Financial Management.

### Non-resident holdings of CGS on issue

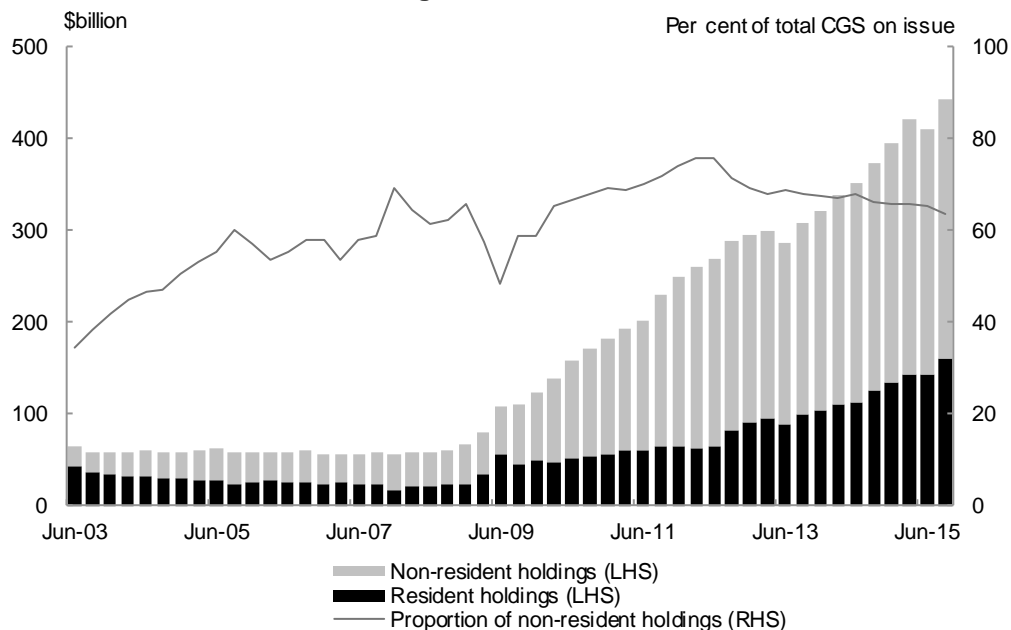
The sale of CGS is not restricted to Australian residents. As at the September 2015 quarter, 63.6 per cent of total CGS on issue was held by non-residents of Australia (Chart 3.17).

The proportion of CGS held by non-residents has risen since 2009 and remains around historically high levels. This is likely to have been driven by the build-up of foreign currency reserves in some countries, and an increasing tendency for these reserves to be invested outside of the major currencies (such as the yen, the US dollar and the euro).

The historically high proportion of non-resident holdings of CGS is also likely to have been driven by strong investor confidence in the Australian sovereign debt market, owing to the relative strength of Australia's public finances and the Australian economy more broadly.

CGS yields remain relatively attractive against a backdrop of low government bond yields globally. Along with strong investor confidence in the Australian sovereign debt market, this has contributed to longer-term CGS yields falling to historically low levels in recent years.

**Chart 3.17: Non-resident holdings of Commonwealth Government Securities**



Note: Data refers to the market value of holdings.

Source: ABS Catalogue Number 5302.0 and Australian Office of Financial Management.

### Interest on CGS

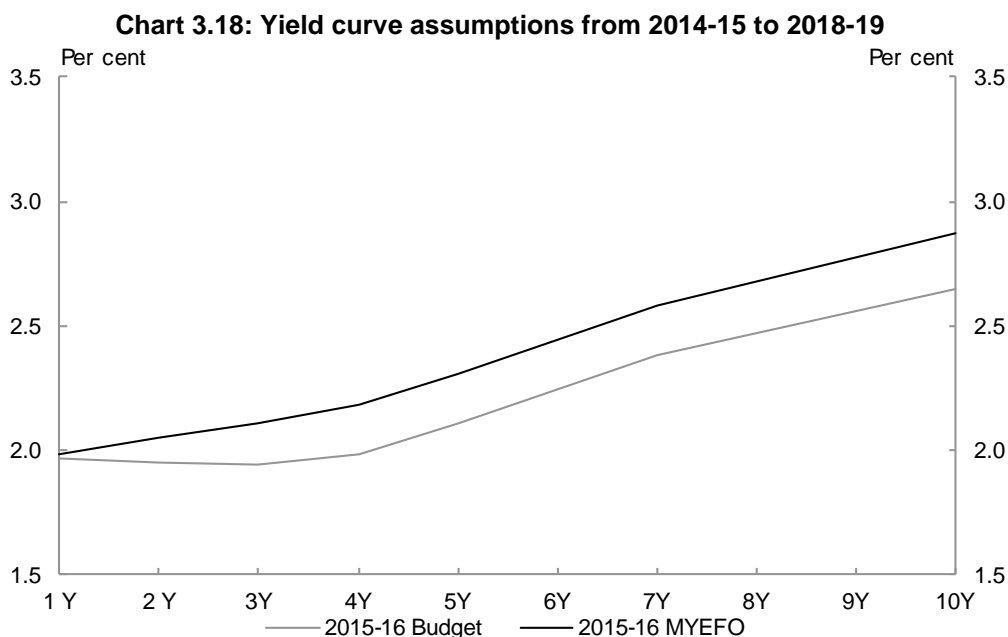
The interest costs related to CGS are presented in these statements in both cash and accrual accounting terms. The difference between the cash interest payments and accrual interest expense generally relates to the timing of when the interest cost is recognised.

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

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

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

The assumed market yields at the 2015-16 MYEFO result in a weighted average cost of borrowing of around 2.7 per cent for future issuance of Treasury Bonds in the forward estimates period, compared with around 2.5 per cent at the 2015-16 Budget. Chart 3.18 shows the yield curve assumptions underpinning the 2015-16 Budget and 2015-16 MYEFO.



Source: Australian Office of Financial Management.

The Government's interest payments and expense over the forward estimates mostly relate to the cost of servicing the stock of CGS on issue, and are expected to increase over the forward estimates as a result of the projected rise in CGS on issue.

The Government's total interest payments in 2015-16 are estimated to be \$15.0 billion, of which \$14.6 billion relates to CGS on issue (Table 3.47).

**Table 3.47: Interest payments, interest receipts and net interest payments(a)**

	2015-16	2016-17	2017-18	2018-19
	\$m	\$m	\$m	\$m
Interest payments on CGS	14,623	15,508	16,365	17,749
Per cent of GDP	0.9	0.9	0.9	0.9
Interest payments	15,040	15,922	16,784	18,188
Per cent of GDP	0.9	0.9	0.9	1.0
Interest receipts	3,874	4,007	4,050	4,642
Per cent of GDP	0.2	0.2	0.2	0.2
Net interest payments (b)	11,166	11,916	12,734	13,546
Per cent of GDP	0.7	0.7	0.7	0.7

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

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

The Government's total interest expense in 2015-16 is estimated to be \$17.3 billion, of which \$15.7 billion relates to CGS on issue. Table 3.48 shows the Government's estimated interest expense, interest expense on CGS, interest income and net interest expense over the forward estimates.

**Table 3.48: Interest expense, interest income and net interest expense(a)**

	2015-16	2016-17	2017-18	2018-19
	\$m	\$m	\$m	\$m
Interest expense on CGS	15,664	17,073	17,719	18,718
Per cent of GDP	0.9	1.0	1.0	1.0
Interest expense	17,260	19,416	20,373	21,568
Per cent of GDP	1.0	1.1	1.1	1.1
Interest income	4,519	4,938	5,361	6,566
Per cent of GDP	0.3	0.3	0.3	0.3
Net interest expense	12,741	14,478	15,011	15,002
Per cent of GDP	0.8	0.8	0.8	0.8

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

### Climate spending

The Government's climate spending is shown on an aggregated basis in Table 3.49.

**Table 3.49: Climate spending from 2015-16 to 2018-19**

	2015-16	2016-17	2017-18	2018-19
	\$b	\$b	\$b	\$b
Climate spending(a)	1.05	0.90	0.70	0.75

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

The key components of climate spending are:

- the Emissions Reduction Fund, which will provide incentives to support abatement activities across the economy; and
- Australia's 2015 United Nations Climate Change Conference commitment of \$1 billion to help vulnerable countries reduce emissions and build resilience to the impacts of climate change.

Estimates of climate spending have been updated to reflect the delay in the passage of legislation to abolish the Clean Energy Finance Corporation.

### Impact of climate spending on debt

Climate spending may be financed through either receipts or debt. This statement takes the approach of assuming that the proportion of climate spending being financed through new debt (as opposed to receipts) is equivalent to climate spending as a proportion of total spending. This is shown in Table 3.50.

**Table 3.50: Impact on debt — climate spending as a proportion of total spending**

	2015-16	2016-17	2017-18	2018-19
Climate spending (\$b) (a)	1.05	0.90	0.70	0.75
Total spending (\$b) (b)	443	464	473	497
Climate spending (per cent of total spending)	0.2	0.2	0.1	0.2
Change in face value of CGS from previous year (\$b) (c)	60.0	59.9	36.9	26.3
Contribution to change in face value of CGS from climate spending (\$b)	0.14	0.12	0.05	0.04

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

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

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



# APPENDIX A: POLICY DECISIONS TAKEN SINCE THE 2015-16 BUDGET

## Revenue Measures

**Table 1: Revenue measures since the 2015-16 Budget<sup>(a)</sup>**

Page		2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
<b>AGRICULTURE AND WATER RESOURCES</b>						
<i>Department of Agriculture and Water Resources</i>						
105	Changes to agricultural production levies	-	0.4	0.9	0.9	0.9
144	Stronger Farmers, Stronger Economy — new drought management framework(b)	-	-	-	-	-
	<b>Portfolio total</b>	<b>-</b>	<b>0.4</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>
<b>ATTORNEY-GENERAL'S</b>						
<i>Australian Transaction Reports and Analysis Centre</i>						
106	AUSTRAC — industry contribution	-	-	6.7	-	-
	<b>Portfolio total</b>	<b>-</b>	<b>-</b>	<b>6.7</b>	<b>-</b>	<b>-</b>
<b>CROSS PORTFOLIO</b>						
<i>Various Agencies</i>						
107	Financial Stability Fund — not proceeding	-	-405.9	-318.8	-332.8	-397.9
	<b>Portfolio total</b>	<b>-</b>	<b>-405.9</b>	<b>-318.8</b>	<b>-332.8</b>	<b>-397.9</b>
<b>EDUCATION AND TRAINING</b>						
<i>Department of Education and Training</i>						
115	Applying a General Interest Charge to the Debts of Ex-recipients of Social Security and Family Assistance Payments	-	-	0.6	0.2	0.1
159	Curtin University Medical School — establishment(b)	-	-	0.6	1.9	3.6
108	Department of Education and Training — charging opportunities	-	0.4	1.3	2.9	3.6
109	Higher Education Loan Programme — strengthened compliance	-	0.6	1.5	2.0	2.3
160	Higher Education Reform — delay(b)	-	275.0	287.4	-28.8	-50.1
164	VET FEE-HELP — strengthened compliance(b)	-	85.4	95.6	25.2	35.4
	<b>Portfolio total</b>	<b>-</b>	<b>361.5</b>	<b>386.9</b>	<b>3.4</b>	<b>-5.3</b>
<b>ENVIRONMENT</b>						
<i>Clean Energy Regulator</i>						
110	Renewable Energy Target — amendments	-	-	-	-0.1	-0.3
<i>Department of the Environment</i>						
110	Revised Charging Arrangements	-	-	0.3	1.0	1.0
	<b>Portfolio total</b>	<b>-</b>	<b>-</b>	<b>0.3</b>	<b>0.9</b>	<b>0.8</b>

Appendix A: Policy decisions taken since the 2015-16 Budget

**Table 1: Revenue measures since the 2015-16 Budget<sup>(a)</sup> (continued)**

Page		2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
	<b>FINANCE</b>					
	<i>Department of Finance</i>					
177	National Innovation and Science Agenda — Biomedical Translation Fund(b)	-	-2.4	-9.0	-9.6	-10.1
	<b>Portfolio total</b>	-	<b>-2.4</b>	<b>-9.0</b>	<b>-9.6</b>	<b>-10.1</b>
	<b>FOREIGN AFFAIRS AND TRADE</b>					
	<i>Department of Foreign Affairs and Trade</i>					
230	Refurbishment of the Paris Chancery(c)	-	-	-	-	-
	<b>Portfolio total</b>	-	-	-	-	-
	<b>HEALTH</b>					
	<i>Department of Health</i>					
172	Aged Care Provider Funding — improved compliance(b)	-	-	0.4	0.4	0.4
214	National Disability Insurance Scheme — transition to full Scheme(b)	-	-376.7	34.8	22.3	13.8
178	Pharmaceutical Benefits Scheme — new and amended listings(b)	-	nfp	nfp	nfp	nfp
183	Smaller Government — Health Portfolio(b)	-	-	0.2	0.2	0.2
	<i>Independent Hospital Pricing Authority</i>					
183	Smaller Government — Health Portfolio(b)	-	-	-0.2	-0.2	-0.2
	<b>Portfolio total</b>	-	<b>-376.7</b>	<b>35.3</b>	<b>22.7</b>	<b>14.3</b>
	<b>IMMIGRATION AND BORDER PROTECTION</b>					
	<i>Department of Immigration and Border Protection</i>					
112	China–Australia Free Trade Agreement Our North, Our Future	-	-610.0	-1,070.0	-1,210.0	-1,260.0
199	– business, trade and investment gateway(b)	-	-	-	-	-
113	– workforce for growth	-	-	-	-	-
190	Syrian and Iraqi Humanitarian Crisis(b)	-	0.1	0.4	0.5	0.5
	<b>Portfolio total</b>	-	<b>-609.9</b>	<b>-1,069.6</b>	<b>-1,209.5</b>	<b>-1,259.5</b>
	<b>INFRASTRUCTURE AND REGIONAL DEVELOPMENT</b>					
	<i>Department of Infrastructure and Regional Development</i>					
114	Adelaide Airport Noise Amelioration Levy — not proceeding	-	-2.5	-	-	-
	<i>National Capital Authority</i>					
114	National Capital Authority — increase in development approval fees	-	0.4	0.5	0.5	0.5
	<b>Portfolio total</b>	-	<b>-2.1</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>



Appendix A: Policy decisions taken since the 2015-16 Budget

**Table 1: Revenue measures since the 2015-16 Budget<sup>(a)</sup> (continued)**

Page		2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
	<b>SOCIAL SERVICES</b>					
	<i>Department of Social Services</i>					
115	Applying a General Interest Charge to the Debts of Ex-recipients of Social Security and Family Assistance Payments	-	-	26.4	10.6	4.7
	<i>National Disability Insurance Agency</i>					
214	National Disability Insurance Scheme — transition to full Scheme(b)	-	0.1	287.7	326.6	265.0
	<b>Portfolio total</b>	-	<b>0.1</b>	<b>314.0</b>	<b>337.2</b>	<b>269.8</b>
	<b>TREASURY</b>					
	<i>Australian Taxation Office</i>					
	Capital gains tax					
116	– changes to the foreign resident capital gains tax withholding regime	-	-	5.0	10.0	10.0
117	– exemption for Norfolk Island residents	-	-	..	..	..
117	– relief to protect superannuation fund members	-	*	*	*	*
117	Common Reporting Standard for the Automatic Exchange of Financial Account Information — revised implementation	-	-	-	-	-
118	Indirect Tax Concession Scheme — diplomatic and consular concessions	-	..	..	..	..
118	International tax — revised double taxation agreement with Germany	-	-	-15.0	-35.0	-35.0
119	Managed investment trusts — adjustments to the new tax system	-	-	*	*	*
	National Innovation and Science Agenda					
119	– increasing access to company losses	-	-	*	*	*
120	– intangible asset depreciation	-	-	-	-20.0	-60.0
120	– new arrangements for venture capital investment	-	-	-	*	*
121	– tax incentives for angel investors	-	-	-	-50.0	-50.0
216	Parental Leave Pay — revised arrangements(b)	-	-	-	50.0	50.0
122	Reducing red tape — improvements to data and analytics infrastructure of the Australian Taxation Office	-	-	60.0	74.0	88.0
	Stronger Farmers, Stronger Economy					
122	– accelerated depreciation for primary producers — bring forward of start date	-	-	-	-	-
123	– Farm Management Deposits — allow use as loan offset for primary production business loans	-	-	-	-	-
123	– Farm Management Deposits — double the deposit limit to \$800,000	-	-	-	-	-
124	– Farm Management Deposits — early access in times of drought	-	-	-	-	-
124	– tax averaging for primary producers — allowing re-access	-	-	-	*	*

Appendix A: Policy decisions taken since the 2015-16 Budget

**Table 1: Revenue measures since the 2015-16 Budget<sup>(a)</sup> (continued)**

Page		2014-15	2015-16	2016-17	2017-18	2018-19
		\$m	\$m	\$m	\$m	\$m
	<b>TREASURY (continued)</b>					
190	Syrian and Iraqi Humanitarian Crisis(b)	-	2.9	18.5	27.0	32.7
125	Tax administration — Single Touch Payroll Reporting	-	-	-	58.5	208.9
126	Tax compliance — improving compliance through third party reporting and data matching — delayed start	-	-	-	-86.4	86.4
126	Taxation treatment of biodiesel — extension of phase-in for new arrangements	-	-	-3.0	-6.0	-8.0
	<i>Department of the Treasury</i>					
116	Australian Reinsurance Pool Corporation — payments to the Commonwealth	-	-	35.0	35.0	90.0
	<b>Portfolio total</b>	-	<b>2.9</b>	<b>100.5</b>	<b>57.1</b>	<b>413.0</b>
	<b>Decisions taken but not yet announced</b>	-	<b>41.6</b>	<b>60.7</b>	<b>269.1</b>	<b>277.6</b>
	<b>Total impact of revenue measures(d)</b>	-	<b>-990.6</b>	<b>-491.7</b>	<b>-860.1</b>	<b>-696.0</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 in revenue.

(b) These measures can also be found in the expense measures summary table.

(c) These measures can also be found in the capital measures summary table.

(d) Measures may not add due to rounding.

## AGRICULTURE AND WATER RESOURCES

### Changes to agricultural production levies

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Agriculture and Water Resources	-	0.4	0.9	0.9	0.9
<i>Related expense (\$m)</i>					
<i>Department of Agriculture and Water Resources</i>	-	0.4	0.9	0.9	0.9

The Government will make changes to the following agricultural levies and export charges to meet changes in the funding needs of the agricultural industry and the industry organisations they support:

- Sweet Potato levy: The Government will introduce a statutory marketing levy and export charge of one per cent of the sale price on all sweet potato sales from 1 January 2016. This levy will be introduced at the request of the Australian Sweetpotato Growers' Association to facilitate the implementation of the Australian sweet potato industry's 2013-2016 Strategic Marketing Plan.
- Chestnut levy: The Government will increase the Emergency Plant Pest Response Levy and Charge from nil to one cent per kilogram from 1 January 2016. This increase is to repay the chestnut industry's liability associated with commitments under the Emergency Plant Pest Response Deed, incurred through an emergency response to eradicate chestnut blight.

## ATTORNEY-GENERAL'S

### AUSTRAC — industry contribution

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Transaction Reports and Analysis Centre	-	-	6.7	-	-

The Government will raise \$6.7 million in revenue in 2016-17, by increasing the industry contribution to 100 per cent of the Australian Transaction Reports and Analysis Centre (AUSTRAC) operating expenditure.

This measure will continue the efficiency and deregulatory benefits for business, with only the largest reporting entities required to contribute towards AUSTRAC's expenses.

This builds on the 2014-15 Budget measure titled *Australian Transaction Reports and Analysis Centre – industry contribution*.

The increased revenue from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

## CROSS PORTFOLIO

### Financial Stability Fund — not proceeding

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Various Agencies	-	-405.9	-318.8	-332.8	-397.9
<i>Related expense (\$m)</i>					
<i>Department of the Treasury</i>	-	-0.2	-0.6	-1.1	-1.6

The measure results in the Government not proceeding with the *Establishment of a Financial Stability Fund* first announced in the 2013 *Economic Statement*. This measure is estimated to have a \$1.5 billion cost to revenue over the forward estimates period.

This measure formed part of the Government's response to the Financial System Inquiry and adopts a key recommendation made by the panel. Proceeding with the establishment of a Financial Stability Fund as designed would have damaged competition in the banking sector by putting regional and community banks at a disadvantage relative to major banks, further disadvantaging hard working Australians.

Further information can be found in the joint press release of 1 September 2015 issued by the former Prime Minister and former Treasurer.

## EDUCATION AND TRAINING

### Department of Education and Training — charging opportunities

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Education and Training	-	0.4	1.3	2.9	3.6
<i>Related expense (\$m)</i>					
<i>Department of Education and Training</i>	-	0.3	0.8	1.0	1.3

The Government will raise \$8.1 million over four years from 2015-16 through the introduction of fees and charges for some services provided by the Department of Education and Training. This includes:

- introducing an administration fee for Trades Recognition Australia approved Registered Training Organisations for skills assessments undertaken;
- introducing a licensing fee for vocational education and training courses developed for delivery to international students; and
- changing the Higher Education Statistics Collection charging rate for customised data requests.

The Government will provide \$5.4 million over four years from 2015-16 to implement these arrangements. Costs of \$2.1 million will be met from within the existing resources of the Department of Education and Training.

The Government will also provide \$0.4 million in 2015-16 to enable consultation and research to be undertaken into charging fees for the provision of technical advice relating to the development of vocational education and training systems internationally. The cost will be met from within the existing resources of the Department of Education and Training.

Appendix A: Policy decisions taken since the 2015-16 Budget

**Higher Education Loan Programme — strengthened compliance**

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Education and Training	-	0.6	1.5	2.0	2.3
<i>Related expense (\$m)</i>					
Department of Education and Training	-	0.1	..	0.1	..
Australian Taxation Office	-	-	-	1.0	0.9
<b>Total — Expense</b>	-	<b>0.1</b>	<b>..</b>	<b>1.1</b>	<b>0.9</b>
<i>Related capital (\$m)</i>					
Australian Taxation Office	-	1.6	..	-	-

The Government will provide \$3.8 million over four years from 2015-16 to strengthen the compliance and enforcement arrangements for the recovery of Higher Education Loan Programme (HELP) debts from Australians living overseas. The HELP debt recovery arrangements will also apply to Trade Support Loan debtors residing overseas.

From 2016-17, compliance arrangements will be introduced to support the recovery of overseas HELP debts. These arrangements will include using data matching with international agencies to identify debtors working overseas, registration of debtors who do not register voluntarily and financial penalties for non-compliance. This is estimated to recover \$6.3 million over four years from 2015-16.

This measure extends the 2015-16 Budget measure titled *Higher Education Loan Programme – recovery of repayments from overseas debtors*.

## ENVIRONMENT

### Renewable Energy Target — amendments

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Clean Energy Regulator	-	-	-	-0.1	-0.3
<i>Related expense (\$m)</i>					
<i>Clean Energy Regulator</i>	-	-	-	-0.1	-0.2

The Government has amended the Renewable Energy Target (RET) to better reflect electricity market conditions and provide certainty to the renewable energy industry. The changes include:

- amending the annual targets under the Large-scale Renewable Energy Target (LRET) to 33,000 gigawatt hours in 2020;
- replacing the previous partial exemptions for electricity used in emissions-intensive trade-exposed activities with a full exemption;
- removing the statutory requirement for biennial reviews of the RET; and
- reinstating biomass from native forest wood waste as an eligible source of renewable energy.

This measure will reduce revenue by \$0.4 million over two years from 2017-18 as fewer LRET certificates will be created.

Further information can be found in the press release of 23 June 2015 issued by the Minister for the Environment.

### Revised Charging Arrangements

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of the Environment	-	-	0.3	1.0	1.0
<i>Related expense (\$m)</i>					
<i>Department of the Environment</i>	-	-	..	..	..

The Government will move to full cost recovery of services provided by the Department of the Environment in administering the *Hazardous Waste (Regulation of Exports and Imports) Act 1989* and associated Regulations. The move from partial to full cost recovery will be implemented through a staged increase to the fees charged for Hazardous Waste Permits commencing from 1 July 2016 before reaching full cost recovery after 1 July 2017. This is estimated to increase net revenue by \$3.1 million over four years.



*Appendix A: Policy decisions taken since the 2015-16 Budget*

The Government will also cease cost recovery arrangements for the Australian Bird and Bat Banding Scheme, as the administrative cost of collecting the fees exceeds the revenue being collected. This will have nil Budget impact.

The proceeds from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

## IMMIGRATION AND BORDER PROTECTION

### China–Australia Free Trade Agreement

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Immigration and Border Protection	-	-610.0	-1,070.0	-1,210.0	-1,260.0

On 17 June 2015, the governments of Australia and China signed the China-Australia Free Trade Agreement. Under the Agreement, both parties agreed to eliminate tariffs on a wide range of goods. Both parties are aiming to complete their respective domestic processes so as to give effect to the Agreement from December 2015. This measure is estimated to have a cost to revenue from tariffs of \$4.2 billion over the forward estimates period.

Further information can be found in the joint press release of 17 June 2015 issued by the former Prime Minister and the Minister for Trade and Investment.

The cost to revenue of this measure has already been accounted for by the Government. Going forward, the Government has decided to not offset the revenue impacts of free trade agreements. This decision has been taken because the Government believes there should not be domestic tax increases or reductions in domestic spending to offset the revenue impact of free trade agreements that provide benefits to Australian businesses and consumers.

### Our North, Our Future — workforce for growth

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Immigration and Border Protection	-	-	-	-	-
<i>Related expense (\$m)</i>					
<i>Department of Immigration and Border Protection</i>	-	-	-	-	-
<i>Department of Foreign Affairs and Trade</i>	-	-	-	-	-
<i>Office of the Fair Work Ombudsman</i>	-	-	-	-	-
<i>Department of Education and Training</i>	-	-	-	-	-
<i>Department of Employment</i>	-	-	-	-	-
<i>Total — Expense</i>	-	-	-	-	-
<i>Related capital (\$m)</i>					
<i>Department of Immigration and Border Protection</i>	-	-	-	-	-

The Government will raise \$17.3 million in revenue over four years (with related capital expenses of \$1.9 million and departmental expenses of \$0.1 million in 2015-16) by changing visa arrangements to support a northern workforce for future growth. This measure will provide businesses in northern Australia with a more adaptable and mobile workforce and will include:

- enabling Work and Holiday (subclass 462) visa holders to acquire a second visa if they undertake three months work in tourism, hospitality or agricultural industries in northern Australia;
- expanding the seasonal worker programme to better respond to industry demand;
- leveraging off designated area migration agreements to support economic performance and workforce strategies in northern Australia;
- broadening the availability of the Industry Skills Fund to enterprises seeking to expand their operations in northern Australia;
- enabling Working Holiday Maker visa holders to perform 12 months work with the same employer in certain industries in northern Australia; and
- establishing a pilot programme to provide citizens of the Pacific microstates of Kiribati, Nauru and Tuvalu with access to a two year work visa.

Funding for this measure has already been provided for by the Government.

This measure is part of the Government's *White Paper on Developing Northern Australia*.

## INFRASTRUCTURE AND REGIONAL DEVELOPMENT

### Adelaide Airport Noise Amelioration Levy — not proceeding

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Infrastructure and Regional Development	-	-2.5	-	-	-
<i>Related expense (\$m)</i>					
<i>Department of Infrastructure and Regional Development</i>	-	-2.5	-	-	-

The Government will not impose an aircraft noise levy at Adelaide Airport under the *Aircraft Noise Levy Act 1995* and the *Aircraft Noise Levy Collection Act 1995* in order to fund insulation at St Nicholas Greek Orthodox Church at Thebarton in Adelaide.

Imposition of the levy, which was a 2013-14 Budget measure, is no longer required as the cost of insulating the St Nicholas Greek Orthodox Church is lower than expected. The Government will instead offset this cost from savings of \$2.5 million in 2015-16 within the Community Development Grants Fund.

### National Capital Authority — increase in development approval fees

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
National Capital Authority	-	0.4	0.5	0.5	0.5
<i>Related expense (\$m)</i>					
<i>National Capital Authority</i>	-	0.4	0.5	0.5	0.5

The Government will increase the development approval fees charged by the National Capital Authority (NCA) in order to fully cover the costs of providing the service. The NCA will continue to retain all revenue raised from development approval fees. The development approval fees had not been reviewed since 1992 and currently cover only around 65 per cent of the cost of delivering the service.

## SOCIAL SERVICES

### Applying a General Interest Charge to the Debts of Ex-recipients of Social Security and Family Assistance Payments

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Social Services	-	-	26.4	10.6	4.7
Department of Education and Training	-	-	0.6	0.2	0.1
<b>Total — Revenue</b>	-	-	27.0	10.8	4.8
<i>Related expense (\$m)</i>					
<i>Department of Human Services</i>	-	5.5	9.4	1.0	1.0
<i>Department of Social Services</i>	-	-	0.5	0.6	0.3
<i>Administrative Appeals Tribunal</i>	-	-	..	..	..
<i>Department of Education and Training</i>	-	-	-	-	-
<b>Total — Expense</b>	-	5.5	9.9	1.6	1.2

The Government will achieve savings of \$24.4 million over four years by introducing a general interest charge from 1 July 2016. This will align the treatment of social security and family assistance debts for ex-recipients with that of tax debts. This measure is expected to improve the underlying cash balance by \$416.5 million over four years from 2015-16 due to outstanding debt being repaid by ex-recipients.

Ex-recipient debtors will be notified of their debt and have 28 days to enter into and remain in an acceptable payment arrangement with the Department of Human Services. For debts where no arrangement has been made, the general interest charge will be set at the rate of the 90 day Bank Accepted Bill rate plus a 7 per cent penalty rate. This is consistent with arrangements for tax debts set by the Australian Taxation Office.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

## TREASURY

### Australian Reinsurance Pool Corporation — payments to the Commonwealth

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of the Treasury	-	-	35.0	35.0	90.0

The Australian Reinsurance Pool Corporation (ARPC) will pay an additional fee from 2016-17 to ensure that the Australian Government receives fair compensation for allowing the ARPC to retain capital to fund a potential claim.

This measure relates to the 2014-15 Budget measure titled *Australian Reinsurance Pool Corporation – assess future options*.

### Capital gains tax — changes to the foreign resident capital gains tax withholding regime

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	5.0	10.0	10.0

Following targeted consultation, the Government will refine part of the measure, *Protecting the corporate tax base from erosion and loopholes — improving the integrity of the foreign resident capital gains tax regime*, announced in the 2013-14 Budget. From 1 July 2016, the exemption for low-value residential property transactions will be extended to all transactions relating to direct property interests. The threshold will also be reduced from \$2.5 million to \$2.0 million. This measure is estimated to have a gain to revenue of \$25.0 million over the forward estimates period.

This measure also introduces a clearance certification process for transactions involving direct property interests and shares in a company that confer a right to occupy real property owned by the company. This will be administered by the Australian Taxation Office and will provide greater certainty for involved parties.

These refinements will ensure that the withholding tax operates effectively to maintain the integrity of Australia's foreign resident capital gains tax regime. This measure is part of the Government's broader commitment to increase scrutiny and transparency of foreign investment in Australia. Further information can be found in the press release of 8 July 2015 issued by the former Minister for Small Business and Acting Treasurer.

**Capital gains tax — exemption for Norfolk Island residents**

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	..	..	..

The Government will provide a full capital gains tax (CGT) exemption on assets held by Norfolk Island residents prior to 24 October 2015. This will apply to those assets that were exempt from CGT before Norfolk Island was fully brought within Australia's income tax system, due to the holder's Norfolk Island residency. This measure is estimated to have a negligible cost to revenue over the forward estimates period.

**Capital gains tax — relief to protect superannuation fund members**

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	*	*	*	*

The Government will provide capital gains tax roll-over relief for mandatory transfers within a fund in the transition to MySuper. This will ensure that superannuation fund members are not disadvantaged when their benefits are transferred in transitioning to MySuper. This measure is estimated to have an unquantifiable cost to revenue over the forward estimates period.

Capital gains tax roll-over relief will be available for mandatory transfers made from 29 June 2015 to 1 July 2017. This measure ensures that mandatory transfers to MySuper products in another fund and within the same fund are treated similarly.

Further information can be found in the press release of 29 June 2015 issued by the former Assistant Treasurer.

**Common Reporting Standard for the Automatic Exchange of Financial Account Information — revised implementation**

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-	-	-

The Government will implement the *Common Reporting Standard for the Automatic Exchange of Financial Account Information* ('the Standard') announced in the *Mid-Year Economic and Fiscal Outlook 2014-15* from 1 July 2017. The initial exchange of information with foreign tax authorities will take place in 2018.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

Under the previously announced arrangements, financial institutions had the option of voluntary implementation from 1 January 2017 or mandatory implementation from 1 January 2018. Following targeted consultation, it was identified that the majority of institutions were able to implement the measure from 1 July 2017 without significant additional compliance costs. This change is estimated to have no impact on revenue over the forward estimates.

The Standard will assist in addressing tax evasion by enabling tax authorities to more effectively match the identity of taxpayers and checking this information against tax returns.

**Indirect Tax Concession Scheme — diplomatic and consular concessions**

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	..	..	..	..
<i>Related expense (\$m)</i>					
Department of the Treasury	-	..	..	..	..

The Government has extended access to refunds of indirect tax (including for GST, fuel and alcohol taxes) under the Indirect Tax Concession Scheme in respect of the diplomatic and consular representation of Columbia, Japan and Pakistan. Consistent with international practice, these concessions are reciprocal and reviewed periodically.

These changes will have effect from the time specified in a determination to be issued by the Minister for Foreign Affairs.

The refunds are estimated to have a negligible cost to the Budget over the forward estimates period.

**International tax — revised double taxation agreement with Germany**

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-15.0	-35.0	-35.0

The Government signed a new tax treaty with Germany on 12 November 2015. The treaty will enter into force after both countries complete their domestic implementation requirements and instruments of ratification are exchanged. This measure is estimated to have a cost to revenue of \$85.0 million over the forward estimates period.

The treaty will replace the 1972 double taxation agreement between Australia and Germany, modernising the treaty according to international standards, particularly on efforts to reduce tax evasion and avoidance. The treaty will reduce tax barriers to the cross-border movement of people, capital and technology, and over time help boost trade and investment flows between Australia and Germany. In particular, the measure will reduce withholding tax on dividends, interest and royalty payments.



Further information can be found in the joint press release of 13 November 2015 issued by the Treasurer and Finance Minister.

**Managed investment trusts — adjustments to the new tax system**

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	*	*	*

Following consultation, the Government has made changes to finalise the legislation to introduce a new tax system for managed investment trusts (MITs). The changes were included in the legislation introduced into Parliament on 3 December 2015.

A MIT is a type of collective investment vehicle that is widely held and undertakes primarily passive investment.

These changes generally apply from the start date of the new tax system, from 1 July 2016. MITs can choose to apply the new tax system from 1 July 2015.

The measure is expected to have an unquantifiable cost to revenue over the forward estimates period.

**National Innovation and Science Agenda — increasing access to company losses**

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	*	*	*

The Government will allow more unit trusts with securities quoted on the ASX which are widely held and companies to access past year losses where there has been a majority change in ownership since making the losses and they have entered into new transactions or business activities. The current ‘same business test’ will be replaced by a more flexible ‘predominately similar business test’.

The new arrangements will apply to losses made in the 2015-16 or future income years and have an unquantifiable cost to revenue.

This measure will ensure that loss making companies are not disadvantaged for seeking new business opportunities in an effort to return to profitability.

This measure forms part of the Government’s National Innovation and Science Agenda, which will drive the smart ideas that create business growth, local jobs and global success. Further information on the Agenda can be found in the brochure of 7 December 2015 released by the Prime Minister and the Minister for Industry, Innovation and Science.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

**National Innovation and Science Agenda — intangible asset depreciation**

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-	-20.0	-60.0

The Government will allow taxpayers to self-assess the tax effective life of some intangible assets such as patents, copyright and registered designs. Unlike most tangible assets, intangible assets with a statutory effective life cannot currently be self-assessed to bring the tax effective life in line with the economic life of the asset. This can reduce the depreciation deduction in the early years for investors. This measure helps align the treatment of intangible assets with tangible assets.

This measure will apply to assets acquired from 1 July 2016.

Taxpayers will continue to have the option to use the existing statutory effective life when depreciating intangible assets.

This measure is estimated to have a cost to revenue of \$80.0 million over the forward estimates period.

This measure forms part of the Government's National Innovation and Science Agenda, which will drive the smart ideas that create business growth, local jobs and global success. Further information on the Agenda can be found in the brochure of 7 December 2015 released by the Prime Minister and the Minister for Industry, Innovation and Science.

**National Innovation and Science Agenda — new arrangements for venture capital investment**

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-	*	*

The Government will make changes to the Early Stage Venture Capital Limited Partnership (ESVCLP) and Venture Capital Limited Partnership (VCLP) regimes to improve access to capital and make the regimes more user-friendly.

Investments in new ESVCLPs will be eligible for a tax offset of 10 per cent of the value of new capital invested during the income year, and the maximum fund size for new ESVCLPs will be increased to \$200 million from \$100 million.

Changes will also be made to both new and existing ESVCLPs and VCLPs to clarify existing arrangements and allow a wider range of investment activities.

These changes will have effect from the date of Royal Assent of the enabling legislation. This measure is expected to have an unquantifiable cost to revenue over the forward estimates period.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

This measure forms part of the Government's National Innovation and Science Agenda, which will drive the smart ideas that create business growth, local jobs and global success. Further information on the Agenda can be found in the brochure of 7 December 2015 released by the Prime Minister and the Minister for Industry, Innovation and Science.

**National Innovation and Science Agenda — tax incentives for angel investors**

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-	-50.0	-50.0
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	-	1.0	1.1	1.3
<i>Related capital (\$m)</i>					
Australian Taxation Office	-	-	2.1	-	-

The Government will introduce a tax incentive for investors which will provide concessional tax treatment for investments made in a range of innovative start-up companies with high growth potential.

The new tax incentive will provide investors with:

- a 20 per cent non-refundable tax offset based on the investment amount, capped at \$200,000 per investor;
- an exemption from capital gains tax on the investment provided a minimum three-year holding period has been met; and
- the ability to invest either directly or indirectly (through a newly introduced fund type) in qualifying innovative start-ups.

The definition of which companies will be eligible will be determined following announcement, informed by consultation with stakeholders. This measure is intended to address the difficulties that small, early-stage Australian companies face in attracting investment.

This measure is estimated to have a cost to revenue of \$100.0 million over the forward estimates period. The measure will have effect from the date of Royal Assent of the enabling legislation.

This measure forms part of the Government's National Innovation and Science Agenda, which will drive the smart ideas that create business growth, local jobs and global success. Further information on the Agenda can be found in the brochure of 7 December 2015 released by the Prime Minister and the Minister for Industry, Innovation and Science.

**Reducing red tape — improvements to data and analytics infrastructure of the Australian Taxation Office**

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	60.0	74.0	88.0
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	9.5	12.7	13.9	13.6
<i>Related capital (\$m)</i>					
Australian Taxation Office	-	11.4	0.8	-	-

The Government will provide \$61.9 million over four years (including capital of \$12.2 million) to the Australian Taxation Office (ATO) to upgrade its data analytics capability.

This measure will enable the ATO to improve taxpayer compliance and reduce compliance burdens by pre-populating additional information in their returns.

Improved data analysis capability will help the ATO in better detecting and deterring non-compliance. Compliance activities enabled by improved analytics are estimated to raise additional revenue of \$222.0 million over the forward estimates period.

This measure delivers on the Government's commitment to reduce red tape and forms part of the Government's Digital Transformation Agenda.

**Stronger Farmers, Stronger Economy — accelerated depreciation for primary producers — bring forward of start date**

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-	-	-

In the 2015-16 Budget, the Government announced that primary producers would be allowed to fully deduct the cost of water facilities and fencing in the year they are purchased and deduct the cost of fodder storage assets over three years. This treatment was to apply from 1 July 2016.

The Government has brought forward the start date of this measure to begin at 7.30pm (AEST) on 12 May 2015. This change will assist primary producers with cash flow, allowing them to better prepare for drought and invest in their farms immediately.

Bringing forward these changes is estimated to have a cost to revenue of \$72.0 million over the forward estimates period.

This measure forms part of the Government's *White Paper on Agricultural Competitiveness*. Funding for this measure has already been provided for by the Government.

**Stronger Farmers, Stronger Economy — Farm Management Deposits — allow use as loan offset for primary production business loans**

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-	-	-

The Government will remove the current restriction on Farm Management Deposit (FMD) accounts being used as an offset for business loans with effect from 1 July 2016. This measure is estimated to have a gain to revenue of \$10.0 million over the forward estimates period. This is due to reduced interest deductions on farm business loans from funds to be used as an offset in FMD accounts.

FMDs are a risk management tool to help primary producers deal with uneven income between years, which frequently occurs as a result of weather variations, the occurrence of natural disasters and changing market conditions. FMDs allow most primary producers to set aside pre-tax income from primary production in a special account that can be drawn on in a future year. However, the current rules prevent financial institutions from offering the option to use FMDs as loan security, or as a mortgage or other interest loan offset. This will allow primary producers to use their FMDs to reduce the interest they pay on business debt and improve their cash flow.

This measure forms part of the Government's *White Paper on Agricultural Competitiveness*. The gain to revenue has already been accounted for by the Government.

**Stronger Farmers, Stronger Economy — Farm Management Deposits — double the deposit limit to \$800,000**

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-	-	-

The Government will double the deposit limit of Farm Management Deposits (FMDs) to \$800,000 from 1 July 2016. This measure is estimated to have a cost to revenue of \$20.0 million over the forward estimates period.

FMDs are a risk management tool to help primary producers deal with uneven income between years, which frequently occurs as a result of weather variations, the occurrence of natural disasters and changing market conditions. FMDs allow most primary producers to set aside pre-tax income from primary production in a special account that can be drawn on in a future year. Currently primary producers cannot hold more than \$400,000 in FMDs. Increasing the deposit limit will further assist some primary producers to manage weather variations, natural disasters and changing market conditions.

This measure forms part of the Government's *White Paper on Agricultural Competitiveness*. The cost to revenue for this measure has already been accounted for by the Government.

**Stronger Farmers, Stronger Economy — Farm Management Deposits — early access in times of drought**

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-	-	-

The Government will allow primary producers affected by severe drought to withdraw their Farm Management Deposits (FMDs) when they need them, without losing their taxation benefit. The measure will have effect from 1 July 2016. This measure is estimated to have a negligible cost to revenue over the forward estimates period.

FMDs are a risk management tool to help primary producers deal with uneven income between years, which frequently occurs as a result of weather variations, the occurrence of natural disasters and changing market conditions. FMDs allow most primary producers to set aside pre-tax income from primary production in a special account that can be drawn on in a future year. This reduces their taxable income and therefore provides concessional tax treatment. If primary producers withdraw the amount within 12 months of deposit, it will be taxed at their marginal tax rates. This measure will assist primary producers suffering as a result of severe drought by allowing them to access their FMDs within 12 months of making a deposit while retaining concessional tax treatment under the scheme.

This measure forms part of the Government's *White Paper on Agricultural Competitiveness*. The cost to revenue has already been accounted for by the Government.

**Stronger Farmers, Stronger Economy — tax averaging for primary producers — allowing re-access**

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-	*	*

The Government will allow primary producers to re-access tax averaging ten years after the year in which they chose to opt out. The measure will apply to all primary producers from 1 July 2016, including those that had previously opted out. This measure is estimated to have an unquantifiable cost to revenue over the forward estimates period.

Tax averaging allows primary producers to smooth out their income tax liability. Currently a primary producer may opt out of tax averaging, but is not able to access the scheme again. Primary producers that opt out of tax averaging will be able to apply averaging ten years later to smooth out their income tax liability.

This measure forms part of the Government's *White Paper on Agricultural Competitiveness*.

### Tax administration — Single Touch Payroll Reporting

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-	58.5	208.9
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	25.8	28.1	23.5	18.2
<i>Related capital (\$m)</i>					
Australian Taxation Office	-	59.5	19.9	12.7	1.3

The Government will simplify the reporting by employers of their Pay As You Go (PAYG) withholding obligations and superannuation contributions by progressively implementing Single Touch Payroll (STP).

Under STP, employers will automatically report individual employee payroll information to the Australian Taxation Office (ATO) using their business management software. STP will also introduce reporting of superannuation contributions information to the ATO when payments are made to super funds. Employers will have the option to pay their PAYG withholding at the same time they pay their staff.

The Government will introduce streamlined processes for individuals commencing employment. Individuals will have the option of completing their Tax File Number declaration and Superannuation Standard Choice forms using myGov or through their employer's business management software.

This measure will be phased in as follows:

- from January 2017, there will be a voluntary pilot of STP. The pilot will focus on, but is not limited to, targeted Small and Medium Enterprises;
- from July 2017, all businesses may commence STP reporting, with the option to make voluntary payments. In addition, the ATO will commence transitioning employers with 20 or more employees to STP; and
- from 1 July 2018, employers with 20 or more employees will be required to use STP enabled software for reporting to the ATO.

To assist small business that wish to take advantage of the benefits of STP, the Government will provide businesses with a turnover of less than \$2 million with a \$100 non-refundable tax offset for expenditure on Standard Business Reporting enabled software.

This offset will apply from 1 July 2017, and will be available for software purchases or subscriptions made in the 2017-18 financial year only.

This measure is estimated to have a gain to revenue of \$267.4 million over the forward estimates period. The Government will provide \$189.0 million to the ATO to implement this measure.

Appendix A: Policy decisions taken since the 2015-16 Budget

**Tax compliance — improving compliance through third party reporting and data matching — delayed start**

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-	-86.4	86.4
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	-	-5.3	-2.8	8.1

The third party and data matching regime seeks to improve tax compliance by requiring third parties to report a range of transactions to the Commissioner of Taxation. Following stakeholder consultation, the Government will delay the start date of three elements of the measure *Tax compliance – improving compliance through third party reporting and data matching* announced in the 2013-14 Budget.

The three elements to be delayed include reporting on government grants and payments, transfers of shares and units and business transactions through merchant payment systems. The fourth element, transfers of real property, will start on 1 July 2016, as announced. Reporting by the Australian Securities and Investments Commission (ASIC) on shares and units will also start on 1 July 2016.

This measure is estimated to have no net impact on the Budget over the forward estimates period.

**Taxation treatment of biodiesel — extension of phase-in for new arrangements**

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-3.0	-6.0	-8.0
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	-	-0.5	-1.0	-2.0

The Government has amended the 2014-15 Budget measure *Taxation treatment of biodiesel – modification*. The excise rate applying to domestically produced biodiesel will now be gradually increased from 1 July 2016 until 1 July 2030 when the applicable excise rate will be approximately 50 per cent of the full excise rate applying to petrol and diesel. The Government's amendments provide a longer phase-in to the changes to the taxation treatment of biodiesel, providing more time for the domestic biodiesel industry to adjust.

This measure is estimated to have a cost to the Budget of \$13.5 million over the forward estimates period.



## Expense Measures

**Table 2: Expense measures since the 2015-16 Budget<sup>(a)</sup>**

Page		2014-15	2015-16	2016-17	2017-18	2018-19
		\$m	\$m	\$m	\$m	\$m
<b>AGRICULTURE AND WATER RESOURCES</b>						
<i>Department of Agriculture and Water Resources</i>						
141	Assistance for Queensland Banana Growers — Panama disease Tropical Race 4	-0.3	-	-	-	-
105	Changes to agricultural production levies(b)	-	0.4	0.9	0.9	0.9
141	Murray-Darling Basin Joint Programme — efficiencies	-	-	-	-	-
141	Smaller Government — Agriculture and Water Resources Portfolio	-	-	-	-	-
Stronger Farmers, Stronger Economy						
142	– a fairer go for farm businesses	-	-	-	-	-
142	– improvements to access premium markets	-	-	-	-	-
143	– National Water Infrastructure Development Fund	-	-	-	-	-
144	– new drought management framework	-	-	-	-	-
145	– strengthening research, skills and management of natural resources	-	-	-	-	-
146	Tasmania — horticulture growth project	-	-0.1	-	-	-
<b>Portfolio total</b>		<b>-0.3</b>	<b>0.4</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>
<b>ATTORNEY-GENERAL'S</b>						
<i>Administrative Appeals Tribunal</i>						
115	Applying a General Interest Charge to the Debts of Ex-recipients of Social Security and Family Assistance Payments(b)	-	-	..	..	..
209	Commonwealth Parental Leave Payments — consistent treatment for income support assessment	-	-	..	-	-
211	Family Payment Reform — a new families package	-	-0.2	0.1	0.6	2.1
216	Parental Leave Pay — revised arrangements	-	-	-0.2	-0.1	-0.1
216	Removal of Family Member Exemptions from the Newly Arrived Resident's Waiting Period	-	-	..	..	..
<i>Attorney-General's Department</i>						
148	Confiscated Assets Account — crime prevention activities	-	-	-	-	-
149	Disaster relief — additional funding	-	2.7	-	-	-
150	National Security — counter-terrorism prosecutions	-	-	0.8	0.8	0.8
150	National Security Awareness Campaign	-	10.0	-	-	-
202	Western Foreshore of Mandurah — safer foreshore project	-	-0.2	-	-	-
218	Women's Safety Package	-	-	-	-	-

Appendix A: Policy decisions taken since the 2015-16 Budget

**Table 2: Expense measures since the 2015-16 Budget<sup>(a)</sup> (continued)**

Page		2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
	<b>ATTORNEY-GENERAL'S (continued)</b>					
	<i>Australian Crime Commission</i>					
148	Confiscated Assets Account — crime prevention activities	-	7.4	7.3	0.8	0.6
151	Smaller Government — Attorney-General's Portfolio	-	-	-1.2	-1.8	-3.1
	<i>Australian Federal Police</i>					
	<i>Australian Federal Police</i>					
147	– International Deployment Group — efficiencies	-	-5.5	-12.3	-6.0	-6.2
147	– Project Spectrum	-	-1.9	-1.9	-1.9	-1.9
148	Confiscated Assets Account — crime prevention activities	-	1.2	2.1	2.1	-
	<i>Australian Financial Security Authority</i>					
221	National Innovation and Science Agenda — improving bankruptcy and insolvency laws	-	-	-	-	-
	<i>Australian Security Intelligence Organisation</i>					
190	Syrian and Iraqi Humanitarian Crisis	-	0.7	0.6	-	-
	<i>CrimTrac Agency</i>					
149	National Firearms Interface	-	2.3	0.9	-	-
	<i>Office of the Australian Information Commissioner</i>					
211	Enhanced Welfare Payment Integrity — non-employment income data matching	-	0.8	1.3	1.3	1.3
	<i>Office of the Director of Public Prosecutions</i>					
150	National Security — counter-terrorism prosecutions	-	3.4	4.7	4.8	4.8
	<i>Various Agencies</i>					
147	Attorney-General's — one-off efficiency savings to specific agencies	-	-7.0	-14.1	-15.5	-18.3
	<b>Portfolio total</b>	<b>-</b>	<b>13.8</b>	<b>-12.0</b>	<b>-14.8</b>	<b>-20.0</b>
	<b>COMMUNICATIONS AND THE ARTS</b>					
	<i>Department of Communications and the Arts</i>					
152	Communications and the Arts Portfolio — efficiencies	-	-2.5	-3.2	-3.7	-2.2
152	Funding for Two Major Film Projects	-	-	17.6	29.7	-
153	Mobile Black Spot Programme — round 2	-	-	-	-	-
218	Women's Safety Package	-	-	-	-	-
	<i>Special Broadcasting Service Corporation</i>					
153	Special Broadcasting Service Corporation — additional funding	-	4.1	-	-	-
	<i>Various Agencies</i>					
152	Communications and the Arts Portfolio — efficiencies	-	-7.6	-9.7	-9.7	-9.8
	<b>Portfolio total</b>	<b>-</b>	<b>-6.0</b>	<b>4.6</b>	<b>16.3</b>	<b>-12.0</b>
	<b>CROSS PORTFOLIO</b>					
	<i>Various Agencies</i>					
154	Public Sector Savings — Shared and Common Services Programme	-	-	-7.3	-16.8	-16.8
	<b>Portfolio total</b>	<b>-</b>	<b>-</b>	<b>-7.3</b>	<b>-16.8</b>	<b>-16.8</b>

Appendix A: Policy decisions taken since the 2015-16 Budget

**Table 2: Expense measures since the 2015-16 Budget<sup>(a)</sup> (continued)**

Page		2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
	<b>DEFENCE</b>					
	<i>Department of Defence</i>					
155	Closure of Hunter River and Port Stephens Fisheries — Assistance to Individuals and Businesses	-	-	-	-	-
155	Operation OKRA	-	-	-	-	-
	<b>Portfolio total</b>	-	-	-	-	-
	<b>EDUCATION AND TRAINING</b>					
	<i>Australian Research Council</i>					
160	Higher Education Reform — delay	-	14.2	-12.7	-13.7	-15.2
	National Innovation and Science Agenda					
161	– ARC Linkage Grants reform	-	-	-	-	-
162	– measuring research impact	-	2.0	2.8	1.5	2.0
	<i>Department of Education and Training</i>					
156	Additional Child Care Subsidy — expansion	-	-	-	10.6	11.8
115	Applying a General Interest Charge to the Debts of Ex-recipients of Social Security and Family Assistance Payments(b)	-	-	-	-	-
156	Apprenticeship Training — alternative delivery pilots	-	0.8	4.7	4.5	-
156	Asia Education Foundation — transition funding	-	0.8	-	-	-
157	Australian Children's Music Foundation — extension	-	0.4	0.4	-	-
157	Australian Consensus — cessation	-	nfp	-1.0	-1.0	-
157	Australian Early Development Census — efficiencies	-	-	-	-1.5	-1.5
158	Child Care System — changes	-	-15.3	-30.7	-194.6	-210.5
159	Curtin University Medical School — establishment	-	-	0.6	2.1	3.9
108	Department of Education and Training — charging opportunities(b)	-	0.3	0.8	1.0	1.3
159	Endeavour Scholarships and Fellowships Programme — reduction	-	-	-3.0	-2.0	-5.0
159	Family Day Care — improving integrity	-	-18.4	-127.0	-311.4	-473.8
109	Higher Education Loan Programme — strengthened compliance(b)	-	0.1	..	0.1	..
160	Higher Education Participation Programme — savings	-	-	-	-	-
160	Higher Education Reform — delay	-	211.7	119.5	-94.3	-121.2
161	Industry Skills Fund — efficiencies	-	-85.1	-62.9	-62.9	-62.9
	National Innovation and Science Agenda					
161	– improving university-business collaboration	-	-	25.0	50.6	51.7
196	– inspiring all Australians in STEM	-	-	14.9	16.5	17.8
163	– supporting critical research infrastructure	-	-	-	153.5	157.3

Appendix A: Policy decisions taken since the 2015-16 Budget

**Table 2: Expense measures since the 2015-16 Budget<sup>(a)</sup> (continued)**

Page		2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
<b>EDUCATION AND TRAINING (continued)</b>						
215	New Treatment of Fringe Benefits for Family Assistance and Youth Payments purposes	-	-	-1.9	-6.1	-6.7
113	Our North, Our Future — workforce for growth(b)	-	-	-	-	-
163	Skills for Education and Employment — reduction	-	-4.0	-18.1	-61.5	-39.4
190	Syrian and Iraqi Humanitarian Crisis	-	10.0	34.5	30.0	18.5
164	VET FEE-HELP — strengthened compliance	-	45.7	45.0	0.3	0.3
165	Vocational Education and Training — new product development arrangements	-	nfp	nfp	nfp	nfp
218	Women's Safety Package	-	-	-	-	-
	<b>Portfolio total</b>	-	<b>163.1</b>	<b>-8.8</b>	<b>-478.3</b>	<b>-671.6</b>
<b>EMPLOYMENT</b>						
<i>Department of Employment</i>						
204	Addressing Welfare Reliance in Remote Communities	-	0.1	-	-	-
166	Fair Entitlements Guarantee — indexation pause — continuation	-	-	-	-	-1.7
166	Geelong Employment Facilitator — extension	-	-	-	-	-
166	Job Seeker Services — streamlining arrangements	-	-	-27.9	-45.9	-52.6
167	Mature Age Employment Programme — cessation	-	-	-3.6	-3.7	-3.7
113	Our North, Our Future — workforce for growth(b)	-	-	-	-	-
190	Syrian and Iraqi Humanitarian Crisis	-	0.7	1.9	1.3	0.7
167	Transition to Work Programme — additional funding	-	-	-	-	-
<i>Office of the Fair Work Ombudsman</i>						
113	Our North, Our Future — workforce for growth(b)	-	-	-	-	-
	<b>Portfolio total</b>	-	<b>0.7</b>	<b>-29.6</b>	<b>-48.3</b>	<b>-57.5</b>
<b>ENVIRONMENT</b>						
<i>Bureau of Meteorology</i>						
144	Stronger Farmers, Stronger Economy — new drought management framework	-	-	-	-	-
<i>Clean Energy Regulator</i>						
169	National Wind Farm Commissioner and Independent Scientific Committee on Wind Turbines — establishment	-	-0.4	-0.7	-0.7	-0.2
110	Renewable Energy Target — amendments(b)	-	-	-	-0.1	-0.2
<i>Department of the Environment</i>						
168	Cities and the Built Environment Taskforce — establishment	-	4.1	-	-	-

Appendix A: Policy decisions taken since the 2015-16 Budget

**Table 2: Expense measures since the 2015-16 Budget<sup>(a)</sup> (continued)**

Page		2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
	<b>ENVIRONMENT (continued)</b>					
168	Green Army — project cap	-	-	-44.7	-90.3	-182.5
168	International Whale and Marine Mammal Conservation Initiative — additional funding	-	1.7	-	-	-
169	National Landcare Programme — efficiencies	-	-	-	-	-2.8
169	National Wind Farm Commissioner and Independent Scientific Committee on Wind Turbines — establishment	-	0.5	0.8	0.9	0.3
170	Resolution of Legal Matter	-	nfp	-	-	-
110	Revised Charging Arrangements(b)	-	-	..	..	..
170	Tasmanian Wilderness World Heritage Area — contribution	-	-	-	-	-
	<b>Portfolio total</b>	<b>-</b>	<b>5.9</b>	<b>-44.5</b>	<b>-90.2</b>	<b>-185.4</b>
	<b>FINANCE</b>					
	<i>Department of Finance</i>					
171	Malabar Headland — upgrade	-	1.3	3.7	-	-
177	National Innovation and Science Agenda — Biomedical Translation Fund	-	-0.1	-0.3	-0.3	-0.3
	<b>Portfolio total</b>	<b>-</b>	<b>1.2</b>	<b>3.5</b>	<b>-0.3</b>	<b>-0.3</b>
	<b>FOREIGN AFFAIRS AND TRADE</b>					
	<i>Australian Trade Commission</i>					
194	National Innovation and Science Agenda — Global Innovation Strategy	-	-	2.1	2.1	3.3
	<i>Department of Foreign Affairs and Trade</i>					
232	Asian Infrastructure Investment Bank(c) Our North, Our Future	-	1.3	1.3	0.4	0.4
199	– business, trade and investment gateway	-	-	-	-	-
113	– workforce for growth(b)	-	-	-	-	-
	<b>Portfolio total</b>	<b>-</b>	<b>1.3</b>	<b>3.3</b>	<b>2.5</b>	<b>3.7</b>
	<b>HEALTH</b>					
	<i>Australian Aged Care Quality Agency</i>					
214	National Disability Insurance Scheme — transition to full Scheme	-	-	1.2	0.8	0.8
	<i>Australian Commission on Safety and Quality in Health Care</i>					
183	Smaller Government — Health Portfolio	-	-	3.5	3.5	3.6
	<i>Australian Institute of Health and Welfare</i>					
183	Smaller Government — Health Portfolio	-	-	11.4	11.6	11.5
	<i>Australian Organ and Tissue Donation and Transplantation Authority</i>					
183	Smaller Government — Health Portfolio	-	-0.1	-0.1	-0.1	-0.1

Appendix A: Policy decisions taken since the 2015-16 Budget

**Table 2: Expense measures since the 2015-16 Budget<sup>(a)</sup> (continued)**

Page		2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
	<b>HEALTH (continued)</b>					
	<i>Department of Health</i>					
208	Age Pension — aligning the pension means testing arrangements with residential aged care arrangements	-	-	0.7	2.7	5.2
	Aged Care Provider Funding					
172	– improved compliance	-	-7.2	-20.8	-23.7	-19.8
172	– revision to the Aged Care Funding Instrument Complex Health Care Domain	-	-	-92.3	-138.3	-188.2
173	Better Access to Radiation Oncology Programme — cessation	-	-5.2	-5.1	-8.0	-8.2
211	Family Payment Reform — a new families package	-	-	..	-15.2	-36.5
173	Health Services in Tasmania — additional funding	-	-	-	-	-
174	Inborn Error of Metabolism (IEM) Programme Savings — reversal	-	1.6	3.3	3.4	3.5
213	Maintain the Higher Income Free Threshold for Family Tax Benefit Part A for a Further Two Years	-	-	-	-2.1	-4.1
	Medicare Benefits Schedule					
174	– changes to diagnostic imaging and pathology services bulk-billing incentives	-	-	-215.8	-225.2	-234.6
175	– new and amended listings	-	-2.5	-3.0	-1.1	-0.9
175	Mental Health — streamlining	-	-	-	-	-
176	More Efficient Health Programmes	-	-40.4	-36.9	-36.9	-31.8
176	National Diabetes Services Scheme — efficiencies through tendering	-	-	-	-	nfp
214	National Disability Insurance Scheme — transition to full Scheme	-	7.0	573.0	613.1	629.3
176	National Immunisation Programme — new and amended listings	-	-0.2	-1.0	-1.7	-1.7
177	National Innovation and Science Agenda — Biomedical Translation Fund	-	-	-2.4	-8.8	-9.3
177	National Rural and Remote Health Infrastructure Programme — cessation	-	-	-	-6.1	-6.2
215	New Treatment of Fringe Benefits for Family Assistance and Youth Payments purposes	-	-	-0.3	-1.0	-1.1
178	No Jab No Pay — improving immunisation coverage rates	-	-29.1	93.7	8.3	-0.1
	Pharmaceutical Benefits Scheme					
178	– new and amended listings	-	112.1	150.7	165.6	181.8
179	– price amendments	-	6.4	9.8	9.8	10.0

**Table 2: Expense measures since the 2015-16 Budget<sup>(a)</sup> (continued)**

Page		2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
	<b>HEALTH (continued)</b>					
179	Poly Implant Prosthèse Breast Implant — Medicare rebates — extension	-	0.1	0.1	..	-
180	Primary Health Networks After Hours Funding and After Hours GP Advice and Support Line	-	-	-	-	-
180	Regulation of Medicinal Cannabis	-	-	-	-	-
181	Sixth Community Pharmacy Agreement and Pharmaceutical Benefits Scheme Reforms	-	-	-	-	-
183	Smaller Government — Health Portfolio	-	0.9	23.6	24.2	24.2
184	Streamlining Health and Aged Care Workforce Programme Funding	-	-178.2	-157.1	-130.4	-129.5
190	Syrian and Iraqi Humanitarian Crisis	-	10.2	21.0	16.3	13.7
185	The Australian Government's Response to the National Ice Taskforce Final Report	-	-	63.4	40.2	38.7
	<i>Independent Hospital Pricing Authority</i>					
183	Smaller Government — Health Portfolio	-	-	-26.0	-26.2	-26.5
	<i>National Blood Authority</i>					
183	Smaller Government — Health Portfolio	-	-0.1	-0.1	-0.1	-0.1
	<i>National Health Funding Body</i>					
183	Smaller Government — Health Portfolio	-	-	-	0.3	-4.4
	<i>National Health Performance Authority</i>					
183	Smaller Government — Health Portfolio	-	-	-34.4	-34.8	-35.3
	<b>Portfolio total</b>	-	<b>-124.7</b>	<b>360.3</b>	<b>240.1</b>	<b>183.9</b>
	<b>IMMIGRATION AND BORDER PROTECTION</b>					
	<i>Department of Immigration and Border Protection</i>					
186	Additional Maritime Capability — lease extension for the Australian Customs Vessel Triton	-	-	-	-	-
186	Asylum Seeker Support — additional funding	-	12.4	-	-	-
231	Biometric data platform — not proceeding(c)	-	-2.3	-	-	-
186	China-Australia Free Trade Agreement — verification of origin	-	-	-	-	-
187	Illegal Maritime Arrivals — Managing the Legacy Caseload — additional funding	-	-	403.2	96.5	-
187	Management of the Onshore Immigration Detention Network	-	208.2	5.4	-49.0	48.7
188	National Innovation and Science Agenda — enhanced visa arrangements	-	0.1	0.1	-	-
	Our North, Our Future					
199	— business, trade and investment gateway	-	-	-	-	-
113	— workforce for growth(b)	-	-	-	-	-
188	Refugee Resettlement Arrangements for Illegal Maritime Arrivals in Regional Processing Centres — additional funding	-	112.5	229.7	-	-
189	Streamlining Student Visa Processing	-	-0.1	-0.1	-0.1	-0.1
190	Syrian and Iraqi Humanitarian Crisis	-	21.4	12.3	-	-
	<b>Portfolio total</b>	-	<b>352.2</b>	<b>650.6</b>	<b>47.4</b>	<b>48.6</b>

**Table 2: Expense measures since the 2015-16 Budget<sup>(a)</sup> (continued)**

Page		2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
	<b>INDUSTRY, INNOVATION AND SCIENCE</b>					
	<i>Australian Nuclear Science and Technology Organisation</i>					
163	National Innovation and Science Agenda — supporting critical research infrastructure	-	-	11.4	40.9	43.9
	<i>Commonwealth Scientific and Industrial Research Organisation</i>					
	National Innovation and Science Agenda					
192	– CSIRO Innovation Fund	-	-	5.0	5.0	5.0
193	– Data61	-	-	24.2	24.4	24.5
200	Stronger Farmers, Stronger Economy — TRANSIT	-	-	-	-	-
	<i>Department of Industry, Innovation and Science</i>					
191	Administration of the <i>Australian Jobs Act 2013</i> — continuation	-	1.5	1.7	1.8	2.0
	National Innovation and Science Agenda					
191	– advancing Australia’s cyber security	-	-	4.2	6.8	10.8
192	– Business Research and Innovation Initiative	-	-	4.0	10.1	4.7
194	– enhancing research-business links	-	-	3.2	6.9	7.6
194	– Global Innovation Strategy	-	-	5.0	6.5	6.5
195	– Innovation and Science Australia	-	1.1	2.3	2.5	2.3
196	– inspiring all Australians in STEM	-	25.5	13.2	8.7	15.5
197	– quantum computing	-	-	5.4	5.0	5.0
163	– supporting critical research infrastructure	-	-	4.0	3.6	44.0
198	– supporting incubators	-	-	2.6	2.8	2.7
198	Next Generation Manufacturing Programme — additional funding	-	-	6.0	13.5	8.4
199	Our North, Our Future — business, trade and investment gateway	-	-	-	-	-
200	Tasmanian Jobs and Investment Fund — establishment	-	-7.1	3.6	3.4	-
	<b>Portfolio total</b>	-	<b>21.1</b>	<b>95.8</b>	<b>141.8</b>	<b>182.9</b>
	<b>INFRASTRUCTURE AND REGIONAL DEVELOPMENT</b>					
	<i>Department of Infrastructure and Regional Development</i>					
114	Adelaide Airport Noise Amelioration Levy — not proceeding(b)	-	-2.5	-	-	-
219	Freeze Road User Charge Collections	-	-	-39.0	-79.0	-
201	Infrastructure Investment Programme — new investments	-	316.0	807.0	-	-
201	Our North, Our Future — road and rail infrastructure	-	-	-	-	-



Appendix A: Policy decisions taken since the 2015-16 Budget

**Table 2: Expense measures since the 2015-16 Budget<sup>(a)</sup> (continued)**

Page		2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
	<b>INFRASTRUCTURE AND REGIONAL DEVELOPMENT (continued)</b>					
202	South Australia — upgrading the 'last mile'	-	-	-	-	-
202	Western Foreshore of Mandurah — safer foreshore project	-	0.1	0.1	-	-
203	Western Sydney Airport — site preparatory works	2.4	30.3	-	-	-
	<i>National Capital Authority</i>					
114	National Capital Authority — increase in development approval fees(b)	-	0.4	0.5	0.5	0.5
	<b>Portfolio total</b>	<b>2.4</b>	<b>344.3</b>	<b>768.5</b>	<b>-78.5</b>	<b>0.5</b>
	<b>PRIME MINISTER AND CABINET</b>					
	<i>Department of the Prime Minister and Cabinet</i>					
204	Addressing Welfare Reliance in Remote Communities	-	-	26.9	-10.0	-12.0
205	Geocoded National Address File	-	-	-	-	-
205	Indigenous Advancement Strategy — indexation pause	-	-	-	-	-17.8
193	National Innovation and Science Agenda — Data61	-	-	0.5	0.5	0.5
206	Our North, Our Future — simpler land arrangements to support investment	-	-	-	-	-
207	Remote School Attendance Strategy — continuation	-	-	-	-	-
	<i>Digital Transformation Office</i>					
205	National Innovation and Science Agenda — digital procurement reform	-	2.9	4.9	3.7	3.7
	<b>Portfolio total</b>	<b>-</b>	<b>2.9</b>	<b>32.2</b>	<b>-5.8</b>	<b>-25.6</b>
	<b>SOCIAL SERVICES</b>					
	<i>Department of Human Services</i>					
156	Additional Child Care Subsidy — expansion	-	-	1.6	0.6	0.5
204	Addressing Welfare Reliance in Remote Communities	-	11.1	3.6	-	-
208	Age Pension — aligning the pension means testing arrangements with residential aged care arrangements	-	-	1.5	0.9	0.2
	Aged Care Provider Funding					
172	— improved compliance	-	0.2	..	-	-
172	— revision to the Aged Care Funding Instrument Complex Health Care Domain	-	0.5	-	-	-
115	Applying a General Interest Charge to the Debts of Ex-recipients of Social Security and Family Assistance Payments(b)	-	5.5	9.4	1.0	1.0

Appendix A: Policy decisions taken since the 2015-16 Budget

**Table 2: Expense measures since the 2015-16 Budget<sup>(a)</sup> (continued)**

Page		2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
	<b>SOCIAL SERVICES (continued)</b>					
158	Child Care System — changes	-	-	1.5	3.2	5.3
155	Closure of Hunter River and Port Stephens Fisheries — Assistance to Individuals and Businesses	-	-	-	-	-
209	Commonwealth Parental Leave Payments — consistent treatment for income support assessment	-	2.1	-2.0	-3.2	-3.3
	Enhanced Welfare Payment Integrity					
210	– expand debt recovery	-	2.8	8.5	8.6	8.6
210	– income data matching	-	-	25.5	25.1	-0.2
211	– non-employment income data matching	-	0.3	27.4	25.1	20.9
211	Family Payment Reform — a new families package	-	-24.9	-14.6	29.2	37.7
213	Government Remote Servicing — extension	-	-	-	-	-
168	Green Army — project cap	-	-	0.8	1.4	3.8
213	Maintain the Higher Income Free Threshold for Family Tax Benefit Part A for a Further Two Years	-	-	0.3	-0.5	-0.8
	Medicare Benefits Schedule					
174	– changes to diagnostic imaging and pathology services bulk-billing incentives	-	4.6	7.9	7.0	5.7
175	– new and amended listings	-	..	..	-0.2	-0.4
175	Mental Health — streamlining	-	-	-	-	-
214	National Disability Insurance Scheme — transition to full Scheme	-	3.2	1.1	0.6	0.1
215	New Treatment of Fringe Benefits for Family Assistance and Youth Payments purposes	-	1.9	12.3	3.4	1.3
178	No Jab No Pay — improving immunisation coverage rates	-	11.0	2.0	1.1	-
216	Parental Leave Pay — revised arrangements	-	5.0	0.1	-0.1	-0.1
178	Pharmaceutical Benefits Scheme — new and amended listings	-	1.1	0.4	0.4	0.4
216	Removal of Family Member Exemptions from the Newly Arrived Resident's Waiting Period	-	0.1	1.8	-2.2	-3.9
217	Remove the Exemptions for Parents in Employment Nil Rate Periods	-	1.1	2.0	11.2	3.8
181	Sixth Community Pharmacy Agreement and Pharmaceutical Benefits Scheme Reforms	-	-	-	-	-
144	Stronger Farmers, Stronger Economy — new drought management framework	-	-	-	-	-
190	Syrian and Iraqi Humanitarian Crisis	-	4.5	6.2	4.9	4.5
185	The Australian Government's Response to the National Ice Taskforce Final Report	-	-	0.2	..	..

Appendix A: Policy decisions taken since the 2015-16 Budget

**Table 2: Expense measures since the 2015-16 Budget<sup>(a)</sup> (continued)**

Page		2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
	<b>SOCIAL SERVICES (continued)</b>					
	<i>Department of Social Services</i>					
204	Addressing Welfare Reliance in Remote Communities	-	-	-27.8	-	-
208	Age Pension — aligning the pension means testing arrangements with residential aged care arrangements	-	-	-1.7	-28.9	-36.7
115	Applying a General Interest Charge to the Debts of Ex-recipients of Social Security and Family Assistance Payments(b)	-	-	0.5	0.6	0.3
208	Australian Disability Enterprises — Business Services Wage Assessment Tool — payment scheme	-	nfp	nfp	nfp	nfp
209	Commonwealth Parental Leave Payments — consistent treatment for income support assessment	-	..	-31.9	-32.8	-34.1
209	Department of Social Services — introduction of a new electronic document management system	-	-0.1	-2.2	-2.7	-2.8
	Enhanced Welfare Payment Integrity					
210	– expand debt recovery	-	0.2	0.2	0.2	0.2
210	– income data matching	-	-	-629.1	-650.1	-22.2
211	– non-employment income data matching	-	-	-301.3	-276.5	-217.9
211	Family Payment Reform — a new families package	-	-0.7	122.2	-607.7	247.4
212	Funding for Frontline Services	-	-	-	-	-
168	Green Army — project cap	-	-	7.0	13.9	29.3
213	Maintain the Higher Income Free Threshold for Family Tax Benefit Part A for a Further Two Years	-	-	..	-49.4	-69.1
214	National Disability Insurance Scheme — transition to full Scheme	-	15.0	-14.5	-91.5	-202.5
215	New Treatment of Fringe Benefits for Family Assistance and Youth Payments purposes	-	-	-21.8	-38.1	-36.5
216	Parental Leave Pay — revised arrangements	-	-	10.0	58.6	62.9
216	Removal of Family Member Exemptions from the Newly Arrived Resident's Waiting Period	-	..	-29.2	-109.3	-82.3
217	Remove the Exemptions for Parents in Employment Nil Rate Periods	-	-	-	0.4	-40.7
190	Syrian and Iraqi Humanitarian Crisis	-	107.4	188.8	176.6	165.3
218	Women's Safety Package	-	-	-	-	-
	<i>National Disability Insurance Agency</i>					
214	National Disability Insurance Scheme — transition to full Scheme	-	108.3	291.3	103.2	-249.8
	<b>Portfolio total</b>	-	<b>260.0</b>	<b>-342.0</b>	<b>-1,416.2</b>	<b>-404.0</b>

Appendix A: Policy decisions taken since the 2015-16 Budget

**Table 2: Expense measures since the 2015-16 Budget<sup>(a)</sup> (continued)**

Page		2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
	<b>TREASURY</b>					
	<i>Australian Competition and Consumer Commission</i>					
142	Stronger Farmers, Stronger Economy — a fairer go for farm businesses	-	-	-	-	-
	<i>Australian Securities and Investments Commission</i>					
	National Innovation and Science Agenda					
221	– improving bankruptcy and insolvency laws	-	-	-	-	-
221	– improving employee share schemes	-	-	-	-	-
	<i>Australian Taxation Office</i>					
211	Enhanced Welfare Payment Integrity — non-employment income data matching	-	0.7	0.1	0.1	-
219	Freeze Road User Charge Collections	-	-	39.0	79.0	-
109	Higher Education Loan Programme — strengthened compliance(b)	-	-	-	1.0	0.9
220	Improving Management of Dispute Resolution	-	-	-	-	-
220	Increasing the Level of Contact Centre Outsourcing	-	-	-	-	-
121	National Innovation and Science Agenda — tax incentives for angel investors(b)	-	-	1.0	1.1	1.3
122	Reducing red tape — improvements to data and analytics infrastructure of the Australian Taxation Office(b)	-	9.5	12.7	13.9	13.6
222	Review of existing restrictions on data sharing between agencies	-	-	-	-	-
190	Syrian and Iraqi Humanitarian Crisis	-	-	-	-	-
125	Tax administration — Single Touch Payroll Reporting(b)	-	25.8	28.1	23.5	18.2
126	Tax compliance — improving compliance through third party reporting and data matching — delayed start(b)	-	-	-5.3	-2.8	8.1
126	Taxation treatment of biodiesel — extension of phase-in for new arrangements(b)	-	-	-0.5	-1.0	-2.0
	<i>Department of the Treasury</i>					
232	Asian Infrastructure Investment Bank(c)	-	1.2	1.2	0.9	1.0
219	Asset Recycling Initiative — redirection of funding	-	-	-	-	-
141	Assistance for Queensland Banana Growers — Panama disease Tropical Race 4	0.3	-	-	-	-
219	Capability Review of the Australian Securities and Investments Commission	-	-	-	-	-
149	Disaster relief — additional funding	0.5	4.7	8.7	-	-
107	Financial Stability Fund — not proceeding(b)	-	-0.2	-0.6	-1.1	-1.6

**Table 2: Expense measures since the 2015-16 Budget<sup>(a)</sup> (continued)**

Page		2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
	<b>TREASURY (continued)</b>					
173	Health Services in Tasmania — additional funding	-	10.7	10.0	-	-
118	Indirect Tax Concession Scheme — diplomatic and consular concessions(b)	-	..	..	..	..
175	Mental Health — streamlining	-	-	-	-	-
214	National Disability Insurance Scheme — transition to full Scheme	-	-339.2	-328.8	-350.9	-362.2
176	National Immunisation Programme — new and amended listings	-	..	..	-0.1	-0.1
198	Next Generation Manufacturing Programme — additional funding	-	-10.0	-10.0	-9.1	-
	Our North, Our Future					
199	– business, trade and investment gateway	-	-	-	-	-
201	– road and rail infrastructure	-	-	-	-	-
202	South Australia — upgrading the ‘last mile’	-	-	-	-	-
222	Strengthening Australia’s Foreign Investment Framework — continuation	-	-	-	-	-
	Stronger Farmers, Stronger Economy					
143	– National Water Infrastructure Development Fund	-	-	-	-	-
144	– new drought management framework	-	-	-	-	-
145	– strengthening research, skills and management of natural resources	-	-	-	-	-
190	Syrian and Iraqi Humanitarian Crisis	-	3.6	15.6	18.8	20.0
146	Tasmania — horticulture growth project	-	0.1	-	-	-
222	Tasmanian Forests — saving	-	-	-	-	-
170	Tasmanian Wilderness World Heritage Area — contribution	-	-	-	-	-
	<b>Portfolio total</b>	<b>0.8</b>	<b>-293.1</b>	<b>-228.9</b>	<b>-226.6</b>	<b>-302.8</b>
	<b>VETERANS’ AFFAIRS</b>					
	<i>Department of Veterans’ Affairs</i>					
208	Age Pension — aligning the pension means testing arrangements with residential aged care arrangements	-	-	..	-1.8	-3.2
172	Aged Care Provider Funding — revision to the Aged Care Funding Instrument Complex Health Care Domain	-	-	-11.9	-17.9	-24.3
223	Department of Veterans’ Affairs — additional funding	-	16.1	-	-	-
175	Medicare Benefits Schedule — new and amended listings	-	..	..	..	..
	Pharmaceutical Benefits Scheme					
178	– new and amended listings	-	2.9	3.7	3.9	4.2
179	– price amendments	-	0.2	0.3	0.3	0.3

Appendix A: Policy decisions taken since the 2015-16 Budget

**Table 2: Expense measures since the 2015-16 Budget<sup>(a)</sup> (continued)**

Page		2014-15	2015-16	2016-17	2017-18	2018-19
		\$m	\$m	\$m	\$m	\$m
	<b>VETERANS' AFFAIRS (continued)</b>					
223	Repatriation of Australian Remains from the Terendak Military Cemetery in Malaysia and the Kranji War Cemetery in Singapore	-	-	-	-	-
223	Repatriation Pharmaceutical Benefits Scheme — new listings and price amendments	-	0.1	0.1	0.1	0.1
224	Saluting Their Service Commemorative Grants Programme — Vietnam War Commemorative Grants	-	-	-	-	-
181	Sixth Community Pharmacy Agreement and Pharmaceutical Benefits Scheme Reforms	-	-	-	-	-
185	The Australian Government's Response to the National Ice Taskforce Final Report	-	-	..	..	..
	<b>Portfolio total</b>	-	<b>19.3</b>	<b>-7.8</b>	<b>-15.3</b>	<b>-23.0</b>
	<b>Decisions taken but not yet announced</b>	-	<b>68.8</b>	<b>-227.5</b>	<b>-421.7</b>	<b>-825.3</b>
	<b>Depreciation expense</b>	-	<b>-1.7</b>	<b>3.4</b>	<b>7.4</b>	<b>9.3</b>
	<b>Total impact of expense measures(d)</b>	<b>2.9</b>	<b>829.4</b>	<b>1,014.7</b>	<b>-2,356.3</b>	<b>-2,114.4</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 expenses, no sign before an estimate indicates increased expenses.

(b) These measures can also be found in the revenue measures summary table.

(c) These measures can also be found in the capital measures summary table.

(d) Measures may not add due to rounding.

## AGRICULTURE AND WATER RESOURCES

### Assistance for Queensland Banana Growers — Panama disease Tropical Race 4

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Agriculture and Water Resources	-0.3	-	-	-	-
Department of the Treasury	0.3	-	-	-	-
Total — Expense	-	-	-	-	-

The Government provided \$0.3 million in 2014-15 to the Queensland Government to assist banana growers whose plantations were placed under quarantine following the outbreak of Panama disease Tropical Race 4 in North Queensland. Banana growers affected by the quarantine will be reimbursed for their direct costs incurred, subject to a cost-sharing agreement between the Commonwealth, the Queensland Government and the Australian Banana Growers Council.

The cost of this measure has been met from within the existing resources of the Department of Agriculture and Water Resources.

### Murray-Darling Basin Joint Programme — efficiencies

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Agriculture and Water Resources	-	-	-	-	-

The Government will achieve savings of \$20.0 million over two years from 2015-16 from the *Murray-Darling Basin Joint Programme* by containing expenditure to priority projects and by not proceeding with a number of non-critical infrastructure projects.

The savings from this measure have already been provided for by the Government and will be redirected to repair the Budget and fund policy priorities.

### Smaller Government — Agriculture and Water Resources Portfolio

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Agriculture and Water Resources	-	-	-	-	-

The Government will further reduce the number of government bodies by abolishing the Australian Pesticides and Veterinary Medicines Authority Advisory Board and the Training Working Group previously working on Animal Health Laboratory Standards. In addition, the Red Meat Industry — Government Interdepartmental Committee will be merged with the Export Meat Industry Advisory Committee, which will also be rationalised by the discontinuation of a discrete Animal Welfare Sub-Committee.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

This measure is part of the fifth phase of Smaller Government reforms, which reduce the size and complexity of government.

The Smaller Government reforms are eliminating duplication and waste, streamlining services and reducing the cost of government administration.

**Stronger Farmers, Stronger Economy — a fairer go for farm businesses**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Agriculture and Water Resources	-	-	-	-	-
Australian Competition and Consumer Commission	-	-	-	-	-
Total — Expense	-	-	-	-	-

The Government will provide \$25.2 million over four years from 2015-16 as part of a package of measures to create a better farm business environment. The package comprises:

- \$13.8 million over two years from 2015-16 for a pilot program to improve access for farmers to training and information about co-operatives, collective bargaining and innovative business models. Rural Research and Development Corporations will be funded to develop and deliver the training packages and related materials.
- \$11.4 million over four years from 2015-16 to strengthen the enforcement and compliance activities of the Australian Competition and Consumer Commission along the agricultural supply chain.

Funding for these measures has already been provided for by the Government.

This package forms part of the Government's White Paper on Agricultural Competitiveness.

**Stronger Farmers, Stronger Economy — improvements to access premium markets**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Agriculture and Water Resources	-	-	-	-	-
<i>Related capital (\$m)</i>					
<i>Department of Agriculture and Water Resources</i>	-	-	-	-	-

The Government will provide \$185.0 million over four years from 2015-16 as part of a package of measures to open up premium markets and strengthen Australia's agricultural competitiveness. The package comprises:



*Appendix A: Policy decisions taken since the 2015-16 Budget*

- \$30.8 million over four years from 2015-16 to break down technical barriers to trade, including through the appointment of five new agriculture counsellors in key markets. This reform complements existing Australian Government efforts to reduce tariffs, quotas and technical barriers through free trade agreements;
- \$141.8 million over four years from 2015-16 to improve biosecurity surveillance and analysis to better target critical biosecurity risks, including in northern Australia, to protect agricultural industries and the community from the impact of exotic pests and diseases; and
- \$12.4 million over four years from 2015-16 for the modernisation of Australia's traceability systems, and to verify produce integrity and secure access to overseas markets. Effective traceability systems are critical to provide export certification to Australia's trading partners and allow the agriculture sector to remain competitive.

Funding for these measures has already been provided for by the Government.

This package of measures forms part of the Government's *White Paper on Agricultural Competitiveness*.

**Stronger Farmers, Stronger Economy — National Water Infrastructure Development Fund**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Agriculture and Water Resources	-	-	-	-	-
Department of the Treasury	-	-	-	-	-
Total — Expense	-	-	-	-	-

The Government will provide \$500.0 million over 10 years from 2015-16 to establish a National Water Infrastructure Development Fund. Funding of \$50.0 million will be used to support the planning necessary to decide on viable projects for investment and \$450.0 million to construct water infrastructure in partnership with States and Territories and private investment. Up to \$200.0 million will be allocated to projects in northern Australia.

Funding for this measure has already been provided for by the Government.

Further information can be found in the press release of 5 July 2015 issued by the Minister for Agriculture and Water Resources.

This package of measures forms part of the Government's *White Paper on Agricultural Competitiveness*.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

**Stronger Farmers, Stronger Economy — new drought management framework**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Agriculture and Water Resources	-	-	-	-	-
Bureau of Meteorology	-	-	-	-	-
Department of the Treasury	-	-	-	-	-
Department of Human Services	-	-	-	-	-
Total — Expense	-	-	-	-	-
<i>Related revenue (\$m)</i>					
<i>Department of Agriculture and Water Resources</i>	-	-	-	-	-
<i>Related capital (\$m)</i>					
<i>Bureau of Meteorology</i>	-	-	-	-	-

The Government will provide \$2.6 billion over 10 years from 2015-16 as part of a package of measures to support drought preparedness and drought-affected local communities. The package comprises:

- \$2.5 billion over 10 years from 2016-17 to establish a long-term national drought concessional loans scheme to assist viable drought-affected farm businesses. The new program will replace both existing Australian Government drought-specific concessional loan schemes, which will cease on 30 June 2016;
- \$29.9 million over four years from 2015-16 for the States and Territories to reimburse farm businesses up to \$2,500 on a matched basis for the costs of risk pre-assessments for multi-peril crop insurance or risk management advice to assist with farm business management;
- \$22.9 million over four years from 2015-16 to increase the case management and activity supplement elements of the Farm Household Allowance (FHA) in the final year of payment. The aim of this measure is to provide additional help to FHA recipients to transition off the payment at the end of their third and final year of eligibility. Increased case management will be delivered by the Department of Human Services; and
- \$3.3 million over four years from 2015-16 for the Bureau of Meteorology to improve the seasonal forecast service for the Australian agricultural sector. The new service will provide more regular updates, with improved accuracy.

Funding for these measures has already been provided for by the Government.

This package of measures forms part of the Government's *White Paper on Agricultural Competitiveness*.

**Stronger Farmers, Stronger Economy — strengthening research, skills and management of natural resources**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Agriculture and Water Resources	-	-	-	-	-
Department of the Treasury	-	-	-	-	-
Total — Expense	-	-	-	-	-

The Government will provide \$207.3 million over seven years from 2015-16 as part of a package of measures to assist the management of pest and disease incursions and strengthen the rural research and development effort. The package comprises:

- \$50.0 million over four years from 2015-16 to enhance pest and disease management and emergency responses to pest incursions. With improvements in the management of pests and diseases, the Government will be better placed to tackle pest and disease incidents and able to put in place future containment and eradication programs, when needed;
- \$50.0 million over four years from 2015-16, terminating on 30 June 2019, to increase the capacity of farmers, land managers and industries to manage established pest animals and weeds by improving national consultative and collaborative arrangements between stakeholders, and by developing better technologies and tools for the control of priority species;
- \$100.0 million to extend to 2021-22 the *Rural Research and Development for Profit Programme*, which was due to terminate on 30 June 2018. Extending the programme for another four years will allow for longer-term research projects and new research collaborations;
- \$1.2 million over three years from 2016-17 to assist the Rural Industries Research and Development Corporation with research, development and extension in small agricultural industries;
- \$4.7 million over four years from 2015-16 to match voluntary contributions to Forest and Wood Products Australia for investment in industry-specific research and development; and
- \$1.4 million over three years from 2016-17 as a provision for Commonwealth matching of expected new agricultural production levies on export fodder and tea tree oil for funding of industry-specific research, development and marketing activities.

Funding for these measures has already been provided for by the Government.

This package of measures forms part of the Government's *White Paper on Agricultural Competitiveness*.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

**Tasmania — horticulture growth project**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of the Treasury	-	0.1	-	-	-
Department of Agriculture and Water Resources	-	-0.1	-	-	-
Total — Expense	-	-	-	-	-

The Government will provide \$50,000 in 2015-16 to the Tasmanian Government to assist with the Tasmanian Horticulture Growth Project, which aims to help Tasmanian growers and suppliers compete with international suppliers by exploiting niche markets where they have a unique comparative advantage. The project is subject to a cost-sharing agreement between the Commonwealth, the Tasmanian Government and industry.

The cost of this measure has been met from within the existing resources of the Department of Agriculture and Water Resources.

## ATTORNEY-GENERAL'S

### Attorney-General's — one-off efficiency savings to specific agencies

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Various Agencies	-	-7.0	-14.1	-15.5	-18.3
<i>Related capital (\$m)</i>					
<i>Various Agencies</i>	-	-3.8	-5.9	-4.9	-0.2

The Government will achieve savings of \$69.7 million over four years from efficiencies to specific agencies in the Attorney-General's portfolio. The Government will also make a number of existing administered programme savings within the Attorney-General's Department ongoing from 2019-20.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

### Australian Federal Police — International Deployment Group — efficiencies

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Federal Police	-	-5.5	-12.3	-6.0	-6.2

The Government will achieve savings of \$30.0 million over four years from efficiencies in the Australian Federal Police's *International Deployment Group Programme*. Efficiencies will be achieved through a reduction in support contracts and a reduction in Australian-based elements of the programme.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

### Australian Federal Police — Project Spectrum

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Federal Police	-	-1.9	-1.9	-1.9	-1.9
<i>Related capital (\$m)</i>					
<i>Australian Federal Police</i>	-	-7.1	-7.0	-7.1	-7.1

The Government will achieve savings of \$35.8 million over four years by returning to the Budget unspent sustainment funding for the Australian Federal Police's Project Spectrum. The original measure *Australian Federal Police – future operational systems* was announced in the 2007-08 Budget.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

**Confiscated Assets Account — crime prevention activities**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Crime Commission	-	7.4	7.3	0.8	0.6
Australian Federal Police	-	1.2	2.1	2.1	-
Attorney-General's Department	-	-	-	-	-
<b>Total — Expense</b>	-	<b>8.6</b>	<b>9.3</b>	<b>2.9</b>	<b>0.6</b>
<i>Related capital (\$m)</i>					
Australian Federal Police	-	3.0	-	-	-
Australian Crime Commission	-	1.3	0.9	-	-
<b>Total — Capital</b>	-	<b>4.3</b>	<b>0.9</b>	-	-

The Government will increase expenditure from the Confiscated Assets Account (CAA) under the *Proceeds of Crime Act 2002* by \$26.5 million over four years (including \$5.2 million in capital funding in 2015-16 and 2016-17). Expenditure from the CAA will be used to fund crime prevention initiatives including:

- \$8.4 million for the Australian Federal Police to continue surveillance activities with upgraded specialised equipment;
- \$9.8 million for the Australian Crime Commission (ACC) to deliver the National Criminal Intelligence System. This will enable more effective criminal intelligence sharing and gathering between law enforcement and intelligence partners;
- \$3.4 million for the ACC to strengthen operational capabilities to counter money laundering;
- \$4.9 million for the ACC to conduct an international staff secondment program to build expertise and to strengthen existing foreign networks; and
- \$1.0 million for a grant from the Attorney-General's Department to Crime Stoppers Australia to deliver the national 'Dob in a Dealer' campaign. The cost of this initiative will be met from within existing resources.

Further information can be found in the press release of 20 October 2015 issued by the Minister for Justice.

Appendix A: Policy decisions taken since the 2015-16 Budget

**Disaster relief — additional funding**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of the Treasury	0.5	4.7	8.7	-	-
Attorney-General's Department	-	2.7	-	-	-
<b>Total — Expense</b>	<b>0.5</b>	<b>7.4</b>	<b>8.7</b>	<b>-</b>	<b>-</b>

The Government will contribute up to \$16.6 million for disaster relief initiatives in Queensland and South Australia.

The funding includes \$13.9 million (including \$0.5 million in 2014-15) for various initiatives under Category D of the Natural Disaster Relief and Recovery Arrangements for areas affected by Tropical Cyclone Marcia (the local government areas of Banana, Livingstone, North Burnett and Rockhampton). This forms part of a \$27.8 million joint package with the Queensland Government. The funding includes contributions of:

- \$0.4 million for Industry Recovery Officers to provide recovery information and support to primary producers in the affected areas;
- \$3.0 million for clean up and restoration of national parks, beaches and recreational assets;
- \$0.5 million for a green waste clean-up initiative; and
- \$10.0 million for a betterment fund to improve the disaster resilience of non-state owned assets that were directly damaged as a result of Tropical Cyclone Marcia.

The funding also includes \$2.7 million in 2015-16 to assist individuals who have suffered losses as a result of bushfires in the Pinery region of South Australia.

**National Firearms Interface**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
CrimTrac Agency	-	2.3	0.9	-	-
<i>Related capital (\$m)</i>					
<i>CrimTrac Agency</i>	-	1.8	0.3	-	-

The Government will provide \$5.3 million over two years from 2015-16 to deliver a National Firearms Interface. Delivered and maintained by CrimTrac, the interface will provide a single consolidated record for each legal firearm in Australia.

Funding for this measure is provided from the CrimTrac Special Account.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

**National Security — counter-terrorism prosecutions**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Office of the Director of Public Prosecutions	-	3.4	4.7	4.8	4.8
Attorney-General's Department	-	-	0.8	0.8	0.8
<b>Total — Expense</b>	-	3.4	5.5	5.6	5.6

The Government will provide \$20.0 million over four years to the Office of the Director of Public Prosecutions and the Attorney-General's Department to assist with increased workloads for counter-terrorism prosecutions. The funding will support additional staff and external legal expenses for counter-terrorism prosecutions.

This measure builds on the 2014-15 MYEFO measure titled *National Security – additional counter-terrorism funding*.

This national security measure underlines the Government's commitment to a safe and secure Australia.

**National Security Awareness Campaign**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Attorney-General's Department	-	10.0	-	-	-
<i>Related capital (\$m)</i>					
<i>Australian Security Intelligence Organisation</i>	-	-3.0	-	-	-
<i>Australian Federal Police</i>	-	-7.0	-	-	-
<b>Total — Capital</b>	-	-10.0	-	-	-

The Government will provide \$10.0 million in 2015-16 for a national security awareness campaign. The campaign is designed to encourage the public to report suspicious activity to the National Security Hotline and will use television, radio, print, outdoor and online media.

The cost of this measure will be met from within the existing resources of the Australian Federal Police and the Australian Security Intelligence Organisation.



*Appendix A: Policy decisions taken since the 2015-16 Budget*

**Smaller Government — Attorney-General's Portfolio**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Crime Commission	-	-	-1.2	-1.8	-3.1

The Government will reduce the number of government bodies and achieve savings of \$6.1 million from 2016-17 by merging the Australian Institute of Criminology and CrimTrac Agency with the Australian Crime Commission.

This measure is part of the fifth phase of Smaller Government reforms which reduce the size and complexity of government.

The Smaller Government reforms are eliminating duplication and waste, streamlining services and reducing the cost of government administration.

## COMMUNICATIONS AND THE ARTS

### Communications and the Arts Portfolio — efficiencies

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Communications and the Arts	-	-2.5	-3.2	-3.7	-2.2
Various Agencies	-	-7.6	-9.7	-9.7	-9.8
<b>Total — Expense</b>	<b>-</b>	<b>-10.1</b>	<b>-12.9</b>	<b>-13.4</b>	<b>-12.0</b>
<i>Related capital (\$m)</i>					
<i>Department of Communications and the Arts</i>	<i>-</i>	<i>-1.0</i>	<i>-1.0</i>	<i>-1.0</i>	<i>-1.0</i>

The Government will achieve savings of \$52.5 million over four years from 2015-16 within the Communications and the Arts portfolio, including:

- \$36.8 million from cultural and collecting entities within the Arts portfolio, except for the Australia Council. The savings will be achieved by introducing a 3 per cent efficiency target for these entities;
- \$9.6 million through a number of arts programmes, including the cessation of the Book Council of Australia; and
- \$6.0 million from the Department of Communications and the Arts by implementing ongoing efficiencies.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

### Funding for Two Major Film Projects

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Communications and the Arts	-	-	17.6	29.7	-
<i>Related capital (\$m)</i>					
<i>Screen Australia</i>	<i>-</i>	<i>-35.0</i>	<i>-</i>	<i>-</i>	<i>-</i>

The Government will provide \$47.3 million over two years from 2016-17 for two films: *Alien: Covenant* and *Thor: Ragnarok*.

The cost of this measure will be met by divestment of land from within the Communications and the Arts portfolio and other Communications and the Arts Portfolio savings identified in the 2015-16 MYEFO.

This measure will ensure Australia takes advantage of foreign investment associated with the filming of these two large budget films.

Further information can be found in the joint press release of 22 October 2015 issued by the Minister for Foreign Affairs and the Minister for Communications and the Arts.

**Mobile Black Spot Programme — round 2**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Communications and the Arts	-	-	-	-	-

The Government will provide \$60.0 million over two years from 2016-17 for round 2 of the *Mobile Black Spot Programme*, which improves mobile coverage in outer metropolitan, regional and remote Australia.

The second round of the programme will operate under similar guidelines to the first round and will provide an opportunity to meet continuing demand for the programme in more locations in regional and remote Australia.

Funding for this measure has already been provided for by the Government.

Further information can be found in the press release of 25 June 2015 issued by the former Minister for Communications.

**Special Broadcasting Service Corporation — additional funding**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Special Broadcasting Service Corporation	-	4.1	-	-	-

The Government will provide \$4.1 million in 2015-16 to the Special Broadcasting Service Corporation (SBS). This funding is to replace revenue that could not be raised as legislation to allow the SBS further flexibility in the way it advertises has not been passed by the Parliament.

For further details refer to the MYEFO 2014-15 measure titled *Australian Broadcasting Corporation and Special Broadcasting Service Corporation – additional efficiency savings*.

## CROSS PORTFOLIO

### Public Sector Savings — Shared and Common Services Programme

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Various Agencies	-	-	-7.3	-16.8	-16.8

The Government will achieve net savings of \$40.9 million over three years from 2016-17 by consolidating the provision of transactional and other common services to a small number of shared service centres within Australian Government agencies.

The Department of Finance is overseeing a program of work to implement Shared and Common Services across the Australian Public Service. The programme has a three to five year implementation timeframe and will support the Government's Smaller Government agenda by standardising, consolidating and automating back office services, to allow agencies to focus on Government priorities.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

## DEFENCE

### Closure of Hunter River and Port Stephens Fisheries — Assistance to Individuals and Businesses

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Defence	-	-	-	-	-
Department of Human Services	-	-	-	-	-
Total — Expense	-	-	-	-	-

The Government will provide \$2.6 million for targeted assistance to eligible fishers and businesses affected by the closure of Hunter River and Port Stephens fisheries on 4 September 2015.

The cost of this measure will be met from within the existing resources of the Departments of Defence and Human Services.

### Operation OKRA

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Defence	-	-	-	-	-

The Government has adjusted activities under Operation OKRA — Australia's contribution to the international coalition against ISIL, or Daesh, in Iraq — by reducing the planned drawdown of the Special Operations Task Group Advise and Assist Mission in Iraq, and expanding the area of operation to allow the Air Task Group component to include air strikes in Syria.

The cost of these decisions will be managed within the \$390.8 million provided for Operation OKRA in the 2015-16 Budget, under the established arrangements for funding major Defence operations.

## EDUCATION AND TRAINING

### Additional Child Care Subsidy — expansion

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Human Services	-	-	1.6	0.6	0.5
Department of Education and Training	-	-	-	10.6	11.8
<b>Total — Expense</b>	-	-	1.6	11.2	12.4

The Government will provide \$25.2 million over three years from 2016-17 to extend the *Additional Child Care Subsidy* (ACCS) to grandparents on income support who are the primary carers of their grandchildren. The ACCS is scheduled to commence on 1 July 2017 and will also provide support for families receiving Child Care Subsidy who are deemed at risk, are in temporary financial hardship, or are transitioning to work from income support.

Further information can be found in the press release of 30 November 2015 issued by the Minister for Education and Training.

### Apprenticeship Training — alternative delivery pilots

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Education and Training	-	0.8	4.7	4.5	-

The Government will provide \$10.0 million over three years from 2015-16 to establish five industry-led pilots to trial alternative methods of delivering apprenticeship training outside of the traditional trade training models.

The pilots will seek to improve apprenticeship outcomes for employers, apprentices and the economy by developing innovative trade training arrangements that will aim to reduce costs for employers, boost training quality and offer apprentices more choice in how they train for a trade.

### Asia Education Foundation — transition funding

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Education and Training	-	0.8	-	-	-

The Government will provide \$0.8 million in 2015-16 to the Asia Education Foundation to enable it to continue to deliver planned programs as it transitions to a not-for-profit business model. The funding will assist the Foundation to provide schools with resources for students to develop knowledge and understanding of Asian cultures and languages.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

**Australian Children’s Music Foundation — extension**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Education and Training	-	0.4	0.4	-	-

The Government will provide \$0.8 million over two years from 2015-16 to the Australian Children’s Music Foundation (ACMF) to continue to improve access, participation and engagement in music education for disadvantaged students. The ACMF will provide a two-year customised music program for approximately 20 schools and juvenile justice centres, which will include music tuition and the provision of musical instruments.

**Australian Consensus — cessation**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Education and Training	-	nfp	-1.0	-1.0	-

The Government will achieve savings of \$2.0 million over two years from 2016-17 by not proceeding with funding to help establish the Australian Consensus at the University of Western Australia. This is in addition to \$1.0 million allocated to the initiative for 2014-15 but not expended. Further savings in 2015-16 may be achieved pending consideration of work conducted on the initiative prior to its discontinuation. This is not for publication (nfp) as it is the subject of negotiations.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

**Australian Early Development Census — efficiencies**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Education and Training	-	-	-	-1.5	-1.5

The Government will achieve savings of \$3.0 million over two years from 2017-18 from efficiencies in the funding for research under the Australian Early Development Census (AEDC). The AEDC data collection will continue and third parties and government agencies will continue to be able to use the AEDC data for research and analysis.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

Appendix A: Policy decisions taken since the 2015-16 Budget

**Child Care System — changes**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Human Services	-	-	1.5	3.2	5.3
Department of Education and Training	-	-15.3	-30.7	-194.6	-210.5
Total — Expense	-	-15.3	-29.2	-191.3	-205.2

The Government will achieve savings of \$441.0 million over four years from 2015-16 by making a number of changes to the child care system. The Government will:

- reduce the *Child Care Subsidy* (scheduled to commence on 1 July 2017) for families who earn more than \$250,000 per year (in 2017-18 terms) from 50 per cent of the actual fee (up to the hourly fee cap) tapering to 20 per cent for families earning \$340,000 or more per year (in 2017-18 terms). The annual subsidy per child will continue to be capped at \$10,000 for families earning more than \$185,710 per year. The subsidy rate for families earning up to \$250,000 per year will not change. This is estimated to achieve savings of \$344.6 million over three years from 2016-17;
- cap the number of places in the *Interim Home Based Carer Subsidy Programme* at 3,000 to reflect lower demand. The pilot programme will provide fee assistance for up to 3,000 families (approximately 7,500 children) from 1 January 2016 to subsidise home based care services provided by nannies. This is estimated to achieve savings of \$61.4 million over three years from 2015-16; and
- remove the Access to Affordability Support element under the *Community Child Care Fund* following consultation which found it to be poorly targeted and complex to administer. This is estimated to achieve savings of \$35.1 million over two years from 2017-18.

Further information can be found in the joint press release of 2 December 2015 issued by the Minister for Education and Training and the Minister for Social Services.



Appendix A: Policy decisions taken since the 2015-16 Budget

**Curtin University Medical School — establishment**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Education and Training	-	-	0.6	2.1	3.9
<i>Related revenue (\$m)</i>					
<i>Department of Education and Training</i>	-	-	0.6	1.9	3.6

The Government will support the establishment of a new medical school at Curtin University by increasing the number of Commonwealth supported medical places from 1 January 2017. The Curtin Medical School will offer a five year direct-entry medical program, and select and train students predisposed to work in underserved geographic locations and discipline areas, with 60 students commencing in 2017 increasing to 110 students commencing per year from 2022.

Curtin University will contribute to the cost of this measure by forgoing all associated Commonwealth funding for these places over three years from 2016-17 to 2018-19.

**Endeavour Scholarships and Fellowships Programme — reduction**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Education and Training	-	-	-3.0	-2.0	-5.0

The Government will achieve savings of \$10.0 million over three years from 2016-17 by reducing funding for the *Endeavour Scholarships and Fellowships Programme*. Funding of \$148.5 million over four years from 2015-16 will continue to be provided to enable Australian and international students to undertake study, research and professional development opportunities.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

**Family Day Care — improving integrity**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Education and Training	-	-18.4	-127.0	-311.4	-473.8

The Government has introduced changes to family assistance law to improve the integrity and sustainability of the family day care sector, resulting in savings of \$930.6 million over four years from 2015-16. The changes took effect on 12 October 2015.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

Under the changes, family day care educators and their partners are no longer eligible to receive Commonwealth child care fee assistance for family day care sessions provided to their own children on the same day that they provide family day care to other children. Exemptions apply for family day care educators and their partners who are parents of children with a disability, or who are in remote areas, required to attend education or training, or required to work on the same day that they provide care.

Further information can be found in the press release of 8 September 2015 issued by the former Minister for Social Services.

**Higher Education Participation Programme — savings**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Education and Training	-	-	-	-	-

The Government will achieve savings of \$20.8 million over two years from 2016-17 by adjusting funding for the *Higher Education Participation Programme*.

Savings from this measure have already been provided for by the Government and reflected in next year's funding allocation.

**Higher Education Reform — delay**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Education and Training	-	211.7	119.5	-94.3	-121.2
Australian Research Council	-	14.2	-12.7	-13.7	-15.2
Total — Expense	-	225.9	106.8	-108.0	-136.4
<i>Related revenue (\$m)</i>					
<i>Department of Education and Training</i>	-	275.0	287.4	-28.8	-50.1

The Government will delay the implementation of the Higher Education reforms announced in the 2014-15 Budget and the 2014-15 MYEFO by one year to undertake further consultation. Higher education funding arrangements for 2016 will be in line with currently legislated arrangements. This is estimated to achieve savings of \$395.1 million over four years from 2015-16 in fiscal balance terms and cost \$370.8 million over four years from 2015-16 in underlying cash balance terms.

Appendix A: Policy decisions taken since the 2015-16 Budget

**Industry Skills Fund — efficiencies**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Education and Training	-	-85.1	-62.9	-62.9	-62.9

The Government will achieve savings of \$273.8 million over four years from 2015-16 from the Industry Skills Fund. Funding of \$325.7 million over four years will continue to be provided.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

**National Innovation and Science Agenda — ARC Linkage Grants reform**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Research Council	-	-	-	-	-
<i>Related capital (\$m)</i>					
<i>Australian Research Council</i>	-	-	-	-	-

The Government will provide \$5.2 million over three years from 2016-17 to introduce a continuous application process for the Australian Research Council *Linkage Projects* scheme to improve the responsiveness of the scheme to the needs of industry, business and other end-users.

The cost of this measure will be met from within the existing resources of the Australian Research Council.

This measure forms part of the Government's National Innovation and Science Agenda, which will drive the smart ideas that create business growth, local jobs and global success. Further information on the Agenda can be found in the brochure of 7 December 2015 released by the Prime Minister and the Minister for Industry, Innovation and Science.

**National Innovation and Science Agenda — improving university-business collaboration**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Education and Training	-	-	25.0	50.6	51.7

The Government will provide \$127.3 million over three years from 2016-17 to provide greater incentives for university researchers to engage with industry. The new arrangements will also consolidate the six existing *Research Block Grant* schemes into two simpler schemes from 1 January 2017:

*Appendix A: Policy decisions taken since the 2015-16 Budget*

- The new Research Support Scheme – will provide a funding pool of \$933.7 million in 2017-18, with 50 per cent of funding allocated on the basis of income from competitive research grants and 50 per cent allocated on the basis of research income from end-users.
- The new Supporting Research Training Scheme – will provide a funding pool of \$959.3 million in 2017-18 with 50 per cent of funding allocated on the basis of Higher Degree by Research student completions; 25 per cent of funding allocated on the basis of research income from end-users; and 25 per cent of funding allocated on the basis of income from competitive research grants.

This measure forms part of the Government’s National Innovation and Science Agenda, which will drive the smart ideas that create business growth, local jobs and global success. Further information on the Agenda can be found in the brochure of 7 December 2015 released by the Prime Minister and the Minister for Industry, Innovation and Science.

**National Innovation and Science Agenda — measuring research impact**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Research Council	-	2.0	2.8	1.5	2.0
<i>Related capital (\$m)</i>					
<i>Australian Research Council</i>	-	-	0.6	0.4	-

The Government will provide \$9.4 million over four years from 2015-16 to establish a new system to assess the engagement of university researchers with end-users, and to measure the commercial, economic, social and other impacts of research.

The Australian Research Council (ARC) will establish an Expert Working Group to develop qualitative and quantitative measures of research engagement and impact, in consultation with the university sector and end-users. The ARC will then conduct a pilot impact assessment in 2017, with ongoing regular assessment and reporting to commence from 2018.

This measure forms part of the Government’s National Innovation and Science Agenda, which will drive the smart ideas that create business growth, local jobs and global success. Further information on the Agenda can be found in the brochure of 7 December 2015 released by the Prime Minister and the Minister for Industry, Innovation and Science.

**National Innovation and Science Agenda — supporting critical research infrastructure**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Nuclear Science and Technology Organisation	-	-	11.4	40.9	43.9
Department of Industry, Innovation and Science	-	-	4.0	3.6	44.0
Department of Education and Training	-	-	-	153.5	157.3
<b>Total — Expense</b>	-	-	15.4	198.0	245.2

The Government will provide \$2.3 billion over ten years (\$458.6 million over three years from 2016-17) to establish an ongoing research infrastructure funding programme to provide long-term, sustainable funding for the National Collaborative Research Infrastructure Strategy, the Square Kilometre Array (SKA) Project and the Australian Synchrotron. The funding contribution to the SKA and the Australian Synchrotron is subject to further negotiations.

The funding will enable continued operation of critical national research infrastructure. Future investments will be based on regular national strategic roadmap exercises, with the first to be completed in 2016.

This measure forms part of the Government's National Innovation and Science Agenda, which will drive the smart ideas that create business growth, local jobs and global success. Further information on the Agenda can be found in the brochure of 7 December 2015 released by the Prime Minister and the Minister for Industry, Innovation and Science.

**Skills for Education and Employment — reduction**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Education and Training	-	-4.0	-18.1	-61.5	-39.4

The Government will achieve savings of \$122.9 million over four years from 2015-16 by reducing the number of training places available under the *Skills for Education and Employment Programme*. Funding of \$472.1 million over four years will continue to be provided to assist eligible job seekers.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

**VET FEE-HELP — strengthened compliance**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Education and Training	-	45.7	45.0	0.3	0.3
<i>Related revenue (\$m)</i>					
Department of Education and Training	-	85.4	95.6	25.2	35.4
<i>Related capital (\$m)</i>					
Department of Education and Training	-	0.2	-	-	-

The Government will further strengthen the compliance regime for the VET FEE-HELP scheme from 1 January 2016 to help ensure that it is appropriately targeted and sustainable into the future. This is estimated to achieve savings of \$150.0 million over four years in fiscal balance terms and \$8.6 million over four years in underlying cash terms from 2015-16. The new arrangements include:

- freezing the total value of VET FEE-HELP loans for all existing accredited training providers at 2015 levels;
- pausing approval of any new VET FEE-HELP providers, with some limited exceptions, until 2017;
- introducing stronger reporting requirements and moving to payment in arrears for certain VET FEE-HELP providers; and
- pausing VET FEE-HELP payments for new enrolments to providers where there are concerns about performance.

This measure includes \$2.3 million (including \$0.2 million in capital) to support performance and auditing activities associated with implementation of the reforms.

This measure builds on the 2015-16 Budget measure *VET FEE-HELP – enhanced compliance regime*.

Further information can be found in the press release of 3 December 2015 issued by the Minister for Vocational Education and Skills.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

**Vocational Education and Training — new product development arrangements**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Education and Training	-	nfp	nfp	nfp	nfp
<i>Related capital (\$m)</i>					
<i>Department of Education and Training</i>	-	nfp	nfp	nfp	nfp

The Government will streamline and enhance existing Vocational Education and Training (VET) product development to ensure training packages better meet the needs of industry. The new approach will replace the existing 12 Industry Skills Committees with eight Skills Service Organisations (SSOs) to work more directly with industry to develop, review and maintain VET training products and qualifications.

Funding will also be provided to enhance the training.gov.au website and support the Australian Industry and Skills Committee, which will advise on and endorse training product development.

Funding for this measure is not for publication (nfp) as the selection of SSOs will be subject to a competitive tender process.

## EMPLOYMENT

### Fair Entitlements Guarantee — indexation pause — continuation

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Employment	-	-	-	-	-1.7

The Government will achieve savings of \$12.4 million over three years from 2018-19 (including \$4.0 million in 2019-20 and \$6.7 million in 2020-21) by extending by a further two years the pause on indexation of the Maximum Weekly Wage (MWW) used in calculating entitlements for Fair Entitlements Guarantee claimants earning above the MWW of \$2,451.

Savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

### Geelong Employment Facilitator — extension

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Employment	-	-	-	-	-

The Government will provide an additional \$1.3 million over two years from 2017-18 to extend the services of the Geelong Employment Facilitator to 30 June 2019. The Geelong Employment Facilitator assists people affected by recent and scheduled industry closures in the Greater Geelong region, including by organising job fairs and facilitating employment opportunities.

The cost of this measure will be met from within the existing resources of the Department of Employment.

### Job Seeker Services — streamlining arrangements

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Employment	-	-	-27.9	-45.9	-52.6

The Government will achieve savings of \$126.4 million over three years from 2016-17 by focusing intensive services on job seekers who are aged under 25 and job ready. This measure aligns the eligibility criteria for intensive servicing arrangements with the eligibility criteria for RapidConnect Plus announced as part of the Growing Jobs and Small Business package in the 2015-16 Budget.



Appendix A: Policy decisions taken since the 2015-16 Budget

Intensive services involve a requirement for monthly appointments with *jobactive* providers and participation in *Work for the Dole*. From 1 July 2016, all new job seekers with barriers to employment and job seekers aged over 25 will access the standard *jobactive* services. Job seekers receiving intensive services as at 30 June 2016 will be grandfathered and will continue to receive intensive support.

This measure also removes the additional relocation assistance for young job seekers under the intensive servicing arrangements as they will be able to access this assistance under the *Relocation to Take up a Job Programme*, subject to meeting the eligibility criteria.

**Mature Age Employment Programme — cessation**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Employment	-	-	-3.6	-3.7	-3.7

The Government will achieve savings of \$11.0 million over three years from 2016-17 by ceasing the *Mature Age Employment Programme* on 30 June 2016.

Support for mature age job seekers will continue to be provided under the *Restart Wage Subsidy Programme*, which provides payments of up to \$10,000 to employers who hire a mature age job seeker who has been unemployed and on income support for at least six months.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

**Transition to Work Programme — additional funding**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Employment	-	-	-	-	-

The Government will provide an additional \$109.8 million over four years from 2015-16 for the *Transition to Work Programme* to allow services to be rolled out nationally and help more young job seekers access intensive services, especially disengaged youth who are not on income support. The programme was announced in the 2015-16 Budget with funding of \$212.0 million over four years to establish a new intensive support service to help young people at high risk of long term unemployment.

The cost of this measure will be met from a reduction in costs within the *jobactive Programme* that arises because job service providers are not required to service young job seekers while they are in the *Transition to Work Programme*.

## ENVIRONMENT

### Cities and the Built Environment Taskforce — establishment

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of the Environment	-	4.1	-	-	-

The Government will provide \$4.1 million in 2015-16 to establish a Cities and the Built Environment Taskforce to support the development and implementation of the Government's agenda for Australian cities.

### Green Army — project cap

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Social Services	-	-	7.0	13.9	29.3
Department of Human Services	-	-	0.8	1.4	3.8
Department of the Environment	-	-	-44.7	-90.3	-182.5
Total — Expense	-	-	-36.9	-75.0	-149.5

The Government will achieve savings by capping the number of Green Army projects at 500 per annum. Over the forward estimates this is expected to save \$317.5 million from the *Green Army* programme. The Government will continue to provide \$359.3 million over the four years from 2015-16 for Green Army projects.

The savings from the *Green Army* programme will be partly offset by an increase in income support payments in the Social Services portfolio.

The savings from this measure will be redirected to fund environment policy priorities and repair the Budget.

### International Whale and Marine Mammal Conservation Initiative — additional funding

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of the Environment	-	1.7	-	-	-

The Government will provide \$1.7 million in 2015-16 to extend the International Whale and Marine Mammal Conservation Initiative. This measure includes funding the International Whaling Commission for non-lethal research and funding a coordinator position for the Southern Ocean Research Partnership.

Appendix A: Policy decisions taken since the 2015-16 Budget

**National Landcare Programme — efficiencies**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of the Environment	-	-	-	-	-2.8

The Government will achieve savings of \$2.8 million in 2018-19 from the *Natural Heritage Trust* component of the *National Landcare Programme*. The Government will continue to provide \$845.7 million over four years from 2015-16 for the *Natural Heritage Trust*.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

**National Wind Farm Commissioner and Independent Scientific Committee on Wind Turbines — establishment**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of the Environment	-	0.5	0.8	0.9	0.3
Clean Energy Regulator	-	-0.4	-0.7	-0.7	-0.2
Total — Expense	-	0.1	0.2	0.2	0.1

The Government will provide \$2.5 million over four years to establish the National Wind Farm Commissioner and the Independent Scientific Committee on Wind Turbines.

The National Wind Farm Commissioner will provide greater transparency on the operations of wind farms and facilitate the resolution of complaints from the community. The Independent Scientific Committee on Wind Turbines will build on the work of the National Health and Medical Research Council and provide advice on the science and monitoring of potential impacts of wind turbines on human health and the environment. The Commissioner and Committee will each provide an Annual Report to the Australian Parliament.

The cost of this measure will be partially met from within the existing resources of the Clean Energy Regulator.

Further information can be found in the press release of 9 October 2015 issued by the Minister for the Environment.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

**Resolution of Legal Matter**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of the Environment	-	nfp	-	-	-

The Government will provide funding to resolve all aspects of the legal proceedings between the Commonwealth and Middle Head Healthcare Pty Limited and The Cove at Middle Head Pty Limited.

The expenditure for this measure is not for publication (nfp) in accordance with the terms of the agreement.

Further information can be found in the statement issued by the Department of the Environment on 3 August 2015.

**Tasmanian Wilderness World Heritage Area — contribution**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of the Environment	-	-	-	-	-
Department of the Treasury	-	-	-	-	-
Total — Expense	-	-	-	-	-

The Government will provide \$10.2 million over four years from 2014-15 to support the Tasmanian Government's management of the natural and cultural heritage values of the 2013 extension to the Tasmanian Wilderness World Heritage Area.

Funding for this measure has already been provided for by the Government.

Further information can be found in the joint press release of 27 May 2015 issued by the Minister for the Environment and the Tasmanian Minister for the Environment, Parks and Heritage.

## FINANCE

### Malabar Headland — upgrade

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Finance	-	1.3	3.7	-	-

The Government will provide \$5.0 million over two years from 2015-16 to fund construction of suitable horse riding facilities and upgrade other facilities and amenities of the central portion of Malabar Headland known as Lot 301.

The cost of this measure will be offset against savings from within the Environment Portfolio.

This measure delivers on the Government's election commitment.

Further information can be found in the joint press release of 18 March 2015 issued by the Minister for the Environment and NSW Minister for the Environment.

## HEALTH

### Aged Care Provider Funding — improved compliance

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Human Services	-	0.2	..	-	-
Department of Health	-	-7.2	-20.8	-23.7	-19.8
<b>Total — Expense</b>	-	-7.0	-20.8	-23.7	-19.8
<i>Related revenue (\$m)</i>					
<i>Department of Health</i>	-	-	0.4	0.4	0.4
<i>Related capital (\$m)</i>					
<i>Department of Health</i>	-	10.7	-	-	-

The Government will achieve savings of \$61.9 million over four years by strengthening compliance activities associated with the provision of funding to residential aged care providers. The Government will update audit processes and systems to better target high risk claimants, strengthen debt recovery arrangements and expand fees and fines for repetitive false claims. Providers will also receive training on the claiming process.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

### Aged Care Provider Funding — revision to the Aged Care Funding Instrument Complex Health Care Domain

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Human Services	-	0.5	-	-	-
Department of Veterans' Affairs	-	-	-11.9	-17.9	-24.3
Department of Health	-	-	-92.3	-138.3	-188.2
<b>Total — Expense</b>	-	0.5	-104.2	-156.1	-212.6

The Government will achieve savings of \$472.4 million over four years by refining the Aged Care Funding Instrument (ACFI), through changes to the scoring matrix that determines the level of funding. The Minister for Health will consult with providers in implementing these reforms.

The Government has made an upwards estimates variation of approximately \$1 billion over the forward estimates to reflect the higher than expected ACFI outlays in the 2014-15 year. The Government will continue to monitor growth in the 2015-16 year to determine if growth is continuing and if further variations or other measures are required.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

Appendix A: Policy decisions taken since the 2015-16 Budget

**Better Access to Radiation Oncology Programme — cessation**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Health	-	-5.2	-5.1	-8.0	-8.2

The Government will achieve savings of \$26.6 million over four years from 2015-16 by ceasing the *Better Access to Radiation Oncology Programme*. Currently committed projects will continue until completion in 2016-17.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

**Health Services in Tasmania — additional funding**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of the Treasury	-	10.7	10.0	-	-
Department of Health	-	-	-	-	-
Total — Expense	-	10.7	10.0	-	-

The Government will provide \$179.2 million over two years from 2015-16 to support access to health services in Tasmania including:

- \$148.5 million to fund the continued operation of the Mersey Community Hospital, including \$28.5 million in additional funding;
- \$20.7 million for subacute and acute care projects in Tasmania. This funding will support the Tasmanian Government in implementing its *One State, One Health System; Better Outcomes* reform agenda, with the aim of improving the provision of health services in Tasmania; and
- \$10.0 million to support the continued operation of the John L. Grove Rehabilitation Centre for public subacute rehabilitation therapy in northern Tasmania.

Funding of \$158.5 million for this measure has already been provided for by the Government.

Further information on the Mersey Community Hospital can be found in the press release of 28 May 2015 issued by the Minister for Health.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

**Inborn Error of Metabolism (IEM) Programme Savings — reversal**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Health	-	1.6	3.3	3.4	3.5

Following consultations with patients, the Government will not proceed with the component of the 2015-16 Budget measure *Rationalising and Streamlining Health Programmes* which would have ceased the *Inborn Error of Metabolism Programme*.

Further information can be found in the press release of 31 July 2015 issued by the Minister for Health.

**Medicare Benefits Schedule — changes to diagnostic imaging and pathology services bulk-billing incentives**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Human Services	-	4.6	7.9	7.0	5.7
Department of Health	-	-	-215.8	-225.2	-234.6
Total — Expense	-	4.6	-207.9	-218.2	-228.9

The Government will achieve savings of \$650.4 million over four years from 2015-16 by: removing bulk-billing incentives for pathology services; aligning bulk-billing incentives for diagnostic imaging services with those that apply to General Practitioner services; and, reducing the bulk-billing incentive for Magnetic Resonance Imaging (MRI) services from 15 per cent to 10 per cent of the Medicare Benefits Schedule fee, aligning it with other diagnostic imaging services. Bulk-billing incentives for diagnostic imaging services will continue to apply for patients with concession cards and children under 16 years of age.

These changes to pathology and diagnostic imaging bulk-billing incentives will be effective from 1 July 2016.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.



### Medicare Benefits Schedule — new and amended listings

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Veterans' Affairs	-	..	..	..	..
Department of Human Services	-	..	..	-0.2	-0.4
Department of Health	-	-2.5	-3.0	-1.1	-0.9
Total — Expense	-	-2.5	-3.1	-1.4	-1.3

The Government will amend the Medicare Benefits Schedule (MBS) and Veterans' Benefits to implement Medical Services Advisory Committee recommendations for new and amended items introduced since the 2015-16 Budget, at a net saving of \$8.3 million over four years. The amendments to the MBS include:

- new items for sexual health medicines;
- new and amended items targeting the availability of lipectomy services to patients who have undergone massive weight loss;
- consolidation of items for the treatment of finger fractures and wrist fractures; and
- new items for the treatment of cancer using intensity-modulated radiation therapy and image-guided radiation therapy.

Further information will be available in the summary of changes included in the MBS issued by the Department of Health when the amendments take effect.

### Mental Health — streamlining

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Health	-	-	-	-	-
Department of the Treasury	-	-	-	-	-
Department of Human Services	-	-	-	-	-
Total — Expense	-	-	-	-	-

The Government will consolidate existing mental health programmes to create flexibility and better target services. Funding for mental health programmes will now be better focused on individual and local needs with a move to regional planning, integration and commissioning of mental health services.

The Government will also work with States and Territories to negotiate a Fifth National Mental Health Plan in 2016.

As a result of streamlining programmes, the Government will achieve savings of \$141.0 million over four years from 1 July 2015. Savings for this measure have already been provided for by the Government and will contribute towards the related expense measure *The Australian Government's Response to the National Ice Taskforce Final Report*.

Further information can be found in the press release of 26 November 2015 issued by the Minister for Health.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

**More Efficient Health Programmes**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Health	-	-40.4	-36.9	-36.9	-31.8

The Government will achieve savings of \$146.0 million over four years by redesigning 24 health programmes to operate more efficiently, including programmes associated with population health, medical services, eHealth, and health workforce.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

**National Diabetes Services Scheme — efficiencies through tendering**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Health	-	-	-	-	nfp

The Government will achieve efficiencies by implementing a tender process from 1 July 2018 for the sourcing and purchasing of selected products on the National Diabetes Services Scheme. These products include non-proprietary items and items not specific to brands of insulin pumps, such as blood glucose test strips, urine test strips and syringes.

The expenditure for this measure is not for publication (nfp) as it is subject to a tender process.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

**National Immunisation Programme — new and amended listings**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of the Treasury	-	..	..	-0.1	-0.1
Department of Health	-	-0.2	-1.0	-1.7	-1.7
Total — Expense	-	-0.2	-1.0	-1.7	-1.8

The Government will list Tripacel® on the *National Immunisation Programme* as an alternative vaccine for diphtheria, tetanus and acellular pertussis (DTPa), for children aged 18 months, saving \$4.7 million over four years. Tripacel® will be delivered to children free of charge through the programme from 1 January 2016.

**National Innovation and Science Agenda — Biomedical Translation Fund**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Health	-	-	-2.4	-8.8	-9.3
Department of Finance	-	-0.1	-0.3	-0.3	-0.3
Total — Expense	-	-0.1	-2.6	-9.0	-9.6
<i>Related revenue (\$m)</i>					
<i>Department of Finance</i>	-	-2.4	-9.0	-9.6	-10.1

The Government will establish a Biomedical Translation Fund (the Fund) in 2015-16 to invest in promising biomedical discoveries. The Fund will complement the Medical Research Future Fund (MRFF) through the commercialisation of health and medical research.

The Fund will receive \$250.0 million over two years from 2015-16 to invest according to a mandate issued by the Government, with these investments expected to be matched by private sector contributions. The Fund will be managed by a corporation with an expert Board, and with the Minister for Health and the Minister for Industry, Innovation and Science as joint shareholders.

The Government's contribution of \$250.0 million will come from planned investments in the MRFF. There will be a reduction in contributions to the MRFF, but the contributions will remain sufficient to achieve the targeted MRFF balance of \$20.0 billion in 2019-20.

This measure forms part of the Government's National Innovation and Science Agenda, which will drive the smart ideas that create business growth, local jobs and global success. Further information on the Agenda can be found in the brochure of 7 December 2015 released by the Prime Minister and the Minister for Industry, Innovation and Science.

**National Rural and Remote Health Infrastructure Programme — cessation**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Health	-	-	-	-6.1	-6.2

The Government will achieve savings of \$12.2 million over two years from 2017-18 by ceasing the *National Rural and Remote Health Infrastructure Programme*. No projects have been funded through this programme since 1 July 2013.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

Appendix A: Policy decisions taken since the 2015-16 Budget

**No Jab No Pay — improving immunisation coverage rates**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Human Services	-	11.0	2.0	1.1	-
Department of Health	-	-29.1	93.7	8.3	-0.1
Total — Expense	-	-18.2	95.7	9.3	-0.1

The Government will provide \$154.1 million over four years to implement a once-off immunisation catch-up program for families with children aged 10 to 19 and who currently receive Child Care Benefit, Child Care Rebate, and/or Family Tax Benefit Part A. The Government will also formalise catch-up vaccine arrangements for children up to and including nine years of age under the *National Immunisation Programme*. This will assist families to comply with the new immunisation requirements announced in the 2015-16 Budget measure *No Jab No Pay*.

Funding of \$67.4 million for this measure has already been provided for by the Government.

**Pharmaceutical Benefits Scheme — new and amended listings**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Health	-	112.1	150.7	165.6	181.8
Department of Veterans' Affairs	-	2.9	3.7	3.9	4.2
Department of Human Services	-	1.1	0.4	0.4	0.4
Total — Expense	-	116.2	154.8	169.9	186.4
<i>Related revenue (\$m)</i>					
<i>Department of Health</i>	-	<i>nfp</i>	<i>nfp</i>	<i>nfp</i>	<i>nfp</i>

The Government will provide \$627.3 million over four years for new and amended listings on the Pharmaceutical Benefits Scheme (PBS) and the Repatriation Pharmaceutical Benefits Scheme.

New and amended listings introduced since the 2015-16 Budget include:

- Iclusig® (ponatinib) for the treatment of chronic myeloid leukaemia;
- Jakavi® (ruxolitinib) for the treatment of myelofibrosis (a rare bone marrow cancer);
- Latuda® (lurasidone) for the treatment of schizophrenia in adults;
- Adenuric® (febuxostat) for the treatment of chronic gout;
- Herceptin® (trastuzumab) for the treatment of metastatic stomach or gastric cancer; and
- Entyvio® (vedolizumab) for the treatment of Crohn's disease.

Appendix A: Policy decisions taken since the 2015-16 Budget

The costs for some of these medicines are reduced by revenue from rebates negotiated as part of purchase. Details of this revenue is not for publication (nfp) due to commercial sensitivity.

Further information can be found in the press release of 2 November 2015 issued by the Minister for Health and on the PBS website ([www.pbs.gov.au](http://www.pbs.gov.au)).

**Pharmaceutical Benefits Scheme — price amendments**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Health	-	6.4	9.8	9.8	10.0
Department of Veterans' Affairs	-	0.2	0.3	0.3	0.3
Total — Expense	-	6.6	10.1	10.1	10.3

The Government will provide \$37.1 million over four years for price amendments for certain medicines which are currently listed on the Pharmaceutical Benefits Scheme (PBS) and the Repatriation Pharmaceutical Benefits Scheme.

Price amendments agreed since the 2015-16 Budget include:

- morphine for pain management from 1 August 2015;
- levetiracetam for the management of epilepsy from 1 August 2015;
- heparin sodium for the prevention of blood clots from 1 August 2015;
- potassium chloride for the treatment of mineral deficiency from 1 December 2015; and
- desferrioxamine for the treatment of chronic iron overload from 1 December 2015.

These price amendments respond to recommendations of the Pharmaceutical Benefits Advisory Committee.

Further information can be found on the PBS website ([www.pbs.gov.au](http://www.pbs.gov.au)).

**Poly Implant Prothèse Breast Implant — Medicare rebates — extension**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Health	-	0.1	0.1	..	-

The Government will provide an additional \$0.3 million over two years from 2015-16 to extend the 2012-13 Budget measure titled *Poly Implant Prothèse breast implants – Medicare rebates*, which allows women to access Medicare rebates for Magnetic Resonance Imaging (MRI) to evaluate the integrity of breast implants manufactured by the French company Poly Implant Prothèse (PIP).

*Appendix A: Policy decisions taken since the 2015-16 Budget*

PIP implants were recalled from the Australian market in April 2010 following advice from the French regulator *Agence Francaise de Sécurité Sanitaire des Produits de Santé*.

**Primary Health Networks After Hours Funding and After Hours GP Advice and Support Line**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Health	-	-	-	-	-

The Government will refocus after hours primary care funding to improve access to quality after hours primary health care services and to support a new After Hours General Practitioner Advice and Support Line which will provide support for people who do not have access to face to face after hours medical services.

Funding will be provided to Primary Health Networks (PHNs) to encourage locally tailored after hours services. A review of the effectiveness of PHNs in delivering after hours services will be used to assess ongoing funding from 2017-18 for this component.

The cost of this measure will be met by redirecting funding from the *Medicare Locals After Hours Programme*.

**Regulation of Medicinal Cannabis**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Health	-	-	-	-	-

The Government will establish a Commonwealth licensing scheme to regulate the cultivation of cannabis for medicinal and scientific use, to be administered by the Department of Health, and will also amend complementary legislation to facilitate access to cannabis products for use in clinical trials and in the development of therapeutic products.

The cost of this measure will be met from within the existing resources of the Department of Health.

Further information can be found in the press release of 17 October 2015 issued by the Minister for Health.

### Sixth Community Pharmacy Agreement and Pharmaceutical Benefits Scheme Reforms

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Health	-	-	-	-	-
Department of Veterans' Affairs	-	-	-	-	-
Department of Human Services	-	-	-	-	-
Total — Expense	-	-	-	-	-
<i>Related capital (\$m)</i>					
<i>Department of Health</i>	-	-	-	-	-

The Australian Government and the Pharmacy Guild of Australia (the Guild) have signed a new five year Sixth Community Pharmacy Agreement, (6CPA), which commenced on 1 July 2015. The Agreement provides total funding of \$18.9 billion, including Government funding of \$15.5 billion, over the life of the Agreement, with \$12.1 billion in Government funding over the forward estimates. Key changes under the 6CPA include:

- increasing pharmacy remuneration by establishing an Administrative Handling and Infrastructure fee to replace the pharmacy mark-up;
- additional funding for pharmacy professional programs;
- continuing higher dispensing fees for the Efficient Funding of Chemotherapy programme;
- better targeting of the Premium-Free Dispensing Incentive;
- increased indexation arrangements;
- re-establishing a Pharmaceutical Services Federal Committee of Inquiry to investigate matters relating to the service or conduct of Pharmaceutical Benefits Scheme (PBS) approved pharmacists; and
- streamlining the processes of the Pharmaceutical Benefits Advisory Committee to facilitate the submission process.

In addition, the Government will make a number of pricing, access and supply reforms to the PBS which will build on existing price disclosure arrangements and improve the value for money for consumers and the Government. This package includes:

- improving medicine pricing policies to make medicines more affordable;
- removing medicines from the PBS where they are available over-the-counter without a prescription and cost less than the \$6.10 concessional co-payment;

*Appendix A: Policy decisions taken since the 2015-16 Budget*

- allowing pharmacies to compete on pricing by allowing community pharmacies to offer consumers up to a \$1.00 discount on the PBS co-payment;
- revised repeat prescription and early supply arrangements; and
- more efficient use of the Community Service Obligation to supply National Diabetes Services Scheme products.

As a result of implementing the 6CPA and reforms to pricing, access and supply of medicines on the PBS, the Government will achieve net savings of \$2.6 billion over four years from 2015-16.

The Government will also conduct a comprehensive review of pharmacy remuneration and regulation within the first two years of the 6CPA. This review will support a transparent and public assessment of the cost-effectiveness of both pharmacy and wholesaler remuneration, as well as the appropriateness of regulations such as the Pharmacy Location Rules.

Funding for this measure has already been provided for by the Government.

Further information can be found in the press release of 18 May 2015 issued by the Minister for Health, and at [www.6cpa.com.au](http://www.6cpa.com.au).



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**Smaller Government — Health Portfolio**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Health	-	0.9	23.6	24.2	24.2
Australian Institute of Health and Welfare	-	-	11.4	11.6	11.5
Australian Commission on Safety and Quality in Health Care	-	-	3.5	3.5	3.6
National Health Funding Body	-	-	-	0.3	-4.4
Independent Hospital Pricing Authority	-	-	-26.0	-26.2	-26.5
National Health Performance Authority	-	-	-34.4	-34.8	-35.3
Australian Organ and Tissue Donation and Transplantation Authority	-	-0.1	-0.1	-0.1	-0.1
National Blood Authority	-	-0.1	-0.1	-0.1	-0.1
<b>Total — Expense</b>	<b>-</b>	<b>0.7</b>	<b>-22.1</b>	<b>-21.6</b>	<b>-27.1</b>
<i>Related revenue (\$m)</i>					
<i>Department of Health</i>	-	-	0.2	0.2	0.2
<i>Independent Hospital Pricing Authority</i>	-	-	-0.2	-0.2	-0.2
<b>Total — Revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Government will achieve savings of \$70.0 million over four years from 2015-16 by further reducing the number of government bodies in the Health Portfolio to reduce overlap and improve efficiency.

The Government will rationalise the functions of six agencies by:

- abolishing the National Health Performance Agency from 30 June 2016, and transferring its functions to the Australian Institute of Health and Welfare, the Australian Commission on Safety and Quality in Health Care, and the Department of Health;
- transferring operational functions of the Independent Hospitals Pricing Authority to the Department of Health from 1 July 2016, with the Board, Chief Executive Officer and functions retained; and
- abolishing the National Health Funding Body and the Administrator of the National Health Funding Pool from 31 March 2018 in line with the scheduled end of activity based funding payments from the Commonwealth.

The Government has also abolished the Medical Training Review Panel and transferred its reporting functions to the National Medical Training Advisory Network.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

The Government will no longer proceed with the merger of the National Blood Authority and the Organ and Tissue Donation and Transplantation Authority, as announced in the 2014-15 Budget. Some savings and efficiencies will be achieved by merging the corporate services of these agencies.

This measure is part of the fifth phase of the Smaller Government reforms which reduce the size and complexity of government.

The Smaller Government reforms are eliminating duplication and waste, streamlining services and reducing the cost of government administration.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

**Streamlining Health and Aged Care Workforce Programme Funding**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Health	-	-178.2	-157.1	-130.4	-129.5

The Government will achieve savings of \$595.1 million over four years by streamlining funding across a range of health workforce programmes, including ceasing the operations of:

- the Clinical Training Fund;
- the *Rural Health Continuing Education Programme*;
- the Aged Care Education and Training Initiative; and
- the Aged Care Vocational Education and Training professional development programmes.

The Government will redirect a further \$225.0 million from these measures to support current health workforce priorities, including:

- \$131.2 million over four years to expand the *Rural Health Multidisciplinary Training Programme* and establish grants to private healthcare providers to support undergraduate medical places; and
- \$93.8 million over four years to develop an integrated prevocational, postgraduate medical training pathway in rural and regional areas.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

### The Australian Government's Response to the National Ice Taskforce Final Report

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Health	-	-	63.4	40.2	38.7
Department of Human Services	-	-	0.2	..	..
Department of Veterans' Affairs	-	-	..	..	..
Total — Expense	-	-	63.6	40.2	38.8

The Government will provide \$212.1 million over three years from 2016-17 as part of its response to the recommendations of the *Final Report of the National Ice Taskforce* to reduce the harms associated with methamphetamine use in the community through:

- further investment in drug and alcohol treatment services;
- supporting communities to increase their capacity to address the impact of illicit drugs through implementing and expanding community based programs;
- establishing a Centre of Clinical Excellence in Treatment, Research and Training Development for Emerging Drugs of Concern; and
- expanding and improving data sources for the analysis of illicit drug trends.

The Government will also provide an additional \$9.1 million over three years for the listing of 15 new items for addiction medicine on the Medicare Benefits Schedule.

As part of this measure \$78.6 million over three years will be redirected from the *Indigenous Australian Health Programme* to support delivery of drug and alcohol strategies in Indigenous communities with a focus on ice and other methamphetamine use.

Savings from the related expense measure *Mental Health – streamlining* will contribute to funding this measure.

Further information can be found in the joint press release of 6 December 2015 issued by the Prime Minister, Minister for Justice and the Minister for Rural Health.

## IMMIGRATION AND BORDER PROTECTION

### Additional Maritime Capability — lease extension for the Australian Customs Vessel Triton

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Immigration and Border Protection	-	-	-	-	-

The Government provided \$5.1 million in 2015-16 to extend the lease on the Australian Customs Vessel Triton to 31 October 2015. This vessel was leased to operate in Australia's northern waters to support surveillance and enforcement activities against maritime people smuggling and other illegal activities.

This national security measure underlines the Government's commitment to a safe and secure Australia.

The cost of this measure will be met from within the existing resources of the Department of Immigration and Border Protection.

### Asylum Seeker Support — additional funding

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Immigration and Border Protection	-	12.4	-	-	-

The Government will provide an additional \$12.4 million in 2015-16 to fund the provision of asylum seeker assistance to support eligible non-Illegal Maritime Arrivals while their immigration status is resolved. This measure extends the 2015-16 Budget measure titled *Asylum Seeker Support – additional funding*.

### China-Australia Free Trade Agreement — verification of origin

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Immigration and Border Protection	-	-	-	-	-

The Government will provide \$8.1 million over four years to allow the Department of Immigration and Border Protection to verify that goods exported from Australia to China are of Australian origin and to provide a ruling on the origin of goods imported from China. This will support Australian exporters and importers under the China-Australia Free Trade Agreement.

Funding for this measure has already been provided for by the Government.

See also the related revenue measure titled *China-Australia Free Trade Agreement*.

**Illegal Maritime Arrivals — Managing the Legacy Caseload — additional funding**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Immigration and Border Protection	-	-	403.2	96.5	-

The Government will provide an additional \$499.7 million in 2016-17 and 2017-18 to continue managing Illegal Maritime Arrivals (IMAs), who are in Australia, while their immigration status is resolved.

This measure provides additional funding for the 2014-15 MYEFO measure titled *IMAs – managing the legacy caseload in Australia* to manage the caseload of IMAs that arrived primarily before 19 July 2013.

**Management of the Onshore Immigration Detention Network**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Immigration and Border Protection	-	208.2	5.4	-49.0	48.7

The Government will provide an additional \$213.3 million over four years to enhance the management of the Immigration Detention Network. This includes:

- improved risk screening arrangements for Illegal Maritime Arrivals and others on a removal pathway from Australia;
- maintaining the North West Point Immigration Detention facility on Christmas Island to accommodate high risk detainees;
- ongoing use of charter flights to support transfers of detainees to enable the most efficient use of detention facilities; and
- funding for increased insurance premiums.

This measure complements the measure *Illegal Maritime Arrivals – Managing the Legacy Caseload – additional funding*.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

**National Innovation and Science Agenda — enhanced visa arrangements**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Immigration and Border Protection	-	0.1	0.1	-	-
<i>Related capital (\$m)</i>					
<i>Department of Immigration and Border Protection</i>	-	0.3	0.5	-	-

The Government will provide \$1.0 million (including \$0.9 million in capital) over two years from 2015-16 to attract and retain talented foreign entrepreneurs and highly educated individuals.

A new Entrepreneur visa for people with innovative ideas and the financial backing to implement them in Australia will be introduced, along with improved permanent residence pathways for foreign students who have Australian masters by research or doctorate-level qualifications in the areas of science, technology, engineering, mathematics or specific information and communication technology fields.

This measure forms part of the Government’s National Innovation and Science Agenda, which will drive the smart ideas that create business growth, local jobs and global success. Further information on the Agenda can be found in the brochure of 7 December 2015 released by the Prime Minister and the Minister for Industry, Innovation and Science.

**Refugee Resettlement Arrangements for Illegal Maritime Arrivals in Regional Processing Centres — additional funding**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Immigration and Border Protection	-	112.5	229.7	-	-

The Government will provide an additional \$342.1 million over two years to support refugee resettlement arrangements for offshore Illegal Maritime Arrivals (IMAs) found to be owed protection, and removal arrangements for IMAs found not to be owed protection.

Funding will also be provided to the Governments of Nauru, Papua New Guinea and Cambodia to build their capacity to deliver settlement services to refugees and to support the operation of regional processing centres.

This measure extends the 2015-16 Budget measure titled *Refugee resettlement arrangements for illegal maritime arrivals in offshore processing centres*.

Appendix A: Policy decisions taken since the 2015-16 Budget

**Streamlining Student Visa Processing**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Immigration and Border Protection	-	-0.1	-0.1	-0.1	-0.1
<i>Related capital (\$m)</i>					
Department of Education and Training	-	0.3	-	-	-

The Government will provide \$2.2 million over four years (including \$1.8 million in capital in 2015-16) to simplify student visa processing arrangements, funded by the Immigration and Border Protection Portfolio.

This measure will enhance the international competitiveness of Australia's higher education sector by enabling providers assessed as likely to enrol only those who are genuine students to access streamlined processing arrangements. The new arrangements also include reducing the number of student visa subclasses from eight to two.

This measure responds to the recommendations of the Department of Immigration and Border Protection's *Future directions for streamlined visa processing* report, released on 16 June 2015.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

**Syrian and Iraqi Humanitarian Crisis**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Social Services	-	107.4	188.8	176.6	165.3
Department of Immigration and Border Protection	-	21.4	12.3	-	-
Department of Health	-	10.2	21.0	16.3	13.7
Department of Education and Training	-	10.0	34.5	30.0	18.5
Department of Human Services	-	4.5	6.2	4.9	4.5
Department of the Treasury	-	3.6	15.6	18.8	20.0
Australian Security Intelligence Organisation	-	0.7	0.6	-	-
Department of Employment	-	0.7	1.9	1.3	0.7
Australian Taxation Office	-	-	-	-	-
<b>Total — Expense</b>	-	<b>158.5</b>	<b>281.0</b>	<b>247.8</b>	<b>222.5</b>
<i>Related revenue (\$m)</i>					
<i>Australian Taxation Office</i>	-	<i>2.9</i>	<i>18.5</i>	<i>27.0</i>	<i>32.7</i>
<i>Department of Immigration and Border Protection</i>	-	<i>0.1</i>	<i>0.4</i>	<i>0.5</i>	<i>0.5</i>
<b>Total — Revenue</b>	-	<b>3.0</b>	<b>18.9</b>	<b>27.5</b>	<b>33.2</b>
<i>Related capital (\$m)</i>					
<i>Australian Security Intelligence Organisation</i>	-	<i>0.1</i>	-	-	-

The Government will provide \$827.4 million over four years to permanently resettle an additional 12,000 refugees who are fleeing the conflict in Syria and Iraq. These places are in addition to Australia's existing humanitarian programme of 13,750 in each of 2015-16 and 2016-17, which is increasing to 18,750 in 2018-19.

The Government is also providing \$44.0 million to support more than 240,000 displaced people in the conflict zone. This funding will deliver food, water, healthcare, education, emergency supplies and protection, including support for women and children.

Further information can be found in the joint press release of 9 September 2015 issued by the former Prime Minister, the Minister for Foreign Affairs, the Minister for Immigration and Border Protection and the former Minister for Social Services.



## INDUSTRY, INNOVATION AND SCIENCE

### Administration of the *Australian Jobs Act 2013* — continuation

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Industry, Innovation and Science	-	1.5	1.7	1.8	2.0

The Government will provide \$7.0 million over four years from 2015-16 to continue to administer the requirements of the *Australian Jobs Act 2013* and Australian Industry Participation plans for large government procurement.

The Government will also achieve savings of \$7.0 million over three years from 2015-16 by not proceeding with the establishment of an Australian Industry Participation Agency, as announced in *A Plan for Australian Jobs – opening up opportunities through Australian Industry Participation* in the 2013-14 Budget.

Savings from this measure have already been provided for by the Government.

### National Innovation and Science Agenda — advancing Australia’s cyber security

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Industry, Innovation and Science	-	-	4.2	6.8	10.8

The Government will provide \$21.8 million over three years from 2016-17 (with \$8.8 million in 2019-20) to establish a new Cyber Security Growth Centre (as part of the *Industry Growth Centres Programme*) to support the development of the Australian cyber security industry and to assist Australian businesses and governments to address the threat of cyber crime.

This measure includes funding of \$0.4 million in 2016-17 to support the establishment of the Centre, and a further \$3.5 million per annum to support the administration of the Centre for four years.

This measure also provides \$15.0 million over three years from 2017-18 to support grants for projects which address challenges specific to the cyber security sector. It is expected that the Centre will undertake between one and three projects each year with a value of up to \$3.0 million per project, with industry to provide matching funding.

This measure forms part of the Government’s National Innovation and Science Agenda, which will drive the smart ideas that create business growth, local jobs and global success. Further information on the Agenda can be found in the brochure of 7 December 2015 released by the Prime Minister and the Minister for Industry, Innovation and Science.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

**National Innovation and Science Agenda — Business Research and Innovation Initiative**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Industry, Innovation and Science	-	-	4.0	10.1	4.7

The Government will provide \$18.7 million over three years from 2016-17 to establish the Business Research and Innovation Initiative to encourage businesses to find solutions to otherwise intractable problems in public policy and service delivery.

The programme will be piloted in 2016-17 with further funding rounds to be conducted every two years from 2018-19 (subject to the success of the pilot round). For each funding round, five competitions will be run to identify solutions to five policy issues. Up to four grants of \$100,000 per competition will be provided to four selected businesses to enable them to prepare feasibility studies of proposed solutions, with further grants of up to \$1 million to be provided to two of the businesses to enable further development of a prototype or proof of concept. Entities will then decide whether or not to proceed with a full procurement process.

This measure forms part of the Government's National Innovation and Science Agenda, which will drive the smart ideas that create business growth, local jobs and global success. Further information on the Agenda can be found in the brochure of 7 December 2015 released by the Prime Minister and the Minister for Industry, Innovation and Science.

**National Innovation and Science Agenda — CSIRO Innovation Fund**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Commonwealth Scientific and Industrial Research Organisation	-	-	5.0	5.0	5.0

The Government will provide \$90.1 million over 10 years from 2016-17 to the Commonwealth Scientific and Industrial Research Organisation (CSIRO) to support increased commercialisation of research. This measure includes \$70.0 million of departmental capital to establish the CSIRO Innovation Fund, an early stage innovation fund. The Fund is expected to manage investments of around \$200.0 million over a 15 year period, including anticipated revenue from wireless local area network patent infringement settlements and additional private sector investment. The Commonwealth investment involves the acquisition of financial assets, which has no immediate impact on the fiscal balance.

This measure also includes \$15.0 million over three years from 2016-17 (with \$5.1 million in 2019-20) for an accelerator programme which will assist the CSIRO to translate research outcomes into commercial opportunities.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

This measure forms part of the Government's National Innovation and Science Agenda, which will drive the smart ideas that create business growth, local jobs and global success. Further information on the Agenda can be found in the brochure of 7 December 2015 released by the Prime Minister and the Minister for Industry, Innovation and Science.

**National Innovation and Science Agenda — Data61**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Commonwealth Scientific and Industrial Research Organisation	-	-	24.2	24.4	24.5
Department of the Prime Minister and Cabinet	-	-	0.5	0.5	0.5
Total — Expense	-	-	24.7	24.9	25.0

The Government will provide \$74.6 million over three years from 2016-17 to Data61, a business unit of the Commonwealth Scientific and Industrial Research Organisation (CSIRO). This measure comprises the following elements:

- Platforms for Open Data which will allow governments and business to utilise various sources of data that are currently unconnected and ununlockable. The initial project will focus on integrating data into the NationalMap platform, allowing manipulation of geospatial data from various government sources;
- Cybersecurity protection for Australian industry through the development of new architectures to secure business systems and applications and through an advanced learning program;
- Digital Innovation Marketplace which provides an open access programme bringing together businesses and other organisations to share skills and expertise in pursuing technical or commercial outcomes; and
- Data Skilling Industry which will deliver a fast-tracked data analytics educational program to improve data literacy skills within Australian industry.

This measure will also provide \$1.5 million over three years to the Department of the Prime Minister and Cabinet to deliver a whole of Australian Public Service data skills and capability programme.

This measure forms part of the Government's National Innovation and Science Agenda, which will drive the smart ideas that create business growth, local jobs and global success. Further information on the Agenda can be found in the brochure of 7 December 2015 released by the Prime Minister and the Minister for Industry, Innovation and Science.

Appendix A: Policy decisions taken since the 2015-16 Budget

**National Innovation and Science Agenda — enhancing research-business links**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Industry, Innovation and Science	-	-	3.2	6.9	7.6

The Government will provide \$17.7 million over three years from 2016-17 to enhance linkages between research organisations and businesses by relaunching the Research Connections element of the *Entrepreneurs' Programme* as Innovation Connections. This measure provides:

- \$6.2 million over three years for eight additional Research Connections Facilitation Advisors, to provide businesses with expert guidance to enable them to identify knowledge gaps, engage with researchers and foster innovation;
- \$7.5 million over three years for additional Research Connections grants providing eligible businesses with grants of up to \$50,000 over 12 months to collaborate with researchers and access research infrastructure and capabilities (with matched funding from businesses); and
- \$2.6 million over three years to establish Innovation Graduate Placement Grants providing grants of up to \$30,000 over 12 months to support businesses to engage a graduate or post graduate researcher on an innovative project in collaboration with a research institution (with matched funding from businesses).

This measure forms part of the Government's National Innovation and Science Agenda, which will drive the smart ideas that create business growth, local jobs and global success. Further information on the Agenda can be found in the brochure of 7 December 2015 released by the Prime Minister and the Minister for Industry, Innovation and Science.

**National Innovation and Science Agenda — Global Innovation Strategy**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Industry, Innovation and Science	-	-	5.0	6.5	6.5
Australian Trade Commission	-	-	2.1	2.1	3.3
Total — Expense	-	-	7.1	8.6	9.8
<i>Related capital (\$m)</i>					
<i>Australian Trade Commission</i>	-	-	0.3	-	0.2

The Government will provide \$26.0 million over three years from 2016-17 to establish a Global Innovation Strategy to improve collaboration between Australian research and industry bodies and their international counterparts. This measure includes:

*Appendix A: Policy decisions taken since the 2015-16 Budget*

- \$12.0 million to provide seed-funding for major venture projects to build industry and research connections with clusters in key international economies;
- \$3.7 million to provide grants to establish connections between small and medium enterprises and researchers;
- \$2.4 million to provide funding for collaborative workshops with Asian economies targeting shared regional challenges; and
- \$7.9 million to establish five innovation launch pads, which provide office space and infrastructure to emerging Australian companies in the United States, Israel, Asia and Europe and to bring overseas experts to Australia to share their knowledge in innovation with Australian businesses.

This measure forms part of the Government’s National Innovation and Science Agenda, which will drive the smart ideas that create business growth, local jobs and global success. Further information on the Agenda can be found in the brochure of 7 December 2015 released by the Prime Minister and the Minister for Industry, Innovation and Science.

**National Innovation and Science Agenda — Innovation and Science Australia**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Industry, Innovation and Science	-	1.1	2.3	2.5	2.3

The Government will provide \$8.1 million over four years from 2015-16 to establish Innovation and Science Australia (ISA), a new independent statutory board which replaces Innovation Australia. ISA will provide advice to government on science, research and innovation matters, and will be co-chaired by the Chief Scientist and one other member of the ISA board.

ISA will undertake an audit of science, research and innovation in Australia to inform the development of a long-term rolling National Innovation and Science Plan. The Plan will identify investment priorities and specific areas for policy reform for the Government to consider.

This measure forms part of the Government’s National Innovation and Science Agenda, which will drive the smart ideas that create business growth, local jobs and global success. Further information on the Agenda can be found in the brochure of 7 December 2015 released by the Prime Minister and the Minister for Industry, Innovation and Science.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

**National Innovation and Science Agenda — inspiring all Australians in STEM**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Industry, Innovation and Science	-	25.5	13.2	8.7	15.5
Department of Education and Training	-	-	14.9	16.5	17.8
<b>Total — Expense</b>	-	<b>25.5</b>	<b>28.1</b>	<b>25.2</b>	<b>33.4</b>

The Government will provide \$112.1 million over three years from 2016-17 to promote digital literacy and science, technology, education and maths (STEM) in school-aged children and to increase the participation of women in science institutions and innovative businesses. This measure includes:

- \$13.0 million to promote STEM in schools by piloting the Early Learning STEM Australia initiative and expanding the Little Scientists and Let’s Count initiatives;
- \$12.3 million to establish a coding challenge for every Year 5 and 7 student in Australia;
- \$12.3 million from 2016-17 to expand opportunities for women in STEM and entrepreneurship;
- \$9.0 million from 2016-17 to deliver an expanded *Science for Australia’s Future – Inspiring Australia* programme;
- \$8.5 million from 2016-17 to provide ongoing funding for the Prime Minister’s Science Prizes, to establish new prizes for Youth Innovation and Entrepreneurship and to facilitate improved opportunities for students to participate in science competitions;
- \$7.5 million to enhance STEM education in schools by partnering teachers with STEM professionals;
- \$5.9 million to provide specialist Information and Communications Technology teachers to provide classroom support in disadvantaged schools;
- \$5.4 million to enhance digital literacy in schools, including computer activities for students;
- \$5.2 million to expand the teacher professional learning course developed by the University of Adelaide; and
- \$5.1 million from 2018-19 to fund National Science week and Questacon Smart Skills and provide improved access to Questacon programs.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

This measure includes funding for a communications campaign to support the implementation of the Government's National Innovation and Science Agenda.

This measure forms part of the Government's National Innovation and Science Agenda, which will drive the smart ideas that create business growth, local jobs and global success. Further information on the Agenda can be found in the brochure of 7 December 2015 released by the Prime Minister and the Minister for Industry, Innovation and Science.

**National Innovation and Science Agenda — quantum computing**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Industry, Innovation and Science	-	-	5.4	5.0	5.0

The Government will provide \$25.8 million over six years from 2016-17 to the Centre for Quantum Computation and Communications Technology (CQC2T) as part of a project to develop a silicon quantum integrated circuit, the first step in developing a practical quantum computing system. The University of New South Wales has committed \$25.0 million to the project and the CQC2T is seeking further funding from industry.

The funding will be administered through a Memorandum of Understanding with the Australian Research Council and is expected to provide the Commonwealth with an equity share in an intellectual property holding company created by CQC2T.

This measure forms part of the Government's National Innovation and Science Agenda, which will drive the smart ideas that create business growth, local jobs and global success. Further information on the Agenda can be found in the brochure of 7 December 2015 released by the Prime Minister and the Minister for Industry, Innovation and Science.

Appendix A: Policy decisions taken since the 2015-16 Budget

**National Innovation and Science Agenda — supporting incubators**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Industry, Innovation and Science	-	-	2.6	2.8	2.7

The Government will provide \$8.1 million over three years from 2016-17 to expand the *Entrepreneurs' Programme* to facilitate the activities of business incubators (which support early stage innovative businesses) and develop the innovation ecosystem. This measure will provide funding (with matching industry contributions) to establish new incubators in selected regions and sectors, expand or enhance the services provided by existing incubators, and place expert advisers in incubators to provide advice to prospective business owners. This measure also includes funding of \$1.0 million to establish an Australian Innovation Network, a central information portal to coordinate and promote incubator and entrepreneur information, activity and events.

This measure forms part of the Government's National Innovation and Science Agenda, which will drive the smart ideas that create business growth, local jobs and global success. Further information on the Agenda can be found in the brochure of 7 December 2015 released by the Prime Minister and the Minister for Industry, Innovation and Science.

**Next Generation Manufacturing Programme — additional funding**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Industry, Innovation and Science	-	-	6.0	13.5	8.4
Department of the Treasury	-	-10.0	-10.0	-9.1	-
Total — Expense	-	-10.0	-4.0	4.4	8.4

The Government will provide \$29.1 million over five years from 2016-17 (including \$1.1 million in 2019-20 and \$0.1 million in 2020-21) to establish a second phase of the *Next Generation Manufacturing Investment Programme*, supporting investment in high value manufacturing in Victoria and South Australia.

The cost of this measure will be met by redirecting funding from the *Regional Infrastructure Programme*.



**Our North, Our Future — business, trade and investment gateway**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Industry, Innovation and Science	-	-	-	-	-
Department of the Treasury	-	-	-	-	-
Department of Immigration and Border Protection	-	-	-	-	-
Department of Foreign Affairs and Trade	-	-	-	-	-
Total — Expense	-	-	-	-	-
<i>Related revenue (\$m)</i>					
<i>Department of Immigration and Border Protection</i>	-	-	-	-	-
<i>Related capital (\$m)</i>					
<i>Department of Immigration and Border Protection</i>	-	-	-	-	-

The Government will provide \$77.0 million over four years from 2015-16 to support the development of northern Australia as a gateway to business, trade and investment in the broader region. This will include:

- \$27.5 million (and a further \$47.5 million over six years from 2019-20 to 2024-25) for the Department of Industry, Innovation and Science to establish a Cooperative Research Centre for Developing Northern Australia;
- \$2.0 million for the Department of Industry, Innovation and Science to establish a Northern Territory office of the Major Projects Approval Agency;
- \$13.6 million to provide management advice and other business support services to businesses in the northern Australian tourism industry, including \$9.4 million for the Department of Industry, Innovation and Science to expand access to the *Entrepreneurs' Programme* and \$4.2 million to the Department of the Treasury to provide additional services under the *Australian Small Business Advisory Service Programme*;
- \$26.9 million for the Department of Immigration and Border Protection for reforms to tourism visas, generating estimated revenue of \$37.7 million, to grow the tourist economy in the north. Reforms include: expanding online lodgement of visitor visa applications in China and India; trialling visitor visa online lodgement in simplified Chinese; a visa with ten years validity for Chinese nationals; and a visa fast-track service for a fee; and
- \$7.0 million will be allocated for activities to increase business, education and industry links between northern Australia and countries in the Indo-Pacific region funded from within the Department of Foreign Affairs and Trade's existing Official Development Assistance resources.

Funding for part of this measure has already been provided for by the Government.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

Further information can be found in the joint press release of 18 June 2015 issued by the former Prime Minister, the Deputy Prime Minister and the Minister for Infrastructure and Regional Development and the Minister for Trade and Investment.

This measure is part of the Government's *White Paper on Developing Northern Australia*.

**Stronger Farmers, Stronger Economy — TRANSIT**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Commonwealth Scientific and Industrial Research Organisation	-	-	-	-	-

The Government will provide \$0.7 million in 2015-16 to improve the Commonwealth Scientific and Industrial Research Organisation (CSIRO) Transport Network Strategic Investment Tool (TRANSIT) to support future Government infrastructure investment in the agricultural supply chain. With the improvements to TRANSIT, farmers will see lower transport costs as a result of reduced road and rail inefficiencies, including bottlenecks and pinch points.

Part of the funding for this measure has already been provided for by the Government, with the balance to be met from within the existing resources of the CSIRO.

This package of measures forms part of the Government's *White Paper on Agricultural Competitiveness*. Funding for this measure has already been provided for by the Government.

**Tasmanian Jobs and Investment Fund — establishment**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Industry, Innovation and Science	-	-7.1	3.6	3.4	-

The Government will provide \$16.0 million over three years from 2015-16 to establish the Tasmanian Jobs and Investment Fund to provide grants for private sector projects that generate jobs and investment in Tasmania. The Tasmanian Government will also contribute \$8.0 million to the Fund.

Eligible projects will need to attract at least \$2 in private sector funding for every \$1 provided by the Commonwealth and State governments.

The cost of this measure will be partially met from a \$1.4 million reduction in funding from the *Manufacturing Transition Programme*. The remainder of the funding has already been provided for by the Government. Further information can be found in the press release of 5 September 2015 issued by the former Prime Minister.

## INFRASTRUCTURE AND REGIONAL DEVELOPMENT

### Infrastructure Investment Programme — new investments

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Infrastructure and Regional Development	-	316.0	807.0	-	-

The Government will provide an additional \$1.1 billion over two years from 2015-16 for the *Roads to Recovery Programme* which supports local governments across Australia to deliver vital services.

The Government will also provide \$999.0 million for the construction of new infrastructure to reduce congestion and boost productivity, including the Northern Connector in Adelaide (\$788.0 million), the Armadale Road duplication project in Perth (\$116.0 million), and Stage 2 of the Gold Coast Light Rail (\$95.0 million). The cost of these projects will be met from within the *Infrastructure Investment Programme*.

This measure also includes a communications campaign funded within the programme.

Further information can be found in the press releases of 23 June 2015 issued by the Minister for Infrastructure and Regional Development, 5 August 2015 issued by the former Assistant Minister for Infrastructure and Regional Development, 12 September 2015 issued by the Minister for Finance and 11 October 2015 issued by the Prime Minister.

### Our North, Our Future — road and rail infrastructure

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Infrastructure and Regional Development	-	-	-	-	-
Department of the Treasury	-	-	-	-	-
Total — Expense	-	-	-	-	-

The Government will provide \$604.9 million over five years from 2015-16 to build and make better use of transport infrastructure in northern Australia. This funding will provide:

- \$600.0 million for a new roads package with capital investment in specific, high priority road projects, to be agreed with jurisdictions and subject to Commonwealth contributions not exceeding 80 per cent of the cost of individual projects; and
- \$4.9 million to establish cross jurisdictional freight rail planning capacity.

Funding for this measure has already been provided for by the Government.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

Further information can be found in the joint press release of 18 June 2015 issued by the former Prime Minister, the Minister for Infrastructure and Regional Development, and the Minister for Trade and Investment.

This measure is part of the Government's *White Paper on Developing Northern Australia*.

**South Australia — upgrading the 'last mile'**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Infrastructure and Regional Development	-	-	-	-	-
Department of the Treasury	-	-	-	-	-
Total — Expense	-	-	-	-	-

The Government will provide \$25.0 million over two years from 2015-16 for South Australian local councils in regional areas of the state to assist with upgrading 'last mile' road infrastructure.

Funding for this purpose will be redirected from the *Murray-Darling Basin Regional Economic Diversification Programme* to the *Infrastructure Investment Programme*.

**Western Foreshore of Mandurah — safer foreshore project**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Infrastructure and Regional Development	-	0.1	0.1	-	-
Attorney-General's Department	-	-0.2	-	-	-
Total — Expense	-	-0.1	0.1	-	-

The Government will provide \$0.2 million over two years to the Safer Streets — Family Friendly Foreshore project in Mandurah, Western Australia. The project, which will be funded through the Community Development Grants Fund, will deliver a new closed circuit television system and install additional lighting along the Western Foreshore of Mandurah.

The cost of this measure will be met from within the existing resources of the Attorney-General's Department.

Further information can be found in the press release of 11 September 2015 issued by the Minister for Justice and Minister Assisting the Prime Minister on Counter-Terrorism.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

**Western Sydney Airport — site preparatory works**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Infrastructure and Regional Development	2.4	30.3	-	-	-

The Government will provide \$32.7 million over two years from 2014-15 to ready the Badgerys Creek site with no encumbrances for further development as a Western Sydney Airport.

The funding will enable the site to be secured, demolition of buildings as they are vacated, and the design, costing and approval of preparatory earth works to enable them to proceed in 2016.

## PRIME MINISTER AND CABINET

### Addressing Welfare Reliance in Remote Communities

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Human Services	-	11.1	3.6	-	-
Department of Employment	-	0.1	-	-	-
Department of the Prime Minister and Cabinet	-	-	26.9	-10.0	-12.0
Department of Social Services	-	-	-27.8	-	-
<b>Total — Expense</b>	<b>-</b>	<b>11.2</b>	<b>2.6</b>	<b>-10.0</b>	<b>-12.0</b>
<i>Related capital (\$m)</i>					
<i>Department of Human Services</i>	-	7.7	0.2	-	-
<i>Department of Employment</i>	-	0.4	-	-	-
<b>Total — Capital</b>	<b>-</b>	<b>8.1</b>	<b>0.2</b>	<b>-</b>	<b>-</b>

The Government will provide \$25.9 million to provide increased incentives for job seekers to work and to strengthen the mutual obligation framework in *Community Development Programme* (CDP) regions.

From 1 July 2016, a new Remote Income Support Payment (RISP) will replace Newstart, Youth Allowance (other), and certain Parenting Payment Single, Disability Support Pension and Special Benefit payments, including supplements and allowances, for job seekers in the selected regions. The RISP will be administered weekly by local CDP providers, enabling more immediate application of financial penalties for job seekers who do not comply with mutual obligation activities. Further, to encourage job seekers to take up employment, the income free area of the RISP will be increased to the equivalent of the minimum wage.

A Community Investment Fund will also be established to reinvest non-compliance penalties in economic and community development activities in remote communities.

The cost of this measure will be offset from the Indigenous Advancement Strategy over the forward estimates.

Further information can be found in the press release of 2 December 2015 issued by the Minister for Indigenous Affairs.

### Geocoded National Address File

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of the Prime Minister and Cabinet	-	-	-	-	-

The Government will provide \$29.2 million over four years to make the Geocoded National Address File (G-NAF) publicly available through *data.gov.au* under open data terms. The current licensing arrangements for G-NAF are restrictive. Making the G-NAF database openly available will unlock opportunities for business innovation and help stimulate economic activity.

G-NAF is Australia's authoritative spatial database and contains over 13 million addresses from 10 different sources. G-NAF can be used for a range of purposes, including: infrastructure; business; logistics and service planning; emergency and disaster response; personal navigation and mapping; and fraud prevention.

Funding for this measure has already been provided for by the Government.

### Indigenous Advancement Strategy — indexation pause

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of the Prime Minister and Cabinet	-	-	-	-	-17.8

Continuation of the existing indexation pause on the Indigenous Advancement Strategy for one year will provide \$17.8 million in 2018-19.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

### National Innovation and Science Agenda — digital procurement reform

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Digital Transformation Office	-	2.9	4.9	3.7	3.7

The Government will provide an additional \$18.8 million over five years to the Digital Transformation Office (DTO) for the establishment of a digital marketplace for technology and digital services. This will create an online platform allowing suppliers and buyers to connect through a centralised website. The DTO will provide targeted, specialist advice to government agencies to drive growth and stimulate further innovation in the Australian small-to-medium enterprise (SME) digital services market by:

- providing innovative suppliers with easier and greater access to Government information technology spending;

*Appendix A: Policy decisions taken since the 2015-16 Budget*

- supporting government services transformation for departments and agencies through exposure to private sector innovation; and
- encouraging the public service to select SMEs where appropriate.

This measure forms part of the Government's National Innovation and Science Agenda, which will drive the smart ideas that create business growth, local jobs and global success. Further information on the Agenda can be found in the brochure of 7 December 2015 released by the Prime Minister and the Minister for Industry, Innovation and Science.

**Our North, Our Future — simpler land arrangements to support investment**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of the Prime Minister and Cabinet	-	-	-	-	-

The Government will provide \$48.0 million over four years from 2015-16 to simplify and modernise land title arrangements in northern Australia by working with Indigenous communities, business and northern jurisdictions. This will include:

- \$10.6 million over four years to pilot innovative tenure practices on Indigenous and pastoral land;
- \$17.0 million over three years for land administration functions to facilitate economic development on Indigenous land; and
- \$20.4 million over four years to support and build the capacity of native title bodies.

Funding for this measure has already been provided for by the Government.

Further information can be found in the joint press release of 18 June 2015 issued by the former Prime Minister, the Minister for Infrastructure and Regional Development, and the Minister for Trade and Investment.

This measure is part of the Government's *White Paper on Developing Northern Australia*.



Appendix A: Policy decisions taken since the 2015-16 Budget

**Remote School Attendance Strategy — continuation**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of the Prime Minister and Cabinet	-	-	-	-	-

The Government will invest \$80.0 million from the Indigenous Advancement Strategy over three years from 1 January 2016 to continue the Remote School Attendance Strategy. The Strategy seeks to improve attendance rates in targeted remote communities across the Northern Territory, Western Australia, South Australia, Queensland and New South Wales by supporting families and communities to ensure that children attend school.

This measure extends the 2014-15 Budget measure titled *Remote School Attendance Strategy – extension*.

The cost of this measure will be met from within the existing resources of the Department of the Prime Minister and Cabinet.

Further information can be found in the press release of 25 September 2015 issued by the Minister for Indigenous Affairs.

## SOCIAL SERVICES

### Age Pension — aligning the pension means testing arrangements with residential aged care arrangements

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Human Services	-	-	1.5	0.9	0.2
Department of Health	-	-	0.7	2.7	5.2
Department of Veterans' Affairs	-	-	..	-1.8	-3.2
Department of Social Services	-	-	-1.7	-28.9	-36.7
Total — Expense	-	-	0.6	-27.1	-34.5
<i>Related capital (\$m)</i>					
<i>Department of Veterans' Affairs</i>	-	-	0.2	-	-

The Government will achieve savings of \$60.8 million over three years from 1 January 2017, by ensuring that net rental income earned on the former principal residence of new entrants into residential aged care, is treated the same way under the pension income test as it is under the aged care means test, regardless of how the resident chooses to pay their accommodation costs (either through a full or partial lump sum or periodic payment). The current exemption of the former principal residence from the pension assets test, where the property is rented and aged care accommodation costs are paid on a periodic basis, will also be removed.

Aged care means testing arrangements are unchanged.

Savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

### Australian Disability Enterprises — Business Services Wage Assessment Tool — payment scheme

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Social Services	-	nfp	nfp	nfp	nfp

The Government has established a payment scheme to provide one-off payments to employees of Australian Disability Enterprises (ADEs) whose wages were assessed and paid using the Business Services Wage Assessment Tool (BSWAT). The payment scheme has been established in response to the December 2012 Full Federal Court finding that the BSWAT indirectly discriminated against two ADE employees with an intellectual disability.

Payments under the scheme will be calculated using a statutory formula and will not be assessed as income for social security purposes. People who do not access the payment scheme retain their right to pursue representative action.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

The provision set aside for the payment scheme is not for publication (nfp) so as not to prejudice the Commonwealth in relation to legal claims brought against it concerning the BSWAT.

Funding for this measure has already been provided for by the Government.

**Commonwealth Parental Leave Payments — consistent treatment for income support assessment**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Human Services	-	2.1	-2.0	-3.2	-3.3
Department of Social Services	-	..	-31.9	-32.8	-34.1
Administrative Appeals Tribunal	-	-	..	-	-
Total — Expense	-	2.1	-33.8	-36.0	-37.4

The Government will achieve savings of \$105.1 million over four years by including Parental Leave Pay (PLP) and Dad and Partner Pay (DaPP) payments in the definition of income for Commonwealth income support payments from 1 July 2016. This is consistent with the treatment of employer provided parental leave payments as income for income support payments and PLP and DaPP payments as income for Family Tax Benefit and taxation purposes.

**Department of Social Services — introduction of a new electronic document management system**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Social Services	-	-0.1	-2.2	-2.7	-2.8

The Government will achieve savings of \$7.8 million over four years from the introduction of a new electronic document management system at the Department of Social Services.

The new system will increase staff productivity and reduce storage and handling costs for paper files that will be digitised.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

Appendix A: Policy decisions taken since the 2015-16 Budget

**Enhanced Welfare Payment Integrity — expand debt recovery**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Human Services	-	2.8	8.5	8.6	8.6
Department of Social Services	-	0.2	0.2	0.2	0.2
Total — Expense	-	3.0	8.8	8.8	8.9

The Government will provide \$29.5 million over four years from 2015-16 to expand debt recovery achieved by the Department of Human Services (DHS). This measure will achieve net underlying cash balance savings of \$157.8 million, reflecting the recovery of existing customer debts.

While these debts would otherwise not have been recovered, write-offs do not impact the fiscal balance and so improvements to debt recovery are not reflected in the expenses associated with this measure.

DHS will focus debt recovery activities on high value debts and those individuals who are identified as having the capacity to pay, for example from those who no longer receive government payments and are now employed.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

**Enhanced Welfare Payment Integrity — income data matching**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Human Services	-	-	25.5	25.1	-0.2
Department of Social Services	-	-	-629.1	-650.1	-22.2
Total — Expense	-	-	-603.6	-625.0	-22.4

The Government will achieve savings of \$1.3 billion over three years from 1 July 2016 by recovering money from a greater number of people where discrepancies have been identified between employment income declared to Centrelink and pay as you go (PAYG) information provided by employers to the Australian Taxation Office.

This measure extends the 2015-16 Budget measure titled *Strengthening the Integrity of Welfare Payments*, which examined income discrepancies over the period 2010-11 to 2012-13, to also examine the 2013-14 and 2014-15 years' data.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

Appendix A: Policy decisions taken since the 2015-16 Budget

**Enhanced Welfare Payment Integrity — non-employment income data matching**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Office of the Australian Information Commissioner	-	0.8	1.3	1.3	1.3
Australian Taxation Office	-	0.7	0.1	0.1	-
Department of Human Services	-	0.3	27.4	25.1	20.9
Department of Social Services	-	-	-301.3	-276.5	-217.9
Total — Expense	-	1.9	-272.6	-250.0	-195.7
<i>Related capital (\$m)</i>					
<i>Department of Human Services</i>	-	-	13.4	8.1	-

The Government will achieve savings of \$694.8 million over four years by undertaking additional matching of social security data with non-pay as you go (PAYG) information declared by individuals to the Australian Taxation Office as part of their income tax returns.

This measure will target cases where recipients may have incorrectly declared non-PAYG income in the financial years 2010-11 to 2013-14.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

**Family Payment Reform — a new families package**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Health	-	-	..	-15.2	-36.5
Administrative Appeals Tribunal	-	-0.2	0.1	0.6	2.1
Department of Social Services	-	-0.7	122.2	-607.7	247.4
Department of Human Services	-	-24.9	-14.6	29.2	37.7
Total — Expense	-	-25.8	107.7	-593.1	250.7

The Government will replace family payment reform measures which were announced in the 2014-15 Budget and 2014-15 MYEFO with a new package which will restructure Family Tax Benefit (FTB) payments to give better targeted assistance to families and encourage workforce participation.

From 1 July 2018, the maximum rate of FTB Part A will be increased by \$10.08 per fortnight. The maximum rate for under 18 year old Youth Allowance recipients living at home will also be increased by \$10.44 per fortnight to align with the maximum rate of FTB Part A for children aged 13 and over. This increase will also be applied to the under 18 year old rates of ABSTUDY, Special Benefit and the Disability Support Pension.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

Additional assistance will be provided to low income families receiving FTB Part B by increasing the maximum rate by \$1,000.10 per year for families with children aged under one year.

Recipients with children from the age of one up to the age of 13, single parents 60 years of age or older, and grandparent and great grandparent carers, will continue to receive current levels of FTB Part B assistance. Eligible single parents with a youngest child aged between 13 and 16 inclusive, will be entitled to a new maximum rate of FTB Part B of \$1,000.10 per year, recognising their limited capacity to work and balance care responsibilities.

The end of year FTB supplements will be phased out over two years. For FTB Part A the supplement will be reduced to \$602.25 per child from 1 July 2016, \$302.95 from 1 July 2017 and abolished from 1 July 2018. For FTB Part B the supplement will be reduced to \$302.95 per family from 1 July 2016, \$153.30 from 1 July 2017 and abolished from 1 July 2018.

The revised families package has a net cost of \$1.3 billion in underlying cash terms but results in a net saving of \$260.4 million in fiscal balance terms due to the accrual accounting treatment of the supplement.

Further details can be found in the joint press release of 21 October 2015 issued by the Minister for Social Services, the Minister for Education and Training, and the Treasurer, and the press release of 30 November 2015 issued by the Minister for Social Services.

**Funding for Frontline Services**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Social Services	-	-	-	-	-

The Government will provide an additional \$15.9 million over two years from 2015-16 to ensure the continuity of front line community services. Services that will be funded include Children and Parenting Support, Emergency Relief and the transition to the National Disability Insurance Scheme.

This measure builds on the 2015-16 Budget measure titled *New Way of Working for Grants – transitional arrangements*.

Funding for this measure has already been provided for by the Government.

Appendix A: Policy decisions taken since the 2015-16 Budget

**Government Remote Servicing — extension**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Human Services	-	-	-	-	-

The Government will provide \$23.6 million in 2019-20 for the Department of Human Services (DHS) to continue to support the delivery of government payments and services in remote locations in the Northern Territory, Western Australia, Northern Queensland, South Australia and Tasmania.

DHS will continue to provide direct access to these remote services through a mix of Agents, Access Points, Remote Service Centres and visits by Remote Servicing Teams.

This extends the 2015-16 Budget measure titled *Government Remote Servicing – continuation*.

**Maintain the Higher Income Free Threshold for Family Tax Benefit Part A for a Further Two Years**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Human Services	-	-	0.3	-0.5	-0.8
Department of Social Services	-	-	..	-49.4	-69.1
Department of Health	-	-	-	-2.1	-4.1
Total — Expense	-	-	0.3	-52.0	-74.0

The Government will achieve savings of \$125.7 million over three years from 2016-17 to 2018-19 by maintaining the higher income free area (HIFA) of Family Tax Benefit Part A at the current level of \$94,316 per annum for a further two years. Indexation of the HIFA will resume from 1 July 2019.

This measure extends the 2013-14 Budget measure titled *Family Payments Reform – continuing indexation pauses on upper income limits and supplements*, which maintained the HIFA at \$94,316 per annum until 1 July 2017.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

**National Disability Insurance Scheme — transition to full Scheme**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
National Disability Insurance Agency	-	108.3	291.3	103.2	-249.8
Department of Social Services	-	15.0	-14.5	-91.5	-202.5
Department of Health	-	7.0	573.0	613.1	629.3
Department of Human Services	-	3.2	1.1	0.6	0.1
Australian Aged Care Quality Agency	-	-	1.2	0.8	0.8
Department of the Treasury	-	-339.2	-328.8	-350.9	-362.2
<b>Total — Expense</b>	<b>-</b>	<b>-205.7</b>	<b>523.3</b>	<b>275.4</b>	<b>-184.3</b>
<i>Related revenue (\$m)</i>					
National Disability Insurance Agency	-	0.1	287.7	326.6	265.0
Department of Health	-	-376.7	34.8	22.3	13.8
<b>Total — Revenue</b>	<b>-</b>	<b>-376.6</b>	<b>322.5</b>	<b>348.9</b>	<b>278.9</b>
<i>Related capital (\$m)</i>					
Department of Human Services	-	2.4	0.2	-	-

The Government will further progress the implementation of the National Disability Insurance Scheme through support for existing trials and transitions to full Scheme with the States and Territories.

The Government has finalised agreements to transition to full Scheme in several states. The Government is continuing negotiations with other jurisdictions on arrangements for the full rollout of the Scheme, while providing support for states to extend and continue trials.

Transition to full Scheme will begin on 1 July 2016 in states with finalised agreements, with the National Disability Insurance Scheme fully rolled out in these states by July 2019. The Australian Capital Territory will reach full Scheme in September 2016.

The Government will provide additional resources for the National Disability Insurance Agency to scale up operations to implement the transition to full Scheme and address administrative backlogs in processing individual packages of support during implementation.

As the Scheme rolls out nationally, the 2011 National Health Reform Agreement will be progressively amended to reflect arrangements for the changed responsibilities for people with disability. As part of these arrangements the Government will establish a new Commonwealth Continuity of Support programme for aged care and specialist disability services for people aged 65 years and over (and Indigenous Australians aged 50 years and over).



*Appendix A: Policy decisions taken since the 2015-16 Budget*

Provision for the National Disability Insurance Scheme is already included in the forward estimates and will be amended to reflect those agreements already reached. The Government will continue to make provision for jurisdictions not yet signed while negotiations are finalised.

Once fully implemented, the National Disability Insurance Scheme will provide reasonable and necessary care and support tailored to individual circumstances to over 460,000 eligible people with a significant and permanent disability. This measure also includes \$14.2 million over the forward estimates for a communication campaign to provide information to potential participants, their families, service providers and the community about arrangements during transition to full Scheme.

**New Treatment of Fringe Benefits for Family Assistance and Youth Payments purposes**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Human Services	-	1.9	12.3	3.4	1.3
Department of Health	-	-	-0.3	-1.0	-1.1
Department of Education and Training	-	-	-1.9	-6.1	-6.7
Department of Social Services	-	-	-21.8	-38.1	-36.5
Total — Expense	-	1.9	-11.6	-41.8	-42.9

The Government will achieve savings of \$94.4 million over four years to 2018-19 by using the gross value of reportable fringe benefits rather than the adjusted net value when assessing income for family and youth payments. This measure will take effect from 1 January 2017.

Fringe benefit income sourced from certain not-for-profit institutions that are exempt from fringe benefit tax, including registered health promotion charities and registered public benevolent institutions, will continue to be assessed under current arrangements using the adjusted net value.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

**Parental Leave Pay — revised arrangements**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Human Services	-	5.0	0.1	-0.1	-0.1
Department of Social Services	-	-	10.0	58.6	62.9
Administrative Appeals Tribunal	-	-	-0.2	-0.1	-0.1
<b>Total — Expense</b>	<b>-</b>	<b>5.0</b>	<b>9.8</b>	<b>58.4</b>	<b>62.7</b>
<i>Related revenue (\$m)</i>					
<i>Australian Taxation Office</i>	-	-	-	50.0	50.0

The Government will provide \$35.9 million over four years to ensure that all eligible primary carers receive 18 weeks of paid parental leave.

From 1 July 2016, eligible primary carers with employer provided paid parental leave will receive a top up, paid at the national minimum wage, for the difference in weeks between their employer scheme and the 18 weeks provided for under Parental Leave Pay (PLP).

Eligible primary carers with no employer provided paid parental leave will continue to receive 18 weeks of PLP paid at the national minimum wage. Primary carers receiving less than the national minimum wage while on employer provided paid parental leave will also receive a top up to ensure that they receive 18 weeks of leave paid at the national minimum wage.

This measure replaces the 2015-16 Budget measure titled *Removing Double-Dipping from Parental Leave Pay*.

**Removal of Family Member Exemptions from the Newly Arrived Resident's Waiting Period**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Human Services	-	0.1	1.8	-2.2	-3.9
Department of Social Services	-	..	-29.2	-109.3	-82.3
Administrative Appeals Tribunal	-	-	..	..	..
<b>Total — Expense</b>	<b>-</b>	<b>0.1</b>	<b>-27.4</b>	<b>-111.5</b>	<b>-86.2</b>

The Government will achieve savings of \$225.0 million over four years by removing exemptions for the Newly Arrived Resident's Waiting Period (NARWP).

From 1 January 2017 the 104 week NARWP will now apply to newly arrived migrants if applicants are a family member of an Australian citizen or a permanent resident bringing these arrangements in line with those arrangements that apply to other newly arrived residents. Migrants may still be exempt from the NARWP under other exemptions, such as if they are a refugee or the family member of a refugee.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

This change affects applicants for: Newstart Allowance; Youth Allowance; Austudy Payment; Carer Payments; Sickness Allowance; Special Benefit; and other payments. Age Pension and Disability Support Pension applicants will remain unaffected under this measure.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

**Remove the Exemptions for Parents in Employment Nil Rate Periods**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Human Services	-	1.1	2.0	11.2	3.8
Department of Social Services	-	-	-	0.4	-40.7
Total — Expense	-	1.1	2.0	11.5	-36.9

The Government will achieve savings of \$22.3 million over four years from 2015-16 by revising the income testing arrangements for family and student payments for income support payment (ISP) recipients.

Currently, a person who is classified as an ISP recipient because they or their parents receive a payment such as Newstart Allowance, automatically receives the maximum rate of family and student payments as they are exempt from any income testing arrangements. This also applies to periods of short-term employment (a nil rate period).

From 1 July 2018, people will no longer be exempt from income testing arrangements and their actual income will be taken into account for the purpose of calculating family and student payments.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

**Women's Safety Package**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Social Services	-	-	-	-	-
Department of Education and Training	-	-	-	-	-
Attorney-General's Department	-	-	-	-	-
Department of Communications and the Arts	-	-	-	-	-
Total — Expense	-	-	-	-	-

The Government will provide \$101.2 million over four years for a Women's Safety Package to take action against domestic and family violence. The package consists of:

- practical actions to keep women safe, including trialling the use of technology such as GPS trackers for perpetrators, expanding Safe at Home programmes and increasing support for national telephone and counselling services (\$59.7 million);
- initiatives to improve support and services for women, including increased training for frontline staff and trials of integrated service models (\$36.5 million); and
- promoting cultural change among young people by expanding the Safer Schools website to include resources for teachers, parents and students on respectful relationships (\$5.0 million).

Funding of \$21.1 million for Indigenous specific activities will be made available from the Indigenous Advancement Strategy. Funding for the remainder of this measure has already been provided for by the Government.

The Women's Safety Package was announced by the Prime Minister and Minister for Women. Further information can be found in the press release of 24 September 2015.

## TREASURY

### Asset Recycling Initiative — redirection of funding

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of the Treasury	-	-	-	-	-

The Government will achieve savings of \$800.0 million over three years from 2016-17 from the *Asset Recycling Initiative*.

The savings from this measure have already been provided for by the Government and will be redirected to form part of the Government's *White Paper on Developing Northern Australia*.

Further information can be found in the joint press release of 18 June 2015 issued by the former Prime Minister, Deputy Prime Minister and Minister for Infrastructure and Regional Development, and the Minister for Trade and Investment.

### Capability Review of the Australian Securities and Investments Commission

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of the Treasury	-	-	-	-	-

The Government will provide \$0.6 million to undertake a capability review of the Australian Securities and Investments Commission to ensure it has the skills and culture to carry out its role effectively.

Funding for this measure has already been provided for by the Government.

Further information can be found in the press release of 24 July 2015 issued by the former Assistant Treasurer.

### Freeze Road User Charge Collections

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	39.0	79.0	-
Department of Infrastructure and Regional Development	-	-	-39.0	-79.0	-
Total — Expense	-	-	-	-	-

The Government will freeze Road User Charge revenue at 2015-16 levels for two years. This decision will ensure that governments can maintain the quality of roads and services that support the heavy vehicle industry.

The costs for this measure will be met from within the Infrastructure and Regional Development Portfolio.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

**Improving Management of Dispute Resolution**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-	-	-

The Government will commission the Australian Taxation Office (ATO) to develop metrics on its dispute resolution processes so as to more effectively and efficiently prevent and resolve disputes. Better metrics will allow a more balanced approach to judging the cost of continuing a dispute against the whole of system benefits that could accrue.

These metrics should consider the ideal time taken for disputes of various complexity, the quality of the client experience, and the effects of certain disputes on the broader tax and superannuation systems.

This measure will have ongoing business process costs which will be offset by the ATO as it will be able to structure its dispute resolution activities more effectively.

**Increasing the Level of Contact Centre Outsourcing**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-	-	-

The Government will commission the Australian Taxation Office (ATO) to assess the feasibility of progressively increasing the level of contact centre outsourcing in line with commercial standards, while maintaining necessary internal capacity. Building on the ATO's existing program of efficiency reforms, this measure will allow an assessment of further expansion of outsourcing to maximise efficiency in contact centre arrangements.

Funding for this measure will be offset by internal efficiency savings in the ATO.

**National Innovation and Science Agenda — improving bankruptcy and insolvency laws**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Securities and Investments Commission	-	-	-	-	-
Australian Financial Security Authority	-	-	-	-	-
Total — Expense	-	-	-	-	-

The Government will reduce the stigma associated with business failure and facilitate business restructuring by improving bankruptcy and insolvency laws. The changes include: reducing the default bankruptcy period from three years to one year; providing directors with a safe harbour from insolvent trading if they appoint a professional restructuring adviser to develop a plan to turnaround a company in financial difficulty; and make ipso facto clauses unenforceable due to an insolvency event if a company is undertaking a restructure.

This measure forms part of the Government's National Innovation and Science Agenda, which will drive the smart ideas that create business growth, local jobs and global success. Further information on the Agenda can be found in the brochure of 7 December 2015 released by the Prime Minister and the Minister for Industry, Innovation and Science.

**National Innovation and Science Agenda — improving employee share schemes**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Securities and Investments Commission	-	-	-	-	-

The Government will remove a requirement under the *Corporations Act 2001* for small and start-up businesses, that makes companies offering financial products to employees lodge a disclosure document with the Australian Securities and Investments Commission which is placed on the public register. Removal of this requirement for small and start-up businesses will make it easier for these businesses to offer employee share schemes.

This measure forms part of the Government's National Innovation and Science Agenda, which will drive the smart ideas that create business growth, local jobs and global success. Further information on the Agenda can be found in the brochure of 7 December 2015 released by the Prime Minister and the Minister for Industry, Innovation and Science.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

**Review of existing restrictions on data sharing between agencies**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-	-	-

The Government will undertake a review into data sharing restrictions across Commonwealth agencies and relevant agencies in the States and Territories. The review will ensure that data sharing arrangements are fit-for-purpose and able to evolve with technological developments and changing community expectations.

The review could lead to further improvements in individuals' interactions with government, and better targeting of government programmes.

Funding from this measure will be met from within existing resources.

**Strengthening Australia's Foreign Investment Framework — continuation**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of the Treasury	-	-	-	-	-

The Government will provide \$16.0 million in 2015-16 to the States and Territories to strengthen Australia's foreign investment framework. The States and Territories will put in place new systems to manage data the Commonwealth Government will be seeking in relation to the ownership of residential and agricultural land. This data will assist with compliance and enforcement around foreign investment in these sectors.

Funding for this measure has already been provided for by the Government.

This measure extends the 2015-16 Budget measure titled – *Strengthening Australia's Foreign Investment Framework*.

Further information on strengthening Australia's foreign investment framework can be found in the joint press release of 2 May 2015 issued by the former Prime Minister and the former Treasurer.

**Tasmanian Forests — saving**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of the Treasury	-	-	-	-	-

The Government will achieve savings of \$46.0 million over four years from 2014-15 from the termination of the *Tasmanian Forests Intergovernmental Agreement*.

The savings from this measure have already been provided for by the Government and will be redirected to repair the Budget and fund policy priorities.



## VETERANS' AFFAIRS

### Department of Veterans' Affairs — additional funding

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Veterans' Affairs	-	16.1	-	-	-

The Government will provide \$16.1 million in 2015-16 to the Department of Veterans' Affairs to support its operations.

This funding will be used to meet commitments associated with property rationalisation and employee expenses.

### Repatriation of Australian Remains from the Terendak Military Cemetery in Malaysia and the Kranji War Cemetery in Singapore

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Veterans' Affairs	-	-	-	-	-

The Government provided \$1.8 million over two years from 2015-16 to allow for the repatriation of the remains of up to 36 Australian servicemen and dependants who were buried overseas.

Subject to the agreement of their families, the Government will repatriate 35 Australian servicemen and dependants from the Terendak Military Cemetery in Malaysia, and one serviceman from the Kranji War Cemetery in Singapore.

Funding for this measure has already been provided for by the Government.

Further information can be found in the joint press release of 25 May 2015 issued by the former Prime Minister and the former Minister for Veterans' Affairs.

### Repatriation Pharmaceutical Benefits Scheme — new listings and price amendments

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Veterans' Affairs	-	0.1	0.1	0.1	0.1

The Government will provide \$0.4 million over four years from 1 January 2016 for new listings on the Repatriation Schedule of Pharmaceutical Benefits (the Schedule) and for price amendments for suppliers on a range of items which are already listed on the Schedule. The new listings have been recommended by the Repatriation Pharmaceutical Reference Committee, which advises on the clinical appropriateness of items to be made available under the Repatriation Pharmaceutical Benefits Scheme (RPBS).

*Appendix A: Policy decisions taken since the 2015-16 Budget*

The RPBS was established to meet the specific clinical needs of veterans with health conditions arising from war or military service.

**Saluting Their Service Commemorative Grants Programme — Vietnam War Commemorative Grants**

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Veterans' Affairs	-	-	-	-	-

The Government will provide \$1.0 million in 2015-16 to support community activities that acknowledge the contribution of Australia's Vietnam War veterans. Vietnam War Commemorative Grants will be offered under the existing *Saluting Their Service Commemorative Grants Programme*, and will provide one-off funding of between \$4,000 and \$20,000 for community-based projects and activities that directly commemorate aspects of the Vietnam War.

The cost of this measure will be met from within the existing resources of the Department of Veterans' Affairs.

Further information can be found in the press release of 18 August 2015 issued by the former Minister for Veterans' Affairs.

## Capital Measures

**Table 3: Capital measures since the 2015-16 Budget<sup>(a)</sup>**

Page		2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
<b>AGRICULTURE AND WATER RESOURCES</b>						
<i>Department of Agriculture and Water Resources</i>						
142	Stronger Farmers, Stronger Economy — improvements to access premium markets(b)	-	-	-	-	-
<b>Portfolio total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>ATTORNEY-GENERAL'S</b>						
<i>Australian Crime Commission</i>						
148	Confiscated Assets Account — crime prevention activities(b)	-	1.3	0.9	-	-
<i>Australian Federal Police</i>						
147	Australian Federal Police — Project Spectrum(b)	-	-7.1	-7.0	-7.1	-7.1
148	Confiscated Assets Account — crime prevention activities(b)	-	3.0	-	-	-
150	National Security Awareness Campaign(b)	-	-7.0	-	-	-
<i>Australian Security Intelligence Organisation</i>						
150	National Security Awareness Campaign(b)	-	-3.0	-	-	-
190	Syrian and Iraqi Humanitarian Crisis(b)	-	0.1	-	-	-
<i>CrimTrac Agency</i>						
149	National Firearms Interface(b)	-	1.8	0.3	-	-
<i>Various Agencies</i>						
147	Attorney-General's — one-off efficiency savings to specific agencies(b)	-	-3.8	-5.9	-4.9	-0.2
<b>Portfolio total</b>		<b>-</b>	<b>-14.7</b>	<b>-11.7</b>	<b>-12.0</b>	<b>-7.3</b>
<b>COMMUNICATIONS AND THE ARTS</b>						
<i>Department of Communications and the Arts</i>						
152	Communications and the Arts Portfolio — efficiencies(b)	-	-1.0	-1.0	-1.0	-1.0
<i>Screen Australia</i>						
152	Funding for Two Major Film Projects(b)	-	-35.0	-	-	-
<b>Portfolio total</b>		<b>-</b>	<b>-36.0</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-1.0</b>
<b>EDUCATION AND TRAINING</b>						
<i>Australian Research Council</i>						
National Innovation and Science Agenda						
161	– ARC Linkage Grants reform(b)	-	-	-	-	-
162	– measuring research impact(b)	-	-	0.6	0.4	-
<i>Department of Education and Training</i>						
189	Streamlining Student Visa Processing(b)	-	0.3	-	-	-

Appendix A: Policy decisions taken since the 2015-16 Budget

**Table 3: Capital measures since the 2015-16 Budget<sup>(a)</sup> (continued)**

Page		2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
<b>EDUCATION AND TRAINING (continued)</b>						
164	VET FEE-HELP — strengthened compliance(b)	-	0.2	-	-	-
165	Vocational Education and Training — new product development arrangements(b)	-	nfp	nfp	nfp	nfp
	<b>Portfolio total</b>	-	<b>0.6</b>	<b>0.6</b>	<b>0.4</b>	-
<b>EMPLOYMENT</b>						
<i>Department of Employment</i>						
204	Addressing Welfare Reliance in Remote Communities(b)	-	0.4	-	-	-
	<b>Portfolio total</b>	-	<b>0.4</b>	-	-	-
<b>ENVIRONMENT</b>						
<i>Bureau of Meteorology</i>						
144	Stronger Farmers, Stronger Economy — new drought management framework(b)	-	-	-	-	-
<i>Department of the Environment</i>						
<i>Antarctica</i>						
228	– acquisition of new icebreaker	-	nfp	nfp	nfp	nfp
228	– <i>Aurora Australis</i> — Life Extension	-	-	-	nfp	-
229	HMAS Platypus — site redevelopment	-	-	-	-	-
<i>Sydney Harbour Federation Trust</i>						
229	HMAS Platypus — site redevelopment	-	20.0	-	-	-
	<b>Portfolio total</b>	-	<b>20.0</b>	-	-	-
<b>FOREIGN AFFAIRS AND TRADE</b>						
<i>Australian Trade Commission</i>						
194	National Innovation and Science Agenda — Global Innovation Strategy(b)	-	-	0.3	-	0.2
<i>Department of Foreign Affairs and Trade</i>						
230	Refurbishment of the Paris Chancery	-	-	-	-	-
230	Savings from Overseas Property Repairs and Maintenance	-	-	-	-	-
	<b>Portfolio total</b>	-	-	<b>0.3</b>	-	<b>0.2</b>
<b>HEALTH</b>						
<i>Department of Health</i>						
172	Aged Care Provider Funding — improved compliance(b)	-	10.7	-	-	-
181	Sixth Community Pharmacy Agreement and Pharmaceutical Benefits Scheme Reforms(b)	-	-	-	-	-
	<b>Portfolio total</b>	-	<b>10.7</b>	-	-	-
<b>IMMIGRATION AND BORDER PROTECTION</b>						
<i>Department of Immigration and Border Protection</i>						
231	Biometric data platform — not proceeding	-	-6.6	-	-	-
188	National Innovation and Science Agenda — enhanced visa arrangements(b)	-	0.3	0.5	-	-

Appendix A: Policy decisions taken since the 2015-16 Budget

**Table 3: Capital measures since the 2015-16 Budget<sup>(a)</sup> (continued)**

Page		2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
	<b>IMMIGRATION AND BORDER PROTECTION (continued)</b>					
	Our North, Our Future					
199	– business, trade and investment gateway(b)	-	-	-	-	-
113	– workforce for growth(c)	-	-	-	-	-
	<b>Portfolio total</b>	-	<b>-6.2</b>	<b>0.5</b>	-	-
	<b>SOCIAL SERVICES</b>					
	<i>Department of Human Services</i>					
204	Addressing Welfare Reliance in Remote Communities(b)	-	7.7	0.2	-	-
211	Enhanced Welfare Payment Integrity — non-employment income data matching(b)	-	-	13.4	8.1	-
214	National Disability Insurance Scheme — transition to full Scheme(b)	-	2.4	0.2	-	-
	<b>Portfolio total</b>	-	<b>10.1</b>	<b>13.8</b>	<b>8.1</b>	-
	<b>TREASURY</b>					
	<i>Australian Taxation Office</i>					
109	Higher Education Loan Programme — strengthened compliance(c)	-	1.6	..	-	-
121	National Innovation and Science Agenda — tax incentives for angel investors(c)	-	-	2.1	-	-
122	Reducing red tape — improvements to data and analytics infrastructure of the Australian Taxation Office(c)	-	11.4	0.8	-	-
125	Tax administration — Single Touch Payroll Reporting(c)	-	59.5	19.9	12.7	1.3
	<i>Department of the Treasury</i>					
232	Asian Infrastructure Investment Bank	-	-	-	-	-
	<b>Portfolio total</b>	-	<b>72.5</b>	<b>22.9</b>	<b>12.7</b>	<b>1.3</b>
	<b>VETERANS' AFFAIRS</b>					
	<i>Department of Veterans' Affairs</i>					
208	Age Pension — aligning the pension means testing arrangements with residential aged care arrangements(b)	-	-	0.2	-	-
	<b>Portfolio total</b>	-	-	<b>0.2</b>	-	-
	<b>Decisions taken but not yet announced</b>	-	<b>68.7</b>	<b>23.7</b>	<b>-56.6</b>	<b>-59.2</b>
	<b>Depreciation expense</b>	-	<b>1.7</b>	<b>-3.4</b>	<b>-7.4</b>	<b>-9.3</b>
	<b>Total capital measures(d)</b>	-	<b>127.7</b>	<b>46.0</b>	<b>-55.7</b>	<b>-75.3</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 increased capital.

(b) These measures can also be found in the expense measures summary table.

(c) These measures can also be found in the revenue measures summary table.

(d) Measures may not add due to rounding.

## ENVIRONMENT

### Antarctica — acquisition of new icebreaker

Capital (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of the Environment	-	nfp	nfp	nfp	nfp

The Government will replace the Australian Antarctic Division's existing multi-purpose icebreaker, the *Aurora Australis*, which is nearing the end of its operational life. This measure provides for the design, build, operation and maintenance of the new vessel and the modernisation of essential supporting infrastructure and equipment.

The expenditure for this measure is not for publication (nfp) due to commercial-in-confidence considerations. Components of funding for this measure have already been provided for by the Government.

Further information can be found in the joint press release of 29 October 2015 issued by the Prime Minister and the Minister for the Environment.

### Antarctica — *Aurora Australis* — Life Extension

Capital (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of the Environment	-	-	-	nfp	-

The Government will undertake life extension works during 2017-18 on the *Aurora Australis*, the multi-purpose icebreaking vessel used to support the Australian Antarctic program. The works are expected to extend the operational life of the vessel until the planned delivery of the program's new icebreaker in 2019.

Funding for this measure has already been provided for by the Government.

The expenditure for this measure is not for publication (nfp) due to commercial-in-confidence considerations.

*Appendix A: Policy decisions taken since the 2015-16 Budget*

**HMAS Platypus — site redevelopment**

Capital (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Sydney Harbour Federation Trust	-	20.0	-	-	-
Department of the Environment	-	-	-	-	-
<b>Total — Capital</b>	-	20.0	-	-	-

The Government will provide \$20.0 million in 2015-16 to contribute to the redevelopment of the Sydney Harbour Federation Trust's HMAS Platypus site in North Sydney.

Further information can be found in the press release of 23 November 2015, issued by the Minister for Cities and the Built Environment.

## FOREIGN AFFAIRS AND TRADE

### Refurbishment of the Paris Chancery

Capital (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Foreign Affairs and Trade	-	-	-	-	-
<i>Related revenue (\$m)</i>					
<i>Department of Foreign Affairs and Trade</i>	-	-	-	-	-

The Government will provide \$27.7 million over three years to refurbish sections of the Australian embassy in Paris currently tenanted by the International Energy Agency (IEA). Rental revenues of \$3.7 million will be foregone while the IEA vacate to allow for the refurbishment. Once refurbishment is complete, a new 12 year lease with the IEA will commence.

Funding for this measure has already been provided for by the Government.

### Savings from Overseas Property Repairs and Maintenance

Capital (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Foreign Affairs and Trade	-	-	-	-	-

The Government will achieve savings of \$7.2 million in 2018-19 from a reduction in non-critical repairs and maintenance on Australia's overseas property estate.

Savings from this measure have already been allocated to fund other Government priorities.



## IMMIGRATION AND BORDER PROTECTION

### Biometric data platform — not proceeding

Capital (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Immigration and Border Protection	-	-6.6	-	-	-
<i>Related expense (\$m)</i>					
<i>Department of Immigration and Border Protection</i>	-	-2.3	-	-	-

The Government will achieve savings of \$8.9 million in 2015-16 by not proceeding with design and scoping work for new Information Communications Technology platforms to manage travellers' biometric data. The Department of Immigration and Border Protection is undertaking further analysis of the current biometric platform and exploring opportunities for future solution designs.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

## TREASURY

### Asian Infrastructure Investment Bank

Capital (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of the Treasury	-	-	-	-	-
<i>Related expense (\$m)</i>					
<i>Department of Foreign Affairs and Trade</i>	-	1.3	1.3	0.4	0.4
<i>Department of the Treasury</i>	-	1.2	1.2	0.9	1.0
<i>Total — Expense</i>	-	2.5	2.4	1.4	1.4

Australia will become a founding member of the Asian Infrastructure Investment Bank (AIIB), which will fund major infrastructure projects throughout the region. Australia's initial shareholding in the AIIB will total US\$3.7 billion (approximately A\$5.2 billion), including US\$738.2 million (approximately A\$1.0 billion) in paid-in capital over five years from 2015-16 and the remaining US\$3.0 billion (approximately A\$4.2 billion) as callable capital that will be held as a contingent liability against the Commonwealth.

Australia's contribution has no direct impact on net debt, as Australia is purchasing a shareholding in the AIIB which constitutes a change in the composition of the Australian Government's assets.

The Government will also provide \$9.1 million over five years to support Australia's membership of, and engagement with AIIB.

Further information can be found in the joint press release of 24 June 2015 issued by the Minister for Foreign Affairs and Trade and the former Treasurer.

## **APPENDIX B: AUSTRALIAN GOVERNMENT BUDGET FINANCIAL STATEMENTS**

Consistent with the *Charter of Budget Honesty Act 1998* (the Charter), the Government has produced a single set of financial statements for the Australian Government general government sector (GGS), the public non-financial corporations (PNFC) sector, the total non-financial public sector (NFPS) and the public financial corporations (PFC) sector. The financial statements comply with both Australian Bureau of Statistics' (ABS) accrual Government Finance Statistics (GFS) and Australian Accounting Standards (AAS), with departures disclosed. These statements are:

- an operating statement, including other economic flows, which shows net operating balance and net lending/borrowing (fiscal balance);
- a balance sheet, which also shows net worth, net financial worth, net financial liabilities and net debt; and
- a cash flow statement, which includes the calculation of the underlying cash balance.

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.

The statements reflect the policy that ABS GFS remains the basis of budget accounting policy, except where the Government applies AAS because it provides a better conceptual basis for presenting information of relevance to users of public sector financial reports.

The Australian, state and territory governments have an agreed framework – the Uniform Presentation Framework (UPF) – for the presentation of government financial information on a basis broadly consistent with the Australian Accounting Standards Board standard AASB 1049. The financial statements are consistent with the requirements of the UPF.

In accordance with the UPF requirements, this appendix also contains an update of the Australian Loan Council Allocation.

## AUSTRALIAN GOVERNMENT FINANCIAL STATEMENTS

**Table B1: Australian Government general government sector operating statement**

	Note	Estimates		Projections	
		2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
<b>Revenue</b>					
Taxation revenue	3	375,923	397,541	422,522	450,802
Sales of goods and services	4	7,956	9,641	12,527	16,307
Interest income	5	4,519	4,938	5,361	6,566
Dividend income	5	3,841	3,050	3,702	4,030
Other	6	8,714	8,030	8,468	9,388
<b>Total revenue</b>		<b>400,953</b>	<b>423,200</b>	<b>452,581</b>	<b>487,094</b>
<b>Expenses</b>					
Gross operating expenses					
Wages and salaries(a)	7	20,072	19,935	19,715	19,772
Superannuation	7	5,930	4,609	4,587	4,615
Depreciation and amortisation	8	7,129	7,406	7,484	7,787
Supply of goods and services	9	82,423	84,798	92,851	96,528
Other operating expenses(a)	7	5,439	5,411	5,484	5,535
<i>Total gross operating expenses</i>		<i>120,992</i>	<i>122,159</i>	<i>130,121</i>	<i>134,237</i>
Superannuation interest expense	7	9,231	10,261	10,650	11,036
Interest expenses	10	17,260	19,416	20,373	21,568
Current transfers					
Current grants	11	127,737	137,935	147,062	159,210
Subsidy expenses		12,944	13,874	14,242	15,060
Personal benefits	12	133,402	134,223	132,879	142,068
<i>Total current transfers</i>		<i>274,084</i>	<i>286,033</i>	<i>294,184</i>	<i>316,337</i>
Capital transfers					
Mutually agreed write-downs	11	1,887	1,946	2,089	2,243
Other capital grants		8,780	11,390	8,476	5,949
<i>Total capital transfers</i>		<i>10,667</i>	<i>13,337</i>	<i>10,565</i>	<i>8,192</i>
<b>Total expenses</b>		<b>432,234</b>	<b>451,206</b>	<b>465,892</b>	<b>491,370</b>
<b>Net operating balance</b>		<b>-31,281</b>	<b>-28,006</b>	<b>-13,312</b>	<b>-4,276</b>
<b>Other economic flows - included in operating result</b>					
Net write-downs of assets					
(including bad and doubtful debts)		-8,037	-8,755	-9,675	-10,332
Assets recognised for the first time		322	337	353	370
Liabilities recognised for the first time		0	0	0	0
Actuarial revaluations		0	0	0	0
Net foreign exchange gains		-518	27	45	33
Net swap interest received		-410	0	0	0
Market valuation of debt		832	2,173	1,691	1,513
Other gains/(losses)		5,195	4,740	7,584	7,110
<b>Total other economic flows - included in operating result</b>		<b>-2,616</b>	<b>-1,478</b>	<b>-2</b>	<b>-1,306</b>
<b>Operating result(b)</b>		<b>-33,897</b>	<b>-29,483</b>	<b>-13,314</b>	<b>-5,582</b>
<b>Non-owner movements in equity</b>					
Revaluation of equity investments		846	29	31	49
Actuarial revaluations		-2,926	314	353	426
Other economic revaluations		1	1,003	74	139
<b>Total other economic flows - included in equity</b>		<b>-2,079</b>	<b>1,345</b>	<b>458</b>	<b>615</b>
<b>Comprehensive result -</b>					
<b>Total change in net worth</b>		<b>-35,976</b>	<b>-28,138</b>	<b>-12,857</b>	<b>-4,967</b>

**Table B1: Australian Government general government sector operating statement (continued)**

	Note	Estimates		Projections	
		2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
<b>Net operating balance</b>		<b>-31,281</b>	<b>-28,006</b>	<b>-13,312</b>	<b>-4,276</b>
<b>Net acquisition of non-financial assets</b>					
Purchases of non-financial assets		11,661	11,978	13,190	14,276
<i>less</i> Sales of non-financial assets		528	329	1,738	874
<i>less</i> Depreciation		7,129	7,406	7,484	7,787
<i>plus</i> Change in inventories		421	475	288	324
<i>plus</i> Other movements in non-financial assets		59	27	-153	-6
<b>Total net acquisition of non-financial assets</b>		<b>4,484</b>	<b>4,745</b>	<b>4,103</b>	<b>5,933</b>
<b>Fiscal balance (Net lending/borrowing)(c)</b>		<b>-35,765</b>	<b>-32,751</b>	<b>-17,415</b>	<b>-10,209</b>

(a) Consistent with ABS GFS classification, other employee related expenses are reported under other operating expenses. Total employee expenses equal wages and salaries plus other operating expenses.

(b) Operating result under AAS.

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

**Table B2: Australian Government general government sector balance sheet**

	Note	Estimates		Projections	
		2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
<b>Assets</b>					
Financial assets					
Cash and deposits		3,872	3,503	3,393	3,466
Advances paid	13	53,218	63,370	73,127	83,729
Investments, loans and placements	14	154,537	167,731	174,643	179,465
Other receivables	13	46,594	46,935	49,283	51,185
Equity investments					
Investments in other public sector entities		49,087	57,702	57,773	57,799
Equity accounted investments		315	315	315	315
Investments - shares		44,939	48,824	52,597	56,583
<b>Total financial assets</b>		<b>352,560</b>	<b>388,379</b>	<b>411,132</b>	<b>432,541</b>
Non-financial assets					
Land	15	9,780	9,752	9,711	9,787
Buildings		26,198	26,621	27,678	28,601
Plant, equipment and infrastructure		59,667	63,127	66,766	71,655
Inventories		8,351	8,405	8,239	8,094
Intangibles		6,835	6,901	7,349	7,489
Investment properties		187	187	187	187
Biological assets		44	44	44	44
Heritage and cultural assets		11,344	11,356	11,369	11,382
Assets held for sale		87	82	82	82
Other non-financial assets		265	292	139	134
<b>Total non-financial assets</b>		<b>122,757</b>	<b>126,766</b>	<b>131,565</b>	<b>137,455</b>
<b>Total assets</b>		<b>475,317</b>	<b>515,146</b>	<b>542,697</b>	<b>569,996</b>
<b>Liabilities</b>					
Interest bearing liabilities					
Deposits held		218	218	218	218
Government securities		472,416	533,845	570,473	596,257
Loans	16	16,191	15,605	15,526	15,440
Other borrowing		1,562	1,456	1,350	1,302
<b>Total interest bearing liabilities</b>		<b>490,387</b>	<b>551,124</b>	<b>587,567</b>	<b>613,216</b>
Provisions and payables					
Superannuation liability	17	173,958	180,569	187,154	193,715
Other employee liabilities	17	17,059	17,377	17,740	18,112
Suppliers payable	18	5,972	5,877	5,933	5,932
Personal benefits provisions and payables	18	13,304	12,363	11,152	10,731
Subsidies provisions and payables	18	5,035	5,407	5,664	5,988
Grants provisions and payables	18	9,397	10,105	9,447	9,171
Other provisions and payables	18	14,990	15,245	13,816	13,875
<b>Total provisions and payables</b>		<b>239,714</b>	<b>246,943</b>	<b>250,907</b>	<b>257,524</b>
<b>Total liabilities</b>		<b>730,100</b>	<b>798,066</b>	<b>838,474</b>	<b>870,740</b>
<b>Net worth(a)</b>		<b>-254,783</b>	<b>-282,921</b>	<b>-295,777</b>	<b>-300,744</b>
<i>Net financial worth(b)</i>		<i>-377,540</i>	<i>-409,687</i>	<i>-427,342</i>	<i>-438,199</i>
<i>Net financial liabilities(c)</i>		<i>426,627</i>	<i>467,389</i>	<i>485,115</i>	<i>495,998</i>
<i>Net debt(d)</i>		<i>278,761</i>	<i>316,520</i>	<i>336,404</i>	<i>346,557</i>

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

(b) Net financial worth equals total financial assets minus total liabilities.

(c) Net financial liabilities equals total liabilities less financial assets other than investments in other public sector entities.

(d) Net debt equals the sum of deposits held, 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	
	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
<b>Cash receipts from operating activities</b>				
Taxes received	368,230	389,125	413,172	440,410
Receipts from sales of goods and services	7,870	9,580	12,471	16,248
Interest receipts	3,874	4,007	4,050	4,642
Dividends and income tax equivalents	4,516	4,542	3,232	3,859
Other receipts	8,505	7,745	7,652	7,498
<b>Total operating receipts</b>	<b>392,995</b>	<b>414,999</b>	<b>440,577</b>	<b>472,657</b>
<b>Cash payments for operating activities</b>				
Payments for employees	-28,130	-27,847	-28,000	-28,426
Payments for goods and services	-82,104	-85,219	-92,685	-96,603
Grants and subsidies paid	-150,706	-161,967	-167,888	-177,040
Interest paid	-15,040	-15,922	-16,784	-18,188
Personal benefit payments	-135,228	-137,113	-136,300	-143,523
Other payments	-5,313	-5,127	-5,121	-5,179
<b>Total operating payments</b>	<b>-416,521</b>	<b>-433,196</b>	<b>-446,779</b>	<b>-468,958</b>
<b>Net cash flows from operating activities</b>	<b>-23,526</b>	<b>-18,197</b>	<b>-6,202</b>	<b>3,699</b>
<b>Cash flows from investments in non-financial assets</b>				
Sales of non-financial assets	1,896	329	305	874
Purchases of non-financial assets	-11,812	-12,077	-13,117	-14,337
<b>Net cash flows from investments in non-financial assets</b>	<b>-9,917</b>	<b>-11,748</b>	<b>-12,812</b>	<b>-13,462</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-14,727</b>	<b>-18,922</b>	<b>-13,262</b>	<b>-14,044</b>
<b>Cash flows from investments in financial assets for liquidity purposes</b>				
Increase in investments	-13,132	-13,343	-4,599	-2,319
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-13,132</b>	<b>-13,343</b>	<b>-4,599</b>	<b>-2,319</b>
<b>Cash receipts from financing activities</b>				
Borrowing	64,552	65,040	40,253	29,362
Other financing	25	0	0	0
<b>Total cash receipts from financing activities</b>	<b>64,577</b>	<b>65,040</b>	<b>40,253</b>	<b>29,362</b>
<b>Cash payments for financing activities</b>				
Borrowing	0	0	0	0
Other financing	-2,560	-3,199	-3,488	-3,162
<b>Total cash payments for financing activities</b>	<b>-2,560</b>	<b>-3,199</b>	<b>-3,488</b>	<b>-3,162</b>
<b>Net cash flows from financing activities</b>	<b>62,017</b>	<b>61,841</b>	<b>36,766</b>	<b>26,200</b>
<b>Net increase/(decrease) in cash held</b>	<b>716</b>	<b>-368</b>	<b>-110</b>	<b>72</b>

**Table B3: Australian Government general government sector cash flow statement (continued)<sup>(a)</sup>**

	Estimates		Projections	
	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
<b>Net cash flows from operating activities and investments in non-financial assets (surplus+)/deficit(-)</b>	<b>-33,443</b>	<b>-29,945</b>	<b>-19,014</b>	<b>-9,764</b>
Finance leases and similar arrangements(b)	-2	-5	0	0
<b>GFS cash surplus(+)/deficit(-)</b>	<b>-33,444</b>	<b>-29,950</b>	<b>-19,014</b>	<b>-9,764</b>
less Net Future Fund earnings	3,955	3,717	4,007	4,465
<b>Equals underlying cash balance(c)</b>	<b>-37,399</b>	<b>-33,667</b>	<b>-23,021</b>	<b>-14,229</b>
plus Net cash flows from investments in financial assets for policy purposes	-14,727	-18,922	-13,262	-14,044
plus Net Future Fund earnings	3,955	3,717	4,007	4,465
<b>Equals headline cash balance</b>	<b>-48,171</b>	<b>-48,872</b>	<b>-32,276</b>	<b>-23,808</b>

(a) A positive number denotes a cash inflow; a negative number 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 B4: Australian Government public non-financial corporations sector operating statement**

	Estimates
	2015-16
	\$m
<b>Revenue</b>	
Current grants and subsidies	38
Sales of goods and services	9,871
Interest income	41
Other	16
<b>Total revenue</b>	<b>9,967</b>
<b>Expenses</b>	
Gross operating expenses	
Wages and salaries(a)	4,108
Superannuation	364
Depreciation and amortisation	1,502
Supply of goods and services	5,493
Other operating expenses(a)	449
<i>Total gross operating expenses</i>	<i>11,916</i>
Interest expenses	510
Other property expenses	120
Current transfers	
Tax expenses	15
<i>Total current transfers</i>	<i>15</i>
<b>Total expenses</b>	<b>12,562</b>
<b>Net operating balance</b>	<b>-2,595</b>
<b>Other economic flows</b>	<b>-1,027</b>
<b>Comprehensive result - Total change in net worth excluding contribution from owners</b>	<b>-3,622</b>
<b>Net acquisition of non-financial assets</b>	
Purchases of non-financial assets	4,412
<i>less</i> Sales of non-financial assets	48
<i>less</i> Depreciation	1,502
<i>plus</i> Change in inventories	30
<i>plus</i> Other movements in non-financial assets	1,625
<b>Total net acquisition of non-financial assets</b>	<b>4,515</b>
<b>Fiscal balance (Net lending/borrowing)(b)</b>	<b>-7,111</b>

(a) Consistent with ABS GFS classification, other employee related expenses are reported under other operating expenses. Total employee expenses equal wages and salaries plus other operating expenses.

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

**Table B5: Australian Government public non-financial corporations sector balance sheet**

	Estimates
	2015-16
	\$m
<b>Assets</b>	
Financial assets	
Cash and deposits	1,929
Advances paid	8
Investments, loans and placements	343
Other receivables	1,756
Equity investments	3
<i>Total financial assets</i>	<i>4,039</i>
Non-financial assets	
Land and other fixed assets	22,201
Other non-financial assets(a)	5,204
<i>Total non-financial assets</i>	<i>27,406</i>
<b>Total assets</b>	<b>31,444</b>
<b>Liabilities</b>	
Interest bearing liabilities	
Advances received	206
Loans	2,318
Other borrowing	4,321
<i>Total interest bearing liabilities</i>	<i>6,844</i>
Provisions and payables	
Superannuation liability	23
Other employee liabilities	1,586
Other provisions and payables(a)	3,466
<i>Total provisions and payables</i>	<i>5,075</i>
<b>Total liabilities</b>	<b>11,919</b>
<b>Shares and other contributed capital</b>	<b>19,525</b>
<b>Net worth(b)</b>	<b>19,525</b>
<i>Net financial worth(c)</i>	<i>-7,881</i>
<i>Net debt(d)</i>	<i>4,565</i>

(a) Excludes the impact of commercial taxation adjustments.

(b) Under AASB 1049, net worth is calculated as total assets minus total liabilities. Under ABS GFS, net worth is calculated as total assets minus total liabilities minus shares and other contributed capital. The AASB 1049 method is used in this table.

(c) Under AASB 1049, net financial worth equals total financial assets minus total liabilities. Under ABS GFS, net financial worth equals total financial assets minus total liabilities minus shares and other contributed capital. The AASB 1049 method is used in this table.

(d) Net debt equals the sum of interest bearing liabilities (deposits held, advances received, loans and other borrowing), minus the sum of cash and deposits and investments, loans and placements.

**Table B6: Australian Government public non-financial corporations sector cash flow statement<sup>(a)</sup>**

	Estimates
	2015-16
	\$m
<b>Cash receipts from operating activities</b>	
Receipts from sales of goods and services	11,198
GST input credit receipts	671
Other receipts	88
<b>Total operating receipts</b>	<b>11,957</b>
<b>Cash payments for operating activities</b>	
Payments to employees	-4,871
Payment for goods and services	-8,872
Interest paid	-34
GST payments to taxation authority	0
Other payments	0
<b>Total operating payments</b>	<b>-13,778</b>
<b>Net cash flows from operating activities</b>	<b>-1,820</b>
<b>Cash flows from investments in non-financial assets</b>	
Sales of non-financial assets	35
Purchases of non-financial assets	-5,967
<b>Net cash flows from investments in non-financial assets</b>	<b>-5,931</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	-4
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-4</b>
<b>Net cash flows from financing activities</b>	
Borrowing (net)	-170
Other financing (net)	7,937
Distribution paid (net)	-124
<b>Net cash flows from financing activities</b>	<b>7,643</b>
<b>Net increase/(decrease) in cash held</b>	<b>-113</b>
<b>Cash at the beginning of the year</b>	<b>2,042</b>
<b>Cash at the end of the year</b>	<b>1,929</b>
<b>Net cash from operating activities and investments in non-financial assets</b>	<b>-7,752</b>
Distributions paid	-124
<b>Equals surplus(+)/deficit(-)</b>	<b>-7,876</b>
Finance leases and similar arrangements(b)	0
<b>GFS cash surplus(+)/deficit(-)</b>	<b>-7,876</b>

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

(b) 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 B7: Australian Government total non-financial public sector operating statement**

	Estimates
	2015-16
	\$m
<b>Revenue</b>	
Taxation revenue	375,908
Sales of goods and services	16,820
Interest income	4,542
Dividend income	3,720
Other	8,731
<b>Total revenue</b>	<b>409,720</b>
<b>Expenses</b>	
Gross operating expenses	
Wages and salaries(a)	24,180
Superannuation	6,293
Depreciation and amortisation	8,632
Supply of goods and services	86,908
Other operating expenses(a)	5,888
<i>Total gross operating expenses</i>	<i>131,901</i>
Superannuation interest expense	9,231
Interest expenses	17,751
Current transfers	
Current grants	127,737
Subsidy expenses	12,906
Personal benefits	133,402
<i>Total current transfers</i>	<i>274,046</i>
Capital transfers	10,667
<b>Total expenses</b>	<b>443,596</b>
<b>Net operating balance</b>	<b>-33,876</b>
<b>Other economic flows</b>	<b>-2,923</b>
<b>Comprehensive result - Total change in net worth</b>	<b>-36,799</b>
<b>Net acquisition of non-financial assets</b>	
Purchases of non-financial assets	16,073
<i>less</i> Sales of non-financial assets	<i>576</i>
<i>less</i> Depreciation	<i>8,632</i>
<i>plus</i> Change in inventories	<i>450</i>
<i>plus</i> Other movements in non-financial assets	<i>1,684</i>
<b>Total net acquisition of non-financial assets</b>	<b>8,999</b>
<b>Fiscal balance (net lending/borrowing)(b)</b>	<b>-42,875</b>

(a) Consistent with ABS GFS classification, other employee related expenses are reported under other operating expenses. Total employee expenses equal wages and salaries plus other operating expenses.

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

**Table B8: Australian Government total non-financial public sector balance sheet**

	Estimates
	2015-16
	\$m
<b>Assets</b>	
Financial assets	
Cash and deposits	5,801
Advances paid	53,020
Investments, loans and placements	154,879
Other receivables	48,273
Equity investments	74,413
<i>Total financial assets</i>	<i>336,386</i>
Non-financial assets	
Land and other fixed assets	137,540
Other non-financial assets	12,623
<i>Total non-financial assets</i>	<i>150,163</i>
<b>Total assets</b>	<b>486,548</b>
<b>Liabilities</b>	
Interest bearing liabilities	
Deposits held	218
Advances received	0
Government securities	472,416
Loans	18,509
Other borrowing	5,882
<i>Total interest bearing liabilities</i>	<i>497,025</i>
Provisions and payables	
Superannuation liability	173,980
Other employee liabilities	18,645
Other provisions and payables	52,087
<i>Total provisions and payables</i>	<i>244,712</i>
<b>Total liabilities</b>	<b>741,737</b>
<b>Shares and other contributed capital</b>	<b>19,525</b>
<b>Net worth(a)</b>	<b>-255,189</b>
<i>Net financial worth(b)</i>	<i>-405,352</i>
<i>Net debt(c)</i>	<i>283,326</i>

(a) Under AASB 1049, net worth is calculated as total assets minus total liabilities. Under ABS GFS, net worth is calculated as total assets minus total liabilities minus shares and other contributed capital. The AASB 1049 method is used in this table.

(b) Under AASB 1049, net financial worth equals total financial assets minus total liabilities. Under ABS GFS, net financial worth equals total financial assets minus total liabilities minus shares and other contributed capital. The AASB 1049 method is used in this table.

(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 B9: Australian Government total non-financial public sector cash flow statement<sup>(a)</sup>**

	Estimates
	2015-16
	\$m
<b>Cash receipts from operating activities</b>	
Taxes received	368,254
Receipts from sales of goods and services	17,432
Interest receipts	3,896
Dividends and income tax equivalents	4,392
Other receipts	8,528
<b>Total operating receipts</b>	<b>402,502</b>
<b>Cash payments for operating activities</b>	
Payments to employees	-33,001
Payments for goods and services	-88,669
Grants and subsidies paid	-150,706
Interest paid	-15,055
Personal benefit payments	-135,228
Other payments	-5,313
<b>Total operating payments</b>	<b>-427,972</b>
<b>Net cash flows from operating activities</b>	<b>-25,471</b>
<b>Cash flows from investments in non-financial assets</b>	
Sales of non-financial assets	1,931
Purchases of non-financial assets	-17,779
<b>Net cash flows from investments in non-financial assets</b>	<b>-15,848</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-6,739</b>
<b>Cash flows from investments in financial assets for liquidity purposes</b>	
Increase in investments	-13,136
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-13,136</b>
<b>Net cash flows from financing activities</b>	
Borrowing (net)	64,382
Other financing (net)	-2,585
<b>Net cash flows from financing activities</b>	<b>61,796</b>
<b>Net increase/(decrease) in cash held</b>	<b>602</b>
<b>Cash at the beginning of the year</b>	<b>5,198</b>
<b>Cash at the end of the year</b>	<b>5,801</b>
<b>Net cash from operating activities and investments in non-financial assets</b>	<b>-41,318</b>
Distributions paid	0
<b>Equals surplus(+)/deficit(-)</b>	<b>-41,318</b>
Finance leases and similar arrangements(b)	-2
<b>GFS cash surplus(+)/deficit(-)</b>	<b>-41,320</b>

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

(b) 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 B10: Australia Government public financial corporations sector operating statement**

	Estimates	
	2015-16	\$m
<b>Revenue</b>		
Current grants and subsidies		150
Sales of goods and services		680
Interest income		2,363
Other		75
<b>Total revenue</b>		<b>3,268</b>
<b>Expenses</b>		
Gross operating expenses		
Wages and salaries(a)		150
Superannuation		50
Depreciation and amortisation		34
Supply of goods and services(b)		398
Other operating expenses(a)(b)		214
<i>Total gross operating expenses</i>		<i>846</i>
Interest expenses		1,294
Other property expenses		897
Current transfers		
Tax expenses		6
<i>Total current transfers</i>		<i>6</i>
<b>Total expenses</b>		<b>3,043</b>
<b>Net operating balance</b>		<b>225</b>
<b>Other economic flows</b>		<b>3,416</b>
<b>Comprehensive result - Total change in net worth excluding contribution from owners</b>		<b>3,641</b>
<b>Net acquisition of non-financial assets</b>		
Purchases of non-financial assets		1
<i>less</i> Sales of non-financial assets		<i>82</i>
<i>less</i> Depreciation		<i>34</i>
<i>plus</i> Change in inventories		<i>-9</i>
<i>plus</i> Other movements in non-financial assets		<i>0</i>
<b>Total net acquisition of non-financial assets</b>		<b>-124</b>
<b>Fiscal balance (Net lending/borrowing)(c)</b>		<b>349</b>

(a) Consistent with ABS GFS classification and PNFC presentation, from the 2015-16 Budget, other employee related expenses, such as employee entitlements, are reclassified from wages and salaries to other operating expenses. Total employee expenses equal wages and salaries plus other operating expenses.

(b) Consistent with ABS GFS classification and PNFC presentation, from the 2015-16 Budget, supply of goods and services has been separated from other operating expenses.

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

**Table B11: Australian Government public financial corporations sector balance sheet<sup>(a)</sup>**

	Estimates
	2015-16 \$m
<b>Assets</b>	
Financial assets	
Cash and deposits	828
Investments, loans and placements	157,205
Other receivables	238
Equity investments	431
<i>Total financial assets</i>	<i>158,702</i>
Non-financial assets	
Land and other fixed assets	672
Other non-financial assets(b)	32
<i>Total non-financial assets</i>	<i>705</i>
<b>Total assets</b>	<b>159,407</b>
<b>Liabilities</b>	
Interest bearing liabilities	
Deposits held	115,558
Borrowing	11,399
<i>Total interest bearing liabilities</i>	<i>126,957</i>
Provisions and payables	
Superannuation liability	306
Other employee liabilities	1,443
Other provisions and payables(b)	1,997
<i>Total provisions and payables</i>	<i>3,746</i>
<b>Total liabilities</b>	<b>130,703</b>
<b>Shares and other contributed capital</b>	<b>28,705</b>
<b>Net worth(c)</b>	<b>28,705</b>
<i>Net financial worth(d)</i>	<i>28,000</i>
<i>Net debt(e)</i>	<i>-31,077</i>

(a) Assumes no valuation or currency movement.

(b) Excludes the impact of commercial taxation adjustments.

(c) Under AASB1049, net worth is calculated as total assets minus total liabilities. Under ABS GFS, net worth is calculated as total assets minus total liabilities minus shares and other contributed capital. The AASB 1049 method is used in this table.

(d) Under AASB1049, net financial worth equals total financial assets minus total liabilities. Under ABS GFS, net financial worth equals total financial assets minus total liabilities minus shares and other contributed capital. The AASB 1049 method is used in this table.

(e) Net debt equals the sum of deposits held and borrowing, minus the sum of cash and deposits and investments, loans and placements.



**Table B12: Australian Government public financial corporations sector cash flow statement<sup>(a)</sup>**

	Estimates	
	2015-16	\$m
<b>Cash receipts from operating activities</b>		
Receipts from sales of goods and services	675	
Grants and subsidies received	0	
GST input credit receipts	4	
Interest receipts	2,438	
Other receipts	383	
<b>Total operating receipts</b>	<b>3,500</b>	
<b>Cash payments for operating activities</b>		
Payments to employees	-252	
Payment for goods and services	-406	
Interest paid	-1,337	
GST payments to taxation authority	0	
Other payments(b)	-147	
<b>Total operating payments</b>	<b>-2,142</b>	
<b>Net cash flows from operating activities</b>	<b>1,357</b>	
<b>Cash flows from investments in non-financial assets</b>		
Sales of non-financial assets	82	
Purchases of non-financial assets	0	
<b>Net cash flows from investments in non-financial assets</b>	<b>81</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(b)	-1,043	
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-1,043</b>	
<b>Net cash flows from financing activities</b>		
Borrowing (net)	-1,299	
Deposits received (net)	0	
Other financing (net)	2,882	
Distributions paid (net)	-1,631	
<b>Net cash flows from financing activities</b>	<b>-47</b>	
<b>Net increase/(decrease) in cash held</b>	<b>348</b>	
<b>Cash at the beginning of the year</b>	<b>480</b>	
<b>Cash at the end of the year</b>	<b>828</b>	
<b>Net cash from operating activities and investments in non-financial assets</b>	<b>1,439</b>	
Distributions paid	-1,631	
<b>Equals surplus(+)/deficit(-)</b>	<b>-192</b>	
Finance leases and similar arrangements(c)	0	
<b>GFS cash surplus(+)/deficit(-)</b>	<b>-192</b>	

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

(b) In accordance with AASB1049, the Budget estimate for other payments has been reclassified in the 2014-15 FBO from operating to investing to provide consistency in treatment of transactions in investments.

(c) The acquisition of assets under finance leases decreases the surplus or increases the deficit. The disposal of assets previously held under finance leases increase the surplus or decreases the deficit.

## NOTES TO THE GENERAL GOVERNMENT SECTOR FINANCIAL STATEMENTS

### Note 1: External reporting standards and accounting policies

The *Charter of Budget Honesty Act 1998* (the Charter) 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 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, 2005* (cat. no. 5514.0), which in turn is based on the International Monetary Fund (IMF) accrual GFS framework; and
- the Australian Accounting Standards (AAS), issued by the Australian Accounting Standards Board (AASB), which includes International Financial Reporting Standards (IFRS) as adopted in Australia and the public sector specific standard AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

The financial statements have been prepared on an accrual basis that complies with both ABS GFS and AAS, except for departures disclosed at Note 2. A more detailed description of the AAS and ABS GFS frameworks, in addition to definitions of key terms used in these frameworks, can be found in Attachment A. Detailed accounting policies, as well as a set of notes and other disclosures, as required by AAS, are disclosed in the annual Consolidated Financial Statements.

Fiscal reporting focuses on the general government sector (GGS). The GGS 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, user charging and external funding. This sector comprises all government departments, offices and some other bodies. In preparing financial statements for the GGS, all material transactions and balances between entities within the GGS have been eliminated.

The Government's key fiscal aggregates are based on ABS GFS concepts and definitions, including the ABS GFS cash surplus/deficit and the derivation of the underlying cash balance and net financial worth. AASB 1049 requires the disclosure of other ABS GFS fiscal aggregates, including net operating balance, net lending/borrowing (fiscal balance) and net worth. In addition to these ABS GFS aggregates, the Uniform Presentation Framework (UPF) requires disclosure of net debt, net financial worth and net financial liabilities.

*Appendix B: Australian Government Budget Financial Statements*

AASB 1049 and the UFP also provide a basis for reporting of the public non-financial corporations (PNFC) and public financial corporations (PFC) sectors and the total non-financial public sector (NFPS).

Explanations of major variations in fiscal balance, revenue, expenses, net capital investment, cash flows, net debt, net financial worth and net worth since the 2015-16 Budget are disclosed in Part 3, with decisions taken since the 2015-16 Budget disclosed in Appendix A.

Updates to fiscal risks and contingent liabilities since the 2015-16 Budget are disclosed in Appendix C.

**Note 2: Departures from external reporting standards**

The Charter requires that departures from applicable external reporting standards be identified. The major differences between AAS and the ABS GFS treatments of transactions are outlined in Table B13.

AASB 1049 requires AAS measurement of items to be disclosed on the face of the financial statements with reconciliation to ABS GFS measurement of key fiscal aggregates, where different, in notes to the financial statements. Differences from the AAS measurement of items outlined above and reconciliation have not been included as they would effectively create different measures of the same aggregate.

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 B13: Major differences between AAS and ABS GFS**

Issue	AAS treatment	ABS GFS treatment	Treatment adopted
Acquisition of defence weapons platforms (DWP)	AASB 1049 requires cost to be used where fair value of assets cannot be reliably measured.	ABS record DWP on a market value basis using the perpetual inventory method.	AAS
Circulating coins — seigniorage	The profit between the cost and sale of circulating coins (seigniorage) is treated as revenue.	Circulating coins are treated as a liability, and the cost of producing the coins is treated as an expense.	AAS
Provisions for bad and doubtful debts	Reported in the balance sheet as an offset to assets. Under AASB 1049, it is included in the operating statement as other economic flows.	Creating provisions for bad and doubtful debts is not considered an economic event and therefore not considered to be an expense or reflected in the balance sheet.	AAS
Advances to the International Development Association and Asian Development Fund	Recorded at fair value in the balance sheet.	Recorded at nominal value in balance sheet.	ABS GFS
Concessional loans	Discounts concessional loans by a market rate of a similar instrument.	Does not discount concessional loans as no secondary market is considered to exist.	AAS
Investment in other public sector entities	Valued at fair value in the balance sheet as long as it can be reliably measured, otherwise net assets is permissible.	Unlisted entities valued based on their net assets in the balance sheet.	AAS
Provision for restoration, decommissioning and make-good	Included in the fiscal balance capital adjustment.	Excluded from the calculation of net lending capital adjustment.	AAS
Renewable Energy Certificates (RECs)	The issuance and registration of RECs is considered to be an administrative function and does not result in the recognition of assets or liabilities and, consequently, no revenues or expenses are recognised.	The issuance and registration of RECs is considered to be government financial transactions resulting in the recognition of assets, liabilities, revenue and expenses.	AAS
Dividends paid by public corporations	Treated as an equity distribution. Equity distributions are treated as a distribution of profits, as opposed to an expense.	Dividends are treated as an expense.	ABS GFS
Commercial tax effect accounting assets and liabilities	Corporations in the PNFC and PFC sectors record tax expenses on a commercial basis.	Deferred tax assets and liabilities are reversed so that corporations record tax expenses on a consistent basis to the Australian Taxation Office.	ABS GFS

**Table B13: Major differences between AAS and ABS GFS (continued)**

Issue	AAS treatment	ABS GFS treatment	Treatment adopted
<b>Fiscal aggregates differences</b>			
Finance leases	Does not deduct finance leases in the derivation of the cash surplus/deficit.	Deducts finance leases in the derivation of the cash surplus/deficit.	Both are disclosed
Net worth of PNFC and PFC sectors	Calculated as assets less liabilities.	Calculated as assets less liabilities less shares and other contributed capital.	AAS
Net financial worth of PNFC and PFC	Calculated as financial assets less total liabilities.	Calculated as financial assets less total liabilities less shares and contributed capital.	AAS
<b>Classification difference</b>			
Prepayments	Treated as a non-financial asset.	Treated as a financial asset.	ABS GFS
Spectrum sales	Recognise non-financial asset sales for fiscal balance when payment is made and the licences take effect, which may be after the auction of licences, as this is regarded as the point control is transferred. Recognise cash at the time of receipt.	Recognise non-financial asset sales for fiscal balance at time of auction as this is regarded as the point control is transferred. Recognise cash at the time of receipt.	AAS

Appendix B: Australian Government Budget Financial Statements

**Note 3: Taxation revenue by type**

	Estimates		Projections	
	2015-16	2016-17	2017-18	2018-19
	\$m	\$m	\$m	\$m
Individuals and other withholding taxes				
Gross income tax withholding	176,550	185,950	196,870	209,390
Gross other individuals	44,310	47,740	52,580	58,010
less Refunds	27,500	28,900	30,700	32,650
Total individuals and other withholding tax	193,360	204,790	218,750	234,750
Fringe benefits tax	4,610	4,780	4,670	4,870
Company tax	67,996	71,600	77,700	83,900
Superannuation fund taxes	7,780	9,150	9,880	10,580
Minerals resource rent tax(a)	0	0	0	0
Petroleum resource rent tax	960	1,070	960	990
<b>Total income taxation revenue</b>	<b>274,706</b>	<b>291,390</b>	<b>311,960</b>	<b>335,090</b>
Goods and services tax	59,790	63,700	67,010	70,480
Wine equalisation tax	850	860	890	920
Luxury car tax	520	510	520	530
Excise and customs duty				
Petrol	6,220	6,400	6,710	7,060
Diesel	9,350	9,640	9,990	10,490
Other fuel products	2,423	2,440	2,560	2,670
Tobacco	9,150	9,700	9,990	10,280
Beer	2,340	2,330	2,410	2,500
Spirits	1,970	2,010	2,070	2,140
Other alcoholic beverages(b)	910	920	950	980
Other customs duty				
Textiles, clothing and footwear	440	300	260	270
Passenger motor vehicles	550	590	560	600
Other imports	1,370	1,140	930	990
less Refunds and drawbacks	420	420	420	420
Total excise and customs duty	34,303	35,050	36,010	37,560
Carbon pricing mechanism	0	0	0	0
Agricultural levies	475	485	493	498
Other taxes(c)	5,279	5,547	5,638	5,725
Mirror taxes	528	557	588	618
less Transfers to States in relation to mirror tax revenue	528	557	588	618
Mirror tax revenue	0	0	0	0
<b>Total indirect taxation revenue</b>	<b>101,217</b>	<b>106,151</b>	<b>110,562</b>	<b>115,712</b>
<b>Total taxation revenue</b>	<b>375,923</b>	<b>397,541</b>	<b>422,522</b>	<b>450,802</b>
<i>Memorandum:</i>				
Total excise	21,393	21,550	22,430	23,500
Total customs duty	12,910	13,500	13,580	14,060
Capital gains tax(d)	10,600	12,300	14,300	16,100
Medicare and DisabilityCare Australia levy	15,014	15,592	16,260	17,038

(a) The MRRT applied until 30 September 2014.

(b) Other alcoholic beverages are those not exceeding 10 per cent by volume of alcohol (excluding beer, brandy and wine).

(c) Visa application charges have been reclassified from non-taxation revenue to taxation revenue to reflect a sustained change in the nature of revenue. The reclassification is reflected from 2015-16 MYEFO and back-casting occurs in Appendix D Historical Series from 2003-04. See also Note 3(a), Taxation revenue by source and Note 4, Sales of goods and services revenue.

(d) Capital gains tax is part of gross other individuals, company tax and superannuation fund taxes.

**Note 3(a): Taxation revenue by source**

	Estimates		Projections	
	2015-16	2016-17	2017-18	2018-19
	\$m	\$m	\$m	\$m
Taxes on income, profits and capital gains				
Income and capital gains levied on individuals	197,990	209,600	223,430	239,630
Income and capital gains levied on enterprises	76,716	81,790	88,530	95,460
<b>Total taxes on income, profits and capital gains</b>	<b>274,706</b>	<b>291,390</b>	<b>311,960</b>	<b>335,090</b>
Taxes on employers' payroll and labour force	710	702	684	722
Taxes on the provision of goods and services				
Sales/goods and services tax	61,160	65,070	68,420	71,930
Excises and levies	21,868	22,035	22,923	23,998
Taxes on international trade	12,910	13,500	13,580	14,060
<b>Total taxes on the provision of goods and services</b>	<b>95,938</b>	<b>100,605</b>	<b>104,923</b>	<b>109,988</b>
Other taxes(a)	4,569	4,845	4,954	5,003
<b>Total taxation revenue</b>	<b>375,923</b>	<b>397,541</b>	<b>422,522</b>	<b>450,802</b>
<i>Memorandum:</i>				
<i>Medicare and DisabilityCare Australia levy</i>	<i>15,014</i>	<i>15,592</i>	<i>16,260</i>	<i>17,038</i>

- (a) Visa application charges have been reclassified from non-taxation revenue to taxation revenue to reflect a sustained change in the nature of revenue. The reclassification is reflected from 2015-16 MYEFO and back-casting occurs in Appendix D Historical Series from 2003-04. See also Note 3, Taxation revenue by type and Note 4, Sales of goods and services revenue.

**Note 4: Sales of goods and services revenue**

	Estimates		Projections	
	2015-16	2016-17	2017-18	2018-19
	\$m	\$m	\$m	\$m
Sales of goods	1,859	1,858	2,022	1,939
Rendering of services	4,226	5,874	8,548	12,365
Operating lease rental	67	67	72	74
Fees from regulatory services(a)	1,804	1,842	1,885	1,930
<b>Total sales of goods and services revenue</b>	<b>7,956</b>	<b>9,641</b>	<b>12,527</b>	<b>16,307</b>

- (a) Visa application charges have been reclassified from non-taxation revenue to taxation revenue to reflect a sustained change in the nature of revenue. The reclassification is reflected from 2015-16 MYEFO and back-casting occurs in Appendix D Historical Series from 2003-04. See also Note 3, Taxation revenue by type and Note 3(a), Taxation revenue by source.

Appendix B: Australian Government Budget Financial Statements

**Note 5: Interest and dividend revenue**

	Estimates		Projections	
	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
<b>Interest from other governments</b>				
State and Territory debt	36	38	40	38
Housing agreements	129	124	119	114
<b>Total interest from other governments</b>	<b>165</b>	<b>162</b>	<b>159</b>	<b>152</b>
<b>Interest from other sources</b>				
Advances	47	50	81	117
Deposits	87	88	89	90
Bank deposits	115	109	110	119
Indexation of HELP receivable and other student loans	626	854	1,074	1,332
Other	3,478	3,675	3,849	4,756
<b>Total interest from other sources</b>	<b>4,354</b>	<b>4,776</b>	<b>5,203</b>	<b>6,414</b>
<b>Total interest</b>	<b>4,519</b>	<b>4,938</b>	<b>5,361</b>	<b>6,566</b>
<b>Dividends</b>				
Dividends from other public sector entities	986	463	923	1,044
Other dividends	2,855	2,587	2,779	2,986
<b>Total dividends</b>	<b>3,841</b>	<b>3,050</b>	<b>3,702</b>	<b>4,030</b>
<b>Total interest and dividend revenue</b>	<b>8,359</b>	<b>7,988</b>	<b>9,063</b>	<b>10,596</b>

**Note 6: Other sources of non-taxation revenue**

	Estimates		Projections	
	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
Industry contributions	116	126	128	128
Royalties	1,087	955	851	689
Seigniorage	118	111	105	97
Other	7,393	6,838	7,385	8,474
<b>Total other sources of non-taxation revenue</b>	<b>8,714</b>	<b>8,030</b>	<b>8,468</b>	<b>9,388</b>



**Note 7: Employee and superannuation expense**

	Estimates		Projections	
	2015-16	2016-17	2017-18	2018-19
	\$m	\$m	\$m	\$m
<b>Wages and salaries expenses</b>	<b>20,072</b>	<b>19,935</b>	<b>19,715</b>	<b>19,772</b>
<b>Other operating expenses</b>				
Leave and other entitlements	2,267	2,192	2,172	2,178
Separations and redundancies	59	51	45	44
Workers compensation premiums and claims	876	941	974	1,001
Other	2,236	2,227	2,293	2,313
<b>Total other operating expenses</b>	<b>5,439</b>	<b>5,411</b>	<b>5,484</b>	<b>5,535</b>
<b>Superannuation expenses</b>				
Superannuation	5,930	4,609	4,587	4,615
Superannuation interest cost	9,231	10,261	10,650	11,036
<b>Total superannuation expenses</b>	<b>15,161</b>	<b>14,870</b>	<b>15,237</b>	<b>15,651</b>
<b>Total employee and superannuation expense</b>	<b>40,672</b>	<b>40,216</b>	<b>40,436</b>	<b>40,958</b>

**Note 8: Depreciation and amortisation expense**

	Estimates		Projections	
	2015-16	2016-17	2017-18	2018-19
	\$m	\$m	\$m	\$m
<b>Depreciation</b>				
Specialist military equipment	3,276	3,586	3,641	3,883
Buildings	1,393	1,362	1,383	1,417
Other infrastructure, plant and equipment	1,452	1,438	1,485	1,512
Heritage and cultural assets	38	38	37	37
<b>Total depreciation</b>	<b>6,159</b>	<b>6,423</b>	<b>6,547</b>	<b>6,849</b>
<b>Total amortisation</b>	<b>970</b>	<b>983</b>	<b>937</b>	<b>938</b>
<b>Total depreciation and amortisation expense</b>	<b>7,129</b>	<b>7,406</b>	<b>7,484</b>	<b>7,787</b>

**Note 9: Supply of goods and services expense**

	Estimates		Projections	
	2015-16	2016-17	2017-18	2018-19
	\$m	\$m	\$m	\$m
Supply of goods and services	26,836	27,616	27,516	28,340
Operating lease rental expenses	2,516	2,490	2,511	2,561
Personal benefits - indirect(a)	45,415	46,874	54,669	57,384
Health care payments	5,238	5,294	5,374	5,487
Other	2,418	2,523	2,780	2,756
<b>Total supply of goods and services expense</b>	<b>82,423</b>	<b>84,798</b>	<b>92,851</b>	<b>96,528</b>

(a) Includes Child Care Subsidy from 2017-18, when all payments will be made directly to child care providers. See also Note 12, Personal benefits expense.

Appendix B: Australian Government Budget Financial Statements

**Note 10: Interest expense**

	Estimates		Projections	
	2015-16	2016-17	2017-18	2018-19
	\$m	\$m	\$m	\$m
<b>Interest on debt</b>				
Government securities(a)	15,664	17,073	17,719	18,718
Loans	10	0	1	1
Other	302	299	308	329
<b>Total interest on debt</b>	<b>15,976</b>	<b>17,372</b>	<b>18,028</b>	<b>19,049</b>
<b>Other financing costs</b>	<b>1,284</b>	<b>2,044</b>	<b>2,345</b>	<b>2,520</b>
<b>Total interest expense</b>	<b>17,260</b>	<b>19,416</b>	<b>20,373</b>	<b>21,568</b>

(a) Public debt interest estimates are calculated using the contract interest rates incurred on existing Commonwealth Government Securities (CGS) when issued and technical assumptions, based on prevailing market interest rates across the yield curve, for yields on future CGS issuance.

**Note 11: Current and capital grants expense**

	Estimates		Projections	
	2015-16	2016-17	2017-18	2018-19
	\$m	\$m	\$m	\$m
<b>Current grants expense</b>				
State and Territory governments	98,883	104,916	108,806	113,002
Local governments	6	2	0	0
Private sector	6,889	8,315	8,237	8,245
Overseas	3,676	3,878	3,688	4,019
Non-profit organisations	2,863	2,908	3,170	2,882
Multi-jurisdictional sector	10,309	9,900	9,910	10,048
Other	5,111	8,016	13,250	21,013
<b>Total current grants expense</b>	<b>127,737</b>	<b>137,935</b>	<b>147,062</b>	<b>159,210</b>
<b>Capital grants expense</b>				
Mutually agreed write-downs	1,887	1,946	2,089	2,243
Other capital grants				
State and Territory governments	7,471	9,857	7,487	4,620
Local governments	992	1,099	337	351
Private sector	0	0	0	0
Multi-jurisdictional sector	104	100	100	101
Other	213	334	552	876
<b>Total capital grants expense</b>	<b>10,667</b>	<b>13,337</b>	<b>10,565</b>	<b>8,192</b>
<b>Total grants expense</b>	<b>138,404</b>	<b>151,272</b>	<b>157,627</b>	<b>167,401</b>

**Note 12: Personal benefits expense**

	Estimates		Projections	
	2015-16	2016-17	2017-18	2018-19
	\$m	\$m	\$m	\$m
Social welfare - assistance to the aged	43,830	46,012	47,401	50,030
Assistance to veterans and dependants	5,791	5,578	5,314	5,118
Assistance to people with disabilities	24,616	25,688	26,795	27,859
Assistance to families with children(a)	35,509	33,477	28,367	29,131
Assistance to the unemployed	11,138	10,733	10,697	11,748
Student assistance	3,548	2,980	3,026	3,408
Other welfare programmes	1,086	1,059	379	406
Financial and fiscal affairs	364	347	337	331
Vocational and industry training	95	84	92	93
Other	7,427	8,265	10,470	13,942
<b>Total personal benefits expense</b>	<b>133,402</b>	<b>134,223</b>	<b>132,879</b>	<b>142,068</b>

(a) Excludes Child Care Subsidy from 2017-18, when all payments will be made directly to child care providers. See also Note 9, Supply of goods and services expense.

**Note 13: Advances paid and other receivables**

	Estimates		Projections	
	2015-16	2016-17	2017-18	2018-19
	\$m	\$m	\$m	\$m
<b>Advances paid</b>				
Loans to State and Territory governments	3,332	3,291	3,160	3,000
Higher Education Loan Program	37,284	44,594	52,758	61,779
Student Financial Supplement Scheme	483	438	389	339
Other	12,352	15,276	17,038	18,817
less Provision for doubtful debts	233	230	218	206
<b>Total advances paid</b>	<b>53,218</b>	<b>63,370</b>	<b>73,127</b>	<b>83,729</b>
<b>Other receivables</b>				
Goods and services receivable	889	897	899	904
Recoveries of benefit payments	4,642	5,474	6,046	5,787
Taxes receivable	18,752	19,367	20,275	21,425
Prepayments	4,547	4,687	4,795	4,878
Other	19,390	18,604	19,787	20,823
less Provision for doubtful debts	1,625	2,093	2,519	2,632
<b>Total other receivables</b>	<b>46,594</b>	<b>46,935</b>	<b>49,283</b>	<b>51,185</b>

**Note 14: Investments, loans and placements**

	Estimates		Projections	
	2015-16	2016-17	2017-18	2018-19
	\$m	\$m	\$m	\$m
Investments - deposits	43,365	42,919	42,384	41,496
IMF quota	12,278	12,321	12,392	12,438
Other	98,893	112,490	119,868	125,531
<b>Total investments, loans and placements</b>	<b>154,537</b>	<b>167,731</b>	<b>174,643</b>	<b>179,465</b>

Appendix B: Australian Government Budget Financial Statements

**Note 15: Non-financial assets**

	Estimates		Projections	
	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
<b>Land and buildings</b>				
Land	9,780	9,752	9,711	9,787
Buildings	26,198	26,621	27,678	28,601
<b>Total land and buildings</b>	<b>35,977</b>	<b>36,372</b>	<b>37,389</b>	<b>38,388</b>
<b>Plant, equipment and infrastructure</b>				
Specialist military equipment	45,356	48,164	51,263	56,175
Other	14,311	14,963	15,503	15,480
<b>Total plant, equipment and infrastructure</b>	<b>59,667</b>	<b>63,127</b>	<b>66,766</b>	<b>71,655</b>
<b>Inventories</b>				
Inventories held for sale	1,508	1,664	1,640	1,620
Inventories not held for sale	6,843	6,741	6,600	6,474
<b>Total inventories</b>	<b>8,351</b>	<b>8,405</b>	<b>8,239</b>	<b>8,094</b>
<b>Intangibles</b>				
Computer software	3,860	3,757	3,649	3,501
Other	2,975	3,144	3,700	3,988
<b>Total intangibles</b>	<b>6,835</b>	<b>6,901</b>	<b>7,349</b>	<b>7,489</b>
<b>Total investment properties</b>	<b>187</b>	<b>187</b>	<b>187</b>	<b>187</b>
<b>Total biological assets</b>	<b>44</b>	<b>44</b>	<b>44</b>	<b>44</b>
<b>Total heritage and cultural assets</b>	<b>11,344</b>	<b>11,356</b>	<b>11,369</b>	<b>11,382</b>
<b>Total assets held for sale</b>	<b>87</b>	<b>82</b>	<b>82</b>	<b>82</b>
<b>Total other non-financial assets</b>	<b>265</b>	<b>292</b>	<b>139</b>	<b>134</b>
<b>Total non-financial assets</b>	<b>122,757</b>	<b>126,766</b>	<b>131,565</b>	<b>137,455</b>

**Note 16: Loans**

	Estimates		Projections	
	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
Promissory notes	9,878	9,354	9,330	9,306
Special drawing rights	5,640	5,660	5,693	5,715
Other	673	590	503	419
<b>Total loans</b>	<b>16,191</b>	<b>15,605</b>	<b>15,526</b>	<b>15,440</b>

**Note 17: Employee and superannuation liabilities**

	Estimates		Projections	
	2015-16	2016-17	2017-18	2018-19
	\$m	\$m	\$m	\$m
<b>Total superannuation liability(a)</b>	<b>173,958</b>	<b>180,569</b>	<b>187,154</b>	<b>193,715</b>
<b>Other employee liabilities</b>				
Leave and other entitlements	7,388	7,447	7,535	7,621
Accrued salaries and wages	577	609	623	632
Workers compensation claims	3,265	3,298	3,338	3,384
Other	5,829	6,023	6,245	6,475
<b>Total other employee liabilities</b>	<b>17,059</b>	<b>17,377</b>	<b>17,740</b>	<b>18,112</b>
<b>Total employee and superannuation liabilities</b>	<b>191,017</b>	<b>197,946</b>	<b>204,894</b>	<b>211,826</b>

(a) For budget reporting purposes, a discount rate applied by actuaries in preparing Long Term Cost Reports is used to value the superannuation liability. This reduces the volatility in reported liabilities that would occur from year to year if the long term government bond rate were used. Consistent with AAS, the long term government bond rate as at 30 June is used to calculate the superannuation liability for the purpose of actuals reporting.

**Note 18: Provisions and payables**

	Estimates		Projections	
	2015-16	2016-17	2017-18	2018-19
	\$m	\$m	\$m	\$m
<b>Suppliers payable</b>				
Trade creditors	4,767	4,661	4,717	4,718
Operating lease rental payable	327	336	335	331
Other creditors	878	879	881	883
<b>Total suppliers payable</b>	<b>5,972</b>	<b>5,877</b>	<b>5,933</b>	<b>5,932</b>
<b>Total personal benefits provisions and payables</b>	<b>13,304</b>	<b>12,363</b>	<b>11,152</b>	<b>10,731</b>
<b>Total subsidies provisions and payables</b>	<b>5,035</b>	<b>5,407</b>	<b>5,664</b>	<b>5,988</b>
<b>Grants provisions and payables</b>				
State and Territory governments	95	85	79	69
Non-profit organisations	181	181	181	181
Private sector	367	366	366	365
Overseas	1,166	2,257	1,904	1,751
Local governments	2	2	2	2
Other	7,586	7,213	6,915	6,803
<b>Total grants provisions and payables</b>	<b>9,397</b>	<b>10,105</b>	<b>9,447</b>	<b>9,171</b>
<b>Other provisions and payables</b>				
Provisions for tax refunds	2,954	2,976	2,988	2,980
Other	12,036	12,268	10,828	10,895
<b>Total other provisions and payables</b>	<b>14,990</b>	<b>15,245</b>	<b>13,816</b>	<b>13,875</b>

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**Note 19: Reconciliation of cash**

	Estimates		Projections	
	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
<b>Net operating balance (revenues less expenses)</b>	<b>-31,281</b>	<b>-28,006</b>	<b>-13,312</b>	<b>-4,276</b>
<i>less</i> Revenues not providing cash				
Other	1,975	1,884	1,766	2,350
<b>Total revenues not providing cash</b>	<b>1,975</b>	<b>1,884</b>	<b>1,766</b>	<b>2,350</b>
<i>plus</i> Expenses not requiring cash				
Increase/(decrease) in employee entitlements	7,314	7,264	7,328	7,365
Depreciation/amortisation expense	7,129	7,406	7,484	7,787
Mutually agreed write-downs	1,887	1,946	2,089	2,243
Other	1,205	937	2,186	2,358
<b>Total expenses not requiring cash</b>	<b>17,536</b>	<b>17,553</b>	<b>19,087</b>	<b>19,753</b>
<i>plus</i> Cash provided / (used) by working capital items				
Decrease/(increase) in inventories	-202	-238	-38	-60
Decrease/(increase) in receivables	-6,462	-6,711	-9,364	-9,222
Decrease/(increase) in other financial assets	1,791	2,387	2,677	2,296
Decrease/(increase) in other non-financial assets	25	-68	-39	-41
Increase/(decrease) in benefits, subsidies and grants payable	-2,376	220	-1,404	-221
Increase/(decrease) in suppliers' liabilities	643	-112	53	-21
Increase/(decrease) in other provisions and payables	-1,224	-1,339	-2,096	-2,160
<b>Net cash provided / (used) by working capital</b>	<b>-7,806</b>	<b>-5,861</b>	<b>-10,211</b>	<b>-9,428</b>
<i>equals</i> (Net cash from/(to) operating activities)	-23,526	-18,197	-6,202	3,699
<i>plus</i> (Net cash from/(to) investing activities)	-37,775	-44,013	-30,673	-29,826
<b>Net cash from operating activities and investment</b>	<b>-61,301</b>	<b>-62,210</b>	<b>-36,875</b>	<b>-26,127</b>
<i>plus</i> (Net cash from/(to) financing activities)	62,017	61,841	36,766	26,200
<b>equals Net increase/(decrease) in cash held</b>	<b>716</b>	<b>-368</b>	<b>-110</b>	<b>72</b>
<b>Cash at the beginning of the year</b>	<b>3,156</b>	<b>3,872</b>	<b>3,503</b>	<b>3,393</b>
Net increase/(decrease) in cash	716	-368	-110	72
<b>Cash at the end of the year</b>	<b>3,872</b>	<b>3,503</b>	<b>3,393</b>	<b>3,466</b>

## Attachment A

### FINANCIAL REPORTING STANDARDS AND BUDGET CONCEPTS

The MYEFO primarily focuses on the financial performance and position of the general government sector (GGS). The ABS defines the GGS as providing public services which are mainly non-market in nature, mainly for the collective consumption of the community, or involving the transfer or redistribution of income and financed mainly through taxes and other compulsory levies. AASB 1049 recognises the GGS as a reporting entity.

#### AASB 1049 history and conceptual framework

The Australian Accounting Standards Board (AASB) released AASB 1049 for application from the 2008-09 financial year. AASB 1049 seeks to 'harmonise' ABS GFS and AAS.

The reporting framework for AASB 1049 requires the preparation of accrual-based general purpose financial reports, showing government assets, liabilities, revenue, expenses and cash flows. GGS reporting under AASB 1049 aims to provide users with information about the stewardship of each government in relation to its GGS and accountability for the resources entrusted to it; information about the financial position, performance and cash flows of each government's GGS; and information that facilitates assessments of the macroeconomic impact. While AASB 1049 provides a basis for whole of government (including the PNFC and PFC sectors) and GGS outcome reporting, budget reporting and budget outcome reporting focuses on the GGS.

AASB 1049 has adopted the AAS conceptual framework and principles for the recognition of assets, liabilities, revenues and expenses and their presentation, measurement and disclosure. In addition, AASB 1049 has broadly adopted the ABS GFS conceptual framework for presenting government financial statements. In particular, AASB 1049 requires the GGS to prepare a separate set of financial statements, overriding AASB 10 *Consolidated Financial Statements*. AASB 1049 also follows ABS GFS by requiring changes in net worth to be split into either transactions or 'other economic flows' and for this to be presented in a single operating statement. AASB 1049 is therefore broadly consistent with international statistical standards and the International Monetary Fund's (IMF) *Government Finance Statistics Manual 2014*.<sup>1</sup>

All financial data presented in the financial statements are recorded as either stocks (assets and liabilities) or flows (classified as either transactions or other economic flows). Transactions result from a mutually agreed interaction between economic

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<sup>1</sup> 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).

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 less 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 an 'other 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. All 'other economic flows' are reported in the operating statement.

Consistent with the ABS GFS framework, and in general AAS, the financial statements record flows in the period in which they occur. As a result, prior period outcomes may be revised for classification changes relating to information that could reasonably have been expected to be 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 revenues, expenses, the net acquisition of non-financial assets (net capital investment) and other economic flows for an accounting period.

Revenues arise from transactions that increase net worth, and expenses arise from transactions that decrease net worth. Revenues less expenses gives the net operating balance. The net operating balance is similar to the National Accounts concept of government saving plus capital transfers.

The net acquisition of non-financial assets (net capital investment) equals gross fixed capital formation, less depreciation, plus changes (investment) in inventories, plus other transactions in non-financial assets. This 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.

Other economic flows are presented in the operating statement and outline changes in net worth that are driven by economic flows other than revenues and expenses. Revenues, 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 GGS arise from price movements in its assets and liabilities.

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<sup>2</sup> 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 net lending/borrowing) is the net operating balance less net capital investment. Thus, the 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 GGS to the balance on the current account in the balance of payments.

### **Balance sheet**

The balance sheet shows stocks of assets, liabilities and net worth. In accordance with the UPF, net debt, net financial worth and net financial liabilities are also reported in the balance sheet.

### **Net worth**

The net worth of the GGS, PNFC and PFC sectors is defined as assets less liabilities. This differs from the ABS GFS definition for the PNFC and PFC sectors, where 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.

### **Net financial worth**

Net financial worth measures a government's net holdings of financial assets. It is calculated from the balance sheet as financial assets minus liabilities. This differs from the ABS GFS definition of net financial worth for the PNFC and PFC sectors, defined as financial assets, less liabilities, less shares and other contributed capital. Net financial worth is a broader measure than net debt, in that it incorporates provisions made (such as superannuation) as well as holdings of equity. Net financial worth includes all classes of financial assets and all liabilities, only some of which are included in net debt. As non-financial assets are excluded from net financial worth, this is a narrower measure than net worth. However, it avoids the concerns inherent with the net worth measure relating to the valuation of non-financial assets and their availability to offset liabilities.

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<sup>3</sup> The net operating balance includes consumption of non-financial assets because depreciation is an 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.

### **Net financial liabilities**

Net financial liabilities comprises total liabilities less financial assets but excludes equity investments in the other sectors of the jurisdiction. Net financial liabilities is a more accurate indicator than net debt of a jurisdiction's fiscal position as it includes substantial non debt liabilities such as accrued superannuation and long service leave entitlements. Excluding the net worth of other sectors of government results in a purer measure of financial worth than net financial worth, as, in general, the net worth of other sectors of government, in particular the PNFC sector, is backed up by physical assets.

### **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<sup>4</sup> (cash and deposits, advances paid, and investments, loans and placements). This includes financial assets held by the Future Fund which are invested in these asset classes, including term deposits and investments in collective investment vehicles. Net debt does not include 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.

### **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 are specifically identified because cash management is considered an integral function of accrual budgeting.

### **Underlying cash balance**

The underlying cash balance plus net Future Fund earnings (ABS GFS cash surplus/deficit) is the cash counterpart of the fiscal balance, reflecting the Australian Government's cash investment saving balance.

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<sup>4</sup> Financial assets are defined as cash, an equity instrument of another entity, a contractual right to receive cash or financial asset, and a contract that will or may be settled in the entity's own equity instruments.

*Appendix B: Australian Government Budget Financial Statements*

For the GGS, the underlying cash balance is calculated as shown below:

Net cash flows from operating activities
<i>plus</i>
Net cash flows from investments in non-financial assets
<i>less</i>
Net acquisitions of assets acquired under finance leases and similar arrangements <sup>5</sup>
<i>equals</i>
ABS GFS cash surplus/deficit
<i>less</i>
Net Future Fund earnings
<i>equals</i>
Underlying cash balance.

The Government has excluded net Future Fund earnings from the calculations of the underlying cash balance. Prior to the 2012-13 MYEFO, the underlying cash balance only excluded the gross earnings of the Future Fund. Under the *Future Fund Act 2006*, earnings are required to be reinvested to meet the Government's future public sector superannuation liabilities. The Future Fund becomes available to meet the Government's superannuation liabilities from 2020.

In contrast, net Future Fund earnings are included in the fiscal balance because superannuation expenses relating to future cash payments are recorded in the fiscal balance.

Net Future Fund earnings are separately identified in the Australian Government GGS cash flow statement in Table B3 of this statement and related tables in Part 3 and Appendix D.

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5 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

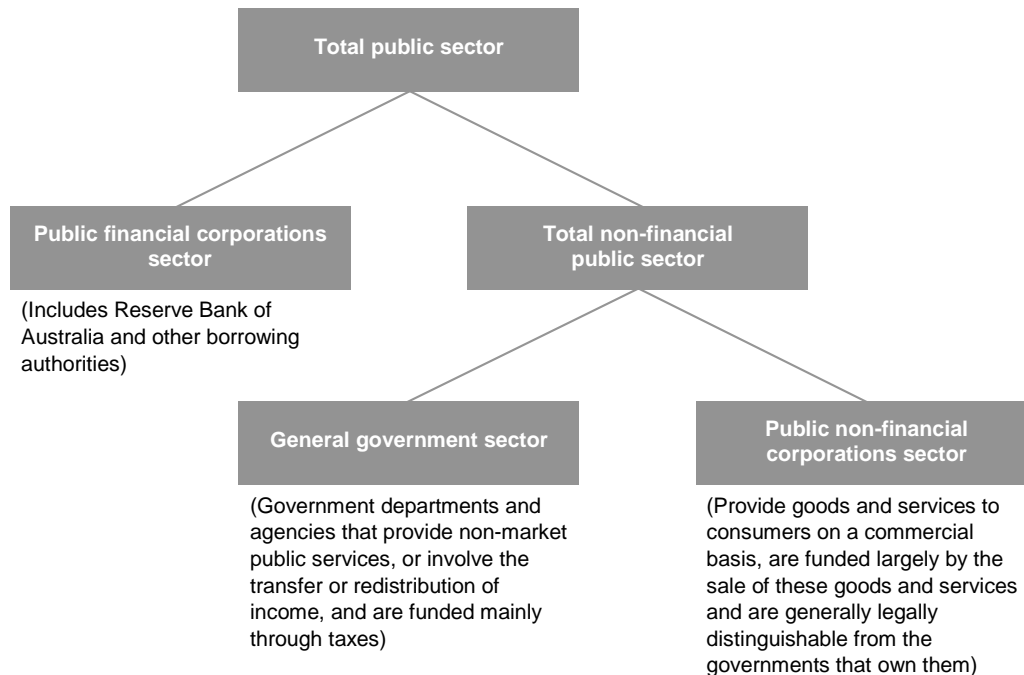
The headline cash balance is calculated by adding net cash flows from investments in financial assets for policy purposes and Future Fund earnings to the underlying cash balance.

Cash flows from investments in financial assets for policy purposes include equity transactions and net advances.<sup>6</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 Program (HELP), and contributions to international organisations that increase the Australian Government's financial assets.

### Sectoral classifications

To assist in analysing the public sector, data is presented by institutional sector as shown in Figure B1. ABS GFS defines the general government sector (GGS) and the public non-financial corporations (PNFC) and public financial corporations (PFC) sectors. AASB 1049 has also adopted this sectoral reporting.

**Figure B1: Institutional structure of the public sector**



<sup>6</sup> Cash flows from investments in financial assets for policy purposes are often referred to as net advances.

*Appendix B: Australian Government Budget Financial Statements*

All entities are classified as GGS entities except for the following list of portfolio entities that are classified as PFC or PNFC (Table B14).

A table which provides a full list of public sector principal entities is available on the Department of Finance website at:

[www.finance.gov.au/sites/default/files/list-ggs-pnfc-pfc-pgpa.pdf?V=2](http://www.finance.gov.au/sites/default/files/list-ggs-pnfc-pfc-pgpa.pdf?V=2).

**Table B14: Entities outside of the general government sector**

<b>Public financial corporations</b>
Employment Portfolio Coal Mining Industry (Long Service Leave Funding) Corporation
Foreign Affairs and Trade Portfolio Export Finance and Insurance Corporation
Treasury Portfolio Australian Reinsurance Pool Corporation, Reserve Bank of Australia
<b>Public non-financial corporations</b>
Communications and the Arts Portfolio Australian Postal Corporation, NBN Co Ltd
Finance Portfolio ASC Pty Ltd
Industry, Innovation and Science Portfolio ANSTO Nuclear Medicine Pty Ltd
Infrastructure and Regional Development Portfolio Airservices Australia, Australian Rail Track Corporation Ltd, Moorebank Intermodal Company Ltd
Prime Minister and Cabinet Portfolio Voyages Indigenous Tourism Australia Pty Ltd
Social Services Portfolio Australian Hearing Services

**Attachment B**

**AUSTRALIAN LOAN COUNCIL ALLOCATION**

Under the Loan Council arrangements, every year the Commonwealth and each state and territory government nominate a Loan Council Allocation (LCA). A jurisdiction's LCA incorporates:

- the estimated non-financial public sector ABS GFS cash surplus/deficit (made up from the balances of the general government (GGS) and public non-financial corporations (PNFC) sectors and total non-financial public sector (NFPS) acquisitions under finance leases and similar arrangements);
- 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.

LCA nominations are considered by the Loan Council, having regard to each jurisdiction's fiscal position and infrastructure requirements, as well as the macroeconomic implications of the aggregate figure.

As set out in Table B15, the Australian Government's revised estimate for the 2015-16 LCA is a \$54.4 billion deficit, which is a deterioration of \$2.7 billion from the LCA deficit of \$51.8 billion at the 2015-16 Budget. The revised LCA estimate falls within the tolerance limit set at Budget.

**Table B15: 2015-16 Commonwealth Loan Council Allocation**

	2015-16 Budget	2015-16 MYEFO
	\$m	\$m
GGs cash surplus(-)/deficit(+)	31,855	33,443
PNFC sector cash surplus(-)/deficit(+)	8,026	7,876
NFPS cash surplus(-)/deficit(+)(a)	39,881	41,318
<i>plus</i> Acquisitions under finance leases and similar arrangements	2	2
<i>equals</i> ABS GFS cash surplus(-)/deficit(+)	39,882	41,320
<i>minus</i> Net cash flows from investments		
in financial assets for policy purposes(b)	-12,908	-14,727
<i>plus</i> Memorandum items(c)	-1,038	-1,618
<b>Loan Council Allocation</b>	<b>51,752</b>	<b>54,429</b>

(a) May not directly equate to the sum of the GGS and the PNFC sector due to inter-sectoral transfers which are netted out.

(b) Net cash flows from investments in financial assets for policy purposes are displayed with the same sign as they are reported in cash flow statements. Such transactions involve the transfer or exchange of a financial asset and are not included within the cash surplus/deficit. However, the cash flow from investments in financial assets for policy purposes has implications for a government's call on financial markets.

(c) For the Commonwealth's LCA outcome, memorandum items include the change in net present value (NPV) of operating leases (with NPV greater than \$5 million) and the net funding of superannuation and the net financing requirement of the Australian National University.

## **APPENDIX C: STATEMENT OF RISKS**

### **OVERVIEW**

Full details of fiscal risks and contingent liabilities are provided in Budget Paper No. 1, *Budget Strategy and Outlook 2015-16*. The following statement updates fiscal risks and contingent liabilities and assets that have materially changed since the 2015-16 Budget.

The forward estimates of revenue and expenses in the Mid-Year Economic and Fiscal Outlook 2015-16 (MYEFO) incorporate assumptions and judgments based on the best information available at the time of publication, together with a range of economic assumptions and other forecasts and projections.

To the extent that unanticipated changes in economic circumstances occur, their impact will flow through to government expense and revenue forecasts.

Major taxes such as company and individuals' income taxes fluctuate significantly with economic activity. Capital gains tax is particularly volatile and is affected by both the level of gains in asset markets and the timing of when those gains are realised.

In addition, revenue forecasting relies heavily on the observed historical relationships between the economy, tax bases and tax revenues. Such relationships may shift over time as the economy changes, presenting a further risk to the estimates. Revenue forecasts also incorporate costings for new policies that typically have a margin of uncertainty.

The estimates and projections of revenue are subject to a number of general risks that can affect taxation collections. These general pressures include failure of the tax system to keep pace with changes in the business environment, tax avoidance, court decisions and Australian Taxation Office rulings, and the outcome of compliance programs. These pressures may result in a shift in the composition of taxation collected from the various tax bases and/or a change in the size of the tax base.

### **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 \$50 million over the forward estimates period, that have arisen or changed since the 2015-16 Budget are described below and summarised in Table C1.

Information on both contingent assets and contingent liabilities is also provided in the annual financial statements of departments, entities and non-budget entities.

Appendix C: Statement of risks

**Table C1: Summary of material changes to the Statement of Risks since the 2015-16 Budget<sup>(a)</sup>**

<b>Significant but remote contingencies</b>	
<b>Communications and the Arts</b>	
NBN Co Limited — Equity Agreement	Modified
Optus financial guarantee	New
Telstra financial guarantee	Modified
Termination of the funding agreement with OPEL Network Pty Ltd	Modified
<b>Defence</b>	
Remote contingencies	Modified
Litigation cases	Modified
<b>Employment</b>	
Job Services Australia — Employment Pathway Fund	Removed
<i>jobactive</i> — Employment Fund	New
<b>Treasury</b>	
Financial Claims Scheme	Modified
Guarantee of State and Territory Borrowing	Modified
Guarantee Scheme for Large Deposits and Wholesale funding	Removed
Guarantees under the <i>Commonwealth Bank Sale Act 1995</i>	Modified
Reserve Bank of Australia — guarantee	Modified
<b>Contingent liabilities — unquantifiable</b>	
<b>Agriculture and Water Resources</b>	
Compensation claims arising from suspension of livestock exports to Indonesia	Modified
<b>Defence</b>	
Non-remote contingent liabilities	Modified
<b>Foreign Affairs and Trade</b>	
Export Finance and Insurance Corporation — board member and senior management indemnities	Removed
<b>Health</b>	
Termination of Medicare Local Deed for Funding	Removed
<b>Immigration and Border Protection</b>	
Northern Patrol and Response — Triton	Removed
Immigration detention services by State and Territory governments — liability limit	Modified
Garrison and welfare services at Regional Processing Countries contract — liability limit	New
<b>Infrastructure and Regional Development</b>	
Aviation Rescue & Fire Fighting potential Polyfluorinated Chemical Contamination	New
<b>Social Services</b>	
National Disability Insurance Scheme	Modified
<b>Contingent assets — unquantifiable</b>	
<b>Defence</b>	
Non-remote contingent assets	Modified
<b>Contingent liabilities — quantifiable</b>	
<b>Defence</b>	
Claims against the Department of Defence	Modified



**Table C1: Summary of material changes to the Statement of Risks since the 2015-16 Budget<sup>(a)</sup> (continued)**

<b>Contingent liabilities — quantifiable (continued)</b>	
<b>Environment</b>	
Low Carbon Australia Limited — Board of Directors' and senior management indemnities	Modified
<b>Foreign Affairs and Trade</b>	
Export Finance and Insurance Corporation	Modified
Australian Response to the outbreak of Ebola in West Africa	Removed
<b>Infrastructure and Regional Development</b>	
Virgin Australia Airlines Pty Ltd Confidentiality and Non-Disclosure Agreement	New
<b>Treasury</b>	
Australian Taxation Office — tax disputes	Modified
International financial institutions — uncalled capital subscriptions	Modified
International Monetary Fund	Modified
<b>Contingent assets — quantifiable</b>	
<b>Defence</b>	
Claims against the Department of Defence	Modified

(a) Risks appearing in Budget Paper No. 1, *Budget Strategy and Outlook 2015-16*, Statement 8, but not listed in the table above are substantially unchanged.

## FISCAL RISKS

Fiscal risks comprise general developments or specific events that may affect the fiscal outlook. Some developments or events raise the possibility of a fiscal impact. In other cases, the likelihood of a fiscal impact may be reasonably certain, but will not be included in the forward estimates because the timing or magnitude is not known.

## SIGNIFICANT BUT REMOTE CONTINGENCIES

### Communications and the Arts

#### NBN Co Limited — Equity Agreement

The Australian Government has entered into an Equity Funding Agreement with NBN Co Limited (NBN Co). The Agreement formalises the Australian Government's intention to provide equity to fund the roll-out of the National Broadband Network, with such funding being conditional on the annual appropriation processes. In addition, it commits the Australian Government, in the event of a termination of the National Broadband Network roll-out, to provide sufficient funds to NBN Co to meet its costs arising from that termination. Although the NBN Co Equity Funding Agreement will end in 2019, the Commonwealth would retain obligations to meet NBN Co's costs arising from a termination of the roll-out. As at 30 September 2015, NBN Co's termination liabilities were estimated at \$9.1 billion.

#### Optus financial guarantee

The Australian Government has provided a guarantee in respect of the NBN Co Limited's (NBN Co) financial obligations to Optus Networks Pty Ltd,

## *Appendix C: Statement of risks*

Optus Internet Pty Limited, Optus Vision Media Pty Limited and SingTel Optus Pty Ltd (collectively, Optus) under the Optus HFC Subscriber Agreement. An amended version of that Agreement came into effect on 19 September 2015. The Agreement extends for the period of the National Broadband Network roll-out in Optus Hybrid Fibre Coaxial areas. As at 30 September 2015, NBN Co had generated liabilities covered by the Optus Agreement estimated at \$23.8 million. The Guarantee will terminate in 2021.

### **Telstra financial guarantee**

The Australian Government has provided a guarantee to Telstra Corporation Limited (Telstra) in respect of NBN Co Limited's (NBN Co) financial obligations to Telstra under the Definitive Agreements. The Agreements were amended on 14 December 2014. The Guarantee was not amended at that time and it continues in force in accordance with its terms in respect of the amended Definitive Agreements. The liabilities under the agreements between Telstra and NBN Co arise progressively during the roll-out of the National Broadband Network as Telstra's infrastructure is accessed and Telstra's customers are disconnected from its copper and Hybrid Fibre Coaxial cable networks. The Australian Government is only liable in the event NBN Co does not pay an amount when due under the Definitive Agreements. As at 30 September 2015, NBN Co had generated liabilities covered by the guarantee estimated at \$4.1 billion. The guarantee will terminate when NBN Co achieves specified credit ratings for a period of two continuous years and either:

- the company is capitalised by the Commonwealth to the agreed amount; or
- the Communications Minister declares, under the *National Broadband Network Companies Act 2011*, that, in his or her opinion, the National Broadband Network should be treated as built and fully operational.

### **Termination of the funding agreement with OPEL Network Pty Ltd**

As at 31 October 2015, the Australian Government is a party to legal action brought by OPEL Networks Pty Ltd (in Liquidation) (OPEL) and Optus Networks Pty Ltd (Optus) in relation to an agreement under the Broadband Connect Infrastructure Programme. OPEL is a joint venture between Optus and Elders Telecommunications Infrastructure Pty Ltd. The outcome of that litigation is unknown as the proceedings are ongoing.

## **Defence**

### **Remote contingencies**

These significant remote contingent liabilities are restricted in nature and details are not given due to reasons of commercial in confidence and/or national security.

As at 31 October 2015, the Department of Defence carried 1,455 instances of quantifiable remote contingent liabilities valued at \$5.5 billion and 448 instances of unquantifiable remote contingent liabilities, of which 439 relate to Foreign Military Sales. Defence also had three instances of quantifiable remote contingent assets valued at \$0.3 million.

## **Litigation cases**

The Department of Defence is involved in a wide range of litigation and other claims for compensation and/or damages that may result in litigation where the matters are not able to be finalised by use of negotiation. The litigation includes common law liability claims, including for personal injury and property damage. A number of claims have been received seeking compensation for loss, injury or damage caused by the use of a Defence Practice Area. A number of claims have also been received following reviews into Australian Defence Force and Defence culture. There is potential for claims to arise from the disposal of assets to third parties where such assets contain hazardous materials or components that have the potential to cause injury.

## **Employment**

### ***jobactive* — Employment Fund**

The estimates for the Department of Employment *jobactive* programme include anticipated expenditure for the Employment Fund (EF). The EF provides a flexible pool of funding available to *jobactive* providers to deliver assistance to job seekers to help them find and keep a job. Amounts are credited to the EF based on a job seeker's assessed level of disadvantage. Experience with the former Employment Pathway Fund suggests that all credits will not be used during the life of the *jobactive* contracts. The forward estimates do not include the value of residual credits from the EF that are not expected to be spent during the current contract period.

## **Treasury**

### **Financial Claims Scheme**

The Financial Claims Scheme provides depositors of authorised deposit-taking institutions (ADIs) and claimants of general insurers with timely access to their funds in the event of a financial institution failure.

Under the *Banking Act 1959* the scheme provides a mechanism for making payments to depositors under the Government's guarantee of deposits in ADIs. Payments are capped at \$250,000 per account holder per ADI. As at 30 June 2015, deposits eligible for coverage under the Financial Claims Scheme were estimated to be \$777 billion, compared to an estimated \$766 billion as at 31 December 2014, reflecting overall deposit growth in the financial system.

Under the *Insurance Act 1973* the scheme provides a mechanism for making payments to eligible beneficiaries with a valid claim against a failed general insurer.

In the very unlikely event of an ADI or general insurer failure, any payments made under the Financial Claims Scheme would be recovered through the liquidation of the failed institution. If there was a shortfall in the amount recovered through the liquidation of the failed institution, a levy could be applied to the relevant industry to recover the difference between the amount expended and the amount recovered in the liquidation.

### *Appendix C: Statement of risks*

The Australia Prudential Regulation Authority (APRA) is responsible for the Financial Claims Scheme. Under the Financial Claims Scheme, any payments to account-holders with eligible protected accounts or eligible claimants would be made from APRA's Financial Claims Scheme Special Account. Under the legislation, upon activation, up to \$20 billion per institution would be available to meet Financial Claims Scheme payments and up to \$100 million for administration costs per institution.

#### **Guarantee of State and Territory Borrowing**

The Australian Government announced on 25 March 2009 that a voluntary, temporary guarantee would be put in place over State and Territory borrowing. The Guarantee of State and Territory Borrowing commenced on 24 July 2009 and closed on 31 December 2010.

Securities covered by the guarantee will continue to be guaranteed until these securities either mature or are bought back and extinguished by the issuer.

The expected liability under the guarantee is remote and unquantifiable. Australian Government expenditure would arise under the guarantee only in the unlikely event that a State or Territory failed to meet its obligations with respect to a commitment that was subject to the guarantee and the guarantee was called upon. In such a case, the Government would likely be able to recover any such expenditure through a claim on the relevant State or Territory at a future date. The impact on the Government's budget would depend upon the extent of the default and the State or Territory's ability to meet the Government's claim.

As at 31 October 2015, the face value of State and Territory borrowings covered by the guarantee was \$10.8 billion, down from \$12.3 billion at 31 March 2015.

#### **Guarantees under the *Commonwealth Bank Sale Act 1995***

Under the terms of the *Commonwealth Bank Sale Act 1995*, the Australian Government has guaranteed various superannuation and other liabilities: \$553 million is attributable to liabilities of the Commonwealth Bank of Australia, as at 30 September 2015; and \$4.4 billion is attributable to liabilities of the Commonwealth Bank Officers' Superannuation Corporation, as at 30 September 2015.

#### **Reserve Bank of Australia — guarantee**

The Australian Government guarantees the liabilities of the Reserve Bank of Australia, measured as the Bank's total liabilities excluding capital, reserves, and Australian Government deposits. The major component of the Bank's liabilities is Australian banknotes on issue. Notes on issue amount to \$68.3 billion, as at 20 October 2015, and the total guarantee is \$102.7 billion (\$101.9 billion at the 2015-16 Budget).

## CONTINGENT LIABILITIES — UNQUANTIFIABLE

### Agriculture and Water Resources

#### Compensation claims arising from suspension of livestock exports to Indonesia

Proceedings have commenced in the Federal Court of Australia seeking compensation for alleged losses due to the temporary suspension of exports of live animals to Indonesia that was put in place on 7 June 2011.

The final quantum of any damages sought cannot be predicted. The Department of Finance, which has responsibility for Comcover (the Australian Government's general insurance fund), has assumed responsibility for the potential claims under its insurance arrangements with the Department of Agriculture and Water Resources.

### Defence

#### Non-remote contingent liabilities

The Department of Defence has 25 instances of unquantifiable non-remote contingent liabilities.

### Immigration and Border Protection

#### Immigration detention services by State and Territory governments — liability limit

The Department of Immigration and Border Protection (DIBP) has negotiated arrangements with a number of State and Territory governments for the provision of various services (including health, education, corrections and policing services) to immigration detention facilities and people in immigration detention. Some jurisdictions sought indemnification by the Australian Government for the provision of those services. These agreements, as listed below, contain unquantifiable indemnities relating to any damage or loss incurred by State and Territory governments arising out of, or incidental to, the provision of services under the proposed agreements.

Jurisdictions	Service streams			
	Health	Education	Corrections	Police
WA	\$5 million per claim or event	Uncapped liability	\$5 million per claim or event	\$5 million per claim or event
NSW	N/A	\$5 million per claim or event	Uncapped liability	\$5 million per claim or event
Vic	Uncapped liability	Uncapped liability	\$5 million per claim or event	\$5 million per claim or event
Qld/Tas/ACT/NT	N/A	\$5 million per claim or event	\$5 million per claim or event	\$5 million per claim or event
SA	\$5 million per claim or event	\$5 million per claim or event	\$5 million per claim or event	\$5 million per claim or event

### **Garrison and welfare services at Regional Processing Countries contract — liability limit**

The Department of Immigration and Border Protection (DIBP) entered into a contract with Transfield Services (Australia) Pty Limited (Transfield), which commenced on 24 March 2014, for the provision of garrison and welfare services at Regional Processing Countries on behalf of the Australian Government. The contract terms limit Transfield's liability to DIBP to a maximum of any insurance proceeds recovered by Transfield up to a value of \$50 million.

### **Infrastructure and Regional Development**

#### **Aviation Rescue & Fire Fighting potential Polyfluorinated Chemical Contamination**

Airservices Australia has identified a number of sites around the country that potentially have been contaminated with polyfluorinated chemicals (PFC) that were contained in firefighting foams. The foams containing these chemicals were widely used internationally and were used by Airservices Australia from 1980 until 2010. The identified contaminants do not breakdown in the natural environment. Testing and assessment of the fire training grounds commenced in 2008-09 with some additional site assessments conducted in the years following. The amount for potential long-term remediation costs cannot be quantified at this time.

### **Social Services**

#### **National Disability Insurance Scheme**

In bilateral negotiations, the Australian Government has committed to provide temporary, untied financial assistance to some jurisdictions that expect to have their GST entitlements adversely affected during the transition to the National Disability Insurance Scheme (NDIS).

Under this commitment, the expected liability will depend on a range of factors including when participating jurisdictions reach full scheme, whether Western Australia signs up to full scheme after the evaluation of the comparative trials has been considered by governments, and any impact resulting from the Commonwealth Grants Commission's treatment of the NDIS. Any impact on the Australian Government is not expected to occur before 2016-17.

### **CONTINGENT ASSETS — UNQUANTIFIABLE**

#### **Defence**

##### **Non-remote contingent assets**

The Department of Defence has 17 instances of unquantifiable non-remote contingent assets.

## **CONTINGENT LIABILITIES — QUANTIFIABLE**

### **Defence**

#### **Claims against the Department of Defence**

The Department of Defence (Defence) has 19 instances of non-remote, quantifiable contingent liabilities in respect of claims on Defence valued at \$25 million. The estimated figure is determined by conducting an objective analysis of the probable amount payable for all matters managed by the members of Defence's Legal Services Panel and those being handled in-house by Defence Legal Division. However, the exact amount payable under those claims is uncertain. Defence is defending the claims or is trying to resolve them by recourse to alternative dispute resolution measures.

### **Environment**

#### **Low Carbon Australia Limited — Board of Directors' and senior management indemnities**

The Australian Government has provided indemnities to directors and company officers of the former Low Carbon Australia Limited (LCAL). A total of seven indemnity deeds were executed in 2014. Each indemnity covers liability incurred by a director or officer arising from the implementation of the merger of LCAL with the Clean Energy Finance Corporation. An aggregate cap of \$100 million to cover all claims has been established, and the indemnities will operate for seven years from execution (to 2020).

### **Foreign Affairs and Trade**

#### **Export Finance and Insurance Corporation**

The Australian Government guarantees the due payment of money that is, or may at any time become, payable by the Export Finance and Insurance Corporation (EFIC) to anybody other than the Government. The 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 2015, the Government's total contingent liability was \$3.8 billion, which is consistent with the figure reported at the 2015-16 Budget. The \$3.8 billion contingent liability comprises EFIC's liabilities to third parties (\$3.0 billion) and EFIC's overseas investment insurance, contracts of insurance and guarantees (\$0.8 billion). Of the total contingent liability, \$3.1 billion relates to EFIC's Commercial Account and \$0.7 billion relates to the National Interest Account.

### **Infrastructure and Regional Development**

#### **Virgin Australia Airlines Pty Ltd Confidentiality and Non-Disclosure Agreement**

Under the 2002 Sydney (Kingsford-Smith) Airport Sale Agreement, the owners of Sydney Airport have a Right of First Refusal, which gives them first opportunity to develop and operate a second major airport within 100 kilometres of Sydney's centre. The Australian Government must seek the views of major airlines during the consultation phase.

## *Appendix C: Statement of risks*

When establishing the industry consultations, Virgin Australia Airlines Pty Ltd sought a capped indemnity whereby they could seek damages for any financial loss they may suffer in the event of unauthorised disclosure by the Australian Government of confidential information. Until the information becomes publically available (not through a breach of confidentiality by the Commonwealth) the contingent liability remains capped at a maximum cumulative liability of \$20 million. The risk of an event occurring that may result in a liability for the Australian Government is currently mitigated through the training of staff and compliance with a comprehensive information management plan.

### **Treasury**

#### **Australian Taxation Office — tax disputes**

At any point in time the Australian Taxation Office is involved in a range of dispute resolution processes, including litigation, relating to tax disputes.

Details of the outcome of dispute resolution processes are uncertain until a court ruling is made and/or an agreement is reached with the taxpayer. As a result, in most cases it is not possible to estimate with any reliability the likely financial impact of current disputes. The estimated aggregate value of tax in dispute as at 31 October 2015, for which a provision has not been made, is \$4.7 billion.

Outcomes of dispute resolution processes are included in the Commissioner of Taxation's Annual Report each year. This may include disputes resolved through objections, settlements and court and tribunal decisions. It may also include amounts owed by taxpayers that are subject to dispute but not finalised.

#### **International financial institutions — uncalled capital subscriptions**

The Australian Government has held an uncalled capital subscription in the International Bank for Reconstruction and Development (IBRD) since 1947. The Government has contributed additional resources to the IBRD as part of the general capital increase agreed in 2010. As part of this process, completed in 2015, Australia increased its uncalled capital subscription so that it totals US\$3.6 billion (estimated value A\$5.0 billion as at 29 October 2015).

The Australian Government has also held an uncalled capital subscription in the European Bank for Reconstruction and Development (EBRD) since 1991. Australia's uncalled capital subscription to the EBRD totals EUR237.5 million (estimated value A\$365 million as at 29 October 2015).

The Australian Government has further held an uncalled capital subscription in the Asian Development Bank (ADB) since 1966. Australia increased its uncalled capital subscription (effective 11 January 2010) to the ADB as part of its 2010 general capital increase, so that it totals US\$7.0 billion (estimated value A\$9.9 billion as at 29 October 2015).



The Australian Government has further held an uncalled capital subscription in the Multilateral Investment Guarantee Agency of US\$26.5 million (estimated value A\$37.3 million as at 29 October 2015).

None of these international financial institutions have ever drawn on Australia's uncalled capital subscriptions.

The Australian Government will hold an uncalled capital subscription in the Asian Infrastructure Investment Bank (AIIB), which is expected to be established by the end of 2015. Australia's uncalled capital subscription to the AIIB will be US\$3.0 billion (estimated value A\$4.2 billion as at 29 October 2015).

### **International Monetary Fund**

Australia has made a line of credit available to the International Monetary Fund (IMF) under its New Arrangements to Borrow (NAB) since 1998. The value of Australia's NAB credit arrangement is Special Drawing Rights (SDR, the IMF's unit of account) 4.4 billion (estimated value A\$8.6 billion at 29 October 2015). This is a contingent loan to help ensure that the IMF has the resources available to maintain stability and support recovery in the global economy. As agreed by G20 Finance Ministers and IMF Governors in 2010, the credit arrangements of all NAB participants, including Australia, will be reduced when a proposed increase in IMF quotas comes into effect. The quota increase has not yet occurred, due to a delay in implementing the above agreement by the United States.

In addition to the NAB credit line, as part of a broad international effort to increase the resources available to the IMF, Australia has made available a SDR4.6 billion (approximately A\$9.1 billion at 29 October 2015) contingent bilateral loan to the IMF. The contingent loan is on terms consistent with separate bilateral loan and note purchase agreements between the IMF and all contributing countries. It will be drawn upon by the IMF only if needed to supplement the IMF's quota and NAB resources and any loans would be repaid in full with interest. The increase in the IMF's resources will help ensure that it has the capability to address any potential vulnerability facing the global economy.

## **CONTINGENT ASSETS — QUANTIFIABLE**

### **Defence**

#### **Claims against the Department of Defence**

The Department of Defence has 25 instances of non-remote, quantifiable contingent assets in respect of claims on the Department valued at \$7.2 million. Defence is expecting to succeed in its claims. The estimated figure is determined by conducting an objective analysis of the probable amounts owing to Defence.

## **GOVERNMENT LOANS**

Loans are recorded as financial assets and accordingly the amounts advanced and repaid do not normally affect the budget aggregates of fiscal balance and underlying cash balance. Loans that are concessional (lower than market interest rate) or are agreed to be written off may result in an impact on the fiscal balance in some circumstances. The Government makes loans for policy purposes. All loans contain some element of credit risk that they will not be repaid in full, although in many cases this risk is small. Table C2 summarises Government loans estimated to exceed \$200 million at 30 June 2016.

**Table C2: Summary of material changes to Australian Government loans exceeding \$200 million since the 2015-16 Budget<sup>(a)</sup>**

Entity	Loan amount <sup>(b)</sup> (\$m)	Borrower	Interest rate	Term	Status
<b>Department of Education and Training</b>					
Higher Education Loan Programme	37,284	Eligible tertiary education students	Consumer Price Index (CPI)	8.7 years*	Modified
<b>Australian Office of Financial Management</b>					
Commonwealth-State financing arrangements — Housing and Specific Purpose Capital	1,958	State and Northern Territory governments	3.5-6 per cent	Up to 30 June 2042	Modified
<b>Department of Infrastructure and Regional Development</b>					
Concessional Loan for Asbestos removal in the ACT — Mr Fluffy loose fill asbestos remediation	981	Australian Capital Territory Government	Commonwealth Government 10-year bond rate	Up to 30 June 2024	Modified
<b>Clean Energy Finance Corporation</b>					
Clean Energy Finance Corporation	874	Eligible entities undertaking clean energy technology projects	5.5 per cent	5-10 years	Modified
<b>Department of the Treasury</b>					
International Monetary Fund New Arrangements to Borrow	870	International Monetary Fund	0.05 per cent at 31 October 2015	10 years	Modified
<b>Indigenous Business Australia</b>					
Indigenous Home Ownership	670	Eligible Indigenous persons	4.4 per cent*	28.9 years*	Modified
<b>Department of Social Services</b>					
Student Financial Supplement Scheme	483	Eligible recipients of Youth Allowance (student), Austudy and ABSTUDY	CPI	Various	Modified

**Table C2: Summary of material changes to Australian Government loans exceeding \$200 million since the 2015-16 Budget<sup>(a)</sup> (continued)**

Entity	Loan amount <sup>(b)</sup> (\$m)	Borrower	Interest rate	Term	Status
<b>Department of Education and Training</b>					
Trade Support Loans Programme	398	Eligible Australian apprentices	CPI	— #	New
<b>Export Finance and Insurance Corporation</b>					
Papua New Guinea Liquefied Natural Gas	340	Entities associated with the Papua New Guinea Liquefied Natural Gas project	Commercial-In-Confidence	Until 2026	Modified
<b>Department of Agriculture and Water Resources</b>					
Drought Concessional Loans	332	State governments	3.05 per cent	5 years	Modified
<b>Department of Health</b>					
Zero Real Interest Loans	311	Residential aged care providers building or extending residential aged care facilities in areas of high need	CPI	12-22 years	Modified
<b>Export Finance and Insurance Corporation</b>					
Development Import Finance Facility	280	The Republic of Indonesia acting through its Ministry of Finance	Various	Various	Modified
<b>Indigenous Land Corporation</b>					
Voyages Indigenous Tourism Australia Pty Ltd	206	Voyages Indigenous Tourism Australia Pty Ltd	90 Day bank bill swap reference rate + 5 per cent	9 years, 11 months	Modified
<b>Department of Agriculture and Water Resources</b>					
Farm Finance Concessional Loans	155	State governments	3.55 per cent	5 years	Removed

\*Average

#To be determined after sufficient numbers of compulsory repayments commence.

(a) Loans appearing in Budget Paper No. 1, *Budget Strategy and Outlook 2015-16*, Statement 8, but not listed in the table above are substantially unchanged.

(b) Loan amount is the estimated loan programme amounts outstanding as at 30 June 2016 in \$ million.

### **Higher Education Loan Programme**

The Higher Education Loan Programme (HELP) is an income contingent loan program that assists eligible tertiary education students with the cost of their fees. As at 30 June 2016, the fair value of debt outstanding is estimated to be \$37.3 billion. The fair value takes into account the concessionality of HELP loans and makes an allowance for debt not expected to be repaid.

Debts are indexed annually by the Consumer Price Index. The repayment term depends on individual circumstances including the amount borrowed and each debtor's income. There were 2,223,041 HELP debtors as at 30 June 2015. The repayment term of a HELP debt can only be determined for people who have fully repaid their debt. As at the end of June 2015, the average time taken to repay HELP debts was 8.7 years.

### **Commonwealth-State financing arrangements — Housing and Specific Purpose Capital**

From 1945 to 1989, the Australian Government made concessional advances to the State and Northern Territory Governments under Commonwealth-State financing arrangements for housing and for specific purpose capital. The advances are concessional fixed rate loans to be repaid over 53 years, with the last loans maturing in 2042. Annual payments, comprising both interest and principal repayment, are made by the States and the Northern Territory. As at 30 June 2016, the estimated amortised value of the advances is \$1.96 billion.

The Australian Office of Financial Management manages the receipt of interest and principal repayments from the State and Northern Territory Governments.

### **Concessional Loan for Asbestos removal in the ACT — Mr Fluffy loose fill asbestos remediation**

On 27 January 2015, the Australian Government provided the ACT Government with a \$1.0 billion concessional loan to deliver a program to buy-back and demolish houses in the ACT affected by Mr Fluffy loose fill asbestos.

### **Clean Energy Finance Corporation**

The Clean Energy Finance Corporation (CEFC) has developed a portfolio of loans and investments across the spectrum of clean energy technologies, as required by the *Clean Energy Finance Corporation Act 2012*. This portfolio has an acceptable but not excessive level of risk relative to the sector, as required under the Clean Energy Finance Corporation Investment Mandate Direction 2015 (Investment Mandate). Loans contracted and outstanding totalled a net \$955 million as at 30 September 2015, and are expected to total \$874 million at year's end of 30 June 2016.

### *Appendix C: Statement of risks*

The CEFC's portfolio consists of predominantly senior ranking, secured loans, and secured project finance facilities, typically secured against energy generating assets such as wind or solar farms or biogas facilities or other assets such as building or council rates.

The Government has announced its intention to abolish the CEFC. Legislation to abolish the CEFC and transfer the CEFC's existing assets and liabilities to the Commonwealth is currently before Parliament.

The CEFC has predominantly made loans as a co-financier either jointly or in consortiums with private sector financial institutions. Interest rates vary with an average expected return of approximately 5.5 per cent. Loans have various maturity dates, typically in the range of 5-10 years.

#### **International Monetary Fund New Arrangements to Borrow**

Australia has made a line of credit available to the International Monetary Fund (IMF) under its New Arrangements to Borrow (NAB) since 1998. In line with G20 Leaders' commitments, Australia has joined with other countries to increase its credit line under an expanded NAB. The NAB is a contingent loan to help ensure that the IMF has the resources available to maintain stability and support recovery in the global economy. The funds are drawn upon by the IMF as needed to supplement the IMF's usual quota resources and will be repaid in full with interest. It is expected that loans will total \$870 million as at 30 June 2016.

The value of Australia's NAB credit arrangement is Special Drawing Rights (SDR, the IMF's unit of account) 4.4 billion (estimated value A\$8.6 billion at 29 October 2015).

#### **Indigenous Home Ownership**

Indigenous Business Australia delivers flexible loans with concessional interest rates to improve Indigenous home ownership across Australia, including in remote Indigenous communities. The average interest rate is currently 4.4 per cent per annum, with an average loan term of 28.9 years.

#### **Student Financial Supplement Scheme**

The Student Financial Supplement Scheme (SFSS) was a program whereby student income support recipients could trade one dollar of entitlement for two dollars provided as an income contingent loan. The programme closed for new recipients on 1 January 2004. The outstanding debt relates to debtors who received loans prior to 2004. As at 30 June 2016 loans outstanding are estimated to total \$483.2 million.

### **Trade Support Loans Programme**

The Trade Support Loans programme is an income contingent, concessional loan programme that assists eligible Australian apprentices by providing financial support of up to \$20,000 to assist with the costs of living, learning and completing an apprenticeship.

Eligible Australian apprentices can access up to \$8,000 in their first year, \$6,000 in the second, \$4,000 in the third and \$2,000 in the fourth year. The lifetime limit of \$20,000 will be indexed on 1 July 2017 and each year after on 1 July to maintain its real value.

Upon successful completion of an apprenticeship, Australian apprentices will be entitled to a 20 per cent discount on the loan. The loans become repayable at the same thresholds as the Higher Education Loan Programme (HELP), which is \$54,126 in 2015-16.

### **Papua New Guinea Liquefied Natural Gas**

The loan in support of the Papua New Guinea Liquefied Natural Gas (PNG LNG) project involves the development, construction, operation and maintenance of a LNG liquefaction plant, gas production and processing facilities, onshore and offshore pipelines, associated ancillary facilities and infrastructure. As at 30 June 2016, the loan amount outstanding is estimated to total \$339.7 million.

### **Drought Concessional Loans**

The Drought Concessional Loans Scheme has been in place since June 2014 and in 2014-15, operated in all States and Territories except Tasmania and the ACT. The scheme provides loans to drought affected farm businesses for debt restructuring, operating expenses and drought recovery and preparedness activities. In 2015-16, the government will provide up to \$150 million for Drought Concessional Loans until 30 June 2016 and the scheme has been offered to all States and Territories except the ACT. Loans have a maximum loan term of five years with interest only payments required during the loan term. The variable interest rate will remain 0.5 per cent below the Farm Finance Concessional Loan rate.

Loans are made to the State and Northern Territory governments that, through State delivery agencies, on lend to eligible farm businesses.

From 1 August 2015, the interest rate is 3.05 per cent and will continue to be reviewed on a six-monthly basis and revised in accordance with changes to the Farm Finance Concessional Loans interest rate. Loans have a maximum term of five years, with an extenuating circumstances clause in some jurisdictions, which allows a maximum two year extension to the loan at commercial rates.

### **Zero Real Interest Loans**

The Zero Real Interest Loans programme provides loans to assist aged care providers to build or extend residential aged care services in areas of high need. Loans provided under the programme attract an interest rate equivalent to the Consumer Price Index. Four funding rounds were completed with the final round of offers completed in 2013. No further new loan offers will be available under the programme. As at 30 June 2016, the total amount owed to the Commonwealth is estimated to be \$310.6 million.

### **Development Import Finance Facility**

The Development Import Finance Facility (DIFF), administered by the Export Finance and Insurance Corporation on behalf of the former Australian Agency for International Development (AusAID), provided concessional loans to Indonesia to deliver development benefits to that country. The DIFF was discontinued in 1996 with no further concessional loans being provided. As at 30 June 2016, loans outstanding are estimated to total \$279.9 million.

### **Indigenous Land Corporation**

The Indigenous Land Corporation (ILC) purchased Ayers Rock Resort (ARR) for \$292 million in May 2011 and immediately on-sold it to its wholly-owned subsidiary Voyages Indigenous Tourism Australia Pty Ltd (Voyages) creating an intercompany loan that is partly funded by borrowings. The interest rate is set at the 90 day bank bill swap reference rate plus 5 per cent, and is reset six-monthly. An additional \$26.9 million in accrued interest on the intercompany loan and other advances (between the ILC and Voyages) has been incurred since the purchase of ARR. In 2015-16 external borrowings will need to be refinanced.



## APPENDIX D: HISTORICAL AUSTRALIAN GOVERNMENT DATA

This appendix reports historical data for the Australian Government fiscal aggregates across the general government, public non-financial corporations and non-financial public sectors.

### DATA SOURCES

Data are sourced from Australian Government *Final Budget Outcomes*, the Australian Bureau of Statistics (ABS), the Australian Office of Financial Management and Australian Government *Consolidated Financial Statements*.

- Accrual data from 1996-97 onwards and cash data, net debt data, net financial worth data and net worth data from 1999-2000 onwards are sourced from Australian Government *Final Budget Outcomes*. Back-casting adjustments for accounting classification changes and other revisions have been made from 1998-99 onwards where applicable.
- Cash data prior to 1999-2000 are sourced from ABS data, which have been calculated using methodology consistent with that used for later years in ABS cat. no. 5512.0 *Government Finance Statistics*.
- Net debt data prior to 1999-2000 are from ABS cat. no. 5512.0 *Government Finance Statistics 2003-04* in 1998-99, ABS cat. no. 5501.0 *Government Financial Estimates 1999-2000* and ABS cat. no. 5513.0 *Public Sector Financial Assets and Liabilities 1998* in 1987-88 to 1997-98, and Treasury estimates (see Treasury's *Economic Roundup*, Spring 1996, pages 97-103) prior to 1987-88.

### COMPARABILITY OF DATA ACROSS YEARS

The data set contains a number of structural breaks owing to accounting classification differences and changes to the structure of the budget which cannot be eliminated through back-casting because of data limitations. These breaks can affect the comparability of data across years, especially when the analysis is taken over a large number of years. Specific factors causing structural breaks include:

- from 2005-06 onwards, underlying Government Finance Statistics (GFS) data are provided by agencies in accordance with Australian Accounting Standards (AAS) which includes International Financial Reporting Standards (IFRS) as adopted in Australia. Prior to 2005-06, underlying GFS data are based on data provided by agencies applying AAS prior to the adoption of IFRS;

#### *Appendix D: Historical Australian Government Data*

- most recent accounting classification changes that require revisions to the historical series have been back-cast (where applicable) to 1998-99, ensuring that data are consistent across the accrual period from 1998-99 onwards. However, because of data limitations, these changes have not been back-cast to earlier years;
- prior to 1999-2000, Australian Government general government sector debt instruments are valued at historic cost, whereas from 1999-2000 onwards they are valued at market prices (consistent with accrual GFS standards). This affects net debt and net interest payments;
- cash data up to and including 1997-98 are calculated under a cash accounting framework, while cash data from 1998-99 onwards are derived from an accrual accounting framework.<sup>1</sup> Although the major methodological differences associated with the move to the accrual framework have been eliminated through back-casting, comparisons across the break may still be affected by changes to some data sources and collection methodologies;
- 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 back-casting to account for this change;
- changes in arrangements for transfer payments, where tax concessions or rebates have been 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 payments) reduce both cash payments and receipts; and
- 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).

#### **REVISIONS TO PREVIOUSLY PUBLISHED DATA**

Under the accrual GFS framework and generally under AAS, flows are recorded in the period in which they occurred. As a result, prior period outcomes may be revised for classification changes relating to information that could reasonably have been expected to be known in the past, is material in at least one of the affected periods, and can be reliably assigned to the relevant period(s).

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<sup>1</sup> Prior to the 2008-09 Budget, cash data calculated under the cash accounting framework was used up to and including 1998-99. In the 2008-09 Budget, cash data prior to 1998-99 have been replaced by ABS data derived from the accrual framework.

*Appendix D: Historical Australian Government Data*

The 2015-16 MYEFO includes revisions to the historical series to reflect a change by the Department of Immigration and Border Protection to the classification of visa application charges. The charges will now be treated as taxation revenue/receipts rather than non-taxation revenue/receipts to reflect a sustained change in the nature of the revenue/receipts. This reclassification will take effect from the 2015-16 MYEFO and prior periods will be adjusted to ensure comparability across years. This change will increase taxation revenue/receipts and decrease non-taxation revenue/receipts. There is no impact on total revenue, the underlying cash balance or the fiscal balance for the general government sector.

Appendix D: Historical Australian Government Data

**Table D1: Australian Government general government sector receipts, payments, net Future Fund earnings and underlying cash balance<sup>(a)</sup>**

	Receipts(b)		Payments(c)				Net Future Fund earnings	Underlying cash balance(d)	
	\$m	Per cent of GDP	\$m	Per cent real growth (NFGDP deflator)(f)		Per cent of GDP	\$m	\$m	Per cent of GDP
				Per cent real growth (CPI)	Per cent real growth (NFGDP deflator)(f)				
1970-71	8,290	20.6	7,389	na	na	18.3	-	901	2.2
1971-72	9,135	20.6	8,249	4.1	4.7	18.6	-	886	2.0
1972-73	9,735	19.6	9,388	7.7	7.8	18.9	-	348	0.7
1973-74	12,228	20.3	11,078	4.2	3.6	18.4	-	1,150	1.9
1974-75	15,643	22.0	15,463	19.9	14.6	21.8	-	181	0.3
1975-76	18,727	22.5	20,225	15.7	13.5	24.3	-	-1,499	-1.8
1976-77	21,890	22.8	23,157	0.6	1.9	24.1	-	-1,266	-1.3
1977-78	24,019	22.9	26,057	2.7	3.3	24.9	-	-2,037	-1.9
1978-79	26,129	22.1	28,272	0.3	2.7	23.9	-	-2,142	-1.8
1979-80	30,321	22.6	31,642	1.5	2.1	23.6	-	-1,322	-1.0
1980-81	35,993	23.7	36,176	4.6	3.6	23.8	-	-184	-0.1
1981-82	41,499	23.6	41,151	2.9	0.5	23.4	-	348	0.2
1982-83	45,463	24.1	48,810	6.3	6.2	25.8	-	-3,348	-1.8
1983-84	49,981	23.4	56,990	9.4	9.6	26.7	-	-7,008	-3.3
1984-85	58,817	25.0	64,853	9.1	9.0	27.6	-	-6,037	-2.6
1985-86	66,206	25.4	71,328	1.5	3.7	27.4	-	-5,122	-2.0
1986-87	74,724	26.2	77,158	-1.1	0.7	27.0	-	-2,434	-0.9
1987-88	83,491	25.8	82,039	-0.9	0.0	25.3	-	1,452	0.4
1988-89	90,748	24.7	85,326	-3.1	-4.4	23.2	-	5,421	1.5
1989-90	98,625	24.4	92,684	0.6	1.7	22.9	-	5,942	1.5
1990-91	100,227	24.2	100,665	3.1	3.8	24.3	-	-438	-0.1
1991-92	95,840	22.7	108,472	5.7	5.9	25.6	-	-12,631	-3.0
1992-93	97,633	22.0	115,751	5.6	5.9	26.1	-	-18,118	-4.1
1993-94	103,824	22.3	122,009	3.5	4.4	26.1	-	-18,185	-3.9
1994-95	113,458	22.9	127,619	1.4	2.5	25.8	-	-14,160	-2.9
1995-96	124,429	23.5	135,538	1.9	3.2	25.6	-	-11,109	-2.1
1996-97	133,592	24.0	139,689	1.7	1.5	25.1	-	-6,099	-1.1
1997-98	140,736	23.9	140,587	0.6	-0.7	23.9	-	149	0.0
1998-99	152,063	24.5	148,175	4.1	4.9	23.9	-	3,889	0.6
1999-00	166,199	25.2	153,192	1.0	0.8	23.2	-	13,007	2.0
2000-01	182,996	25.9	177,123	9.1	10.8	25.1	-	5,872	0.8
2001-02	187,588	24.9	188,655	3.5	4.1	25.0	-	-1,067	-0.1
2002-03	204,613	25.6	197,243	1.4	1.4	24.6	-	7,370	0.9
2003-04	217,775	25.3	209,785	3.9	2.6	24.4	-	7,990	0.9
2004-05	235,984	25.6	222,407	3.5	2.0	24.1	-	13,577	1.5
2005-06	255,943	25.7	240,136	4.6	2.6	24.1	51	15,757	1.6
2006-07	272,637	25.1	253,321	2.5	0.5	23.3	2,127	17,190	1.6
2007-08	294,917	25.0	271,843	3.8	2.7	23.1	3,319	19,754	1.7
2008-09	292,600	23.3	316,046	12.7	10.4	25.1	3,566	-27,013	-2.1
2009-10	284,662	22.0	336,900	4.2	5.5	26.0	2,256	-54,494	-4.2

**Table D1: Australian Government general government sector receipts, payments, net Future Fund earnings and underlying cash balance<sup>(a)</sup> (continued)**

	Receipts(b)		Payments(c)				Net Future Fund earnings	Underlying cash balance(d)	
	Per cent of GDP	Per cent of GDP	Per cent of GDP	Per cent	Per cent	Per cent of GDP	Per cent of GDP	Per cent of GDP	
				real	real				
				growth	growth				
\$m	\$m	\$m	(CPI)	(NFGDP deflator)(f)	\$m	\$m			
2010-11	302,024	21.4	346,102	-0.4	-3.2	24.5	3,385	-47,463	-3.4
2011-12	329,874	22.1	371,032	4.8	5.1	24.9	2,203	-43,360	-2.9
2012-13	351,052	23.0	367,204	-3.2	-0.7	24.1	2,682	-18,834	-1.2
2013-14	360,322	22.7	406,430	7.8	9.1	25.6	2,348	-48,456	-3.1
2014-15	378,301	23.5	412,079	-0.3	2.2	25.6	4,089	-37,867	-2.4
<b>2015-16 (e)</b>	<b>394,891</b>	<b>23.9</b>	<b>428,335</b>	<b>2.0</b>	<b>4.0</b>	<b>25.9</b>	<b>3,955</b>	<b>-37,399</b>	<b>-2.3</b>
2016-17 (e)	415,327	24.1	445,277	1.5	2.3	25.8	3,717	-33,667	-2.0
2017-18 (p)	440,883	24.3	459,897	1.0	1.3	25.3	4,007	-23,021	-1.3
2018-19 (p)	473,531	24.8	483,295	2.5	3.0	25.3	4,465	-14,229	-0.7

- (a) Data have been revised in the 2015-16 MYEFO to improve accuracy and comparability through time.
- (b) Receipts are equal to cash receipts from operating activities and sales of non-financial assets.
- (c) Payments are equal to cash payments for operating activities, purchases of non-financial assets and net acquisition of assets under finance leases.
- (d) Underlying cash balance is equal to receipts less payments, less net Future Fund earnings. For the purposes of consistent comparison with years prior to 2005-06, net Future Fund earnings should be added back to the underlying cash balance.
- (e) Estimates.
- (f) Real spending growth calculated using the Consumer Price Index as the deflator. Real spending growth using non-farm GDP deflator is included for comparative purposes only.
- (p) Projections.

**Table D2: Australian Government general government sector net cash flows from investments in financial assets for policy purposes and headline cash balance<sup>(a)</sup>**

			Net cash flows from investments in financial assets for policy purposes(b)		Headline cash balance(c)	
	Receipts	Payments	\$m	Per cent of GDP	\$m	Per cent of GDP
	\$m	\$m				
1970-71	8,290	7,389	-851	-2.1	50	0.1
1971-72	9,135	8,249	-987	-2.2	-101	-0.2
1972-73	9,735	9,388	-977	-2.0	-629	-1.3
1973-74	12,228	11,078	-1,275	-2.1	-125	-0.2
1974-75	15,643	15,463	-2,648	-3.7	-2,467	-3.5
1975-76	18,727	20,225	-2,040	-2.5	-3,539	-4.3
1976-77	21,890	23,157	-1,530	-1.6	-2,796	-2.9
1977-78	24,019	26,057	-1,324	-1.3	-3,361	-3.2
1978-79	26,129	28,272	-1,074	-0.9	-3,216	-2.7
1979-80	30,321	31,642	-702	-0.5	-2,024	-1.5
1980-81	35,993	36,176	-962	-0.6	-1,146	-0.8
1981-82	41,499	41,151	-1,008	-0.6	-660	-0.4
1982-83	45,463	48,810	-1,363	-0.7	-4,711	-2.5
1983-84	49,981	56,990	-1,136	-0.5	-8,144	-3.8
1984-85	58,817	64,853	-922	-0.4	-6,959	-3.0
1985-86	66,206	71,328	-810	-0.3	-5,932	-2.3
1986-87	74,724	77,158	-545	-0.2	-2,979	-1.0
1987-88	83,491	82,039	657	0.2	2,109	0.7
1988-89	90,748	85,326	168	0.0	5,589	1.5
1989-90	98,625	92,684	1,217	0.3	7,159	1.8
1990-91	100,227	100,665	1,563	0.4	1,125	0.3
1991-92	95,840	108,472	2,156	0.5	-10,475	-2.5
1992-93	97,633	115,751	2,471	0.6	-15,647	-3.5
1993-94	103,824	122,009	3,447	0.7	-14,738	-3.2
1994-95	113,458	127,619	1,546	0.3	-12,614	-2.5
1995-96	124,429	135,538	5,188	1.0	-5,921	-1.1
1996-97	133,592	139,689	7,241	1.3	1,142	0.2
1997-98	140,736	140,587	15,154	2.6	15,303	2.6
1998-99	152,063	148,175	6,948	1.1	10,837	1.7
1999-00	166,199	153,192	9,500	1.4	22,507	3.4
2000-01	182,996	177,123	5,673	0.8	11,545	1.6
2001-02	187,588	188,655	3,422	0.5	2,355	0.3
2002-03	204,613	197,243	-229	0.0	7,141	0.9
2003-04	217,775	209,785	-452	-0.1	7,538	0.9
2004-05	235,984	222,407	-1,139	-0.1	12,438	1.3
2005-06	255,943	240,136	-1,647	-0.2	14,160	1.4
2006-07	272,637	253,321	7,403	0.7	26,720	2.5
2007-08	294,917	271,843	5,108	0.4	28,181	2.4
2008-09	292,600	316,046	-7,889	-0.6	-31,336	-2.5
2009-10	284,662	336,900	-4,278	-0.3	-56,516	-4.4

**Table D2: Australian Government general government sector net cash flows from investments in financial assets for policy purposes and headline cash balance<sup>(a)</sup> (continued)**

			Net cash flows from investments in financial assets for policy purposes(b)		Headline cash balance(c)	
	Receipts	Payments		Per cent of GDP		Per cent of GDP
	\$m	\$m	\$m		\$m	
2010-11	302,024	346,102	-7,028	-0.5	-51,106	-3.6
2011-12	329,874	371,032	-5,866	-0.4	-47,023	-3.2
2012-13	351,052	367,204	-4,802	-0.3	-20,954	-1.4
2013-14	360,322	406,430	-6,371	-0.4	-52,479	-3.3
2014-15	378,301	412,079	-5,158	-0.3	-38,936	-2.4
<b>2015-16 (e)</b>	<b>394,891</b>	<b>428,335</b>	<b>-14,727</b>	<b>-0.9</b>	<b>-48,171</b>	<b>-2.9</b>
2016-17 (e)	415,327	445,277	-18,922	-1.1	-48,872	-2.8
2017-18 (p)	440,883	459,897	-13,262	-0.7	-32,276	-1.8
2018-19 (p)	473,531	483,295	-14,044	-0.7	-23,808	-1.2

(a) Data have been revised in the 2015-16 MYEFO to improve accuracy and comparability through time.

(b) Prior to 1999-2000, net cash flows from investments in financial assets for policy purposes were referred to as 'net advances'. A negative number reflects a cash outflow, while a positive number reflects a cash inflow.

(c) Headline cash balance is equal to receipts less payments, plus net cash flows from investments in financial assets for policy purposes. Receipts and payment are identical to Table D1.

(e) Estimates.

(p) Projections.

**Table D3: Australian Government general government sector taxation receipts, non-taxation receipts and total receipts<sup>(a)</sup>**

	Taxation receipts(b)		Non-taxation receipts(b)		Total receipts(c)	
	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP
1970-71	7,193	17.9	1,097	2.7	8,290	20.6
1971-72	7,895	17.8	1,240	2.8	9,135	20.6
1972-73	8,411	16.9	1,324	2.7	9,735	19.6
1973-74	10,832	18.0	1,396	2.3	12,228	20.3
1974-75	14,141	19.9	1,502	2.1	15,643	22.0
1975-76	16,920	20.3	1,807	2.2	18,727	22.5
1976-77	19,714	20.5	2,176	2.3	21,890	22.8
1977-78	21,428	20.4	2,591	2.5	24,019	22.9
1978-79	23,409	19.8	2,720	2.3	26,129	22.1
1979-80	27,473	20.5	2,848	2.1	30,321	22.6
1980-81	32,641	21.5	3,352	2.2	35,993	23.7
1981-82	37,880	21.6	3,619	2.1	41,499	23.6
1982-83	41,025	21.7	4,438	2.3	45,463	24.1
1983-84	44,849	21.0	5,132	2.4	49,981	23.4
1984-85	52,970	22.5	5,847	2.5	58,817	25.0
1985-86	58,841	22.6	7,365	2.8	66,206	25.4
1986-87	66,467	23.3	8,257	2.9	74,724	26.2
1987-88	75,076	23.2	8,415	2.6	83,491	25.8
1988-89	83,452	22.7	7,296	2.0	90,748	24.7
1989-90	90,773	22.5	7,852	1.9	98,625	24.4
1990-91	92,739	22.4	7,488	1.8	100,227	24.2
1991-92	87,364	20.7	8,476	2.0	95,840	22.7
1992-93	88,760	20.0	8,873	2.0	97,633	22.0
1993-94	93,362	20.0	10,462	2.2	103,824	22.3
1994-95	104,921	21.2	8,537	1.7	113,458	22.9
1995-96	115,700	21.9	8,729	1.7	124,429	23.5
1996-97	124,559	22.4	9,033	1.6	133,592	24.0
1997-98	130,984	22.3	9,752	1.7	140,736	23.9
1998-99	138,420	22.3	13,643	2.2	152,063	24.5
1999-00	151,313	22.9	14,887	2.3	166,199	25.2
2000-01	170,354	24.2	12,641	1.8	182,996	25.9
2001-02	175,108	23.2	12,481	1.7	187,588	24.9
2002-03	192,131	24.0	12,482	1.6	204,613	25.6
2003-04	206,478	24.0	11,296	1.3	217,775	25.3
2004-05	223,723	24.3	12,262	1.3	235,984	25.6
2005-06	241,681	24.2	14,262	1.4	255,943	25.7
2006-07	257,973	23.7	14,665	1.3	272,637	25.1
2007-08	279,018	23.7	15,899	1.3	294,917	25.0
2008-09	273,379	21.7	19,221	1.5	292,600	23.3
2009-10	261,864	20.2	22,798	1.8	284,662	22.0



**Table D3: Australian Government general government sector taxation receipts, non-taxation receipts and total receipts<sup>(a)</sup> (continued)**

	Taxation receipts(b)		Non-taxation receipts(b)		Total receipts(c)	
	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP
2010-11	281,767	20.0	20,257	1.4	302,024	21.4
2011-12	310,972	20.9	18,902	1.3	329,874	22.1
2012-13	327,589	21.5	23,464	1.5	351,052	23.0
2013-14	339,962	21.5	20,359	1.3	360,322	22.7
2014-15	353,494	22.0	24,807	1.5	378,301	23.5
<b>2015-16 (e)</b>	<b>368,230</b>	<b>22.3</b>	<b>26,661</b>	<b>1.6</b>	<b>394,891</b>	<b>23.9</b>
2016-17 (e)	389,125	22.5	26,202	1.5	415,327	24.1
2017-18 (p)	413,172	22.8	27,711	1.5	440,883	24.3
2018-19 (p)	440,410	23.1	33,121	1.7	473,531	24.8

(a) Data have been revised in the 2015–16 MYEFO to improve accuracy and comparability through time.

(b) Visa application charges have been reclassified from non-taxation receipts to taxation receipts to reflect a sustained change in the nature of receipts. This reclassification is reflected from 2015-16 MYEFO and back-casting occurs from 2003-04.

(c) Receipts are equal to receipts from operating activities and sales of non-financial assets. Receipts are identical to Table D1.

(e) Estimates.

(p) Projections.

**Table D4: Australian Government general government sector net debt and net interest payments<sup>(a)</sup>**

	Net debt(b)		Net interest payments(c)	
	\$m	Per cent of GDP	\$m	Per cent of GDP
1970-71	344	0.9	-189	-0.5
1971-72	-496	-1.1	-245	-0.6
1972-73	-790	-1.6	-252	-0.5
1973-74	-1,851	-3.1	-286	-0.5
1974-75	-1,901	-2.7	-242	-0.3
1975-76	-341	-0.4	-330	-0.4
1976-77	898	0.9	-62	-0.1
1977-78	2,896	2.8	4	0.0
1978-79	4,983	4.2	254	0.2
1979-80	6,244	4.6	440	0.3
1980-81	6,356	4.2	620	0.4
1981-82	5,919	3.4	680	0.4
1982-83	9,151	4.8	896	0.5
1983-84	16,015	7.5	1,621	0.8
1984-85	21,896	9.3	2,813	1.2
1985-86	26,889	10.3	3,952	1.5
1986-87	29,136	10.2	4,762	1.7
1987-88	27,344	8.4	4,503	1.4
1988-89	21,981	6.0	4,475	1.2
1989-90	16,123	4.0	4,549	1.1
1990-91	16,915	4.1	3,636	0.9
1991-92	31,041	7.3	3,810	0.9
1992-93	55,218	12.4	3,986	0.9
1993-94	70,223	15.0	5,628	1.2
1994-95	83,492	16.8	7,292	1.5
1995-96	95,831	18.1	8,861	1.7
1996-97	96,281	17.3	9,489	1.7
1997-98	82,935	14.1	8,279	1.4
1998-99	72,065	11.6	8,649	1.4
1999-00	53,869	8.2	7,514	1.1
2000-01	42,719	6.1	6,195	0.9
2001-02	38,180	5.1	5,352	0.7
2002-03	29,047	3.6	3,758	0.5
2003-04	22,639	2.6	3,040	0.4
2004-05	10,741	1.2	2,502	0.3
2005-06	-4,531	-0.5	2,303	0.2
2006-07	-29,150	-2.7	228	0.0
2007-08	-44,820	-3.8	-1,015	-0.1
2008-09	-16,148	-1.3	-1,196	-0.1
2009-10	42,283	3.3	2,386	0.2

**Table D4: Australian Government general government sector net debt and net interest payments<sup>(a)</sup> (continued)**

	Net debt(b)		Net interest payments(c)	
	\$m	Per cent of GDP	\$m	Per cent of GDP
2010-11	84,551	6.0	4,608	0.3
2011-12	147,334	9.9	6,609	0.4
2012-13	152,982	10.0	8,285	0.5
2013-14	202,463	12.8	10,843	0.7
2014-15	238,721	14.8	10,868	0.7
<b>2015-16 (e)</b>	<b>278,761</b>	<b>16.9</b>	<b>11,166</b>	<b>0.7</b>
2016-17 (e)	316,520	18.3	11,916	0.7
2017-18 (p)	336,404	18.5	12,734	0.7
2018-19 (p)	346,557	18.2	13,546	0.7

(a) Data have been revised in the 2015-16 MYEFO to improve accuracy and comparability through time.

(b) Net debt is equal to the sum of deposits held, government securities, loans and other borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

(c) Net interest payments are equal to the difference between interest paid and interest receipts

(e) Estimates.

(p) Projections.

**Table D5: Australian Government general government sector face value of Commonwealth Government Securities (CGS) on issue and interest paid<sup>(a)</sup>**

	Face value of CGS on issue(b)					
	Total CGS on issue(c)		Subject to Treasurer's direction(d)		Interest Paid(f)	
	End of year \$m	Per cent of GDP	End of year \$m	Per cent of GDP	\$m	Per cent of GDP
1970-71	10,887	27.0	-	-	580	1.4
1971-72	11,490	25.8	-	-	614	1.4
1972-73	12,217	24.6	-	-	675	1.4
1973-74	12,809	21.3	-	-	712	1.2
1974-75	14,785	20.8	-	-	893	1.3
1975-76	17,940	21.6	-	-	1,001	1.2
1976-77	20,845	21.7	-	-	1,485	1.5
1977-78	23,957	22.9	-	-	1,740	1.7
1978-79	28,120	23.7	-	-	2,080	1.8
1979-80	29,321	21.8	-	-	2,356	1.8
1980-81	30,189	19.9	-	-	2,723	1.8
1981-82	31,060	17.7	-	-	3,058	1.7
1982-83	37,071	19.6	-	-	3,580	1.9
1983-84	45,437	21.3	-	-	4,558	2.1
1984-85	54,420	23.2	-	-	5,952	2.5
1985-86	63,089	24.2	-	-	7,394	2.8
1986-87	67,172	23.5	-	-	8,339	2.9
1987-88	62,794	19.4	-	-	8,139	2.5
1988-89	56,854	15.5	-	-	8,222	2.2
1989-90	48,399	12.0	-	-	8,064	2.0
1990-91	48,723	11.7	-	-	6,994	1.7
1991-92	58,826	13.9	-	-	6,819	1.6
1992-93	76,509	17.2	-	-	6,487	1.5
1993-94	90,889	19.5	-	-	7,709	1.7
1994-95	105,466	21.3	-	-	9,144	1.8
1995-96	110,166	20.8	-	-	10,325	2.0
1996-97	111,067	20.0	-	-	10,653	1.9
1997-98	93,664	15.9	-	-	9,453	1.6
1998-99	85,331	13.8	-	-	9,299	1.5
1999-00	75,536	11.4	-	-	8,509	1.3
2000-01	66,403	9.4	-	-	7,335	1.0
2001-02	63,004	8.4	-	-	6,270	0.8
2002-03	57,435	7.2	-	-	4,740	0.6
2003-04	54,750	6.4	-	-	4,096	0.5
2004-05	55,151	6.0	-	-	3,902	0.4
2005-06	54,070	5.4	-	-	4,628	0.5
2006-07	53,264	4.9	-	-	3,959	0.4
2007-08	55,442	4.7	-	-	3,754	0.3
2008-09	101,147	8.0	95,103	7.6	3,970	0.3
2009-10	147,133	11.3	141,806	10.9	6,411	0.5

**Table D5: Australian Government general government sector face value of Commonwealth Government Securities (CGS) on issue and interest paid<sup>(a)</sup> (continued)**

	Face value of CGS on issue(b)					
	Total CGS on issue(c)		Subject to Treasurer's direction(d)		Interest Paid(f)	
	End of year \$m	Per cent of GDP	End of year \$m	Per cent of GDP	\$m	Per cent of GDP
2010-11	191,292	13.6	186,704	13.2	9,551	0.7
2011-12	233,976	15.7	229,389	15.4	10,875	0.7
2012-13	257,378	16.9	252,791	16.6	11,846	0.8
2013-14	319,481	20.2	316,952	20.0	13,972	0.9
2014-15	368,738	22.9	366,202	22.8	13,924	0.9
<b>2015-16 (e)</b>	<b>429,000</b>	<b>26.0</b>	<b>426,000</b>	<b>25.8</b>	<b>15,040</b>	<b>0.9</b>
2016-17 (e)	489,000	28.3	486,000	28.1	15,922	0.9
2017-18 (p)	526,000	29.0	523,000	28.8	16,784	0.9
2018-19 (p)	552,000	28.9	549,000	28.8	18,188	1.0

(a) Data have been revised in the 2015-16 MYEFO to improve accuracy and comparability through time.

(b) From 2015-16 onwards, data for CGS on issue are projections and are rounded to the nearest \$1 billion.

(c) Total CGS on issue includes CGS held on behalf of the States and the Northern Territory, but excludes Commonwealth holdings of CGS.

(d) The face value of CGS subject to the Treasurer's Direction excludes the stock and securities outlined in subsection 51JA(2A) of the *Commonwealth Inscribed Stock Act 1911*. These are the same stock and securities that were excluded from the previous legislative debt limit. CGS on issue subject to the Treasurer's Direction are not available prior to 2008-09 because the limit was first introduced in July 2008.

(e) Estimates.

(f) Interest paid consists of all cash interest payments of the general government sector, including those relating to CGS on issue.

(p) Projections.

**Table D6: Australian Government general government sector revenue, expenses, net capital investment and fiscal balance<sup>(a)</sup>**

	Revenue		Expenses		Net capital investment		Fiscal balance(b)	
		Per cent		Per cent		Per cent		Per cent
	\$m	of GDP	\$m	of GDP	\$m	of GDP	\$m	of GDP
1996-97	141,688	25.5	145,821	26.2	90	0.0	-4,223	-0.8
1997-98	146,820	24.9	148,652	25.3	147	0.0	-1,979	-0.3
1998-99	152,106	24.5	146,772	23.7	1,433	0.2	3,901	0.6
1999-00	167,304	25.3	155,558	23.5	-69	0.0	11,815	1.8
2000-01	186,106	26.4	180,090	25.5	8	0.0	6,007	0.9
2001-02	190,432	25.3	192,984	25.6	382	0.1	-2,935	-0.4
2002-03	206,778	25.8	201,113	25.1	287	0.0	5,377	0.7
2003-04	222,042	25.8	215,235	25.0	660	0.1	6,148	0.7
2004-05	242,354	26.3	229,092	24.8	1,034	0.1	12,228	1.3
2005-06	260,569	26.1	241,665	24.2	2,498	0.3	16,406	1.6
2006-07	277,895	25.6	258,761	23.8	2,333	0.2	16,801	1.5
2007-08	303,402	25.8	279,862	23.8	2,593	0.2	20,948	1.8
2008-09	298,508	23.7	324,188	25.8	4,064	0.3	-29,743	-2.4
2009-10	292,387	22.5	339,829	26.2	6,433	0.5	-53,875	-4.2
2010-11	309,204	21.9	355,667	25.2	5,297	0.4	-51,760	-3.7
2011-12	337,324	22.6	377,220	25.3	4,850	0.3	-44,746	-3.0
2012-13	359,496	23.6	381,980	25.1	987	0.1	-23,472	-1.5
2013-14	374,151	23.6	414,047	26.1	3,850	0.2	-43,746	-2.8
2014-15	380,746	23.7	417,898	26.0	2,706	0.2	-39,857	-2.5
<b>2015-16 (e)</b>	<b>400,953</b>	<b>24.3</b>	<b>432,234</b>	<b>26.2</b>	<b>4,484</b>	<b>0.3</b>	<b>-35,765</b>	<b>-2.2</b>
2016-17 (e)	423,200	24.5	451,206	26.1	4,745	0.3	-32,751	-1.9
2017-18 (p)	452,581	24.9	465,892	25.7	4,103	0.2	-17,415	-1.0
2018-19 (p)	487,094	25.5	491,370	25.7	5,933	0.3	-10,209	-0.5

Data have been revised in the 2015-16 MYEFO to improve accuracy and comparability through time.

(a) Fiscal balance is equal to revenue less expenses less net capital investment.

(e) Estimates.

(p) Projections.

**Table D7: Australian Government general government sector net worth and net financial worth<sup>(a)</sup>**

	Net worth(b)		Net financial worth(c)	
	\$m	Per cent of GDP	\$m	Per cent of GDP
1999-00	-7,046	-1.1	-67,036	-10.1
2000-01	-6,618	-0.9	-71,876	-10.2
2001-02	-11,655	-1.5	-78,032	-10.4
2002-03	-15,330	-1.9	-82,931	-10.4
2003-04	-1,152	-0.1	-72,389	-8.4
2004-05	14,556	1.6	-58,882	-6.4
2005-06	17,971	1.8	-59,763	-6.0
2006-07	46,351	4.3	-35,696	-3.3
2007-08	70,859	6.0	-14,690	-1.2
2008-09	19,427	1.5	-71,490	-5.7
2009-10	-45,938	-3.5	-144,485	-11.1
2010-11	-95,386	-6.8	-198,787	-14.1
2011-12	-247,208	-16.6	-355,834	-23.9
2012-13	-202,650	-13.3	-312,724	-20.5
2013-14	-256,045	-16.2	-370,331	-23.4
2014-15	-302,350	-18.8	-421,129	-26.2
<b>2015-16 (e)</b>	<b>-254,783</b>	<b>-15.4</b>	<b>-377,540</b>	<b>-22.9</b>
2016-17 (e)	-282,921	-16.4	-409,687	-23.7
2017-18 (p)	-295,777	-16.3	-427,342	-23.6
2018-19 (p)	-300,744	-15.8	-438,199	-23.0

(a) Data have been revised in the 2015-16 MYEFO to improve accuracy and comparability through time.

(b) Net worth is equal to total assets less liabilities.

(c) Net financial worth is equal to financial assets less total liabilities.

(e) Estimates.

(p) Projections.

**Table D8: Australian Government general government sector accrual taxation revenue, non-taxation revenue and total revenue<sup>(a)</sup>**

	Taxation revenue(b)		Non-taxation revenue(b)		Total revenue	
	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP
1999-00	153,409	23.2	13,895	2.1	167,304	25.3
2000-01	175,876	24.9	10,229	1.5	186,106	26.4
2001-02	178,154	23.6	12,278	1.6	190,432	25.3
2002-03	195,057	24.4	11,719	1.5	206,778	25.8
2003-04	210,220	24.4	11,822	1.4	222,042	25.8
2004-05	230,198	25.0	12,155	1.3	242,354	26.3
2005-06	245,512	24.6	15,056	1.5	260,569	26.1
2006-07	262,576	24.2	15,320	1.4	277,895	25.6
2007-08	286,544	24.3	16,858	1.4	303,402	25.8
2008-09	278,981	22.2	19,528	1.6	298,508	23.7
2009-10	268,512	20.7	23,875	1.8	292,387	22.5
2010-11	289,247	20.5	19,957	1.4	309,204	21.9
2011-12	317,023	21.3	20,301	1.4	337,324	22.6
2012-13	337,823	22.2	21,673	1.4	359,496	23.6
2013-14	352,884	22.3	21,267	1.3	374,151	23.6
2014-15	357,176	22.2	23,570	1.5	380,746	23.7
<b>2015-16 (e)</b>	<b>375,923</b>	<b>22.8</b>	<b>25,030</b>	<b>1.5</b>	<b>400,953</b>	<b>24.3</b>
2016-17 (e)	397,541	23.0	25,659	1.5	423,200	24.5
2017-18 (p)	422,522	23.3	30,059	1.7	452,581	24.9
2018-19 (p)	450,802	23.6	36,291	1.9	487,094	25.5

(a) Data have been revised in the 2015-16 MYEFO to improve accuracy and comparability through time.

(b) Visa application charges have been reclassified from non-taxation revenue to taxation revenue to reflect a sustained change in the nature of revenue. This reclassification is reflected from 2015-16 MYEFO and back-casting occurs from 2003-04.

(e) Estimates.

(p) Projections.



**Table D9: Australian Government cash receipts, payments and surplus by institutional sector (\$m)<sup>(a)</sup>**

	General government			Public non-financial corporations			Non-financial public sector		
	Receipts(b)	Payments(c)	Underlying cash	Receipts(b)	Payments(c)	Cash surplus(d)	Receipts(b)	Payments(c)	Underlying cash
			balance(d)						balance(d)
1988-89	90,748	85,326	5,421	4,177	6,035	257	93,923	90,312	5,678
1989-90	98,625	92,684	5,942	3,926	11,322	-5,261	101,495	102,883	681
1990-91	100,227	100,665	-438	4,804	9,351	-2,139	103,837	108,808	-2,577
1991-92	95,840	108,472	-12,631	3,899	7,713	101	97,937	114,369	-12,530
1992-93	97,633	115,751	-18,118	4,385	7,819	-196	100,512	122,042	-18,314
1993-94	103,824	122,009	-18,185	5,178	6,476	1,482	106,747	126,214	-16,703
1994-95	113,458	127,619	-14,160	5,262	7,318	1,956	116,751	132,965	-12,204
1995-96	124,429	135,538	-11,109	4,927	8,190	-527	126,593	140,963	-11,636
1996-97	133,592	139,689	-6,099	4,782	7,373	473	135,259	143,948	-5,626
1997-98	140,736	140,587	149	6,238	7,923	1,119	144,517	145,985	1,268
1998-99	152,063	148,175	3,889	na	na	-353	na	na	3,536
1999-00	166,199	153,192	13,007	na	na	-2,594	na	na	10,413
2000-01	182,996	177,123	5,872	na	na	391	na	na	6,264
2001-02	187,588	188,655	-1,067	na	na	1,210	na	na	143
2002-03	204,613	197,243	7,370	27,386	26,105	1,280	na	na	8,650
2003-04	217,775	209,785	7,990	27,718	26,142	1,575	238,236	228,669	9,564
2004-05	235,984	222,407	13,577	29,621	28,071	1,550	257,946	242,818	15,128
2005-06	255,943	240,136	15,757	30,875	31,874	-999	278,254	263,445	14,809
2006-07	272,637	253,321	17,190	16,882	18,641	-1,759	285,336	267,778	17,566
2007-08	294,917	271,843	19,754	7,758	8,232	-473	300,503	277,903	22,651
2008-09	292,600	316,046	-27,013	7,987	8,960	-973	297,421	321,841	-24,352
2009-10	284,662	336,900	-54,494	8,419	9,341	-922	290,681	343,841	-52,904

**Table D9: Australian Government cash receipts, payments and surplus by institutional sector (\$m)<sup>(a)</sup> (continued)**

	General government			Public non-financial corporations			Non-financial public sector		
	Receipts(b)	Payments(c)	Underlying cash	Receipts(b)	Payments(c)	Cash surplus(d)	Receipts(b)	Payments(c)	Underlying cash
			balance(d)						balance(d)
2010-11	302,024	346,102	-47,463	8,558	9,733	-1,175	308,258	353,511	-44,970
2011-12	329,874	371,032	-43,360	8,845	10,847	-2,002	336,122	379,282	-42,779
2012-13	351,052	367,204	-18,834	9,766	14,135	-4,369	358,088	378,609	-20,521
2013-14	360,322	406,430	-48,456	11,042	16,322	-5,280	368,521	419,910	-51,388
2014-15	378,301	412,079	-37,867	11,256	15,544	-4,288	386,643	424,709	-38,067
<b>2015-16 (e)</b>	<b>394,891</b>	<b>428,335</b>	<b>-37,399</b>	<b>11,993</b>	<b>19,868</b>	<b>-7,876</b>	<b>404,433</b>	<b>445,753</b>	<b>-41,320</b>
2016-17 (e)	415,327	445,277	-33,667	na	na	na	na	na	na
2017-18 (p)	440,883	459,897	-23,021	na	na	na	na	na	na
2018-19 (p)	473,531	483,295	-14,229	na	na	na	na	na	na

(a) Data have been revised in the 2015-16 MYEFO to improve accuracy and comparability through time.

(b) Receipts are equal to receipts from operating activities and sales of non-financial assets.

(c) Payments are equal to payments for operating activities, purchases of non-financial assets, distributions paid and net acquisition of assets under finance leases.

(d) These items exclude net Future Fund earnings from 2005-06 onwards. Net Future Fund earnings are shown in Table D1.

(e) Estimates.

(p) Projections.

na Data not available.

**Table D10: 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	Fiscal balance(b)	Revenue	Expenses	Fiscal balance(b)	Revenue	Expenses	Fiscal balance(b)
1996-97	141,688	145,821	-4,223	27,431	26,015	-331	na	na	-4,554
1997-98	146,820	148,652	-1,979	29,618	26,999	2,360	na	na	387
1998-99	152,106	146,772	3,901	27,687	26,088	-816	175,891	168,958	3,085
1999-00	167,304	155,558	11,815	25,485	23,542	1,062	188,841	175,152	11,721
2000-01	186,106	180,090	6,007	25,869	24,762	-826	207,367	200,246	5,181
2001-02	190,432	192,984	-2,935	26,638	25,341	793	212,462	213,718	-2,142
2002-03	206,778	201,113	5,377	24,339	22,916	1,975	225,989	218,944	7,311
2003-04	222,042	215,235	6,148	25,449	23,444	2,143	241,746	232,934	8,291
2004-05	242,354	229,092	12,228	26,965	25,191	1,473	263,434	248,398	13,700
2005-06	260,569	241,665	16,406	28,143	29,531	-2,442	281,927	264,410	13,964
2006-07	277,895	258,761	16,801	15,443	16,360	-1,763	289,551	271,335	15,038
2007-08	303,402	279,862	20,948	6,854	6,686	-584	308,888	285,179	20,364
2008-09	298,508	324,188	-29,743	6,998	7,576	-1,495	303,309	329,566	-31,238
2009-10	292,387	339,829	-53,875	7,288	7,297	-1,079	298,033	345,483	-54,954
2010-11	309,204	355,667	-51,760	7,563	7,787	-1,446	315,001	361,689	-53,205
2011-12	337,324	377,220	-44,746	8,046	8,238	-2,158	343,722	383,810	-46,904
2012-13	359,496	381,980	-23,472	8,863	9,415	-4,189	366,642	389,678	-27,661
2013-14	374,151	414,047	-43,746	9,537	11,127	-6,070	381,971	423,457	-49,816
2014-15	380,746	417,898	-39,857	9,987	11,850	-4,856	389,011	428,025	-44,713
<b>2015-16 (e)</b>	<b>400,953</b>	<b>432,234</b>	<b>-35,765</b>	<b>9,967</b>	<b>12,562</b>	<b>-7,111</b>	<b>409,720</b>	<b>443,596</b>	<b>-42,875</b>
2016-17 (e)	423,200	451,206	-32,751	na	na	na	na	na	na
2017-18 (p)	452,581	465,892	-17,415	na	na	na	na	na	na
2018-19 (p)	487,094	491,370	-10,209	na	na	na	na	na	na

(a) Data have been revised in the 2015-16 MYEFO to improve accuracy and comparability through time.

(b) Fiscal balance is equal to revenue less expenses less net capital investment. Net capital investment is not shown in this table.

(e) Estimates.

(p) Projections.

na Data not available.

