

Mid-Year Economic and Fiscal Outlook 2018-19

DECEMBER 2018

Statement by

The Honourable Josh Frydenberg MP
Treasurer of the Commonwealth of Australia

and

Senator the Honourable Mathias Cormann
Minister for Finance and the Public Service
of the Commonwealth of Australia

For the information of honourable members

© Commonwealth of Australia 2018

ISSN 2205-6750 (print)

ISSN 2205-6769 (online)

This publication is available for your use under a Creative Commons BY Attribution 3.0 Australia licence, with the exception of the Commonwealth Coat of Arms, third party content and where otherwise stated. The full licence terms are available from <http://creativecommons.org/licenses/by/3.0/au/legalcode>.



Use of Commonwealth of Australia material under a Creative Commons BY Attribution 3.0 Australia licence requires you to attribute the work (but not in any way that suggests that the Commonwealth of Australia endorses you or your use of the work).

Commonwealth of Australia material used 'as supplied'.

Provided you have not modified or transformed Commonwealth of Australia material in any way including, for example, by changing the Commonwealth of Australia text; calculating percentage changes; graphing or charting data; or deriving new statistics from published statistics – then the Commonwealth of Australia prefers the following attribution:

Source: *The Commonwealth of Australia*.

Derivative material

If you have modified or transformed Commonwealth of Australia material, or derived new material from those of the Commonwealth of Australia in any way, then the Commonwealth of Australia prefers the following attribution:

Based on Commonwealth of Australia data.

Use of the Coat of Arms

The terms under which the Coat of Arms can be used are set out on the Department of the Prime Minister and Cabinet website (see www.pmc.gov.au/government/commonwealth-coat-arms).

Other uses

Enquiries regarding this licence and any other use of this document are welcome at:

Manager
Communications
The Treasury
Langton Crescent Parkes ACT 2600
Email: medialiaison@treasury.gov.au

Internet

A copy of this document is available on the central Budget website at: www.budget.gov.au.

Printed by CanPrint Communications Pty Ltd.

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 2018-19, while the forward years refer to 2019-20, 2020-21 and 2021-22; 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 2018-19* (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 2018-19 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 benchmarks and variations, payments to the states, and a debt statement.
- **Appendix A: Policy decisions taken since the 2018-19 Budget** – provides details of decisions taken since the 2018-19 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.

CONTENTS

Foreword	v
Part 1: Overview	1
Updated fiscal outlook.....	2
Updated economic outlook.....	4
Delivering on the Government's economic plan	5
Keeping the economy strong	5
Guaranteeing essential services	10
Part 2: Economic outlook	13
Overview	13
International economic outlook	15
Domestic economic outlook	18
Medium-term projections.....	26
Part 3: Fiscal strategy and outlook	29
Overview	29
Fiscal strategy	30
Returning the budget to surplus	30
Fiscal outlook	39
Budget aggregates	39
Underlying cash balance estimates	40
Receipts estimates	41
Payments estimates	47
Net operating balance estimates.....	50
Revenue estimates.....	51
Expense estimates.....	55
Net capital investment estimates	56
Headline cash balance	56
Recurrent and capital spending	58
Structural budget balance	59

Attachment A	61
Forecast uncertainties, sensitivities and scenarios	61
Overview	61
Confidence intervals around economic and fiscal forecasts	61
Measures of uncertainty around economic forecasts	61
Sensitivity and scenario analysis	68
Sensitivity analysis over the forecast period	69
Sensitivity analysis over the forward estimates and medium term	71
Attachment B	74
Tax Benchmarks and Variations Statement.....	74
Attachment C	76
Supplementary expenses table and the Contingency Reserve	76
Attachment D	81
Australia's Federal Relations	81
Overview of payments to the states	81
Payments for specific purposes	82
General revenue assistance	86
Attachment E	92
Debt Statement	92
Commonwealth Government Securities issuance	92
Estimates and projections of key debt aggregates	93
Estimates and projections of net debt	94
Estimates and projections of CGS on issue.....	96
Breakdown of CGS currently on issue	99
Non-resident holdings of CGS on issue	101
Interest on CGS.....	102
Climate spending.....	104
Appendix A: Policy decisions taken since the 2018-19 Budget	107
Revenue Measures	107
Expense Measures.....	135
Capital Measures	239

Appendix B: Australian Government Budget Financial Statements	249
Australian Government Financial Statements.....	250
Notes to the general government sector financial statements.....	265
Financial reporting standards and budget concepts	279
Operating statement.....	280
Balance sheet.....	281
Cash flow statement.....	283
Appendix C: Statement of Risks	287
Overview	287
Details of fiscal risks, contingent liabilities and contingent assets	287
Fiscal risks.....	289
Significant but remote contingencies	290
Contingent liabilities — unquantifiable	294
Contingent assets — unquantifiable	297
Contingent liabilities — quantifiable	297
Government loans	299
Appendix D: Historical Australian Government data.....	305
Data sources	305
Comparability of data across years.....	305
Revisions to previously published data	306

PART 1: OVERVIEW

The Government's economic plan is working, delivering a strong economy and making real progress in restoring the nation's finances.

Our sound economic fundamentals are delivering record numbers of jobs, with Australia's unemployment rate falling to its lowest level in six years. Growth is broadly based and the challenging transition after the resources investment boom is being successfully managed.

Not only is the strong economy presenting Australians with more opportunities, it is delivering a much stronger budget position. After a decade of deficits, the budget is on track to return to surplus in 2019-20, with strong fiscal discipline ensuring these surpluses exceed 1 per cent of GDP in the medium term.

These surpluses will be achieved while still guaranteeing the essential services the community expects and without resorting to growth-inhibiting higher taxes. Net debt is projected to fall across the forward estimates and the medium term.

A strong budget position allows Australia to face the future with confidence – providing a buffer to respond to any adverse developments that might occur in the global economy. It also provides more options when it comes to the policies needed to further enhance Australia's growth prospects.

This includes the delivery of tax relief to encourage and reward working Australians and a bring-forward of tax relief to millions of small and medium-sized businesses. The Government is strengthening Australia's corporate and financial sector regulators, enhancing women's economic security and delivering a fairer GST system for all states and territories. The Government is also making record investments in nation-building infrastructure.

The Government is keeping Australians safe by investing in our border security and national security agencies, developing a world-leading defence industry sector and supporting drought-affected communities across Australia.

At the same time, the Government is guaranteeing essential services for all Australians, including providing record funding on quality health care, disability services, aged care and schools.

The strength of the economy reflects difficult and disciplined decisions taken over the past five years. The Government's economic plan is working but there is no room for complacency. More needs to be done and we must stick to the plan to keep the economy strong and ensure the benefits of a strong economy are felt by every Australian.

UPDATED FISCAL OUTLOOK

Reflecting a strong economy and the Government's responsible budget management, the underlying cash balance is expected to improve from a deficit of \$5.2 billion (0.3 per cent of GDP) in 2018-19 to a surplus of \$4.1 billion (0.2 per cent of GDP) in 2019-20.

Over the four years from 2018-19, the cumulative underlying cash surplus is expected to be \$30.4 billion, nearly double the 2018-19 Budget estimate.

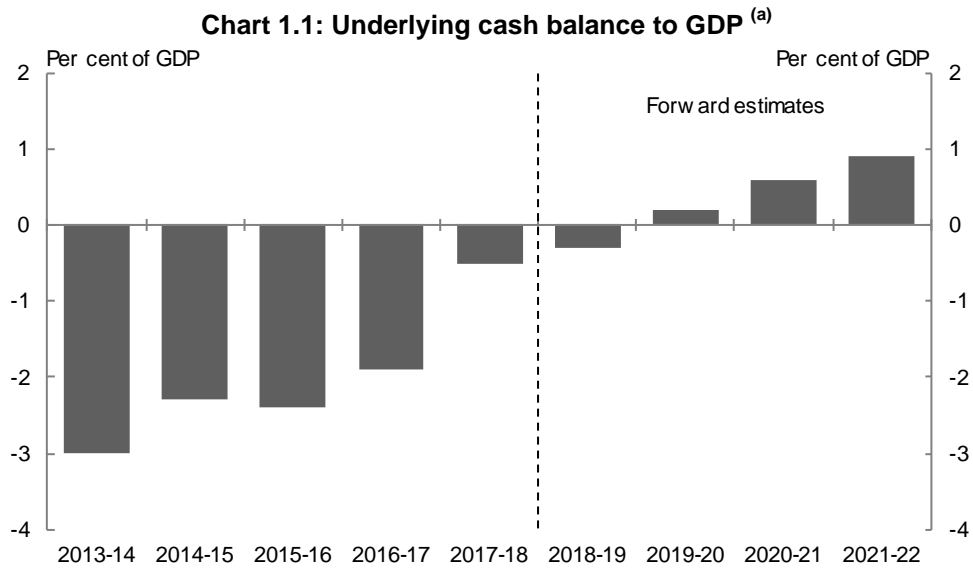
Table 1.1: Budget aggregates

	Estimates			
	2018-19		2019-20	
	Budget \$b	MYEFO \$b	Budget \$b	MYEFO \$b
Underlying cash balance(a)	-14.5	-5.2	2.2	4.1
Per cent of GDP	-0.8	-0.3	0.1	0.2
Net operating balance	-2.4	4.9	8.6	10.1
Per cent of GDP	-0.1	0.3	0.4	0.5
	Projections			
	2020-21		2021-22	
	Budget \$b	MYEFO \$b	Budget \$b	MYEFO \$b
Underlying cash balance(a)	11.0	12.5	16.6	19.0
Per cent of GDP	0.5	0.6	0.8	0.9
Net operating balance	19.6	20.4	27.4	29.8
Per cent of GDP	0.9	1.0	1.3	1.4

(a) Excludes expected net Future Fund earnings before 2020-21.

The payments-to-GDP ratio, which was 25.4 per cent in 2013-14, is expected to be 24.9 per cent in 2018-19, falling to 24.6 per cent by 2020-21, below the 30-year historical average of 24.7 per cent. Average annual real growth in payments over the five years from 2017-18 is expected to be 1.9 per cent.

Between 2013-14 and 2017-18, the underlying cash balance improved by 2.5 percentage points of GDP. Looking ahead, the budget position is expected to strengthen further, with an average annual pace of fiscal consolidation of 0.4 per cent of GDP expected over the forward estimates period.



(a) The underlying cash balance includes expected net Future Fund earnings from 2020-21.

Since the 2018-19 Budget, expected total receipts have been revised up by \$8.3 billion in 2018-19 and \$12.4 billion over the four years to 2021-22. This revision reflects stronger-than-expected collections from individuals taxes and company tax, stronger employment growth projections and higher growth in corporate profits in 2018-19, particularly mining company profits. Tax receipts are projected to remain below the Government’s tax-to-GDP cap of 23.9 per cent until 2025-26, when the cap takes effect.

As a result of the improved budget position, net debt as a share of GDP is expected to decline in each year of the forward estimates and medium term, falling from 18.2 per cent in 2018-19 to 1.5 per cent in 2028-29.

Gross debt, in per cent of GDP terms, is estimated to have peaked in 2017-18 and to then decline over the medium term.

UPDATED ECONOMIC OUTLOOK

Australia's economy continues to perform well. Real GDP is expected to grow by 2¾ per cent in 2018-19, in line with the economy's estimated potential growth rate. Growth is expected to strengthen to 3 per cent in 2019-20. This growth outlook is forecast to support continuing employment growth, helping to keep the unemployment rate around recent lows.

Economic growth is broadly based. Household consumption, public final demand and non-mining business investment are all expected to support GDP growth over the forecast period. Australia's mining and services exports are also expected to support growth.

Above-average business conditions and positive business and consumer sentiment are helping to underpin the positive outlook.

Drought conditions in parts of Australia are expected to have an impact on rural exports in 2018-19, while dwelling investment is expected to decline in 2019-20 as some of the recent strength in construction activity unwinds.

Table 1.2: Major economic parameters^(a)

	Outcomes	Forecasts		Projections	
	2017-18	2018-19	2019-20	2020-21	2021-22
Real GDP	2.8	2 3/4	3	3	3
Employment	2.7	1 3/4	1 3/4	1 1/2	1 1/2
Unemployment rate	5.4	5	5	5	5
Consumer price index	2.1	2	2 1/4	2 1/2	2 1/2
Wage price index	2.1	2 1/2	3	3 1/2	3 1/2
Nominal GDP	4.7	4 3/4	3 1/2	4 1/4	4 1/4

(a) Year average growth unless otherwise stated. From 2017-18 to 2019-20, 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: ABS cat. no. 5206.0, 6202.0, 6345.0, 6401.0 and Treasury.

Nominal GDP is forecast to grow by 4¾ per cent in 2018-19, stronger than forecast at Budget as a result of higher-than-assumed non-rural commodity prices. A decline in the price of metallurgical coal is still assumed to occur, though later than assumed at Budget. This contributes to a forecast moderation in nominal GDP growth in 2019-20 to 3½ per cent.

The global economy has continued to grow at a solid rate since the start of the year. Global growth of 3¾ per cent is expected in 2019 and 2020, while growth in Australia's major trading partners is forecast to be 4 per cent in each of the next two years.

DELIVERING ON THE GOVERNMENT'S ECONOMIC PLAN

The Government is delivering on its agenda for the ongoing security and prosperity of the country by keeping the economy strong and guaranteeing essential services.

Keeping the economy strong

The Government is continuing to support a strong economy by: providing personal income tax relief; giving businesses opportunities to invest, grow and employ more Australians; strengthening corporate and financial sector regulators; investing in critical infrastructure and drought resilience; giving women greater opportunities and financial security; and putting downward pressure on power bills.

Support for small and medium-sized businesses

The Government has fast-tracked tax relief for around 3.3 million small and medium-sized businesses. A company with a turnover below \$50 million will now have a tax rate of just 25 per cent in 2021-22, rather than from 2026-27 as legislated under the original Enterprise Tax Plan. Similar fast-tracking will apply to the roll out of the 16 per cent tax discount for unincorporated businesses.

This means that a small business such as an independent supermarket can invest more back into the business, employ more people and increase wages.

The Government is also establishing a \$2 billion Australian Business Securitisation Fund to provide significant additional funding to smaller banks and non-bank lenders to on-lend to small businesses on more competitive terms.

The Government is encouraging the creation of the private sector-owned Australian Business Growth Fund which would provide longer-term and passive equity funding to small businesses.

The Government is also cutting red tape for small business by reducing financial reporting burdens, helping small businesses get paid on time, assisting small businesses with tax disputes, and supporting small businesses to go digital.

Strengthening corporate and financial sector regulators

The Government is committed to ensuring Australia's corporate and financial sector regulators are equipped with the resources and powers they need to effectively detect, deter and punish those who do the wrong thing.

The Australian Securities and Investment Commission will be provided additional funding of \$70.1 million to combat misconduct in the financial services industry and to discharge its regulatory responsibilities.

Part 1: Overview

To reinforce the resilience and soundness of Australia's financial system, the Government is providing \$58.7 million of new funding for the Australian Prudential Regulation Authority.

The Government will also allocate \$51.5 million to the Commonwealth Director of Public Prosecutions and the Federal Court of Australia to enable court actions for corporate and financial services misconduct to be dealt with effectively and expeditiously.

The Australian Competition and Consumer Commission (ACCC) will be provided with an additional \$35.6 million over four years from 2018-19 to strengthen its core functions and undertake additional investigations into corporate misconduct.

Investing in infrastructure to tackle congestion and lift productivity

The Government's \$75 billion 10-year national infrastructure plan will benefit people and businesses in every state and territory by tackling congestion, improving safety and delivering essential transport links.

This plan includes major commitments such as \$5.3 billion to deliver Western Sydney Airport, a commitment of \$5 billion for the Melbourne Airport Rail Link and an additional \$3.3 billion for upgrades on the Bruce Highway in Queensland. Construction commenced on Western Sydney Airport on 24 September 2018 with earthmovers breaking ground on the project. The airport will open in 2026, catering for up to 10 million passengers each year. About 11,000 jobs will be created during the construction phase and about 28,000 jobs within five years of opening.

In Western Australia, the Government is supporting the METRONET project. The Commonwealth has committed substantial funding in South Australia, including for priority North-South Road Corridor projects. In Tasmania, the Bridgewater Bridge replacement will address peak hour congestion on the Midland Highway.

The Government's vision to connect key sectors, such as agriculture and mining, to domestic and international markets will see a \$9.3 billion investment to deliver the Melbourne to Brisbane Inland Rail and a \$3.5 billion investment in the Roads of Strategic Importance initiative. Construction of Inland Rail is now underway, with work commencing on the Parkes to Narromine section of the line on 13 December 2018. About 16,000 jobs will be supported throughout the Inland Rail construction phase and further ongoing operational jobs will be generated when the track is completed in 2025.

The Government has also committed \$1 billion towards the new Urban Congestion Fund which will support projects which target congestion, including to remediate pinch points, improve traffic safety and increase network efficiency for commuter and freight movements in urban areas.

Supporting the future of our cities and regional communities

Building more liveable and prosperous communities is a key priority of the Government. By working closely with state, territory and local governments, the Government is supporting the future of our cities through the City Deals agenda. City Deals worth a total of \$4.2 billion are being delivered in Townsville, Launceston, Western Sydney and Darwin. The Government has also announced its commitments for the Geelong City Deal while continuing to negotiate deals for Hobart, Adelaide and Perth.

In addition, the Government has announced its intention to adapt the City Deal framework for regional communities through pilot Regional Deals.

Where possible, Regional Deals will leverage and complement the Government's investment in regional development through the \$641.6 million Building Better Regions Fund, \$272.2 million Regional Growth Fund, and \$222.3 million Regional Jobs and Investment Packages.

The delivery of transformational water projects to ensure water security and create jobs and opportunities in regional Australia will be supported through a \$750 million increase to the National Water Infrastructure Development Fund including funding for the construction of the Hughenden Irrigation Scheme. In addition, adjustments to the lending arrangements for the \$2 billion National Water Infrastructure Loan Facility will increase the number of commercially viable projects that can access funding.

The Government will invest up to \$200 million to secure Townsville's long-term water supply including fully funding Stage 2 of the Haughton Pipeline extension and providing \$5 million to develop the project's business case. This follows recommendations to Government from the Townsville Water Security Taskforce, initiated through the Townsville City Deal.

This builds on the \$75 million already allocated from the Government's Townsville Eastern Access Rail Corridor commitment to the Port of Townsville Channel Capacity Project, ensuring the Port remains globally competitive and is capable of hosting large cargo and passenger ships.

Responding to the drought and building future resilience

The Government is responding to the drought with over \$1.8 billion in assistance measures and concessional loans to support drought-affected farmers and communities. In addition, a \$3.9 billion Future Drought Fund – which will grow to \$5 billion – is being established to provide a sustainable source of funding for future drought resilience, preparedness and recovery projects.

Resolving workforce shortages in regional and rural areas

The Government is providing more support to farmers to resolve labour shortages in regional and rural areas. The Government is making changes to the Working Holiday Maker, Pacific Labour Scheme and Seasonal Worker visa programs to address genuine workforce shortages in regional Australia without displacing Australian workers. These programs will provide farmers with more workers when they need them. This will help Australian farmers to increase production and take advantage of our free trade agreements with China, Japan and South Korea.

Managing population change

The Government is working with states, territories and local governments to improve the coordination of population planning to ensure Australia continues to reap the benefits of population growth while managing the challenges it presents. Population growth in recent years has put pressure on our big cities, even as a number of our regional areas and smaller cities call for more people to grow their communities and fill critical skills gaps. The Government is committed to improving the quality of life for all Australians. This includes maintaining our economic prosperity but also focusing on supporting necessary infrastructure, services and social cohesion.

Enhancing women's economic security

The Government is delivering practical measures to give women greater opportunities and financial security, building on gains in the female workforce participation rate and a narrowing in the gender pay gap.

The Women's Economic Security Package invests \$119.2 million over four years to focus efforts on further improving workforce participation, earning potential and economic independence. The package includes a number of measures, including boosting entrepreneurship in girls and young women through the Future Female Founders and Boosting Female Founders programs. The package also provides primary carers of children with better access to Parental Leave Pay and more flexibility in how it is used.

Placing downward pressure on power bills

The Government is keeping the economy strong by placing downward pressure on power bills and improving the reliability of Australian energy. With wholesale power prices down 17 per cent this year, further actions are being taken, including a default electricity retail offer to apply from 1 July 2019, the Retailer Reliability Obligation, a program to underwrite new generation, and strong new powers to respond to electricity market misconduct identified by the ACCC. The ACCC and Australian Energy Regulator will be provided with \$50.2 million over four years from 2018-19 to support these actions.

Providing a fairer way of distributing GST

The Government has reformed Australia's system of horizontal fiscal equalisation (HFE) to provide a fairer and more sustainable way to distribute GST revenues among the states and territories (the states). As was noted when the reforms were legislated, all states will be better off, receiving an expected extra \$9 billion over the next ten years. In 2026-27 and every year thereafter, the states will receive more than \$1 billion additional revenue from the fairer HFE arrangements. A fairer and more predictable GST distribution system will support a strong economy by helping the states better manage their budgets to deliver essential services on which Australians rely.

Ensuring the fairness of the tax system

To protect the integrity of GST revenues, the Government has extended the GST compliance program for a further four years. This will enable the Australian Taxation Office to maintain its current compliance activities to ensure businesses meet their GST obligations. Funding in this program will also now be directed towards emerging risks to the GST system, such as those posed by technological advances and the development of new business models. This will deliver an additional \$2.3 billion to the states over the forward estimates period.

The Government has also delivered on its commitment to make feminine hygiene products GST-free from 1 January 2019, having secured the unanimous agreement of the states, and giving effect to this in the law.

The Government's response to the Callaghan Review of the Petroleum Resource Rent Tax (PRRT) provides certainty to the industry and ensures the PRRT better reflects Australia's petroleum industry today.

Stepping up Australia's engagement in the Pacific

Australia is stepping up its engagement in the Pacific through a new package of initiatives which build on and strengthen our partnerships in the region. The Government is working with Pacific Island partners on these initiatives to contribute to the greater stability, security and prosperity of the region.

This work includes the establishment of the Australian Infrastructure Financing Facility for the Pacific, a \$2 billion initiative to boost Australia's support for infrastructure development in the region. The Government has also committed an extra \$1 billion of callable capital for *Efic*, Australia's export financing agency, to support investments in the region that have a broad national benefit to Australia.

Guaranteeing essential services

The Government is guaranteeing the essential services on which Australians rely including ensuring access to quality health and aged care and providing needs-based, simple and transparent schools funding.

Ensuring access to quality and affordable health care

The Government is committing record funding to health, with total spending expected to increase from \$80.2 billion in 2018-19 to \$85.2 billion in 2021-22. It is continuing to improve patient access to essential health care and affordable medicines, including through measures to strengthen primary care.

The Government is continuing to meet its commitment to list new medicines on the Pharmaceutical Benefits Scheme. This includes \$1.4 billion for new and amended listings, including new medicines to treat cystic fibrosis, familial hypercholesterolemia and non-small cell lung cancer, ensuring Australians continue to have access to affordable medicines.

Over the five years to 2018-19, Commonwealth funding to the states for public hospitals is expected to grow by more than 50 per cent. The Government is providing \$1.3 billion over four years from 2018-19 to establish a Community Health and Hospitals Program. The Program will fund projects and services to support patient care while reducing pressure on community and hospital services.

Under the program, the Government will partner with communities, the states, health and hospital service providers and research institutions to provide additional funding in four key areas:

- specialist hospital services such as cancer treatment, rural health and hospital infrastructure;
- drug and alcohol treatment;
- preventative, primary and chronic disease management; and
- mental health and palliative care.

To enhance primary care, the Government will introduce new Medicare Benefits Schedule (MBS) items, including \$110.7 million to provide best practice care to individuals with severe eating disorders, \$33.5 million to improve access to GPs in rural and remote areas, and \$98 million to improve access to GPs in residential aged care facilities. In addition, \$58.9 million will be provided for new and amended listings on the MBS, including new items for genetic testing for the diagnosis of Alport syndrome, obstetric Magnetic Resonance Imaging (MRI) for pregnant women to allow investigation and diagnosis when fetal central nervous system abnormality is suspected, and for the mobile provision of x-rays to patients in residential aged care facilities. In addition, \$176.4 million will be provided for licences for an additional 30 Medicare-eligible MRI machines.

The Government will extend the Health Care Homes Trial for patients with chronic and complex conditions and establish a new wound management trial to test models of care for chronic wound management. A Neurological Nurse Specialist Pilot will be funded to improve access to specialised nursing care in the community for people living with neurological conditions.

The Government is committed to continuing to improve the mental health outcomes of Australians. Additional funding of \$56.7 million over four years from 2018-19 will be provided for Primary Health Networks to commission increased youth mental health services from the *headspace* network. The Government has also announced a Productivity Commission inquiry into improving mental health to support economic participation and enhance productivity and economic growth.

Improving access to quality aged care

The Government is continuing to invest in aged care, with total spending expected to reach a record \$23.5 billion in 2021-22.

This includes supporting older Australians to access quality aged care services and improving regulatory settings in the sector. An additional \$287.3 million has been provided to bring forward by one year to 2018-19 the release of 5,000 level 3 and 5,000 level 4 home care packages to connect more older Australians with high-level home care support. The Government is also providing \$56.4 million to assist people in home care by reducing the maximum basic daily fee service providers can charge. In addition, the Government will provide \$111.2 million to increase the residential aged care viability and homeless supplements by 30 per cent to support people in residential aged care in regional, rural and remote areas of Australia and those at risk of homelessness.

The Government has established a Royal Commission into Aged Care Quality and Safety to examine the quality and safety of care provided to senior Australians in residential and home-based aged care and to young Australians with disabilities living in aged care. The Government will provide \$104.3 million over four years from 2018-19 for the Royal Commission and \$17.2 million over two years from 2018-19 to the Department of Health, the Australian Aged Care Quality Agency and the Australian Aged Care Quality and Safety Commission to support activities associated with the Royal Commission.

Part 1: Overview

Needs based, simple and transparent schools funding

The Government is delivering on its commitment to excellence in education by providing needs-based funding to deliver the best outcomes for Australian students.

In 2018, the Commonwealth will provide \$18.7 billion, which will grow to \$31.4 billion by 2029, representing a total Commonwealth commitment of \$307.7 billion in schools funding to 2029. The Commonwealth is working with the states to ensure that this funding is directed towards higher student achievement and greater support for schools and teachers.

The Government has also guaranteed funding to the non-government schools sector. Commonwealth funding for non-government schools will be linked to parental income from 2020 using improved data collection and analysis that will ensure non-government schools funding is targeted at the students who need it most. To support schools during the transition, the Commonwealth Government will provide \$3.2 billion over the medium term to support students, parents and teachers of non-government schools. In addition to this, the Government is providing \$1.2 billion for the Choice and Affordability Fund to address specific challenges in the non-government schools sector, such as supporting schools in drought-affected areas, schools that need help to improve performance, and to deliver choice in communities.

Supporting victims of child sexual abuse, elder abuse and domestic violence

In response to the recommendations of the Royal Commission into Institutional Responses to Child Sexual Abuse, the Government has established the National Office for Child Safety to provide national leadership to reduce future harm to children. In addition, the Government will expand the Witness Assistance Service of the Commonwealth Director of Public Prosecutions, which provides information and support services to victims of institutionalised child sexual abuse and their families.

The Women's Economic Security Statement includes a number of measures to support victims of family and domestic violence, including Specialist Domestic Violence units and Health Justice Partnerships. The early release of superannuation for victims of domestic and family violence will be extended to provide victims with greater economic independence and ease hardship. The No Interest Loan Scheme run by Good Shepherd Microfinance is being expanded, which will help more domestic violence victims to meet the expenses involved in rebuilding their lives. Additional funding will be provided to ensure victims of family violence are not subject to direct cross-examination by perpetrators in family law matters.

The Government will establish a National Elder Abuse Hotline to provide a single point of access to state- and territory-based services for older people and their families seeking assistance to address elder abuse.

PART 2: ECONOMIC OUTLOOK

OVERVIEW

The Australian economy has continued to perform well in 2018, supported by robust global growth, accommodative monetary policy settings and a lower Australian dollar. Labour market conditions have remained strong, with business profits helping to sustain strong employment growth. Over 300,000 jobs were created in the past year, and the unemployment rate has fallen to its lowest level since 2012. Domestic demand is expected to strengthen over the forecast period as mining investment starts to rise again, and growth in household consumption and non-mining business investment increases. Export growth is also forecast to pick up in 2019-20 following a decline in rural exports in 2018-19.

Real GDP is forecast to expand by $2\frac{3}{4}$ per cent in 2018-19, a little slower than expected at Budget but in line with the economy's estimated potential growth rate. Growth is expected to strengthen to 3 per cent in 2019-20, supporting solid growth in employment and keeping the unemployment rate close to recent lows.

The transition from the investment phase of the mining boom towards broader-based sources of growth has progressed broadly as expected. By the end of the forecast period, all of Australia's large LNG projects are expected to be operational, signalling a full transition to the production phase of the mining boom. The drag from the unwinding of the boom's investment phase has continued to recede over the past year. After falling by more than 60 per cent since 2012-13, mining investment is expected to grow in 2019-20 as mining companies invest to maintain output and the large capital stocks accumulated over the past decade or more.

Accommodative monetary policy settings continue to support the economy, notwithstanding a tightening of credit conditions. Rising growth in household incomes is expected to underpin an expansion in consumer spending. Non-mining business investment is also forecast to increase, supported by strong growth in machinery and equipment investment. Non-mining business investment grew by 9.7 per cent in 2017-18 — its fastest increase since 2004-05.

Growth in mining and services exports is forecast to contribute to real GDP growth in 2018-19. However, exports of rural goods are expected to decline, reflecting the impact on agricultural production of drought conditions in New South Wales and parts of Victoria, Queensland and South Australia. The decline in rural exports is forecast to subtract around $\frac{1}{4}$ of a percentage point from real GDP growth in 2018-19. An assumption of average seasonal conditions in 2019-20 underpins a forecast return to growth in the farm sector. However, the pace of growth of rural exports and farm GDP will depend on how weather conditions evolve.

Part 2: Economic outlook

Dwelling investment is expected to grow by 1 per cent in 2018-19 before falling by 4 per cent in 2019-20. The forecast decline in 2019-20 reflects the expected unwinding of some of the recent strength in construction activity. Nonetheless, the level of dwelling investment is expected to remain relatively high, reflecting the large stock of work still to be done.

Labour market conditions have remained strong since the 2018-19 Budget. Employment has expanded at a faster rate than the population and the labour force since the start of the year. As a consequence, the unemployment rate has fallen to 5 per cent – its lowest level since 2012. Solid employment growth is expected to continue over the forecast period and the unemployment rate is forecast to remain at 5 per cent. This is expected to support a pick-up in wage and price growth, albeit more gradually than forecast at Budget. As has been the case in other advanced economies, wage growth in Australia has been slow to respond to improving labour market conditions.

Nominal GDP is forecast to grow by $4\frac{3}{4}$ per cent in 2018-19 and $3\frac{1}{2}$ per cent in 2019-20. Stronger-than-assumed outcomes for non-rural commodity prices have contributed to a 1 percentage point upgrade to forecast growth in nominal GDP in 2018-19. The metallurgical coal price is still assumed to decline from current levels, though later than assumed at Budget. This contributes to slower forecast growth in nominal GDP in 2019-20.

Global growth is expected to remain solid over the forecast period. The global economy is forecast to expand by $3\frac{3}{4}$ per cent in each of the next two years, faster than the average rate of growth over the past decade. Major trading partner growth is forecast to be 4 per cent in 2019 and 2020.

There are a range of risks to the international outlook. Trade protection measures already announced or imposed by the United States and China are forecast to have a small negative effect on activity in those countries. Additional tariffs would be expected to result in growth that is weaker than forecast. On the other hand, a resolution of current disputes could cause growth to be stronger than forecast, including through reducing uncertainty. Other risks are broadly balanced. Geopolitical uncertainty and vulnerabilities in emerging economies remain a concern for the international outlook, especially to the extent that they provoke broader financial market instability. In contrast, more favourable macroeconomic policy settings in key economies, notably China, could lead growth to be stronger than forecast.

Risks also remain around the domestic outlook. On the downside, subdued household income growth, tighter-than-expected credit conditions and housing price falls could cause consumer spending and dwelling investment to be weaker than forecast. Further, uncertainty around the global outlook could affect business confidence and investment. On the upside, better-than-forecast labour market outcomes could support stronger consumer spending, and improving business conditions and profits could contribute to a stronger-than-expected increase in non-mining business investment.

INTERNATIONAL ECONOMIC OUTLOOK

The global economy has continued to grow at a solid pace since the 2018-19 Budget. The United States economy continues to expand faster than its estimated potential growth rate, while China looks set to achieve its growth target of about 6.5 per cent in 2018. On the other hand, momentum has eased in the euro area and Japan since the start of the year. As a consequence, growth has become less synchronised across countries than was the case in 2017.

The global economy is forecast to grow by 3¾ per cent in 2019 and 2020, while Australia's major trading partners are forecast to grow by 4 per cent in each of the next two years. Since the 2018-19 Budget, the United States has imposed tariffs on US\$250 billion of Chinese imports and China has retaliated by imposing tariffs on a range of US-produced imports. Tariffs that have been announced or implemented to date are estimated to affect a little more than 2 per cent of world trade. These measures are expected to have a small negative effect on growth in the United States and China, resulting in a modest downgrade to the forecasts of major trading partner growth.

The extent to which trade protection measures have contributed to a slowdown in global trade growth in 2018 is unclear. However, trade tensions remain a risk to the global outlook, notwithstanding the recent pause in tariff increases agreed by the United States and China. Additional increases in tariffs would be expected to further weaken growth outcomes. In contrast, a resolution of current disputes could result in faster-than-expected growth, including by reducing uncertainty and boosting investment.

Mounting external pressures add to the challenges China faces domestically in addressing its financial sector risks. Vulnerabilities associated with an increase in global indebtedness, including in emerging economies, also present a risk to the international outlook. Such vulnerabilities could expose financial markets to greater volatility, especially in an environment where monetary stimulus in advanced economies is being gradually removed.

Output gaps - which measure the difference between a country's actual and estimated potential GDP - are closing, or have already closed, in the United States, Japan and economies in the euro area. If capacity constraints in these economies bind sooner than expected, inflation in these countries could rise more quickly than expected. This could prompt a faster-than-expected withdrawal of monetary accommodation, with attendant risks around capital flows to other markets.

A modest tightening in global financial conditions is already exposing vulnerabilities across a range of emerging market economies. Argentina and Turkey have been among the worst-affected countries, with the IMF stepping in to support Argentina with a US\$56 billion package - the largest in the IMF's history. Emerging market economies in Asia have demonstrated resilience in the face of financial market

Part 2: Economic outlook

volatility over the course of the year. India, Indonesia and the Philippines have used macroeconomic policy levers to address currency and inflation pressures.

Over the longer term, unfavourable demographics are likely to constrain potential growth rates in some of the world's major economies. Slower productivity growth could also limit productive capacity in many countries.

Table 2.1: International GDP growth forecasts^(a)

	Actuals		Forecasts	
	2017	2018	2019	2020
China	6.9	6 1/2	6	6
India	6.2	7 1/2	7 3/4	7 3/4
Japan	1.9	3/4	1	3/4
United States	2.2	2 3/4	2 1/4	2
Euro area	2.4	2	1 3/4	1 1/2
Other East Asia (b)	4.5	4 1/4	4 1/4	4 1/4
Major trading partners	4.5	4 1/4	4	4
World	3.7	3 3/4	3 3/4	3 3/4

(a) World 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 goods export trade weights.

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

Source: National statistical agencies, IMF World Economic Outlook October 2018, Thomson Reuters and Treasury.

The **United States** economy is continuing to grow strongly and the unemployment rate has fallen to 3.7 per cent – its lowest level since 1969. Wage growth has increased and core personal consumption expenditure inflation is just below the Federal Open Market Committee's (FOMC) target of 2 per cent. The FOMC has signalled that it expects to make further increases in the federal funds rate. As monetary stimulus is gradually withdrawn, and the impact of fiscal stimulus diminishes, growth in the US economy is expected to slow.

The United States has announced tariffs on US\$250 billion of imports from China, while China has announced retaliatory tariffs on imports from the United States. These measures are expected to have a negative effect on growth in the world's two biggest economies. Trade tensions remain a live issue, notwithstanding the negotiation in September of a new trade agreement between the United States, Mexico and Canada, and the recent agreement to delay a planned step-up in the US tariff rate on Chinese imports for 90 days. The United States has raised the possibility of imposing tariffs on automobiles.

Growth in **China's** economy has slowed in 2018 amid efforts by the authorities to address risks in the financial system. The economy remains on track to meet the growth target of about 6.5 per cent for 2018. Real GDP growth is expected to moderate further in 2019 as trade measures weigh on growth and further steps are taken to

address financial sector risks. The recent adjustment to macroeconomic policy settings is designed to support demand in the near term, partly offsetting these pressures.

Momentum in **India's** economy picked up in 2018 following slower growth in 2017, with structural reforms starting to contribute to activity. The economy is estimated to be operating close to its productive capacity. The Reserve Bank of India tightened monetary policy earlier in the year in response to rising headline inflation. Oil price increases contributed to stronger growth in consumer prices, while the value of the rupee depreciated amid broader pressure on emerging market currencies. Tighter financial conditions are weighing on India's near-term outlook. However, as a net importer of oil, India stands to benefit from recent falls in the oil price. Looking forward, strong fundamentals and strengthening domestic demand are expected to support growth of 7¾ per cent in 2019 and 2020.

Japan's economy is expected to grow by ¾ per cent in 2018 following weaker-than-expected outcomes in the year to date. Natural disasters disrupted growth in the third quarter of 2018 and underlying momentum appears to have slowed. Real GDP growth is expected to pick up a little in 2019, despite a planned increase in value-added tax that is likely to affect private consumption. Real GDP growth is then forecast to moderate in 2020 as capacity constraints become binding. Japan's economy is already operating around estimates of its productive capacity, with the unemployment rate having fallen to levels last seen in the early 1990s. Population ageing will limit future potential growth in the economy.

Euro area growth has slowed in 2018, reflecting weaker domestic demand and softer growth in exports. However, a number of factors should support the euro area economic expansion. Interest rates remain at historical lows, employment is growing, and above-average levels of capacity utilisation should lead to solid business investment in the near term. Over the medium term, as output gaps close, and capacity constraints begin to bind in some countries, the rate of growth is expected to decline. The United Kingdom is scheduled to exit the European Union on 29 March 2019 and there are a number of uncertainties around the future UK-EU relationship. This, together with the dispute over Italy's budget, and a possible escalation of global trade tensions, adds to risks around the euro area outlook.

Most **ASEAN-5** economies have recorded solid growth in 2018. This is forecast to continue in 2019 and 2020, supported by solid global growth and expanding domestic demand. However, escalating trade tensions, a moderation in growth in the Chinese economy, and the tightening of monetary policy in the United States have increased uncertainty around the outlook for the ASEAN-5.

DOMESTIC ECONOMIC OUTLOOK

Australia's economy continues to perform well and has been expanding at around its estimated potential growth rate. Real GDP is forecast to grow by 2¾ per cent in 2018-19 and 3 per cent in 2019-20. This growth outlook is forecast to support continuing employment growth, helping to keep the unemployment rate around recent lows.

The growth forecast for 2018-19 is slightly lower than the 2018-19 Budget estimate. Declining mining investment is expected to partly offset growth in other parts of the domestic economy. A fall in rural exports is also expected to weaken overall growth in real GDP in 2018-19, reflecting the effects of drought conditions in parts of southern and eastern Australia. Growth in mining and services exports is forecast to contribute to real GDP growth.

Economic growth is forecast to increase in 2019-20, with growth strengthening in household consumption, non-mining business investment and exports. Mining investment is also forecast to rise in 2019-20, making its first positive contribution to growth in seven years. This will mark an important turning point in the economy's adjustment to the end of the mining investment boom.

As output growth rises over the forecast horizon, employment is forecast to expand solidly. Labour force participation is expected to remain at high levels in 2018-19 and 2019-20 and the unemployment rate is forecast to remain at 5 per cent. Growth in wages and consumer prices is expected to increase over the forecast period, though more gradually than forecast at Budget.

Table 2.2: Domestic economy forecasts^(a)

	Outcomes(b)	Forecasts				
		2017-18	2018-19		2019-20	
			Budget	MYEFO	Budget	MYEFO
Real gross domestic product	2.8	3	2 3/4	3	3	
Household consumption	2.8	2 3/4	2 1/2	3	3	
Dwelling investment	0.1	1 1/2	1	0	-4	
Total business investment(c)	6.0	3	1	4 1/2	5	
<i>By industry</i>						
Mining investment	-4.1	-7	-8	3 1/2	4	
Non-mining investment	9.7	5 1/2	4	5	5	
Private final demand(c)	3.0	2 1/2	2	3	2 3/4	
Public final demand(c)	4.5	3	4 1/4	2 3/4	3	
Change in inventories(d)	0.0	0	0	0	0	
Gross national expenditure	3.3	2 3/4	2 1/2	3	2 3/4	
Exports of goods and services	4.1	4	2	2 1/2	3 1/2	
Imports of goods and services	7.0	2	1 1/2	2 1/2	3	
Net exports(d)	-0.6	1/4	1/4	0	0	
Nominal gross domestic product	4.7	3 3/4	4 3/4	4 3/4	3 1/2	
Prices and wages						
Consumer price index(e)	2.1	2 1/4	2	2 1/2	2 1/4	
Wage price index(f)	2.1	2 3/4	2 1/2	3 1/4	3	
GDP deflator	1.8	3/4	2	1 1/2	1/2	
Labour market						
Participation rate (per cent)(g)	65.6	65 1/2	65 1/2	65 1/2	65 1/2	
Employment(f)	2.7	1 1/2	1 3/4	1 1/2	1 3/4	
Unemployment rate (per cent)(g)	5.4	5 1/4	5	5 1/4	5	
Balance of payments						
Terms of trade(h)	1.9	-5 1/4	1 1/4	-2 1/4	-6	
Current account balance (per cent of GDP)	-2.8	-2 3/4	-2 3/4	-3 1/4	-3 3/4	

(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 price assumptions for key commodities: Iron ore spot price of US\$55/tonne free-on-board (FOB); metallurgical coal spot price falling over the March and June quarters of 2019 to reach US\$120/tonne FOB by the September quarter 2019; and thermal coal spot price of US\$93/tonne FOB.

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 63 and a US\$ exchange rate of around 73 US cents. Interest rates are assumed to move broadly in line with market expectations. World oil prices (Malaysian Tapis) are assumed to remain around US\$67 per barrel.

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

Household consumption is forecast to grow by 2½ per cent in 2018-19 and 3 per cent in 2019-20. Consumer spending was supported by a pick-up in household income growth in 2017-18. Income growth increased due mainly to strong growth in employment, with a smaller contribution from a modest rise in average earnings. Consumer sentiment has remained positive since the start of the year. Continued growth in employment and stronger wage growth is expected to support an expansion in household consumption over the forecast period, albeit at a slightly slower rate in

Part 2: Economic outlook

2018-19 than forecast at Budget. Personal income tax measures announced in the 2018-19 Budget are expected to support disposable income over this period. After declining over four years, the household saving ratio is expected to stabilise in 2019-20.

Interest rates remain low by historical standards. However, there are signs of a tightening in credit conditions, and this adds to the risks around consumer spending and investment. The recent tightening in credit conditions has occurred against the background of actions taken by regulators to improve lending standards in recent years, which have strengthened household balance sheets and therefore reduced vulnerability to future shocks. There remains a risk that household spending could be affected by any unanticipated further tightening in financial conditions. This may be a result of greater risk aversion following the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

Dwelling investment is forecast to rise by 1 per cent in 2018-19 and then fall by 4 per cent in 2019-20. Residential construction activity has been stronger than expected over the past year, due to an acceleration of work on existing projects. Activity should be supported in the near term by the large amount of construction work that remains to be done, particularly in New South Wales and Victoria. But a downward trend in building approvals means that some moderation in the future level of activity remains likely. Housing price declines also present a downside risk to the outlook for dwelling investment. Price falls in Sydney and Melbourne contributed to aggregate declines in capital city housing prices over the past year, with smaller price falls registered in Perth and Darwin. However, recent falls in housing prices in Australia's two largest capital cities have only partly unwound strong growth recorded in those cities between 2012 and 2017. Capital city housing prices overall remain around 40 per cent higher than in 2012.

Business investment is forecast to expand by 1 per cent in 2018-19 and 5 per cent in 2019-20. **Mining investment** has fallen by over 60 per cent since the peak of the mining investment boom. A further 8 per cent fall is expected in 2018-19 as the last of Australia's large LNG projects move into production. Investment in the mining industry is then expected to rise by 4 per cent in 2019-20 as mining companies invest to maintain large capital stocks and sustain production at existing levels.

Non-mining business investment grew strongly in 2017-18, with survey measures of business conditions at high levels. Non-mining business investment increased across a range of goods and services industries, a sign of the strength and breadth of the recent expansion. Evidence continues to suggest some firms are benefiting from opportunities related to large public infrastructure projects, particularly in New South Wales. Sustained growth in profits is expected to support non-mining business investment over the forecast period. Non-mining business investment is expected to expand by 4 per cent in 2018-19. This is a little weaker than forecast in the 2018-19 Budget, due to softer growth in non-dwelling construction. In 2019-20, growth in non-mining business investment is forecast to rise to 5 per cent, supported by strong growth in machinery and equipment investment.

Public final demand is forecast to grow by 4¼ per cent in 2018-19 and 3 per cent in 2019-20. Large contributions to growth are expected from state and territory spending on transport infrastructure projects, supported by the Australian Government's record \$75 billion infrastructure rollout, and ongoing Commonwealth expenditure on the National Disability Insurance Scheme.

Exports are forecast to grow by 2 per cent in 2018-19 and 3½ per cent in 2019-20. Drought conditions in New South Wales and parts of Victoria, Queensland and South Australia are expected to reduce farm production in 2018-19. This is expected to result in a 10 per cent fall in **rural exports**. In 2019-20, the assumption of average seasonal conditions supports a forecast return to growth in the farm sector. However, the pace of growth of rural exports and farm GDP will depend on how weather conditions evolve. Box A explains the effect of the drought on farm production and rural exports.

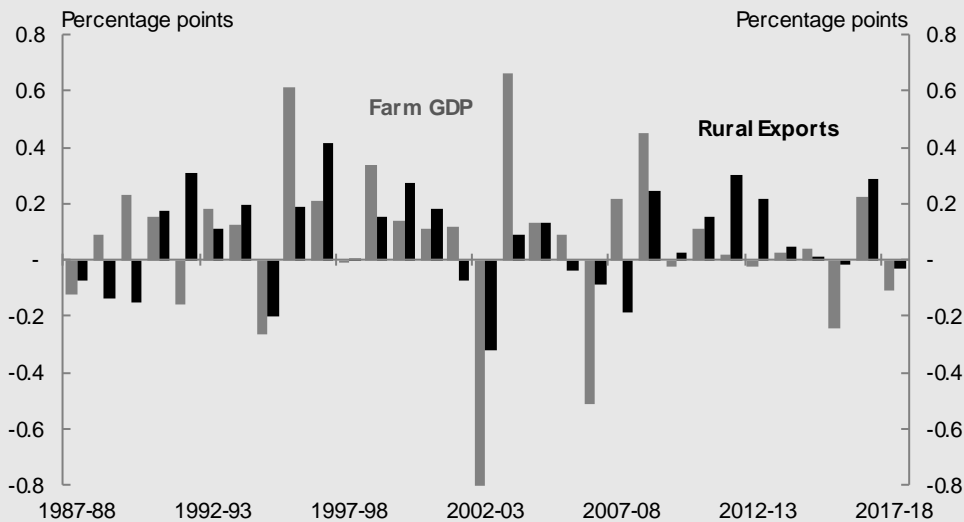
Box A — Impact of the drought on agricultural production and rural exports

Drought conditions affecting parts of southern and eastern Australia have resulted in a downgrade to farm GDP forecasts for 2018-19. Below-average rainfall and a deterioration in soil moisture levels have particularly affected the winter crop in 2018-19, which accounts for the vast bulk of Australia’s crop-related production each year.

Based on the latest information from the Australian Bureau of Agriculture and Resources Economics and Sciences, the forecast for agricultural production is for a decline in 2018-19. This is expected to subtract around ¼ of a percentage point from real GDP growth. Downgrades to winter crop production are expected to be partly offset in the short term by increased livestock slaughter rates, although this is likely to reduce productive stock available for future years.

Drought conditions have had a devastating impact on a number of regions, with particularly severe effects across large parts of south-eastern Australia. In contrast, parts of Western Australia have experienced more favourable conditions. The asymmetric nature of the drought and its duration has meant that at an aggregate level the economic impact is expected to be smaller than was the case in some previous droughts. Over the past 20 years, droughts have subtracted up to 0.8 percentage points from real GDP growth in a given financial year (Chart A).

Chart A: Agricultural contributions to real GDP growth



Source: ABS cat. no. 5206.0, 5302.0 and Treasury.

Current dry conditions follow favourable seasonal conditions and record crop production in 2016-17. This, combined with growth in rural commodity prices in recent years, has helped to support farm incomes and boosted Farm Management Deposits to record levels.

As a variety of factors continue to play out across Australia’s agricultural sector, the outlook for farm production and exports will remain a risk to the economic outlook.

Non-rural commodity exports are forecast to grow by 4½ per cent in 2018-19, slower than forecast in the 2018-19 Budget. Temporary supply disruptions have affected exports of iron ore and coal in the second half of 2018 following stronger-than-expected outcomes earlier in the year. Growth is forecast to moderate to 3½ per cent in 2019-20, with the remaining large LNG projects expected to have ramped up production by that time.

Services exports are forecast to grow by 4 per cent in 2018-19 and 2019-20, in line with the 2018-19 Budget forecasts. Growth in services exports has remained strong over the past year. Demand from Asia is expected to support continued growth in Australia's tourism and education exports over the forecast period.

Strengthening domestic economic activity is expected to lift demand for imported goods and services over the forecast period. **Imports** are forecast to grow by 1½ per cent in 2018-19 and 3 per cent in 2019-20, with imports of consumption, capital and intermediate goods, and services all expected to expand.

Labour market conditions have remained strong over the past 12 months, with employment increasing in most states and territories and in 12 out of 19 industries. As growth in employment exceeded growth in the labour force over this period, the unemployment rate has fallen, and at 5 per cent is at its lowest level in six years. Consistent with improved opportunities in the labour market, as well as continued increases in participation by women and older Australians, the headline participation rate remains close to recent highs.

Strong growth in output is expected to bring the economy closer to its productive capacity over the forecast period and support increased demand for labour. However, consistent with leading indicators of employment growth, further improvements in the labour market are likely to be more gradual than in 2017-18. Year-ended **employment** growth of 1¾ per cent is forecast for both 2018-19 and 2019-20, which is ¼ of a percentage point higher in each year than forecast at Budget. The **labour force participation rate** is forecast to stay relatively high, at 65½ per cent, while the **unemployment rate** is expected to remain at 5 per cent.

Year-ended **wage growth** is expected to rise from 2½ per cent in 2018-19 to 3 per cent in 2019-20. Growth in the Wage Price Index picked up to 2.3 per cent through the year to the September quarter, its strongest outcome in three years, as the unemployment rate fell to a six-year low. Anecdotal evidence from Treasury's business liaison program points to skills shortages and wage pressures in some sectors of the economy, consistent with a tightening labour market.

Nevertheless, the wage growth forecasts are ¼ of a percentage point lower than in the Budget for both 2018-19 and 2019-20. In Australia, as in other advanced economies, the response of wages to improving labour market conditions has been slower and more muted than in past cycles. The United States, Canada and New Zealand have also

Part 2: Economic outlook

experienced subdued wage growth in an environment of low unemployment and solid GDP growth.

In Australia, the slower recovery in wage growth might reflect adjustments associated with the unwinding of high commodity prices following the terms of trade boom. Sustained low inflation outcomes have also affected inflation expectations and wage setting in recent years. Additionally, while the unemployment rate has fallen, broader measures of labour underutilisation indicate that there remains spare capacity in the labour market. Additional capacity has also been found outside the labour force, with strong employment growth helping to draw in people who were not previously looking for work.

Year-ended **consumer price inflation** is forecast to increase from 2 per cent in 2018-19 to 2¼ per cent in 2019-20. Over the past year, higher fuel and tobacco prices have exerted upward pressure on inflation. However, a combination of slow growth in labour costs, subdued increases in dwelling rents and heightened competition in the retail sector has continued to weigh on consumer prices. Slower growth in administered prices, largely a result of child care policy changes introduced in July, contributed to a subdued inflation outcome for the September quarter. The inflation forecasts are ¼ of a percentage point lower in both 2018-19 and 2019-20 compared with the 2018-19 Budget forecasts, reflecting recent outcomes and a more gradual forecast pick-up in wage growth.

The forecasts of the terms of trade and nominal GDP are sensitive to assumptions about **commodity prices**. The iron ore spot price is assumed to be US\$55 per tonne free-on-board (FOB) over the forecast period. This is consistent with the price assumption at Budget.

Prices for thermal and metallurgical coal have been higher than expected since Budget. But in recent years there has been heightened volatility in world commodity prices and significant uncertainty around policy changes in China. In view of these factors, and current uncertainties in the global economic outlook, prudent assumptions for coal prices have been retained. The metallurgical coal price is assumed to decline to US\$120 per tonne FOB through the March and June quarters of 2019, later than assumed at Budget. The thermal coal price is assumed to be US\$93 per tonne FOB over the forecast period, unchanged from Budget.

Volatility in commodity price movements remains a significant source of uncertainty in the outlook for nominal GDP. Box B provides an indication of how nominal GDP and tax receipts could be affected by altered timing around the metallurgical coal price assumption. Further details on how movements in commodity prices can affect the Australian economy are detailed in Attachment A.

Box B — Sensitivity analysis: metallurgical coal price

If the metallurgical coal price were to fall immediately to US\$120 per tonne FOB, two quarters earlier than assumed, nominal GDP could be around \$4.4 billion lower than forecast in 2018-19 and \$1.6 billion lower in 2019-20. This would have a negative flow-on impact to company tax receipts estimated at around \$0.3 billion in 2018-19 and \$1.0 billion in 2019-20 (Table A).

By contrast, if the metallurgical coal price remained elevated for two quarters longer than currently assumed, before falling immediately to US\$120 per tonne FOB, nominal GDP could be around \$2.5 billion higher than forecast in 2018-19 and \$3.5 billion higher in 2019-20. This would have a flow on impact to company tax receipts estimated at around \$0.2 billion in 2018-19 and \$1.0 billion in 2019-20. The actual impact on tax receipts may vary due to timing of tax collections and the availability of tax losses.

Table A: Sensitivity analysis of an earlier and later step down in the metallurgical coal spot price

	Later fall to US\$120/tonne FOB ^(a)		Earlier fall to US\$120/tonne FOB	
	2018-19	2019-20	2018-19	2019-20
Nominal GDP (\$billion)	2.5	3.5	-4.4	-1.6
Tax receipts (\$billion)	0.2	1.0	-0.3	-1.0

(a) FOB is the free-on-board price which excludes freight costs.

Source: Treasury.

The **terms of trade** are forecast to rise by 1¼ per cent in 2018-19 and fall by 6 per cent in 2019-20. Stronger-than-assumed commodity prices in the period since Budget contribute to the higher terms of trade in 2018-19, while the fall in the terms of trade in 2019-20 is consistent with assumed declines in commodity export prices.

Nominal GDP is forecast to grow by 4¾ per cent in 2018-19 and 3½ per cent in 2019-20. The growth forecast for 2018-19 is higher than the forecast in the 2018-19 Budget, reflecting the upgrade to the forecast for the terms of trade. An assumed decline in commodity prices and lower growth in domestic prices contribute to weaker forecast growth in nominal GDP in 2019-20. However, the level of nominal GDP remains higher over the forecast period than at Budget.

There are inherent **uncertainties** in the forecasts. In addition to risks around the international outlook, there are also domestic risks. The outlook for household consumption and business investment is uncertain, with both upside and downside surprises possible. The duration and severity of the drought in parts of southern and eastern Australia is another important source of uncertainty.

Weaker-than-expected wage growth and tightening credit conditions could cause consumer spending to be weaker than forecast. Housing price falls in parts of the country do not appear to have had a significant effect to date, but could dampen spending, especially if prices fall further. On the other hand, faster-than-forecast

Part 2: Economic outlook

employment growth would be expected to support stronger consumer spending, and this remains an upside risk to the growth outlook.

The risks around business investment remain broadly balanced. Non-mining business investment has rebounded strongly over the past two years notwithstanding a softer outcome in the September quarter of 2018. Sustained strength in business conditions and profits could contribute to a stronger-than-expected recovery in non-mining business investment over the forecast period. Counter-balancing these upside risks to the growth forecasts is the possibility that uncertainty around the global outlook could affect business confidence and investment plans.

The expected recovery from the current drought is a key uncertainty for the forecasts. If drought conditions were to deteriorate further, growth outcomes could be weaker than forecast. Equally, a faster-than-expected return to average seasonal conditions could lead to stronger economic outcomes.

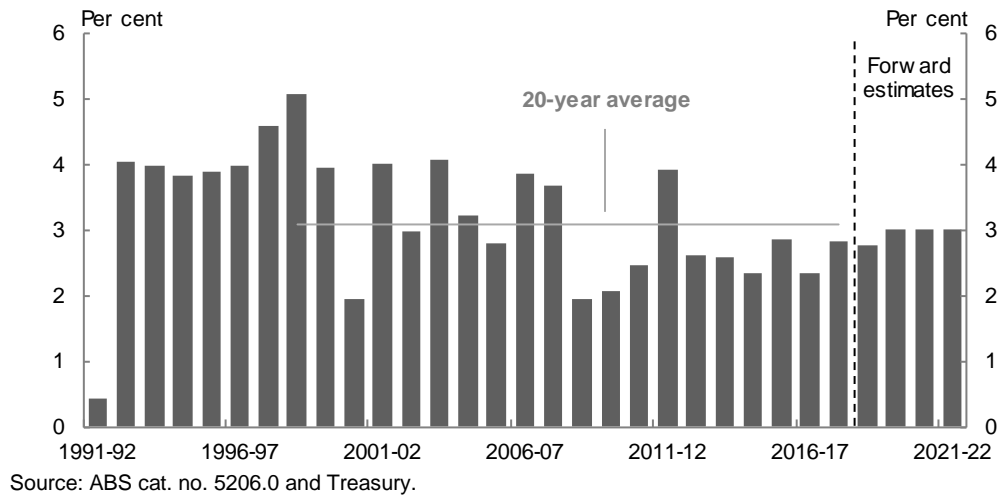
Commodity prices are an important source of uncertainty for the nominal GDP forecasts. Attachment A presents information on the estimated effect on the economy of a movement in the terms of trade.

Medium-term projections

The fiscal aggregates are based on detailed economic forecasts for the Budget year and the subsequent financial year. Economic projections then underpin the fiscal aggregates for the following two financial years. These projections are based on a medium-term methodology and some key assumptions.

The medium-term projection methodology, as outlined in the 2014-15 Budget, assumes that spare capacity in the economy at the end of the forecast period is absorbed over the following five years. Real GDP is projected to grow faster than potential over this five-year adjustment period, at 3 per cent a year from 2020-21. As this occurs, productivity, employment and the labour force participation rate are assumed to converge to their long-run sustainable levels. By the end of 2024-25, spare capacity in the economy is assumed to be completely absorbed. Real GDP is projected to grow at its potential growth rate thereafter.

Chart 2.1: Real GDP growth



The growth rate of potential GDP is currently estimated to be 2¾ per cent. The unemployment rate is projected to remain at 5 per cent over the medium term, consistent with estimates of the non-accelerating inflation rate of unemployment. Annual consumer price inflation is projected to be 2½ per cent, the midpoint of the RBA’s medium-term target band. The terms of trade are projected to remain flat at around levels recorded in 2005 from 2021-22.

The medium-term economic and fiscal projections are sensitive to the assumptions that underpin Treasury’s estimate of potential GDP and the pace at which the economy is assumed to return to potential. Analysis in the 2018-19 Budget presented the sensitivity of Budget projections to different assumptions about trend productivity growth – a key determinant of potential growth – and shorter or longer periods of adjustment back to potential output. This information is reported in Budget Paper No. 1 Statement 8: *Forecasting Performance and Scenario Analysis*.

PART 3: FISCAL STRATEGY AND OUTLOOK

OVERVIEW

After a decade of deficits, the Budget is on track to return to surplus in 2019-20, with strong fiscal discipline ensuring these surpluses exceed 1 per cent of GDP in the medium term.

Reflecting a strong economy and the Government's responsible budget management, the underlying cash balance is expected to improve from a deficit of \$5.2 billion (0.3 per cent of GDP) in 2018-19 to a surplus of \$4.1 billion (0.2 per cent of GDP) in 2019-20. This is an improvement of 2.5 percentage points of GDP between 2013-14 and 2017-18.

Looking ahead, the budget position is expected to strengthen further, with an average annual pace of fiscal consolidation of 0.4 per cent of GDP expected over the forward estimates period. Over the four years from 2018-19, the cumulative underlying cash surplus is expected to be \$30.4 billion, nearly double the 2018-19 Budget estimate.

The net operating balance is expected to reach a surplus of \$4.9 billion (0.3 per cent of GDP) in 2018-19, increasing further to a projected surplus of \$29.8 billion (1.4 per cent of GDP) in 2021-22. This reflects that recurrent spending is more than fully funded by revenue in 2018-19 and over the forward estimates.

Table 3.1: Budget aggregates

	Estimates			
	2018-19		2019-20	
	Budget \$b	MYEFO \$b	Budget \$b	MYEFO \$b
Underlying cash balance(a)	-14.5	-5.2	2.2	4.1
Per cent of GDP	-0.8	-0.3	0.1	0.2
Net operating balance	-2.4	4.9	8.6	10.1
Per cent of GDP	-0.1	0.3	0.4	0.5
	Projections			
	2020-21		2021-22	
	Budget \$b	MYEFO \$b	Budget \$b	MYEFO \$b
Underlying cash balance(a)	11.0	12.5	16.6	19.0
Per cent of GDP	0.5	0.6	0.8	0.9
Net operating balance	19.6	20.4	27.4	29.8
Per cent of GDP	0.9	1.0	1.3	1.4

(a) Excludes expected net Future Fund earnings before 2020-21.

Net debt is expected to decline in each year of the forward estimates and the medium term, falling from 18.2 per cent in 2018-19 to 1.5 per cent of GDP by 2028-29. Gross debt as a percentage of GDP is falling over the forward estimates and is expected to remain below the \$600 billion limit.

Part 3: Fiscal strategy and outlook

Since the 2018-19 Budget, expected total receipts have been revised up by around \$8.3 billion in 2018-19 and \$12.4 billion over the four years to 2021-22. This is mainly driven by upward revisions to the forecasts for individuals and company taxes.

FISCAL STRATEGY

Returning the budget to surplus

Reflecting a strong economy and the Government's responsible budget management, the underlying cash balance is expected to improve from a deficit of \$5.2 billion (0.3 per cent of GDP) in 2018-19 to a surplus of \$4.1 billion (0.2 per cent of GDP) in 2019-20. Table 3.2 provides key budget aggregates for the Australian Government general government sector.

Table 3.2: Australian Government general government sector budget aggregates

	Estimates			
	2018-19		2019-20	
	Budget \$b	MYEFO \$b	Budget \$b	MYEFO \$b
Receipts	473.7	482.1	503.7	506.0
Per cent of GDP	24.9	24.9	25.3	25.2
Payments(a)	484.6	483.4	497.5	497.4
Per cent of GDP	25.4	24.9	25.0	24.8
Net Future Fund earnings(b)	3.6	3.9	3.9	4.6
Underlying cash balance(c)	-14.5	-5.2	2.2	4.1
Per cent of GDP	-0.8	-0.3	0.1	0.2
Revenue	486.1	493.3	512.8	514.5
Per cent of GDP	25.5	25.5	25.7	25.7
Expenses	488.6	488.4	504.2	504.4
Per cent of GDP	25.7	25.2	25.3	25.2
Net operating balance	-2.4	4.9	8.6	10.1
Per cent of GDP	-0.1	0.3	0.4	0.5
Net capital investment	5.0	6.8	4.9	5.8
Fiscal balance	-7.4	-1.9	3.7	4.3
Per cent of GDP	-0.4	-0.1	0.2	0.2
<i>Memorandum items:</i>				
Net Future Fund earnings(b)	3.6	3.9	3.9	4.6
Headline cash balance	-27.6	-18.3	-8.1	-7.2

Table 3.2: Australian Government general government sector budget aggregates (continued)

	Projections			
	2020-21		2021-22	
	Budget	MYEFO	Budget	MYEFO
	\$b	\$b	\$b	\$b
Receipts	525.5	526.4	554.0	554.8
Per cent of GDP	25.2	25.2	25.5	25.5
Payments(a)	514.5	513.9	537.3	535.8
Per cent of GDP	24.7	24.6	24.7	24.6
Net Future Fund earnings(b)	na	na	na	na
Underlying cash balance(c)	11.0	12.5	16.6	19.0
Per cent of GDP	0.5	0.6	0.8	0.9
Revenue	537.9	538.2	568.2	568.3
Per cent of GDP	25.8	25.8	26.1	26.1
Expenses	518.2	517.8	540.8	538.6
Per cent of GDP	24.9	24.8	24.9	24.7
Net operating balance	19.6	20.4	27.4	29.8
Per cent of GDP	0.9	1.0	1.3	1.4
Net capital investment	6.7	8.1	8.0	9.8
Fiscal balance	12.9	12.3	19.4	20.0
Per cent of GDP	0.6	0.6	0.9	0.9
<i>Memorandum:</i>				
Net Future Fund earnings(b)	4.2	4.7	4.5	5.0
Headline cash balance	21.0	2.0	7.8	9.8

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

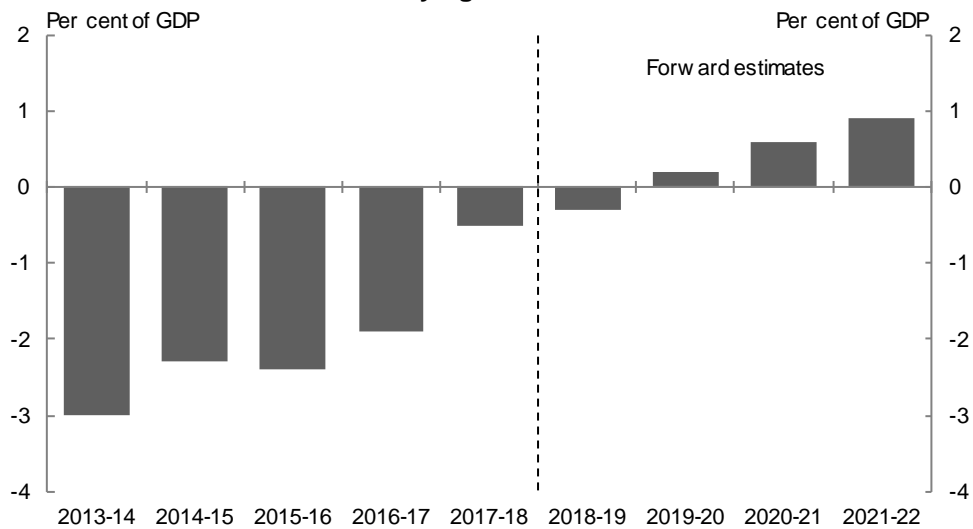
(b) Under the *Future Fund Act 2006*, net Future Fund earnings will be available to meet the Australian Government's superannuation liability in 2020-21. From this time, the underlying cash balance includes expected net Future Fund earnings.

(c) Excludes expected net Future Fund earnings before 2020-21.

Reflecting the Government's commitment to its fiscal strategy and budget repair, the expected 2018-19 underlying cash deficit is around half of the 2017-18 Final Budget Outcome (-\$10.1 billion) and around one-third of the deficit estimated at the 2018-19 Budget (-\$14.5 billion).

Between 2013-14 and 2017-18, the Government's fiscal and economic management has led to a 2.5 percentage point improvement in the underlying cash balance-to-GDP ratio. From 2018-19, additional fiscal consolidation of 1.4 percentage points is expected across the forward estimates, as shown in Chart 3.1.

Chart 3.1: Underlying cash balance to GDP^(a)



(a) Excludes expected net Future Fund earnings before 2020-21.

The Government has continued to focus on controlling expenditure to help return the budget to surplus and lower government debt. Compared with the 2018-19 Budget, total nominal payment estimates are lower in each year of the forward estimates and \$3.5 billion lower in total over the four years from 2018-19. The payments-to-GDP ratio is expected to be 24.9 per cent in 2018-19, falling to 24.6 per cent by 2020-21, below the 30 year average of 24.7 per cent. Average annual real growth in payments over the five years from 2017-18 is expected to be 1.9 per cent.

Since the 2016 election, the Government has legislated over \$56 billion of budget repair measures that have strengthened the budget position. These structural savings continue to improve the spending growth trajectory over time, including by ensuring payments are better targeted to those in genuine need, providing capacity to reinvest in the Government’s plan to build a stronger economy.

The Government will continue to pursue savings where it can, in addition to keeping a tight rein on spending, to ensure the Budget remains on a sustainable trajectory for the future. Taking account of Senate positions and reductions in payments as result of non-economic parameter and other variations, the net impact of decisions in the 2018-19 MYEFO is a reduction in payments of \$423 million over the four years from 2018-19.

Table 3.3: Impact of Government decisions on payments in the 2018-19 MYEFO

	Estimates		Projections		Total
	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	
Total payments impact of policy decisions taken since the 2018-19 Budget	-2,515	-3,561	-3,288	-2,877	-12,240
<i>Add</i> Payments impact of non-economic parameter and other variations	2,895	2,552	2,615	3,332	11,393
Equals total payment impact of policy decisions	379	-1,009	-673	455	-847
<i>Less</i> Payments impact of decisions taken as a result of Senate positions	-9	-186	-396	-679	-1,271
Net payments impact of policy decisions in the 2018-19 MYEFO	389	-823	-277	1,134	423

Passage of some budget repair measures has been delayed in the Senate, causing a negative impact on the bottom line. The Government has taken steps to mitigate this impact and continues to work with the Parliament to secure the successful passage of unlegislated budget repair measures, including passing legislation to improve the Australian welfare payment system, ensuring it is fair, targeted and sustainable.

Table 3.4: Impacts and adjustments due to the Senate (underlying cash balance)

	Estimates		Projections		Total
	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	
Decisions taken as a result of Senate positions					
Social Services and Other Legislation					
Amendment (Promoting Sustainable Welfare) Bill					
<i>Receipts</i>	0	0	0	0	0
<i>Payments</i>	-9	-186	-396	-679	-1,271
Total impact of decisions taken as a result of Senate positions	-9	-186	-396	-679	-1,271
Impact of delays in passing legislation					
<i>Receipts</i>	-57	-20	-12	-5	-94
<i>Payments</i>	-382	-182	-202	-216	-983
Total impact of delays in passing legislation	-439	-202	-214	-221	-1,076
Total impacts and adjustments due to the Senate	-448	-388	-611	-900	-2,347

The net impact of decisions taken as a result of Senate positions has a net negative impact on the underlying cash balance of \$1.3 billion over the forward estimates. The net impact of delays in the passage of legislation has a net negative impact on the underlying cash balance of \$1.1 billion over the forward estimates.

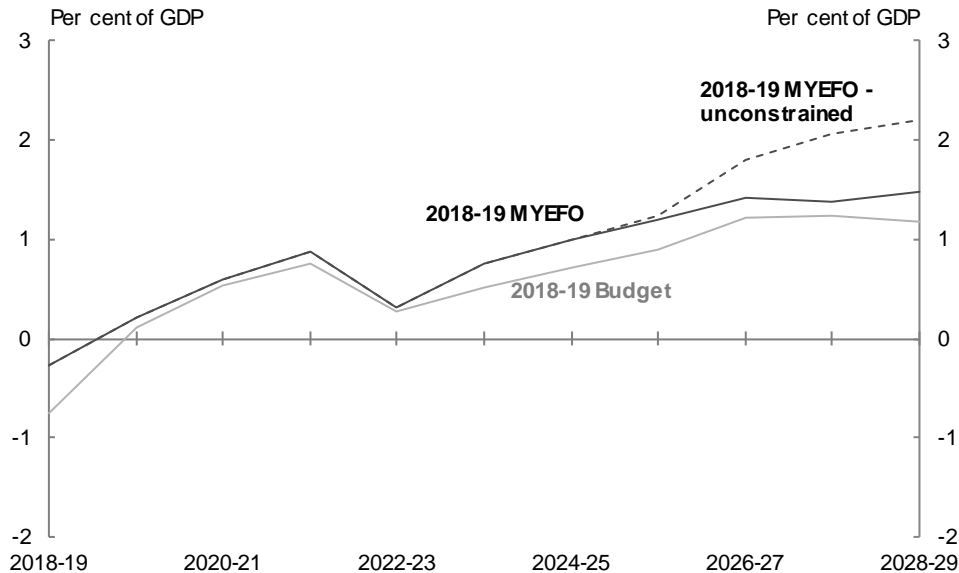
The Government is committed to continuing to work with the Parliament to secure the successful passage of unlegislated measures that contribute to the task of budget repair. The estimated impact over the forward estimates of remaining budget repair

Part 3: Fiscal strategy and outlook

measures, announced prior to the 2018-19 MYEFO, and after taking account of parameter changes is a positive \$5.4 billion. This comprises around \$4.9 billion of receipt increases and around \$0.5 billion of payment saves. The net impact of the remaining unlegislated budget repair measures announced prior to the 2018-19 Budget is now around \$0.6 billion.

Chart 3.2 shows the projection of the underlying cash balance to 2028-29. The budget is projected to remain in surplus throughout the medium term, with surpluses of more than 1 per cent of GDP from 2025-26. By 2028-29, the underlying cash balance is projected to be 1.5 per cent of GDP, an improvement on the 2018-19 Budget projection. The chart also illustrates the underlying cash balance projected to 2028-29 without the tax-to-GDP cap adopted by the Government's fiscal strategy. In the absence of this policy, the underlying cash balance would be projected to reach a surplus of 2.2 per cent of GDP in 2028-29.

Chart 3.2: Underlying cash balance projected to 2028-29



Note: The tax-to-GDP cap of 23.9 per cent is reached from 2025-26, a year earlier than at the 2018-19 Budget. Net Future Fund earnings are included in projections of the underlying cash balance from 2020-21 when drawdowns from the Future Fund are available.

Source: Treasury projections.

Strengthening the Government's balance sheet

A strong balance sheet provides the Government the flexibility to respond to unanticipated events during times of financial crises or economic shocks. Key aggregates relating to the balance sheet are set out in Table 3.5.

Table 3.5: Australian Government general government sector net worth, net financial worth, net debt and net interest payments

	Estimates			
	2018-19		2019-20	
	Budget \$b	MYEFO \$b	Budget \$b	MYEFO \$b
Financial assets	422.6	430.4	450.5	460.1
Non-financial assets	145.3	150.2	150.5	156.1
Total assets	568.0	580.6	601.1	616.2
Total liabilities	905.6	901.3	932.6	927.2
Net worth	-337.6	-320.8	-331.6	-311.0
Net financial worth(a)	-482.9	-470.9	-482.1	-467.1
Per cent of GDP	-25.4	-24.3	-24.2	-23.3
Net debt(b)	349.9	351.9	344.0	343.4
Per cent of GDP	18.4	18.2	17.3	17.1
Net interest payments	14.5	14.0	12.2	11.5
Per cent of GDP	0.8	0.7	0.6	0.6
	Projections			
	2020-21		2021-22	
	Budget \$b	MYEFO \$b	Budget \$b	MYEFO \$b
Financial assets	450.6	480.9	485.1	511.1
Non-financial assets	156.6	163.3	163.9	171.8
Total assets	607.2	644.2	649.0	682.9
Total liabilities	921.9	935.1	939.0	945.0
Net worth	-314.7	-291.0	-290.0	-262.0
Net financial worth(a)	-471.3	-454.3	-453.9	-433.9
Per cent of GDP	-22.6	-21.7	-20.9	-19.9
Net debt(b)	334.3	329.9	319.3	312.6
Per cent of GDP	16.1	15.8	14.7	14.3
Net interest payments	12.4	11.3	12.2	10.4
Per cent of GDP	0.6	0.5	0.6	0.5

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

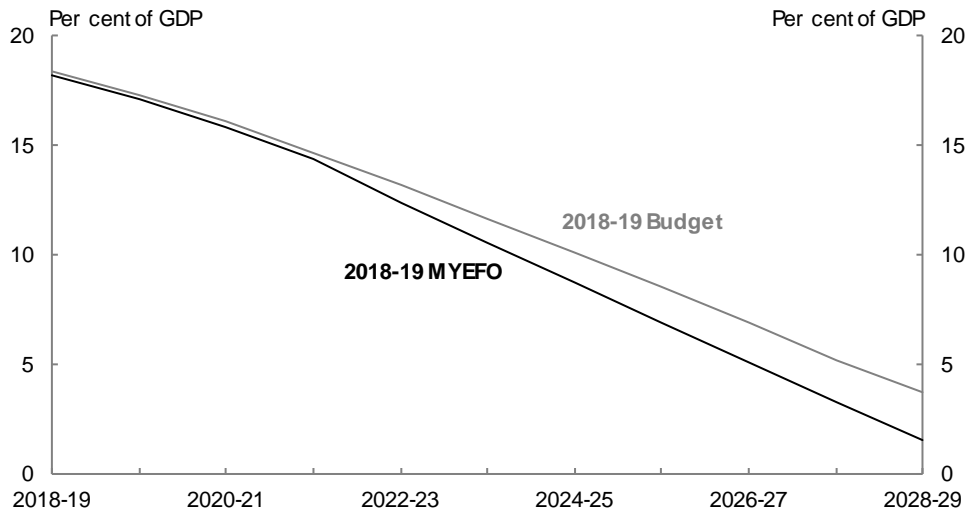
(b) Net debt equals the sum of deposits held, government securities, loans and other borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

Net debt is the sum of selected financial liabilities less the sum of selected financial assets and is a common measure of the strength of a government's financial position. High levels of net debt impose a call on future revenue flows to service that debt.

Net debt is estimated to be 18.2 per cent of GDP in 2018-19, lower than the estimate of 18.4 per cent of GDP at the 2018-19 Budget. Net debt is then projected to decline as a share of GDP to 14.3 per cent by 2021-22. This primarily reflects changes in the financing requirement as a result of improvements in the underlying cash balance, partly offset by a rise in the market value of Commonwealth Government Securities (CGS) due to lower yields. Refer to Attachment E for further information.

In the 2018-19 Budget, net debt was projected to be 3.8 per cent of GDP by 2028-29. Net debt is now projected to improve to 1.5 per cent of GDP by 2028-29 (Chart 3.3).

Chart 3.3: Net debt projected to 2028-29



Note: The tax-to-GDP cap of 23.9 per cent is reached from 2025-26, a year earlier than at the 2018-19 Budget.

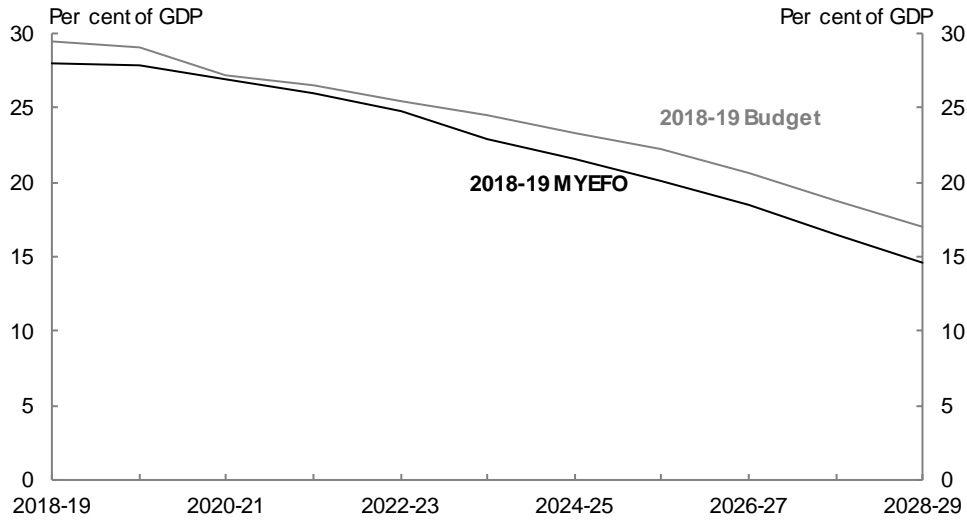
Source: Treasury projections.

Gross debt, as measured by the face value of CGS on issue, is estimated to fall from 28.0 per cent of GDP in 2018-19 (\$542 billion) to 26.0 per cent of GDP by the end of the forward estimates period (\$567 billion, which is \$11 billion lower than projected at the 2018-19 Budget).

At the 2018-19 Budget, gross debt was projected to be \$532 billion (17.0 per cent of GDP) in 2028-29. Gross debt is now projected to reach around \$455 billion (14.6 per cent of GDP) by 2028-29 – a fall of around \$77 billion (Chart 3.4).

The projected fall in the level of gross debt over the medium term reflects the improvement to the underlying cash balance.

Chart 3.4: Gross debt projected to 2028-29



Note: The tax-to-GDP cap of 23.9 per cent is reached from 2025-26, a year earlier than at the 2018-19 Budget.

Source: Australian Office of Financial Management and Treasury projections.

Net financial worth is an indicator of fiscal sustainability in the medium-term fiscal strategy. It measures the Government’s financial assets and liabilities, including both the assets of the Future Fund and the public superannuation liability that the Future Fund seeks to finance.

Compared with the 2018-19 Budget, net financial worth has improved over the forward estimates. Net financial worth is estimated to be -\$470.9 billion in 2018-19 (24.3 per cent of GDP), \$12.0 billion better than estimated at the 2018-19 Budget. This primarily reflects increases in the Government’s Future Fund and Reserve Bank of Australia equity investments, as well as changes in the financing requirement reflecting improvements in the underlying cash balance and lower yields for CGS.

Net financial worth also improves over the medium term, rising to -\$161.8 billion (5.2 per cent of GDP) by 2028-29.

Net worth is equal to total assets less total liabilities. It reflects the contribution of the Australian Government to the wealth of Australia. Compared with the 2018-19 Budget, net worth has improved over the forward estimates. Net worth is estimated to be -\$320.8 billion in 2018-19 (16.6 per cent of GDP), \$16.9 billion higher than estimated at the 2018-19 Budget.

The Government’s fiscal strategy is outlined in Box A.

Box A: The Government's fiscal strategy

Medium-term 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 four 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;
- supporting revenue growth by supporting policies that drive earnings and economic growth, while:
 - maintaining a sustainable tax burden consistent with the economic growth objective, including through maintaining the tax-to-GDP ratio at or below 23.9 per cent of GDP; and
- strengthening the Government's balance sheet by improving net financial worth over time.

Budget repair strategy

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

The 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 and sustainable surplus is achieved and so long as economic growth prospects are sound and unemployment remains low.

FISCAL OUTLOOK

Budget aggregates

An **underlying cash deficit** of \$5.2 billion (0.3 per cent of GDP) is expected in 2018-19, improving to a forecast surplus of \$4.1 billion (0.2 per cent of GDP) in 2019-20 and a larger projected surplus of \$19.0 billion (0.9 per cent of GDP) in 2021-22.

In accrual terms, a **net operating surplus** of \$4.9 billion (0.3 per cent of GDP) is expected in 2018-19, improving to a larger projected surplus of \$29.8 billion (1.4 per cent of GDP) by the end of the forward estimates.

A **headline cash deficit** of \$18.3 billion (0.9 per cent of GDP) is expected in 2018-19, improving to a projected surplus of \$9.8 billion (0.5 per cent of GDP) in 2021-22.

Table 3.6 provides a summary of the cash flows of the Australian Government general government sector.

Table 3.6: Summary of Australian Government general government sector cash flows

	Estimates			
	2018-19		2019-20	
	Budget	MYEFO	Budget	MYEFO
	\$b	\$b	\$b	\$b
Cash receipts				
Operating cash receipts	473.0	481.4	502.0	504.5
Capital cash receipts(a)	0.7	0.7	1.6	1.5
Total cash receipts	473.7	482.1	503.7	506.0
Cash payments				
Operating cash payments	470.7	468.3	483.0	482.9
Capital cash payments(b)	14.0	15.1	14.5	14.4
Total cash payments	484.6	483.4	497.5	497.4
GFS cash surplus(+)/deficit(-)	-10.9	-1.3	6.2	8.7
Per cent of GDP	-0.6	-0.1	0.3	0.4
<i>less</i> Finance leases and similar arrangements(c)	0.0	0.0	0.0	0.0
<i>less</i> Net Future Fund earnings(d)	3.6	3.9	3.9	4.6
Underlying cash balance(e)	-14.5	-5.2	2.2	4.1
Per cent of GDP	-0.8	-0.3	0.1	0.2
<i>Memorandum:</i>				
Net cash flows from investments in financial assets for policy purposes	-16.7	-17.0	-14.2	-15.8
<i>plus</i> Net Future Fund earnings(d)	3.6	3.9	3.9	4.6
Headline cash balance	-27.6	-18.3	-8.1	-7.2
Net Future Fund earnings(d)	3.6	3.9	3.9	4.6

Table 3.6: Summary of Australian Government general government sector cash flows (continued)

	Projections			
	2020-21		2021-22	
	Budget	MYEFO	Budget	MYEFO
	\$b	\$b	\$b	\$b
Cash receipts				
Operating cash receipts	525.2	526.2	553.8	554.6
Capital cash receipts(a)	0.2	0.2	0.2	0.2
Total cash receipts	525.5	526.4	554.0	554.8
Cash payments				
Operating cash payments	498.6	497.5	520.1	517.9
Capital cash payments(b)	15.9	16.4	17.2	18.0
Total cash payments	514.5	513.9	537.3	535.8
GFS cash surplus(+)/deficit(-)	11.0	12.5	16.6	19.0
Per cent of GDP	0.5	0.6	0.8	0.9
<i>less</i> Finance leases and similar arrangements(c)	0.0	0.0	0.0	0.0
<i>less</i> Net Future Fund earnings(d)	na	na	na	na
Underlying cash balance(e)	11.0	12.5	16.6	19.0
Per cent of GDP	0.5	0.6	0.8	0.9
<i>Memorandum:</i>				
Net cash flows from investments in financial assets for policy purposes	10.0	-10.5	-8.8	-9.1
<i>plus</i> Net Future Fund earnings(d)	na	na	na	na
Headline cash balance	21.0	2.0	7.8	9.8
Net Future Fund earnings(d)	4.2	4.7	4.5	5.0

- (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 worsens the underlying cash balance. The disposal of assets previously held under finance leases improves the underlying cash balance.
(d) Under the *Future Fund Act 2006*, net Future Fund earnings will be available to meet the Australian Government's superannuation liability in 2020-21. From this time, the underlying cash balance includes expected net Future Fund earnings.
(e) Excludes expected net Future Fund earnings before 2020-21.

Underlying cash balance estimates

The estimated underlying cash deficit in 2018-19 has improved by \$9.3 billion compared with the 2018-19 Budget. Table 3.7 provides a reconciliation of the variations in the underlying cash balance since the 2018-19 Budget.

Table 3.7: Reconciliation of general government sector underlying cash balance estimates

	Estimates		Projections		Total
	2018-19	2019-20	2020-21	2021-22	
	\$m	\$m	\$m	\$m	\$m
2018-19 Budget underlying cash balance(a)	-14,462	2,234	10,957	16,619	15,348
Per cent of GDP	-0.8	0.1	0.5	0.8	
Changes from 2018-19 Budget to 2018-19 MYEFO					
Effect of policy decisions(b)(c)(d)					
Receipts	611	-411	-2,366	-1,902	-4,068
Payments	2,515	3,561	3,288	2,877	12,240
Total policy decisions impact on underlying cash balance	-1,905	-3,971	-5,654	-4,778	-16,309
Effect of parameter and other variations(c)					
Receipts	7,742	2,109	2,509	1,829	14,189
Payments	-3,779	-4,372	-4,652	-5,285	-18,089
less Net Future Fund earnings(e)	327	633	na	na	961
Total parameter and other variations impact on underlying cash balance	11,194	5,848	7,161	7,114	31,317
2018-19 MYEFO underlying cash balance(a)	-5,172	4,110	12,464	18,954	30,357
Per cent of GDP	-0.3	0.2	0.6	0.9	
<i>Memorandum:</i>					
Net Future Fund earnings(e)	3,886	4,551	4,690	5,006	18,133
Effect of revenue policy decisions on GST					
Receipts	-15	653	786	896	2,320
Payments	-15	653	786	896	2,320

(a) Excludes expected net Future Fund earnings before 2020-21.

(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 improves the underlying cash balance, while a positive number for payments worsens the underlying cash balance.

(d) Excludes the impact of revenue policy decisions on GST.

(e) Under the *Future Fund Act 2006*, net Future Fund earnings will be available to meet the Australian Government's superannuation liability in 2020-21. From this time, the underlying cash balance includes expected net Future Fund earnings.

Since the 2018-19 Budget, the effect of parameter and other variations has resulted in a \$14.2 billion increase in forecast receipts and an \$18.1 billion decrease in payments over the forward estimates.

Receipts estimates

Total receipts are expected to be \$8.3 billion higher in 2018-19 than estimated at the 2018-19 Budget. In 2018-19, tax receipts are \$7.2 billion higher and non-tax receipts are \$1.2 billion higher compared with the 2018-19 Budget.

Tables 3.8 and 3.9 provide a summary of changes in total receipts in 2018-19 and 2019-20.

Table 3.8: Reconciliation of 2018-19 general government sector (cash) receipts

	Estimates		Change on Budget	
	Budget \$m	MYEFO \$m	\$m	%
Individuals and other withholding taxes				
Gross income tax withholding	201,800	205,800	4,000	2.0
Gross other individuals	46,700	46,300	-400	-0.9
less: Refunds	30,500	30,000	-500	-1.6
Total individuals and other withholding tax	218,000	222,100	4,100	1.9
Fringe benefits tax	4,220	3,820	-400	-9.5
Company tax	89,100	92,500	3,400	3.8
Superannuation fund taxes	10,310	10,710	400	3.9
Petroleum resource rent tax(a)	1,350	1,350	0	0.0
Income taxation receipts	322,980	330,480	7,500	2.3
Goods and services tax	67,527	66,789	-738	-1.1
Wine equalisation tax	990	1,030	40	4.0
Luxury car tax	740	700	-40	-5.4
Excise and customs duty				
Petrol	6,200	6,000	-200	-3.2
Diesel	11,330	11,550	220	1.9
Other fuel products	2,040	2,280	240	11.8
Tobacco	12,530	12,950	420	3.4
Beer	2,440	2,490	50	2.0
Spirits	2,290	2,350	60	2.6
Other alcoholic beverages(b)	1,000	1,000	0	0.0
Other customs duty				
Textiles, clothing and footwear	190	200	10	5.3
Passenger motor vehicles	530	450	-80	-15.1
Other imports	1,260	1,330	70	5.6
less: Refunds and drawbacks	420	500	80	19.0
Total excise and customs duty	39,390	40,100	710	1.8
Major bank levy	1,600	1,550	-50	-3.1
Agricultural levies	576	560	-16	-2.8
Other taxes	6,677	6,436	-241	-3.6
Indirect taxation receipts	117,500	117,165	-335	-0.3
Taxation receipts	440,480	447,645	7,165	1.6
Sales of goods and services	14,551	14,180	-371	-2.5
Interest received	4,257	4,397	140	3.3
Dividends	3,970	4,390	420	10.6
Other non-taxation receipts	10,487	11,471	984	9.4
Non-taxation receipts	33,265	34,438	1,173	3.5
Total receipts	473,745	482,084	8,338	1.8
<i>Memorandum:</i>				
<i>Total excise</i>	23,090	23,350	260	1.1
<i>Total customs duty</i>	16,300	16,750	450	2.8
<i>Capital gains tax(c)</i>	16,700	16,600	-100	-0.6

(a) This item includes a small amount of MRRT receipts which has not been separately disclosed owing to taxpayer confidentiality.

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

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

Table 3.9: Reconciliation of 2019-20 general government sector (cash) receipts

	Estimates		Change on Budget	
	Budget \$m	MYEFO \$m	\$m	%
Individuals and other withholding taxes				
Gross income tax withholding	214,500	216,200	1,700	0.8
Gross other individuals	49,000	48,900	-100	-0.2
<i>less: Refunds</i>	34,900	34,600	-300	-0.9
Total individuals and other withholding tax	228,600	230,500	1,900	0.8
Fringe benefits tax	4,400	4,000	-400	-9.1
Company tax	93,000	95,500	2,500	2.7
Superannuation fund taxes	11,710	8,910	-2,800	-23.9
Petroleum resource rent tax	1,350	1,500	150	11.1
Income taxation receipts	339,060	340,410	1,350	0.4
Goods and services tax	69,995	69,195	-800	-1.1
Wine equalisation tax	950	1,100	150	15.8
Luxury car tax	760	720	-40	-5.3
Excise and customs duty				
Petrol	6,500	6,300	-200	-3.1
Diesel	12,130	12,350	220	1.8
Other fuel products	2,130	2,440	310	14.6
Tobacco	17,000	17,530	530	3.1
Beer	2,530	2,590	60	2.4
Spirits	2,370	2,410	40	1.7
Other alcoholic beverages(a)	1,250	1,050	-200	-16.0
Other customs duty				
Textiles, clothing and footwear	190	200	10	5.3
Passenger motor vehicles	540	440	-100	-18.5
Other imports	1,240	1,300	60	4.8
<i>less: Refunds and drawbacks</i>	420	500	80	19.0
Total excise and customs duty	45,460	46,110	650	1.4
Major bank levy	1,700	1,650	-50	-2.9
Agricultural levies	619	547	-72	-11.6
Other taxes	6,960	6,913	-46	-0.7
Indirect taxation receipts	126,444	126,236	-208	-0.2
Taxation receipts	465,504	466,646	1,142	0.2
Sales of goods and services	15,914	15,957	43	0.3
Interest received	5,290	5,413	123	2.3
Dividends	4,284	5,230	947	22.1
Other non-taxation receipts	12,674	12,771	97	0.8
Non-taxation receipts	38,162	39,371	1,209	3.2
Total receipts	503,666	506,018	2,351	0.5
<i>Memorandum:</i>				
<i>Total excise</i>	24,610	24,780	170	0.7
<i>Total customs duty</i>	20,850	21,330	480	2.3
<i>Capital gains tax(b)</i>	18,000	17,000	-1,000	-5.6

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

(b) '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 2017-18 to 2021-22 by heads of revenue.

Table 3.10: Australian Government general government sector (cash) receipts

	Actual	Estimates		Projections	
	2017-18 \$m	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m
Individuals and other withholding taxes					
Gross income tax withholding	192,229	205,800	216,200	229,100	243,500
Gross other individuals	43,866	46,300	48,900	52,100	56,200
less: Refunds	29,102	30,000	34,600	35,600	37,300
Total individuals and other withholding tax	206,993	222,100	230,500	245,600	262,400
Fringe benefits tax	3,911	3,820	4,000	4,240	4,460
Company tax	84,591	92,500	95,500	97,700	100,700
Superannuation fund taxes	10,804	10,710	8,910	12,860	14,360
Petroleum resource rent tax(a)	1,116	1,350	1,500	1,500	1,500
Income taxation receipts	307,415	330,480	340,410	361,900	383,420
Goods and services tax	63,235	66,789	69,195	72,763	76,590
Wine equalisation tax	894	1,030	1,100	1,130	1,180
Luxury car tax	695	700	720	740	770
Excise and customs duty					
Petrol	6,098	6,000	6,300	6,500	6,800
Diesel	11,127	11,550	12,350	12,800	13,500
Other fuel products	2,109	2,280	2,440	2,460	2,530
Tobacco	11,879	12,950	17,530	16,020	16,660
Beer	2,451	2,490	2,590	2,640	2,720
Spirits	2,207	2,350	2,410	2,480	2,560
Other alcoholic beverages(b)	962	1,000	1,050	1,060	1,100
Other customs duty					
Textiles, clothing and footwear	200	200	200	210	220
Passenger motor vehicles	504	450	440	410	300
Other imports	1,211	1,330	1,300	1,150	1,090
less: Refunds and drawbacks	390	500	500	500	500
Total excise and customs duty	38,357	40,100	46,110	45,230	46,980
Major bank levy	1,139	1,550	1,650	1,750	1,850
Agricultural levies	555	560	547	588	593
Other taxes	5,764	6,436	6,913	7,134	7,455
Indirect taxation receipts	110,638	117,165	126,236	129,335	135,419
Taxation receipts	418,053	447,645	466,646	491,235	518,839
Sales of goods and services	9,941	14,180	15,957	16,174	16,760
Interest received	3,433	4,397	5,413	6,004	6,302
Dividends	5,407	4,390	5,230	5,055	5,632
Other non-taxation receipts	10,072	11,471	12,771	7,919	7,256
Non-taxation receipts	28,853	34,438	39,371	35,153	35,950
Total receipts	446,905	482,084	506,018	526,387	554,788
<i>Memorandum:</i>					
Total excise	22,703	23,350	24,780	25,500	26,700
Total customs duty	15,654	16,750	21,330	19,730	20,280
Capital gains tax(c)	15,600	16,600	17,000	18,000	19,100

(a) This item includes a small amount of MRRT receipts which has not been separately disclosed owing to taxpayer confidentiality.

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

(c) 'Capital gains tax' is part of gross other individuals, company tax and superannuation fund taxes. The 2017-18 reported figure is an estimate.

Policy decisions

Policy decisions since the 2018-19 Budget have increased total receipts by \$0.6 billion in 2018-19 and reduced total receipts by \$1.7 billion over the forward estimates period. Key measures include:

- Extending the GST compliance program for a further four years. The activities undertaken as part of this program are estimated to increase GST receipts by \$2.3 billion over the forward estimates; and
- The Government is bringing forward tax relief for small and medium business, with an estimated reduction in receipts of \$3.2 billion over the forward estimates period, while not proceeding with tax relief for large companies is estimated to increase receipts by \$2.1 billion over the forward estimates.

Further details of Government policy decisions are provided in Appendix A.

Parameter and other variations

Parameter and other variations have increased total receipts since the 2018-19 Budget by \$7.7 billion in 2018-19 and \$14.2 billion over the forward estimates period.

Since the 2018-19 Budget, parameter and other variations have increased tax receipts by \$7.2 billion in 2018-19 and \$12.7 billion over the four years to 2021-22. Excluding GST, parameter and other variations have increased tax receipts by \$7.8 billion in 2018-19 and by \$18.3 billion over the four years to 2021-22. This revision reflects stronger-than-expected collections from individuals taxes and company tax, stronger employment growth projections and higher growth in corporate profits in 2018-19, particularly mining company profits.

Parameter and other variations have increased non-taxation receipts since the 2018-19 Budget by \$573 million in 2018-19 and \$1.5 billion over the forward estimates period, largely reflecting increases in resource royalties, dividends from the Reserve Bank of Australia, and 3.6 GHz spectrum sales.

The key economic parameters that influence tax receipts and tax revenue are shown in Table 3.11. The table shows effects of the changed circumstances and outlook since the 2018-19 Budget on the Australian Government's main tax bases.

Table 3.11: Key economic parameters for revenue^(a)

	Outcome	Estimates		Projections	
	2017-18	2018-19	2019-20	2020-21	2021-22
Nominal gross domestic product	4.7	4 3/4	3 1/2	4 1/4	4 1/4
Change since 2018-19 Budget	0.3	1	-1 1/4	- 1/4	- 1/4
Compensation of employees(b)	4.5	4	4 1/2	5	5 1/4
Change since 2018-19 Budget	0.1	- 1/2	0	1/4	1/4
Corporate gross operating surplus(c)	7.4	7 1/2	0	2 3/4	2
Change since 2018-19 Budget	0.3	4 1/4	-4 1/2	- 1/4	-1 1/4
Non-farm gross mixed income	1.7	6	4 3/4	4 3/4	4 1/4
Change since 2018-19 Budget	-2.4	3	-2 1/2	- 3/4	0
Property income(d)	2.6	5 1/4	7 3/4	4 1/2	4 1/2
Change since 2018-19 Budget	-1.4	-2	1/4	- 1/4	- 1/4
Consumption subject to GST	4.0	4 1/4	5 1/4	5 1/4	5 1/4
Change since 2018-19 Budget	0.0	- 1/2	- 1/4	0	0

(a) Current prices, per cent change on previous year. Changes since the 2018-19 Budget are percentage points.

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

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

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

Excluding policy decisions, individuals taxes have been revised up by \$4.1 billion (1.9 per cent) in 2018-19 and \$13.8 billion over the four years to 2021-22. This largely reflects upward revisions to gross income tax withholding. Stronger-than-expected collections since Budget and higher employment growth in the projection years drive the upward revision to individuals tax receipts.

Excluding policy decisions, company tax receipts have been revised up by \$3.4 billion (3.8 per cent) in 2018-19 and \$6.3 billion over the four years to 2021-22, reflecting stronger-than-expected collections since the Budget and higher forecast growth in corporate profits in 2018-19, particularly mining company profits. This strength moderates over the four years to 2021-22, in line with an assumed decline in commodity prices. While not proceeding with tax reductions for large companies contributes to higher receipts in 2019-20, the acceleration of tax relief for small and medium businesses provides some offset from 2020-21.

Excluding policy decisions, goods and services tax receipts have been revised down by \$0.7 billion in 2018-19 and \$5.8 billion over the four years to 2021-22. This largely reflects weaker-than-expected collections since Budget, and lower forecasts for growth of consumption subject to GST and dwelling investment. The higher revenue associated with the decisions to extend GST compliance activities provides some offset to the downward revisions to goods and services tax receipts.

Excluding policy decisions, superannuation fund taxes have been revised up by \$0.4 billion in 2018-19 and revised down \$2.4 billion over the four years to 2021-22.

Excluding policy decisions, excise and customs duties have been revised up by \$0.7 billion in 2018-19 and \$3.1 billion over the four years to 2021-22, largely driven by tobacco, diesel and other fuels excise.

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

The 2018-19 MYEFO continues to include provisions for a number of Free Trade Agreements (FTAs) which have not been finalised:

- Environmental Goods Agreement;
- Australia-Gulf Cooperation Council FTA;
- Australia-India Comprehensive Economic Cooperation Agreement;
- Regional Comprehensive Economic Partnership;
- Australia's accession to the World Trade Organisation Government Procurement Agreement;
- Indonesia-Australia Comprehensive Economic Partnership Agreement;
- Australia-Hong Kong Free Trade Agreement;
- Pacific Alliance Free Trade Agreement; and
- Australia-European Union Free Trade Agreement.

Payments estimates

Since the 2018-19 Budget, total cash payments have decreased by \$1.3 billion in 2018-19 and by \$3.5 billion over the four years to 2021-22.

Policy decisions

The overall net impact of payment-related decisions (excluding the impact of Senate positions and reductions as a result of non-economic parameter and other variations) has decreased total cash payments by \$423 million over the four years to 2021-22.

Part 3: Fiscal strategy and outlook

Major increases in payments as a result of policy decisions since the 2018-19 Budget include:

- providing additional payments to the states and territories as part of reforms aimed at strengthening the GST distribution system against economic shocks and reducing volatility in GST relativities and through a continuation of GST compliance activities to ensure businesses meet their tax obligations, which is expected to increase payments to the states by \$4.7 billion over the four years to 2021-22;
- establishing a Community Health and Hospitals Program, which will fund projects and services in every state and territory, supporting patient care while reducing pressure on community and hospital services, which is expected to increase payments by \$1.3 billion over the four years to 2021-22; and
- implementing the recommendations of the National School Resourcing Boards' *Review of the socio-economic status score methodology* to ensure funding to non-government schools flows to students who need it most, which is expected to increase payments by \$1.2 billion over the four years to 2021-22.

Major decreases in payments as a result of policy decisions since the 2018-19 Budget include:

- adjusting the growth in funding available under the Research Block Grants scheme, which is expected to decrease payments by \$197 million over the four years to 2021-22;
- requiring pension recipients living permanently overseas to verify every two years they remain eligible to continue to receive their payment, which is expected to decrease payments by \$154 million over the four years to 2021-22; and
- improving the integrity of payments to family day care services through further compliance efforts aimed at improving the integrity of the Child Care Subsidy, which is expected to decrease payments by \$130 million over the four years to 2021-22.

Parameter and other variations

Parameter and other variations have decreased cash payments since the 2018-19 Budget by \$3.8 billion in 2018-19 and \$18.1 billion over the four years to 2021-22.

Major decreases in cash payments as a result of parameter and other variations since the 2018-19 Budget include:

- payments relating to provision of GST to the states and territories, which are expected to decrease by \$992 million in 2018-19 (\$5.9 billion over the four years to 2021-22), consistent with a decrease in GST receipts;
- payments related to the Family Tax Benefit program, which are expected to decrease by \$611 million in 2018-19 (\$1.7 billion over the four years to 2021-22), largely reflecting lower-than-expected recipient numbers as a result of a strong labour market, previously announced Government measures and lower average payment rates due to higher-than-projected income growth as a result of improved economic conditions;
- payments related to the Income Support for Seniors program, which are expected to decrease by \$458 million in 2018-19 (\$3.5 billion over the four years to 2021-22), largely reflecting lower-than-expected recipient numbers as a result of previously announced Government measures aimed at improving the targeting of payments to those most in need, including the ongoing impact of the previously implemented measure to increase the Age Pension qualifying age to 67 years of age;
- payments related to Commonwealth Debt Management, which are expected to decrease by \$324 million in 2018-19 (\$2.4 billion over the four years to 2021-22), largely reflecting the lower-than-expected issuance across the four years to 2021-22 as a result of the improved underlying cash balance together with lower-than-expected cost of servicing Commonwealth Government Securities on issue; and
- payments related to the Job Seeker Income Support program, which are expected to decrease by \$283 million in 2018-19 (\$1.1 billion over the four years to 2021-22), largely reflecting a decrease in the estimated number of unemployment benefit recipients as a result of a stronger labour market and Government policies aimed at ensuring fewer Australians move onto welfare and more move from welfare to work.

Part 3: Fiscal strategy and outlook

Major increases in cash payments as a result of parameter and other variations since the 2018-19 Budget include:

- payments related to the Military Rehabilitation and Compensation Act — Income Support and Compensation program, which are expected to increase by \$569 million in 2018-19 (\$1.6 billion over the four years to 2021-22), largely reflecting an increase in the number of permanent impairment claims and higher-than-forecast growth in average payments;
- payments to the states and territories for remote housing, which are expected to increase by \$389 million in 2018-19, largely reflecting updated expenses which were incurred in the 2017-18 financial year but are being paid in the 2018-19 financial year;
- payments to the Western Australian Government under the Royalty Payments — Offshore Petroleum and Greenhouse Gas program, which are expected to increase by \$176 million in 2018-19 (\$717 million over the four years to 2021-22), largely reflecting increased royalties as a result of revised price assumptions;
- payments related to the Fuel Tax Credits Scheme, which are expected to increase by \$83 million in 2018-19 (\$570 million over the four years to 2021-22), largely reflecting higher-than-expected usage of fuels that are eligible for the Fuel Tax Credits Scheme; and
- payments related to the Income Support for Carers program, which are expected to increase by \$58 million in 2018-19 (\$363 million over the four years to 2021-22), largely reflecting higher-than-expected average payment rates.

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 to this part.

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

Net operating balance estimates

Table 3.12 provides a reconciliation of net operating balance estimates, including the impact of policy decisions and parameter and other variations on revenue and expenses since the 2018-19 Budget.

The net operating balance is expected to reach to a surplus of \$4.9 billion (0.3 per cent of GDP) in 2018-19, increasing further to a projected surplus of \$29.8 billion (1.4 per cent of GDP) in 2021-22. This reflects that recurrent spending is more than fully funded by revenue in 2018-19 and over the forward estimates.

Table 3.12: Reconciliation of general government sector net operating balance estimates

	Estimates		Projections		Total
	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	
2018-19 Budget net operating balance	-2,443	8,623	19,633	27,383	53,196
Per cent of GDP	-0.1	0.4	0.9	1.3	
Changes from 2018-19 Budget to 2018-19 MYEFO					
Effect of policy decisions(a)(b)					
<i>Revenue</i>	60	302	-2,006	-1,474	-3,118
<i>Expenses</i>	1867	4,695	4,559	4,018	15,140
Total policy decisions impact on net operating balance	-1,807	-4,393	-6,565	-5,492	-18,258
Effect of parameter and other variations(b)					
<i>Revenue</i>	7,087	1,408	2,312	1,602	12,409
<i>Expenses</i>	-2,089	-4,475	-5,021	-6,296	-17,881
Total parameter and other variations impact on net operating balance	9,176	5,883	7,333	7,897	30,290
2018-19 MYEFO net operating balance	4,926	10,113	20,401	29,788	65,228
Per cent of GDP	0.3	0.5	1.0	1.4	
<i>Net capital investment</i>					
Effect of net capital investment(c)	6,826	5,776	8,071	9,798	30,471
2018-19 MYEFO fiscal balance	-1,901	4,337	12,330	19,990	34,757
Per cent of GDP	-0.1	0.2	0.6	0.9	

(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 improves the net operating balance, while a positive number for expenses worsens the net operating balance.

(c) A positive number for net capital investment worsens the fiscal balance.

Revenue estimates

Total revenue has been revised up by \$7.1 billion in 2018-19 since the 2018-19 Budget.

While changes in tax revenue (measured when the obligation to pay tax is incurred) are generally driven by the same factors as tax receipts (measured when the tax is collected), 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 2018-19 and 2019-20, compared with estimates from the 2018-19 Budget, are provided in Tables 3.13 and 3.14 respectively. Table 3.15 shows the Australian Government general government revenue from 2017-18 to 2021-22 by heads of revenue.

Table 3.13: Reconciliation of 2018-19 general government sector (accrual) revenue

	Estimates		Change on Budget	
	Budget \$m	MYEFO \$m	\$m	%
Individuals and other withholding taxes				
Gross income tax withholding	203,800	207,600	3,800	1.9
Gross other individuals	49,600	49,500	-100	-0.2
less: Refunds	30,500	30,000	-500	-1.6
Total individuals and other withholding tax	222,900	227,100	4,200	1.9
Fringe benefits tax	4,310	3,930	-380	-8.8
Company tax	91,200	94,500	3,300	3.6
Superannuation fund taxes	10,360	10,670	310	3.0
Petroleum resource rent tax(a)	1,420	1,480	60	4.2
Income taxation revenue	330,190	337,680	7,490	2.3
Goods and services tax	70,310	69,180	-1,130	-1.6
Wine equalisation tax	1,010	1,050	40	4.0
Luxury car tax	740	700	-40	-5.4
Excise and customs duty				
Petrol	6,210	6,010	-200	-3.2
Diesel	11,350	11,570	220	1.9
Other fuel products	2,040	2,280	240	11.8
Tobacco	12,720	12,950	230	1.8
Beer	2,440	2,495	55	2.3
Spirits	2,290	2,350	60	2.6
Other alcoholic beverages(b)	1,000	1,000	0	0.0
Other customs duty				
Textiles, clothing and footwear	190	200	10	5.3
Passenger motor vehicles	530	450	-80	-15.1
Other imports	1,270	1,330	60	4.7
less: Refunds and drawbacks	420	500	80	19.0
Total excise and customs duty	39,620	40,135	515	1.3
Major bank levy	1,700	1,650	-50	-2.9
Agricultural levies	575	561	-15	-2.5
Other taxes	7,856	7,041	-815	-10.4
Indirect taxation revenue	121,811	120,317	-1,494	-1.2
Taxation revenue	452,001	457,997	5,996	1.3
Sales of goods and services	14,490	14,024	-466	-3.2
Interest	4,442	4,810	368	8.3
Dividends	4,126	4,648	523	12.7
Other non-taxation revenue	11,082	11,809	727	6.6
Non-taxation revenue	34,140	35,292	1,151	3.4
Total revenue	486,141	493,288	7,147	1.5
<i>Memorandum:</i>				
Total excise	23,120	23,385	265	1.1
Total customs duty	16,500	16,750	250	1.5
Capital gains tax(c)	16,700	16,600	-100	-0.6

(a) This item includes a small amount of MRRT receipts which has not been separately disclosed owing to taxpayer confidentiality.

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

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

Table 3.14: Reconciliation of 2019-20 general government sector (accrual) revenue

	Estimates		Change on Budget	
	Budget \$m	MYEFO \$m	\$m	%
Individuals and other withholding taxes				
Gross income tax withholding	216,600	217,900	1,300	0.6
Gross other individuals	52,000	51,900	-100	-0.2
less: Refunds	34,900	34,600	-300	-0.9
Total individuals and other withholding tax	233,700	235,200	1,500	0.6
Fringe benefits tax	4,490	4,110	-380	-8.5
Company tax	94,900	97,300	2,400	2.5
Superannuation fund taxes	11,770	8,960	-2,810	-23.9
Petroleum resource rent tax	1,330	1,520	190	14.3
Income taxation revenue	346,190	347,090	900	0.3
Goods and services tax	72,750	71,650	-1,100	-1.5
Wine equalisation tax	970	1,120	150	15.5
Luxury car tax	760	720	-40	-5.3
Excise and customs duty				
Petrol	6,390	6,190	-200	-3.1
Diesel	11,930	12,150	220	1.8
Other fuel products	2,100	2,410	310	14.8
Tobacco	17,270	17,500	230	1.3
Beer	2,470	2,525	55	2.2
Spirits	2,370	2,410	40	1.7
Other alcoholic beverages(a)	1,250	1,050	-200	-16.0
Other customs duty				
Textiles, clothing and footwear	190	200	10	5.3
Passenger motor vehicles	540	440	-100	-18.5
Other imports	1,250	1,300	50	4.0
less: Refunds and drawbacks	420	500	80	19.0
Total excise and customs duty	45,340	45,675	335	0.7
Major bank levy	1,800	1,750	-50	-2.8
Agricultural levies	589	578	-11	-1.8
Other taxes	8,243	8,182	-60	-0.7
Indirect taxation revenue	130,451	129,675	-776	-0.6
Taxation revenue	476,641	476,765	124	0.0
Sales of goods and services	15,802	15,833	32	0.2
Interest	5,521	5,785	264	4.8
Dividends	4,604	5,420	816	17.7
Other non-taxation revenue	10,227	10,701	474	4.6
Non-taxation revenue	36,154	37,739	1,586	4.4
Total revenue	512,795	514,505	1,710	0.3
<i>Memorandum:</i>				
<i>Total excise</i>	24,210	24,375	165	0.7
<i>Total customs duty</i>	21,130	21,300	170	0.8
<i>Capital gains tax(b)</i>	18,000	17,000	-1,000	-5.6

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

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

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

	Actual	Estimates		Projections	
	2017-18 \$m	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m
Individuals and other withholding taxes					
Gross income tax withholding	193,809	207,600	217,900	230,700	245,300
Gross other individuals	46,768	49,500	51,900	55,100	59,500
less: Refunds	29,102	30,000	34,600	35,600	37,300
Total individuals and other withholding tax	211,475	227,100	235,200	250,200	267,500
Fringe benefits tax	3,813	3,930	4,110	4,350	4,570
Company tax	85,770	94,500	97,300	98,700	101,900
Superannuation fund taxes	10,927	10,670	8,960	12,910	14,410
Petroleum resource rent tax(a)	993	1,480	1,520	1,510	1,520
Income taxation revenue	312,978	337,680	347,090	367,670	389,900
Goods and services tax	65,282	69,180	71,650	75,437	79,425
Wine equalisation tax	903	1,050	1,120	1,150	1,200
Luxury car tax	735	700	720	740	770
Excise and customs duty					
Petrol	6,114	6,010	6,190	6,500	6,800
Diesel	11,157	11,570	12,150	12,810	13,510
Other fuel products	2,113	2,280	2,410	2,460	2,530
Tobacco	11,914	12,950	17,500	15,750	16,660
Beer	2,456	2,495	2,525	2,640	2,720
Spirits	2,209	2,350	2,410	2,480	2,560
Other alcoholic beverages(b)	964	1,000	1,050	1,060	1,100
Other customs duty					
Textiles, clothing and footwear	200	200	200	210	220
Passenger motor vehicles	504	450	440	410	300
Other imports	1,211	1,330	1,300	1,150	1,090
less: Refunds and drawbacks	390	500	500	500	500
Total excise and customs duty	38,453	40,135	45,675	44,970	46,990
Major bank levy	1,527	1,650	1,750	1,850	1,950
Agricultural levies	564	561	578	588	598
Other taxes	6,961	7,041	8,182	8,458	8,786
Indirect taxation revenue	114,425	120,317	129,675	133,193	139,719
Taxation revenue	427,403	457,997	476,765	500,863	529,619
Sales of goods and services	9,770	14,024	15,833	16,076	16,658
Interest	3,317	4,810	5,785	6,489	6,842
Dividends	5,086	4,648	5,420	5,354	6,155
Other non-taxation revenue	10,704	11,809	10,701	9,404	9,067
Non-taxation revenue	28,878	35,292	37,739	37,323	38,721
Total revenue	456,280	493,288	514,505	538,186	568,341
<i>Memorandum:</i>					
<i>Total excise</i>	22,763	23,385	24,375	25,510	26,710
<i>Total customs duty</i>	15,690	16,750	21,300	19,460	20,280
<i>Capital gains tax(c)</i>	15,600	16,600	17,000	18,000	19,100

(a) This item includes a small amount of MRRT receipts which has not been separately disclosed owing to taxpayer confidentiality.

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

(c) 'Capital gains tax' is part of gross other individuals, company tax and superannuation fund taxes. The 2017-18 reported figure is an estimate.

Expense estimates

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

- superannuation benefits, where there is a timing difference with the expense accruing during employment and cash payments occurring during retirement; and
- purchases of non-financial assets, which are included in cash payments but not in accrual expenses. The expense estimates include depreciation of non-financial assets rather than recognising the impact at the time of purchase.

Estimates of Australian Government general government sector expenses by function can be found in Attachment C to this part.

Table 3.16 provides a reconciliation of expense estimates.

Table 3.16 Reconciliation of general government sector expense estimates

	Estimates		Projections		Total
	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	
2018-19 Budget expenses	488,584	504,171	518,247	540,830	2,051,833
Changes from 2018-19 Budget to 2018-19 MYEFO					
Effect of policy decisions(a)	1,867	4,695	4,559	4,018	15,140
Effect of economic parameter variations					
Total economic parameter variations	-1,144	-1,674	-1,949	-1,364	-6,131
<i>Unemployment benefits</i>	-545	-566	-568	-550	-2,229
<i>Prices and wages</i>	-42	-456	-681	-819	-1,999
<i>Interest and exchange rates</i>	134	128	211	255	728
<i>GST payments to the states</i>	-690	-780	-910	-250	-2,630
Public debt interest	-576	-851	-790	-764	-2,981
Program specific parameter variations	-390	-1,068	-1,620	-2,618	-5,697
Other variations	21	-882	-662	-1,549	-3,072
Total variations	-221	220	-462	-2,278	-2,741
2018-19 MYEFO expenses	488,363	504,392	517,785	538,552	2,049,092

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

Net capital investment estimates

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
	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	
2018-19 Budget net capital investment	4,989	4,923	6,720	8,000	24,632
Changes from 2018-19 Budget to 2018-19 MYEFO					
Effect of policy decisions(a)	118	105	132	118	473
Effect of parameter and other variations	1,720	748	1,219	1,680	5,366
Total variations	1,838	853	1,351	1,798	5,839
2018-19 MYEFO net capital investment	6,826	5,776	8,071	9,798	30,471

(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 Limited) 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.

The headline cash balance for 2018-19 is estimated to have improved by around \$9.2 billion to a deficit of \$18.3 billion, compared with a deficit of \$27.6 billion at the 2018-19 Budget. Over the four years to 2021-22, the headline cash deficit has increased by around \$6.8 billion. The increase in the headline cash deficit since the 2018-19 Budget has been primarily driven by the Government's decision to extend the term of the existing Commonwealth Loan Agreement with NBN Co Limited to 30 June 2024, partially offset by the improvement in the underlying cash balance.

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

	Estimates		Projections		Total
	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	
2018-19 MYEFO underlying cash balance(a)	-5,172	4,110	12,464	18,954	30,357
plus Net cash flows from investments in financial assets for policy purposes					
Student loans	-4,686	-4,371	-4,264	-4,149	-17,470
NBN loan	-7,904	-5,790	-275	0	-13,969
WestConnex	-576	-85	0	0	-661
Trade support loans	-139	-117	-90	-62	-408
CEFC loans and investments	-1,029	-760	-554	96	-2,247
Northern Australia Infrastructure Facility	-238	-1,238	-1,891	-1,458	-4,825
Drought and rural assistance loans	-355	-373	-401	-435	-1,564
Water infrastructure and regional development loans	-356	-565	-500	-200	-1,621
Official Development Assistance - Multilateral Replenishment	-207	-210	-174	-158	-749
National Housing Finance and Investment Corporation	-351	-406	-331	-246	-1,334
Net other(b)	-1,201	-1,923	-2,029	-2,497	-7,650
Total net cash flows from investments in financial assets for policy purposes	-17,042	-15,837	-10,508	-9,109	-52,497
plus Net Future Fund earnings(c)	3,886	4,551	na	na	8,438
2018-19 MYEFO headline cash balance	-18,329	-7,175	1,956	9,845	-13,703
<i>Memorandum:</i>					
<i>Net Future Fund earnings(c)</i>	3,886	4,551	4,690	5,006	18,133

(a) Excludes expected net Future Fund earnings before 2020-21.

(b) Net other includes proposed equity payments for infrastructure projects. The amounts have not been itemised for commercial-in-confidence reasons.

(c) Under the *Future Fund Act 2006*, net Future Fund earnings will be available to meet the Australian Government's superannuation liability in 2020-21. From this time, the underlying cash balance includes expected net Future Fund earnings.

Recurrent and capital spending

Table 3.19 outlines estimates of the Government's recurrent and capital spending from 2018-19 to 2021-22.

Table 3.19: The Government's recurrent and capital spending^{(a)(b)}

	Estimates		Projections	
	2018-19 \$b	2019-20 \$b	2020-21 \$b	2021-22 \$b
Recurrent spending				
Operating payments	309.9	322.5	331.9	346.5
Recurrent grants	82.6	83.3	85.7	87.2
Total recurrent spending	392.5	405.8	417.5	433.7
Capital spending				
Direct capital investment(c)	15.1	14.4	16.4	18.0
Capital grants	9.5	8.1	7.4	7.1
Financial asset investments(d)	20.8	19.9	15.5	14.9
Total capital spending	45.4	42.5	39.3	39.9

(a) Data has been revised in the 2018-19 Mid-Year Economic and Fiscal Outlook to improve accuracy and comparability through time.

(b) General Revenue Assistance is excluded from this analysis.

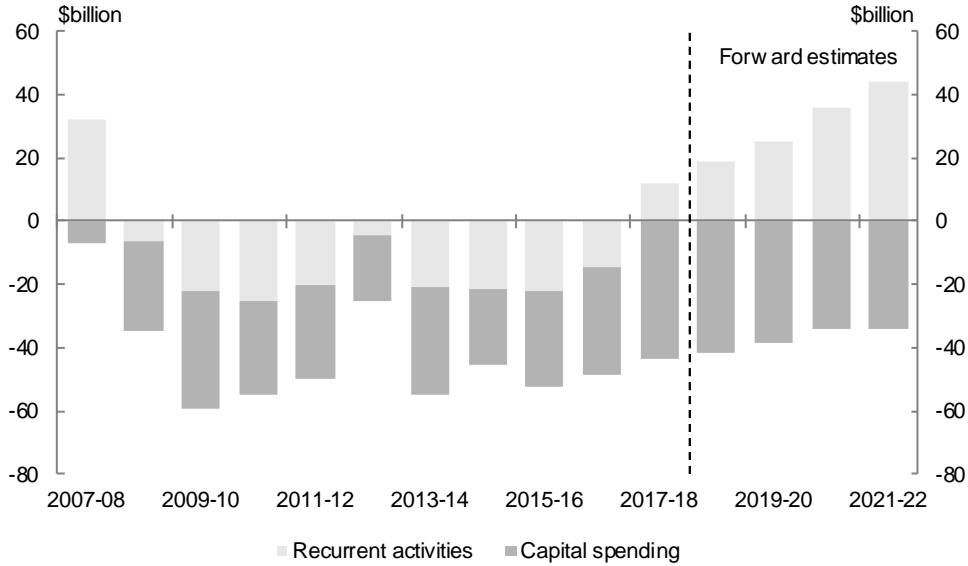
(c) Non-financial asset purchases and net acquisition of assets under finance leases.

(d) Investments in financial assets for policy purposes is presented on a gross basis.

Note: Recurrent spending includes pension and income support payments, payments to government employees, payments for goods and services, subsidies, grants not made for capital purposes and specific purpose payments to states for recurrent purposes. Capital spending includes the purchase of land and buildings, software and other facilities, grants made for capital purposes and specific purpose payments to states for capital purposes.

Chart 3.5 sets out estimates of the Government's annual borrowing for capital spending and recurrent cash spending. It does this by analysing the net cash flows from recurrent activities (i.e. receipts less recurrent spending) and the cash flows for capital investment.

Chart 3.5: Contributions of recurrent and capital spending to the Government's borrowing requirement



Note: Net capital spending includes spending to acquire physical assets, net spending to acquire financial assets and capital grants to the states and other entities.

In 2017-18, net cash flows from recurrent activities were in surplus for the first time since the Global Financial Crisis, and are expected to further improve over every year of the forward estimates. This means that in 2017-18 and over the forward estimates, recurrent spending is expected to be fully funded by receipts and will not need to be funded by new Commonwealth borrowing. Instead, the Government's borrowing is funding capital spending that strengthens the productive capacity of the economy.

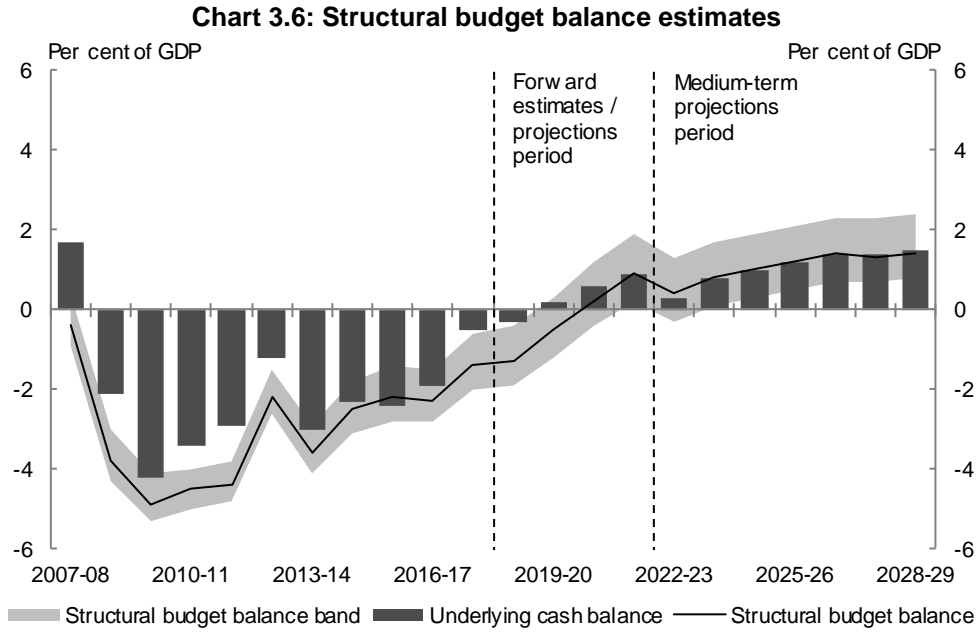
As the budget returns to surplus in 2019-20, the positive cash flow from recurrent activities will increasingly contribute to funding capital spending, reducing the Government's borrowing requirement. From 2020-21 onwards, the surplus from recurrent activities is expected to not only fully fund capital spending, but also to pay down gross debt. Gross debt is projected to decline over the medium term.

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.

The structural budget balance estimates seek to remove factors that have a temporary impact on revenues and expenses, such as fluctuations in commodity prices and the extent to which economic output deviates from its potential level. Considered in conjunction with other measures, estimates of the structural budget balance can provide insight into the sustainability of current fiscal settings.

Consistent with the 2018-19 Budget, the overall level of the structural budget balance improves from a deficit of around 1.3 per cent of GDP in 2018-19 to a series of surpluses from 2020-21 onwards, before converging with the underlying cash balance at the end of the medium term (see Chart 3.6).



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.

Attachment A

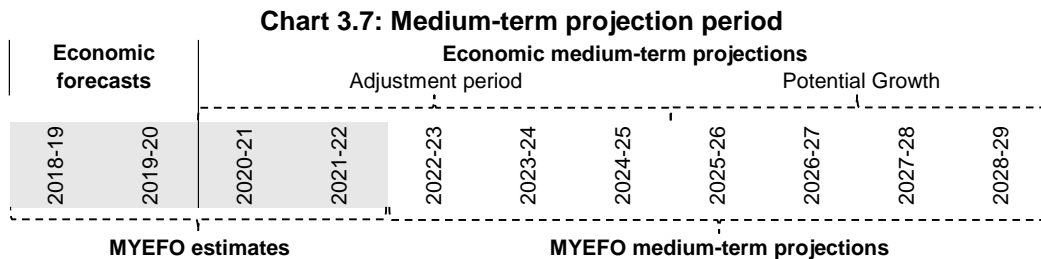
FORECAST UNCERTAINTIES, SENSITIVITIES AND SCENARIOS

Overview

Macroeconomic and fiscal forecasts are important for Government policy and decision making. The macroeconomic and fiscal forecasts in the MYEFO are based on information available at the time of preparation, which also informs assumptions and judgments. Better forecasting and a better understanding of the uncertainties around the forecasts contribute to better policy and decision making.

This Attachment assesses the historical performance of budget forecasts and estimates of uncertainty around these forecasts. This assessment is consistent with the practice of other fiscal agencies to improve forecasting performance and to raise awareness of the uncertainties inherent in forecasting.

The fiscal estimates presented in the MYEFO are underpinned by short-term economic forecasts for the budget year and the subsequent financial year, and economic projections for the following two years. These four years are followed by medium-term projections for seven additional years to provide an indication of the longer term fiscal trajectory. The projections are prepared using a medium-term projection methodology, which means that they are sensitive to the underlying assumptions. (Chart 3.7)



Source: Treasury.

This Attachment also presents an analysis of the sensitivity of 2018-19 MYEFO estimates to changes in key assumptions as required under the *Charter of Budget Honesty Act 1998*. It also provides sensitivity analysis of the medium-term projections.

CONFIDENCE INTERVALS AROUND ECONOMIC AND FISCAL FORECASTS

Measures of uncertainty around economic forecasts

The Government’s macroeconomic forecasts are prepared using a range of modelling techniques including macro-econometric models, spreadsheet analysis and accounting frameworks. These are supplemented by survey data, business liaison, professional opinion and judgment.

Forecasts are subject to inherent uncertainties. Generally, these uncertainties tend to increase as the forecast horizon lengthens. Forecast errors (the differences between forecasts and outcomes) can arise for a range of reasons – for example, differences between the assumed path of key variables and outcomes, changes in the relationships between different parts of the economy and unexpected events.

Confidence intervals seek to illustrate that there is a range of plausible outcomes around any forecast. Confidence intervals are based on observed historical patterns of forecast errors. They are a guide to the degree of uncertainty around a forecast and can span a wide range of outcomes.

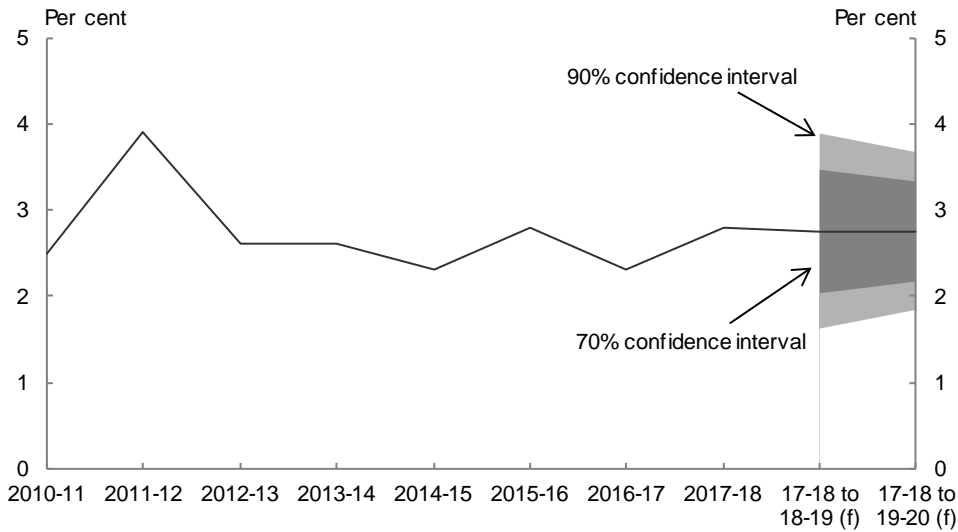
Real GDP forecasts

Real GDP forecasts in the MYEFO factor in a number of key assumptions including exchange rates, interest rates and commodity prices. The forecasts also incorporate judgments about how developments in one part of the Australian economy affect other parts and how the domestic economy is affected by events in the international economy.

The accuracy of the forecasts depends on the extent to which the assumptions and judgments underpinning them prove to be correct – and also the reliability of the economic relationships embodied in the macroeconomic models used to produce them. Forecast errors for real GDP can also be caused by unexpected shifts in the pace and nature of economic activity during the forecast period.

Chart 3.8 shows that the average annualised growth rate in real GDP in the two years to 2019-20 is expected to be around $2\frac{3}{4}$ per cent, with the 70 per cent confidence interval ranging from $2\frac{1}{4}$ to $3\frac{1}{4}$ per cent. In other words, if forecast errors are similar to those made over recent years, there is a 70 per cent probability that the growth rate will lie in this range.

Chart 3.8: Confidence intervals around real GDP growth rate forecasts



Note: The central line shows the outcomes and the 2018-19 MYEFO forecasts. Annual growth rates are reported for the outcomes. Average annualised growth rates from 2017-18 are reported for 2018-19 onwards. (f) are forecasts. Confidence intervals are based on the root mean squared errors (RMSEs) of MYEFO forecasts from 1998-99 onwards, with outcomes based on September quarter 2018 National Accounts data.

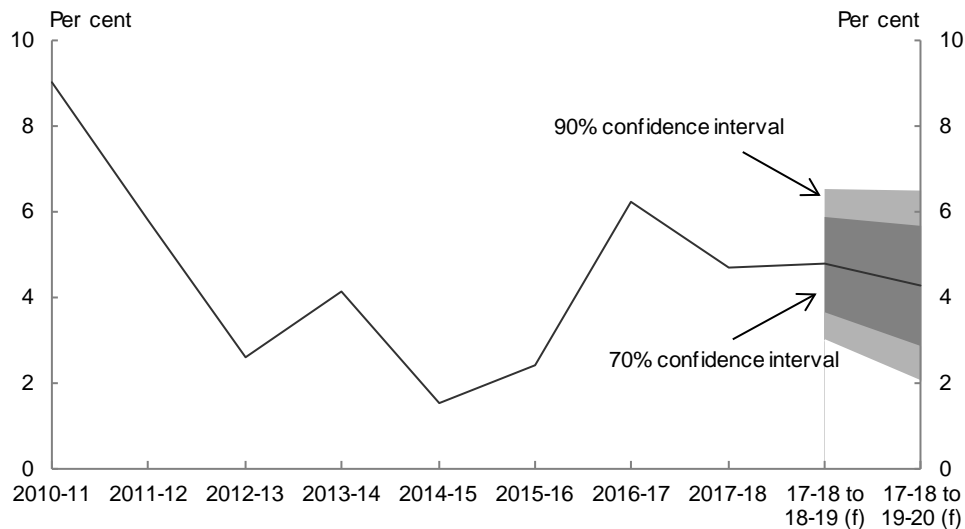
Source: ABS cat. no. 5206.0, Budget papers and Treasury.

Nominal GDP forecasts

Compared with real GDP forecasts, nominal GDP forecasts are subject to additional sources of uncertainty from the evolution of domestic prices and wages, and world prices for Australia's exports, including commodities. Difficulty in predicting their movements, particularly global commodity prices, has been the primary driver of nominal GDP forecast errors over the past decade. This additional uncertainty is reflected in the wider confidence intervals around nominal GDP forecasts.

Chart 3.9 shows average annualised growth in nominal GDP in the two years to 2019-20 is expected to be around 4¼ per cent, with the 70 per cent confidence interval ranging from 2¾ to 5¾ per cent.

Chart 3.9: Confidence intervals around nominal GDP growth rate forecasts



Note: See note to Chart 3.8.

Source: ABS cat. no. 5206.0, Budget papers and Treasury.

Measures of uncertainty around fiscal forecasts

The fiscal estimates contained in the 2018-19 MYEFO are based on economic and demographic forecasts and projections as well as estimates of the impact of government spending and revenue measures. Changes to the economic or demographic forecasts and projections underlying the estimates will affect forecasts for receipts and payments. As such, this will have a direct impact on the profile of the underlying cash balance and government debt. Even small movements in these economic forecasts and projections or outcomes that differ from the forecasts and projections can result in large changes to budget estimates.

Receipts

The Government's tax receipts estimates are generally prepared using a 'base plus growth' methodology. The last known outcome (2017-18 for the 2018-19 MYEFO) is used as the base to which estimated growth rates are applied, resulting in tax receipts estimates for the current and future years. Estimates for the current year also incorporate recent trends in tax collections.

Over the past two decades, tax receipts forecasts have both under-predicted and over-predicted outcomes (Chart 3.10). The 2017-18 growth in tax receipts well exceeded the forecast estimate.

Chart 3.10: Budget forecasts of tax receipts growth

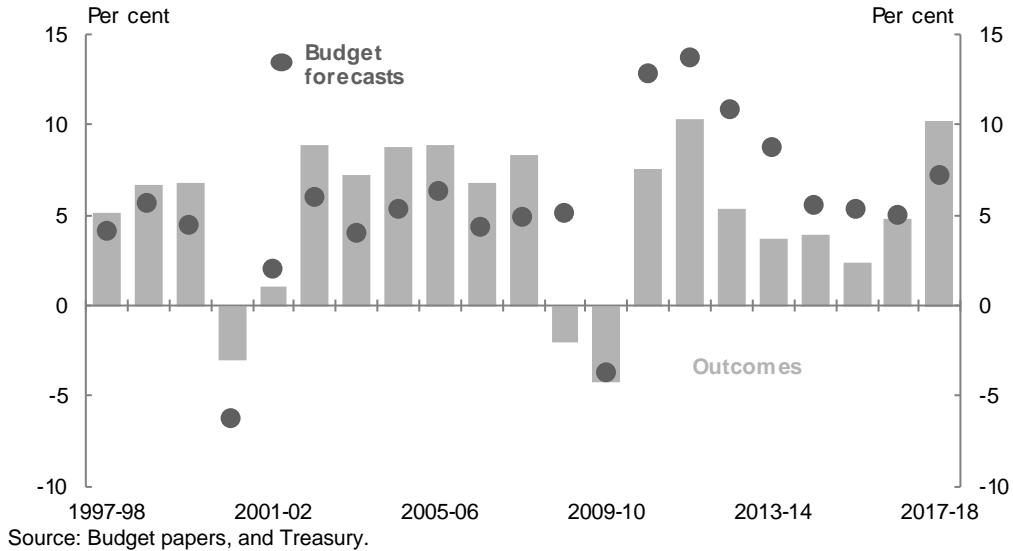
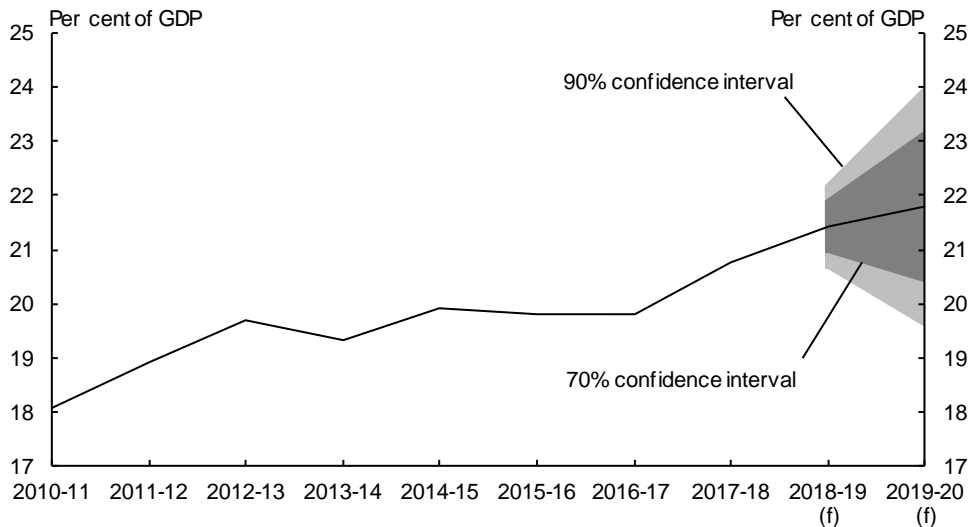


Chart 3.11 shows confidence intervals around the forecasts for receipts (excluding GST¹ and including Future Fund earnings). Confidence intervals constructed around the receipts forecasts exclude historical variations caused by subsequent policy decisions. These intervals take into account errors caused by parameter and other variations in isolation.

The chart shows that there is considerable uncertainty around receipts forecasts and that this uncertainty increases as the forecast horizon lengthens. It suggests that in 2018-19, the width of the 70 per cent confidence interval for the 2018-19 MYEFO receipts forecast is approximately 1.0 per cent of GDP (\$20 billion) and the 90 per cent confidence interval is approximately 1.6 per cent of GDP (\$31 billion).

¹ 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.

Chart 3.11: Confidence intervals around receipts forecasts



Note: The central line shows the outcomes and the 2018-19 MYEFO point estimate forecasts. Confidence intervals use RMSEs for MYEFO forecasts from the 1998-99 MYEFO onwards. (f) are forecasts.

Source: Treasury.

Payments

Payments outcomes can differ from forecasts for a number of reasons. Demand-driven programs, such as payments to individuals and some social services, form the bulk of government expenditure. Forecasts of payments associated with many of these government programs depend on forecasts of economic conditions. For example, lower than forecast unemployment levels will mean that expenditure on related services, including allowances, will be lower than forecast.

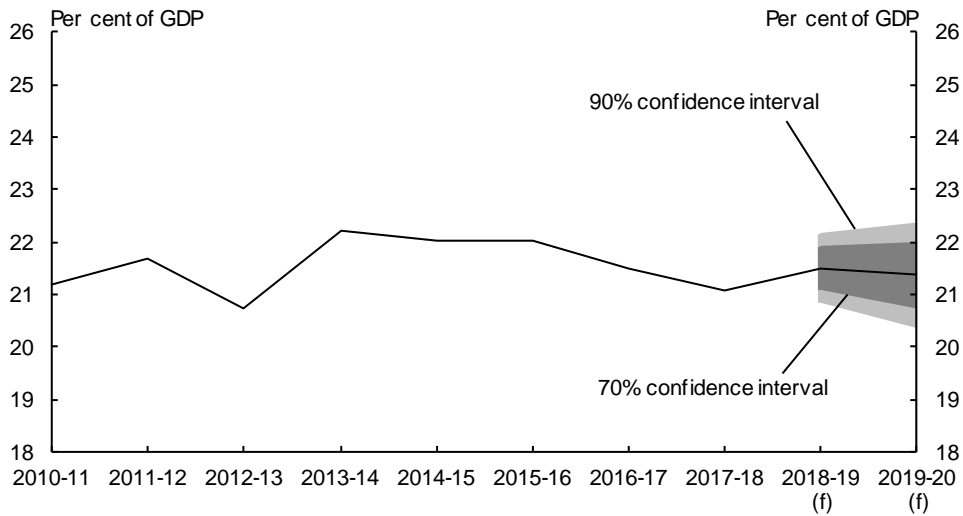
Chart 3.12 shows confidence intervals around payments forecasts (excluding GST). As with receipts estimates, historical policy decisions are excluded², and future policy decisions are out of scope. Payments estimates include the public debt interest impact of policy decisions.³

The chart shows that there is moderate uncertainty around payments forecasts. In 2018-19, the width of the 70 per cent confidence interval for the 2018-19 MYEFO payments forecast is approximately 0.8 per cent of GDP (\$16 billion) and the 90 per cent confidence interval is approximately 1.3 per cent of GDP (\$26 billion).

2 The allowance for historical policy includes only new policy decisions made at each update. No allowance is made for other decisions, such as assistance for the impact of natural disasters or changes to the timing of projects announced in previous updates. These decisions will contribute to historical forecast errors and therefore increase the size of the confidence intervals around payments.

3 The impacts of past policy decisions on historical public debt interest through time cannot be readily identified or estimated. For this reason, no adjustment has been made to exclude these impacts from the analysis.

Chart 3.12: Confidence intervals around payments forecasts



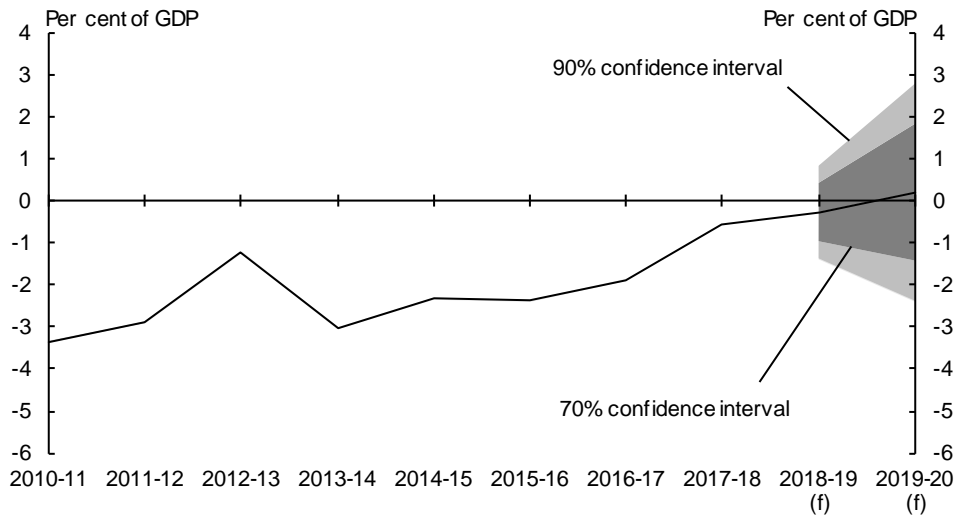
Note: See note to Chart 3.11.
Source: Treasury.

Underlying cash balance

The underlying cash balance estimates are sensitive to the same forecast errors that affect estimates of receipts and payments. Confidence interval analysis shows that there is considerable uncertainty around the underlying cash balance forecasts (Chart 3.13).

In 2018-19, the width of the 70 per cent confidence interval for the 2018-19 MYEFO underlying cash balance forecast is approximately 1.4 per cent of GDP (\$27 billion) and the 90 per cent confidence interval is approximately 2.2 per cent of GDP (\$43 billion). In line with receipts forecasts, uncertainty increases over the estimates period.

Chart 3.13: Confidence intervals around the underlying cash balance forecasts



Note: See note to Chart 3.11.
Source: Treasury.

SENSITIVITY AND SCENARIO ANALYSIS

Chart 3.13 demonstrates that fiscal estimates reflect assumptions and judgments made about the economy as much as they do Government policy.

Small movements in economic forecasts or projections can improve or worsen the underlying cash balance, depending on their impacts on payments and receipts. This in turn can drive changes in gross and net debt. Consideration of particular scenarios and sensitivity analysis demonstrates the potential impact of these changes. The analysis presented considers the impact of changes to the economic outlook over the forecast years to 2019-20 and the projections beyond that.

As the assumptions and judgments that underpin fiscal forecasts and projections are subject to considerable uncertainty, it is important to understand how changes to these can affect these estimates and projections. Consideration of alternative scenarios and sensitivity analysis demonstrates the potential impact of these changes and highlights the uncertainties that governments face should risks eventuate — for example, in meeting budget forecasts or fiscal targets.

The analysis presented in the MYEFO considers the impact of changes to the economic outlook over the forecast years. Scenario 1 explores the sensitivity of fiscal aggregates to an alternative path for the terms of trade. These risks are outlined in Part 2. Risks around the household consumption and non-mining business investment forecasts are also outlined in Part 2. Scenarios around these risks are included in the 2018-19 Budget Paper No. 1 Statement 8: *Forecasting Performance and Scenario Analysis*.

Scenario 2 illustrates the sensitivity of fiscal projections to changes in assumed yields on government debt.

Sensitivity analysis over the forecast period

The following scenario provides an indication of the sensitivity of receipts, payments and the underlying cash balance to changes in the terms of trade over the forecast period, which is 2018-19 and 2019-20.

Scenario 1: Alternative path for the terms of trade

This scenario considers the consequences of a permanent 10 per cent movement in world prices of non-rural commodity exports through 2018-19 relative to the MYEFO forecast levels. Such a price rise (fall) is consistent with a rise (fall) in the terms of trade of $4\frac{3}{4}$ per cent and an increase (decrease) in nominal GDP of 1 per cent by 2019-20. The sensitivity analysis shows the flow-on effects to GDP, the labour market and prices. The impacts in Table 3.20 are stylised and refer to percentage deviations from the MYEFO forecast levels due to a permanent rise in non-rural commodity prices.

Table 3.20: Illustrative impact of a permanent 10 per cent rise in non-rural commodity prices (per cent deviation from the MYEFO level)⁴

	Impact after 1 year (2018-19) per cent	Impact after 2 years (2019-20) per cent
Real GDP	0	1/4
GDP deflator	1/2	3/4
Nominal GDP	1/2	1
Employment	0	1/4
Wages	1/4	1/2
CPI	0	1/4
Company profits	1 3/4	3 1/4
Nominal household consumption	0	1/2

Source: Treasury.

Assuming no change in exchange rates or interest rates, the increase in export prices leads directly to higher overall output prices (as measured by the GDP deflator) and higher domestic incomes compared with MYEFO levels. Higher domestic incomes cause both consumption and investment to rise, resulting in higher real GDP and employment and an increase in wages. The rise in aggregate demand puts upward pressure on domestic prices.

On the receipts side, an increase in nominal GDP increases tax collections. The largest impact is on company tax receipts as the increase in export income increases company profits. The impact on company tax is larger in 2019-20, partly owing to lags in tax collections and a larger impact on company profits in the second year of the scenario period. Higher company profits are assumed to flow through to higher Australian

⁴ 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.

Part 3: Fiscal strategy and outlook

equity prices, therefore increasing capital gains tax from individuals, companies and superannuation funds.

On the payments side, a significant proportion of government expenditure is partially indexed to movements in costs (as reflected in various price and wage indicators). 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 (including pensions, unemployment benefits and other allowances) decreases in both years, reflecting a lower number of unemployment benefit recipients. The fall in spending on unemployment benefits is partially offset by increased expenditure on pensions and allowances reflecting stronger growth in benefit payment rates, resulting from slightly higher inflation. At the same time other payments linked to inflation also rise in line with the stronger growth in prices.

Given these assumptions, the overall impact of the increase in the terms of trade is an improvement in the underlying cash balance of around \$2.2 billion in 2018-19 and around \$5.9 billion in 2019-20 (see Table 3.21). Broadly opposite impacts would be expected for a fall in the terms of trade of the same magnitude.

Table 3.21: Illustrative sensitivity of the budget balance to a permanent 10 per cent rise in non-rural commodity prices

	2018-19	2019-20
	\$b	\$b
Receipts		
Individuals and other withholding taxes	0.6	1.9
Superannuation fund taxes	0.1	0.1
Company tax	1.3	3.2
Goods and services tax	0.0	0.3
Excise and customs duty	0.0	0.2
Other taxes	0.1	0.2
Total receipts	2.1	5.9
Payments		
Income support	0.1	0.2
Other payments	0.0	0.0
Goods and services tax	0.0	-0.3
Total payments	0.1	0.0
Public debt interest	0.0	0.1
Underlying cash balance impact(a)	2.2	5.9

(a) Estimated impacts fall within the 70 per cent confidence intervals for years 2018-19 and 2019-20, as shown in Charts 3.11 to 3.13.

Note: Data may not sum due to rounding.

The specific impact of a US\$10 per tonne free-on-board (FOB) higher or lower iron ore price is outlined in Box B.

Box B: Sensitivity analysis of iron ore price movements

The impact of a **US\$10 per tonne FOB movement in the iron ore price** over the course of a year is set out in Table B. This is based on the sensitivity analysis presented in Scenario 1 and is calibrated to take into account the share of iron ore in the value of total exports, which can change over time. An increase of US\$10 per tonne FOB in the iron ore price results in an increase in nominal GDP of around \$5.5 billion in 2018-19 and around \$12.3 billion in 2019-20. Similarly, a decrease of US\$10 per tonne FOB in the iron ore price results in a decrease in nominal GDP of an equivalent amount.

Table B: Sensitivity analysis of a US\$10 per tonne movement in iron ore prices

	US\$10/tonne FOB ^(a) fall		US\$10/tonne FOB increase	
	2018-19	2019-20	2018-19	2019-20
Nominal GDP (\$billion)	-5.5	-12.3	5.5	12.3
Tax receipts (\$billion)	-1.2	-3.6	1.2	3.6

(a) Prices are presented in free-on-board (FOB) terms, which exclude the cost of freight.

Source: Treasury.

Sensitivity analysis over the forward estimates and medium term

The following scenario demonstrates the sensitivity of the fiscal estimates to changes in modelling assumptions about yields on government debt over the budget year and the following years to 2028-29.

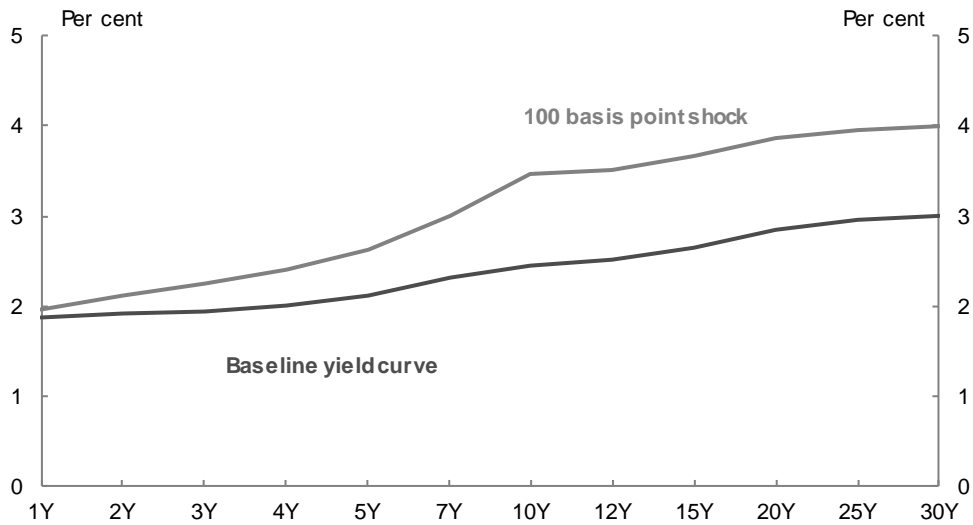
For further information on the economic and fiscal projection frameworks, please refer to *Budget Paper 1, Statement 8: Forecasting Performance and Scenario Analysis* in the 2018-19 Budget.

Scenario 2: Steeper yield curve assumption

Over the forward estimates period, yields on Commonwealth Government Securities (CGS) are assumed to remain fixed at the levels observed immediately prior to the MYEFO. The medium-term fiscal projections assume yields on government debt converge to an assumed long-run yield curve, based on a 10-year yield of 5 per cent. This is consistent with the Long-Term Cost Report prepared by the Australian Government Actuary. The gap between the current yield curve and the long-run yield curve is closed by a quarter in each year over the medium term.

Scenario 2 examines the consequences of a 100 basis point steepening of the yield curve between the cash rate and the 10-year bond yield over the two years until 2019-20 (Chart 3.14). Yields remain higher until the end of the forward estimates, after which yields converge to the assumed long-run yield curve.

Chart 3.14: Steeper yield curve compared to MYEFO baseline in 2019-20



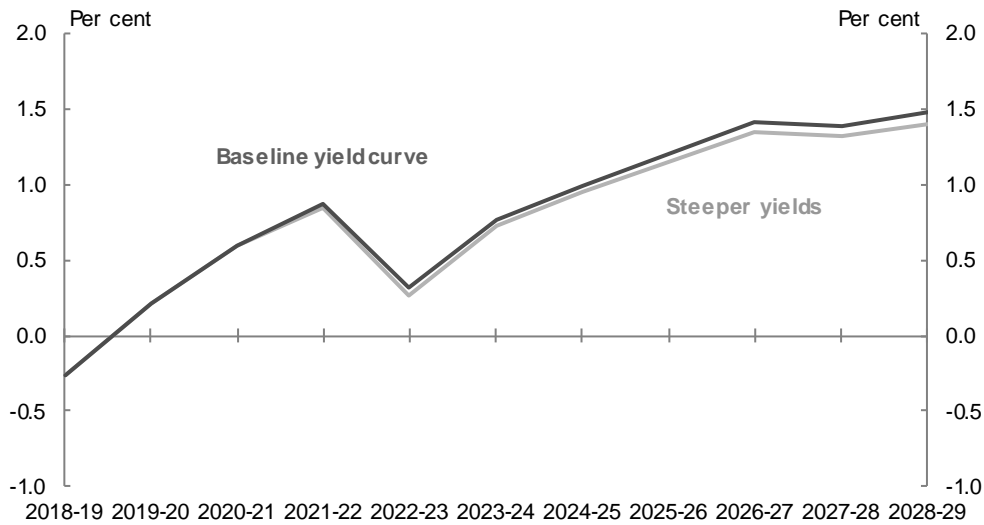
Source: Treasury.

Yields affect both the income and expenses of the Government. Yields affect the amount of public debt interest (PDI) the Government has to pay on its borrowings, but also have an impact on projections of the receipts the Government earns on its investments.

As shown in Table 3.41 of *Attachment E: Debt Statement*, the Government borrows a large proportion of its debt in medium and long-dated debt. Conversely, many government investments are held in short-dated assets. As such, a steepening of the yield curve affects Government debt more than assets.

Compared to MYEFO projections, a steeper than assumed yield curve results in a small deterioration to the underlying cash balance in the forward estimates, and a net deterioration of around 0.1 percentage points of GDP in 2028-29 (Chart 3.15).

Chart 3.15: Underlying cash balance impacts of higher yields



Note: Excludes expected net Future Fund earnings before 2020-21. The tax-to-GDP cap of 23.9 per cent is reached from 2025-26.
Source: Treasury projections.

Gross debt, as measured by the face value of Commonwealth Government Securities on issue, increases by \$0.5 billion compared to the MYEFO estimates for 2018-19, and increases by \$9.4 billion by 2021-22. Gross debt is \$17.4 billion higher than the baseline by 2028-29.

The increase in gross debt results in a similar increase in net debt. However, this is offset over the forward estimates by lower market values of Commonwealth Government Securities from higher yields. As a result, compared to baseline, net debt decreases by 0.7 percentage points of GDP in 2018-19, and remains 0.6 percentage points of GDP lower by 2021-22. Over the medium term, as the baseline yields converge to their long-run rates, the impact of the yield shock is unwound. The combination of increased gross debt and unwinding the valuation effect results in net debt projections being 0.7 percentage points higher compared to MYEFO by 2028-29.

A flattening of the yield would have broadly opposite effects.

TAX BENCHMARKS AND VARIATIONS STATEMENT

This attachment provides information on Australian Government tax benchmarks and variations, as required by Section 12 of the *Charter of Budget Honesty Act 1998 (CBHA)*.

Tax benchmarks represent a standard taxation treatment that applies to similar taxpayers or types of activity. Certain tax exemptions, deductions or offsets may apply a different taxation treatment to the tax benchmark and can give rise to a positive or negative variation from the benchmark.

The choice of tax benchmark unavoidably involves judgment and may be contentious in some cases. The tax benchmark should not be interpreted as an indication of the way an activity or taxpayer ought to be taxed.

A tax variation arises when there is a difference in revenue between the actual and benchmark treatments. This is known as the 'revenue forgone' approach and importantly, this approach assumes that taxpayer behaviour is the same in each circumstance.

As a result, revenue forgone estimates do not indicate the revenue gain to the Budget if specific tax benchmark variations were abolished through policy change as there may be significant changes in taxpayer behaviour were the variations removed.

Care needs to be taken when comparing benchmark variations with direct expenditure as they may measure different things. In addition, estimates from different editions of the Tax Benchmarks and Variations Statement (previously the Tax Expenditures Statement or TES) may not be comparable. This is due to, for example, changes or modifications to tax benchmarks, individual benchmark variations or data used.

The CBHA also requires the publication of an annual report. The 2017 TES was published in January 2018 and provides a detailed description of Australian Government benchmarks and benchmark variations and, where possible, the estimated value or order of magnitude of each benchmark variation.

The information in Table 3.22 is derived from the 2017 TES and, consistent with longstanding practice, does not include the impact of decisions taken since the 2017-18 MYEFO. Further information on benchmarks and variations will be available in future Tax Benchmarks and Variations Statements.

Table 3.22: Estimates of large measured benchmark variations

Benchmark variations		Estimate \$m			
		2018-19	2019-20	2020-21	2021-22
Large positive benchmark variations					
E6	Main residence exemption - discount component	42,500	46,000	50,000	53,500
E5	Main residence exemption	35,500	38,500	41,000	44,000
C4	Concessional taxation of superannuation entity earnings	23,250	26,050	28,950	31,900
C2	Concessional taxation of employer superannuation contributions	17,750	19,400	20,900	22,950
E13	Discount for individuals and trusts	10,520	11,010	11,840	12,480
H27	Food	7,300	7,600	7,900	8,200
H15	Education	4,900	5,250	5,650	6,100
H18	Health - medical and health services	4,350	4,650	4,950	5,300
H2	Financial supplies - input taxed treatment	3,600	3,800	4,050	4,300
B2	Local government bodies income tax exemption	2,580	3,020	3,530	4,120
C6	Deductibility of life and total permanent disability insurance premiums provided inside of superannuation	2,540	2,730	2,950	3,210
A24	Concessional taxation of non-superannuation termination benefits	2,300	2,200	2,100	2,000
A41	Exemption of Family Tax Benefit payments	2,020	2,070	2,060	2,050
B12	Exemption from interest withholding tax on certain securities	2,010	2,010	2,010	2,010
A19	Medicare levy exemption for residents with taxable income below the low-income thresholds	2,000	2,460	2,630	2,710
A27	Exemption of Child Care Assistance payments	1,965	1,985	2,100	2,210
D10	Exemption for public and not-for-profit hospitals and public ambulance services	1,750	1,850	1,950	2,050
D14	Exemption for public benevolent institutions (excluding hospitals)	1,750	1,900	2,000	2,100
C1	Concessional taxation of capital gains for superannuation funds	1,700	2,050	2,350	2,550
B49	Lower company tax rate	1,600	1,800	2,200	2,500
H5	Child care services	1,600	1,750	1,910	2,090
C3	Concessional taxation of personal superannuation contributions	1,550	1,500	1,800	1,900
A26	Exemption for National Disability Insurance Scheme amounts	1,520	2,750	3,380	4,090
A17	Exemption of the Private Health Insurance Rebate	1,420	1,470	1,550	1,600
A57	Philanthropy - deduction for gifts to deductible gift recipients	1,390	1,500	1,640	1,760
F6	Concessional rate of excise levied on aviation gasoline and aviation turbine fuel	1,330	1,390	1,450	1,480
H19	Health - residential care, community care and other care services	1,210	1,290	1,380	1,470
B71	Capital works expenditure deduction	1,125	1,225	1,340	1,455
H6	Water, sewerage and drainage	1,010	1,060	1,120	1,190
A33	Seniors and pensioners tax offset	1,000	1,000	1,000	1,000
Large negative benchmark variations					
F21	Customs duty	-1,260	-1,290	-1,410	-1,200
F10	Higher rate of excise levied on cigarettes not exceeding 0.8 grams of tobacco	-2,555	-2,800	-3,055	-3,220

SUPPLEMENTARY EXPENSES TABLE AND THE CONTINGENCY RESERVE

Expenses

Table 3.23 shows estimates of Australian Government general government expenses by function and sub-function for 2018-19 and the forward years.

Table 3.23: Estimates of Australian Government general government sector expenses by function and sub-function

	Estimates						Projections					
	2018-19			2019-20			2020-21			2021-22		
	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 %
General public services												
Legislative and executive affairs	1,484	1,508	2	1,142	1,127	-1	1,166	1,155	-1	1,492	1,507	1
Financial and fiscal affairs	7,101	7,016	-1	7,203	7,214	0	6,860	6,899	1	7,197	7,172	0
Foreign affairs and economic aid	5,798	5,827	1	6,747	6,773	0	5,664	5,782	2	5,601	5,649	1
General research	2,995	3,017	1	3,057	3,142	3	3,143	3,206	2	3,207	3,317	3
General services	681	709	4	684	709	4	621	645	4	642	676	5
Government superannuation benefits	5,007	8,116	62	4,787	4,776	0	4,800	4,712	-2	4,783	4,676	-2
Defence	31,215	30,594	-2	30,866	30,972	0	33,061	33,002	0	35,164	34,982	-1
Public order and safety	5,324	5,544	4	5,263	5,480	4	4,851	5,041	4	4,829	4,997	3
Education	34,736	35,170	1	36,185	36,530	1	37,730	38,317	2	39,336	39,894	1
Health	78,825	80,183	2	80,416	81,258	1	82,049	82,262	0	85,041	85,202	0
Social security and welfare	175,971	174,684	-1	182,568	182,794	0	187,535	187,247	0	194,335	194,163	0
Housing and community amenities	5,382	5,647	5	5,119	5,366	5	4,454	4,818	8	4,225	4,446	5
Recreation and culture	3,638	3,949	9	3,517	3,687	5	3,470	3,618	4	3,539	3,678	4
Fuel and energy	7,541	7,716	2	7,814	8,022	3	8,138	8,288	2	8,492	8,630	2
Agriculture, forestry and fishing	3,070	3,196	4	2,628	2,746	4	2,549	2,912	14	2,678	2,941	10
Mining, manufacturing and construction	3,260	2,915	-11	3,552	3,511	-1	3,681	3,869	5	3,484	3,726	7
Transport and communication	9,062	8,455	-7	8,187	8,264	1	7,523	7,727	3	6,976	7,604	9

Table 3.23: Estimates of Australian Government general government sector expenses by function and sub-function (continued)

	Estimates						Projections					
	2018-19			2019-20			2020-21			2021-22		
	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 %
Other economic affairs												
Tourism and area promotion	164	169	3	162	165	2	173	175	1	177	180	2
Labour and employment affairs	3,782	3,844	2	3,647	3,650	0	3,608	3,623	0	3,637	3,639	0
Immigration	3,048	3,512	15	2,504	2,553	2	2,393	2,443	2	2,378	2,417	2
Other economic affairs nec	2,476	2,514	2	2,327	2,458	6	2,225	2,340	5	2,154	2,267	5
Other purposes												
Public debt interest	17,811	17,235	-3	18,355	17,504	-5	18,047	17,257	-4	17,806	17,042	-4
Nominal superannuation interest	10,648	9,446	-11	11,049	11,049	0	11,387	11,387	0	11,715	11,715	0
General purpose inter-government transactions	69,446	68,953	-1	73,096	73,358	0	76,847	76,687	0	80,665	80,936	0
Natural disaster relief	17	153	800	10	13	30	0	3	na	0	0	0
Contingency reserve	101	-1,706	-1,789	3,287	1,271	-61	6,271	4,371	-30	11,274	7,097	-37
Total expenses	488,584	488,363	0	504,171	504,392	0	518,247	517,785	0	540,830	538,552	0

Contingency Reserve

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

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

The Contingency Reserve contains an allowance for the tendency for estimates of expenses for existing Government policy to be revised upwards in the forward years, known as the conservative bias allowance (CBA). The increase in expenses in the Contingency Reserve sub-function from 2018-19 is largely due to the CBA. Since the 2018-19 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 2019-20 (\$1.1 billion);
- $\frac{3}{4}$ of a percentage point of expenses in the second forward year 2020-21 (\$3.3 billion); and
- a $1\frac{1}{2}$ percentage point provision in the third forward year 2021-22 (\$6.8 billion).

The drawdown of the CBA reduced expenses by \$1.1 billion in 2019-20, \$1.1 billion in 2020-21 and \$2.4 billion in 2021-22. This is consistent with long standing practice and does not represent a saving.

In general, the Contingency Reserve can also include:

- a provision for underspends in the current financial year reflecting the tendency for budgeted expenses for some entities or functions not to be met;
- commercial-in-confidence and national security-in-confidence items that cannot be disclosed separately and programs that are yet to be renegotiated with state and territory governments;
- the effect, on the budget and forward estimates, of economic parameter revisions received late in the process and hence not able to be allocated to individual entities or functions;

Part 3: Fiscal strategy and outlook

- 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.

Attachment D

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.

More detailed information on the Intergovernmental Agreement and Australia's federal financial relations is provided in Budget Paper No. 3, *Federal Financial Relations 2018-19*, and at www.federalfinancialrelations.gov.au.

Overview of payments to the states

Payments to the states in 2018-19 are estimated to be \$126.7 billion, or 26.0 per cent of total Australian Government expenditure for the year. This amount comprises payments for specific purposes of \$59.0 billion and general revenue assistance of \$67.7 billion.

Table 3.24 shows payments for specific purposes and general revenue assistance to the states.

Table 3.24: Australian Government payments to the states, 2018-19 to 2021-22

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2018-19									
Payments for specific purposes(a)	17,115	14,000	13,635	6,021	4,119	1,344	958	1,269	59,044
GST entitlement	18,257	17,074	14,630	3,271	6,815	2,469	1,322	2,792	66,630
Other general revenue assistance(c)(d)	50	25	-	38	-	-	40	-	1,073
Total payments to the states	35,422	31,099	28,265	9,330	10,934	3,813	2,321	4,061	126,747
2019-20									
Payments for specific purposes(a)	17,419	13,541	12,528	6,842	3,931	1,230	919	1,195	58,339
GST entitlement(b)	~	~	~	~	~	~	~	~	69,010
Other general revenue assistance(c)(d)	-	-	-	855	-	-	41	69	1,802
Total payments to the states	17,419	13,541	12,528	7,697	3,931	1,230	960	1,264	129,151
2020-21									
Payments for specific purposes(a)	17,808	14,154	13,423	6,285	3,766	1,286	970	1,165	59,542
GST entitlement(b)	~	~	~	~	~	~	~	~	72,600
Other general revenue assistance(c)(d)	-	-	-	624	-	-	41	-	1,435
Total payments to the states	17,808	14,154	13,423	6,909	3,766	1,286	1,012	1,165	133,577

Table 3.24: Australian Government payments to the states, 2018-19 to 2021-22 (continued)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2021-22									
Payments for specific purposes(a)	18,244	14,865	14,261	6,634	3,819	1,361	1,027	1,175	61,938
GST entitlement(b)	~	~	~	~	~	~	~	~	77,020
Other general revenue assistance(c)(d)	-	-	-	341	-	-	42	-	1,145
Total payments to the states	18,244	14,865	14,261	6,975	3,819	1,361	1,069	1,175	140,103

(a) State allocations for some programs have yet to be determined. These payments are not included in state totals, and consequently, total payments may not equal the sum of state totals.

(b) State allocations are dependent upon the GST revenue sharing relativities for that financial year. These relativities are not forecast beyond the Budget year.

(c) State allocations for royalties are not published due to commercial sensitivities. These payments are not included in state totals, and consequently, total payments may not equal the sum of state totals.

(d) Estimates of the transitional GST top-up payments included within 'other general revenue assistance' reflect those presented to the Parliament alongside the *Treasury Laws Amendment (Making Sure Every State and Territory Gets Their Fair Share of GST) Bill 2018*.

Payments for specific purposes

The Australian Government provides payments to the states for specific purposes in areas administered by the states. Payments to the states for specific purposes are estimated to total \$59.0 billion in 2018-19, which is 12.1 per cent of total Australian Government expenditure for the year and an increase of \$2.9 billion (or 5.0 per cent) on the \$56.1 billion the states received in 2017-18.

The Australian Government 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 – disability services, and skills and workforce development;
- National Health Reform funding, largely for public hospital services;
- Quality Schools funding for government and non-government schools;
- National Housing and Homelessness funding for improved housing outcomes; and
- National Partnership payments in a wide range of areas.

Table 3.25 shows total payments for specific purposes by type of SPP.

Table 3.25: Total payments for specific purposes by category, 2018-19 to 2021-22

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total(a)
2018-19									
National Specific Purpose Payments	485	811	626	324	105	65	25	31	2,473
National Health Reform funding	6,596	5,091	5,075	2,240	1,311	432	402	274	21,422
Quality Schools funding(b)	6,115	4,897	4,239	1,957	1,363	452	330	367	19,720
National Housing and Homelessness funding	477	395	313	164	107	33	26	20	1,536
National Partnership payments(c)	3,442	2,806	3,381	1,336	1,232	361	174	577	13,892
Total payments for specific purposes	17,115	14,000	13,635	6,021	4,119	1,344	958	1,269	59,044
2019-20									
National Specific Purpose Payments	493	402	308	332	106	32	26	15	1,714
National Health Reform funding	6,740	5,529	4,877	2,352	1,398	444	410	313	22,063
Quality Schools funding(b)	6,473	5,237	4,542	2,105	1,439	472	341	387	20,996
National Housing and Homelessness funding	486	406	319	167	109	33	27	20	1,566
National Partnership payments(c)	3,227	1,967	2,482	1,886	881	249	115	461	12,000
Total payments for specific purposes	17,419	13,541	12,528	6,842	3,931	1,230	919	1,195	58,339
2020-21									
National Specific Purpose Payments	502	411	312	160	106	32	26	15	1,565
National Health Reform funding	7,065	5,791	5,102	2,496	1,455	460	438	337	23,143
Quality Schools funding(b)	6,963	5,684	4,922	2,300	1,542	499	365	411	22,685
National Housing and Homelessness funding	495	418	325	170	110	34	27	20	1,599
National Partnership payments(c)	2,784	1,851	2,761	1,160	552	260	114	383	10,550
Total payments for specific purposes	17,808	14,154	13,423	6,285	3,766	1,286	970	1,165	59,542
2021-22									
National Specific Purpose Payments	510	420	317	162	107	32	27	15	1,589
National Health Reform funding	7,426	6,073	5,390	2,648	1,514	476	467	367	24,361
Quality Schools funding(b)	7,370	6,094	5,212	2,470	1,632	522	385	429	24,116
National Housing and Homelessness funding	495	405	318	163	107	32	26	19	1,566
National Partnership payments(c)	2,443	1,872	3,023	1,191	459	298	123	344	10,306
Total payments for specific purposes	18,244	14,865	14,261	6,634	3,819	1,361	1,027	1,175	61,938

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

(b) State allocations from the 2019 school year onwards are indicative only and final allocations are subject to formal negotiations between the Australian Government, the states and the non-government schools sector.

(c) Includes financial assistance grants for local government.

Part 3: Fiscal strategy and outlook

In addition to National Health Reform funding, the Government is providing \$1.25 billion over four years from 2018-19 to establish a Community Health and Hospitals Program. The Program will fund projects and services to support patient care while reducing pressure on community and hospital services. Under the program, the Government will partner with communities, the states, health and hospital service providers, and research institutions.

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 the environment. Table 3.26 shows total payments for specific purposes by sector.

Table 3.26: Payments for specific purposes by sector, 2018-19 to 2021-22

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total(a)
2018-19									
Health	6,688	5,141	5,161	2,277	1,370	460	422	303	21,825
Education	6,251	5,031	4,345	2,012	1,399	464	341	410	20,255
Skills and workforce development	485	393	304	157	105	35	25	15	1,813
Community services	581	1,643	1,256	304	296	154	32	123	4,389
Affordable housing	478	395	313	285	107	33	26	157	1,795
Infrastructure	2,036	888	1,684	792	644	125	57	217	6,449
Environment	121	145	75	10	76	26	18	16	636
Contingent payments	1	2	145	3	..	1	-	1	153
Other(b)	474	362	351	180	122	46	38	27	1,729
Total payments for specific purposes	17,115	14,000	13,635	6,021	4,119	1,344	958	1,269	59,044
2019-20									
Health	6,762	5,551	4,895	2,364	1,403	456	413	342	22,308
Education	6,574	5,336	4,623	2,147	1,467	481	349	428	21,405
Skills and workforce development	493	402	308	159	106	32	26	15	1,833
Community services	609	245	199	749	74	24	17	55	1,970
Affordable housing	486	406	319	167	109	33	27	134	1,681
Infrastructure	1,562	860	1,552	917	575	113	21	175	5,775
Environment	48	53	38	1	11	5	..	1	367
Contingent payments	..	..	11	2	..	..	-	1	13
Other(b)	884	687	584	337	187	87	66	46	2,986
Total payments for specific purposes	17,419	13,541	12,528	6,842	3,931	1,230	919	1,195	58,339
2020-21									
Health	7,080	5,811	5,113	2,503	1,460	464	439	364	23,299
Education	6,974	5,696	4,940	2,308	1,550	502	366	441	22,778
Skills and workforce development	502	411	312	160	106	32	26	15	1,904
Community services	620	254	206	95	76	24	17	45	1,337
Affordable housing	495	418	325	170	110	34	27	134	1,714
Infrastructure	1,257	861	1,954	731	287	143	32	125	5,390
Environment	43	50	42	1	4	5	-	1	364
Contingent payments	..	..	3	-	-	-	-	-	3
Other(b)	838	653	528	317	172	82	63	39	2,755
Total payments for specific purposes	17,808	14,154	13,423	6,285	3,766	1,286	970	1,165	59,542

Table 3.26: Payments for specific purposes by sector, 2018-19 to 2021-22 (continued)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total(a)
2021-22									
Health	7,434	6,079	5,396	2,651	1,543	481	468	392	24,459
Education	7,381	6,107	5,231	2,478	1,640	524	386	459	24,207
Skills and workforce development	510	420	317	162	107	32	27	15	1,888
Community services	632	263	213	104	79	25	18	47	1,380
Affordable housing	495	405	318	163	107	32	26	133	1,680
Infrastructure	885	902	2,205	745	164	176	38	87	5,202
Environment	36	5	35	1	1	5	-	1	322
Contingent payments	..	-	-	-	-	-	-	-	..
Other(b)	871	684	547	329	179	85	65	41	2,801
Total payments for specific purposes	18,244	14,865	14,261	6,634	3,819	1,361	1,027	1,175	61,938

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

(b) Includes financial assistance grants for local government.

Table 3.27 shows total payments for specific purposes by sector and category (National SPPs, National Health Reform funding, Quality Schools funding, National Housing and Homelessness, and National Partnership payments).

Table 3.27: Payments for specific purposes by sector and category, 2018-19 to 2021-22

\$million	2018-19	2019-20	2020-21	2021-22
<i>Health</i>				
National Health Reform funding	21,422	22,063	23,143	24,361
National Partnerships	403	246	156	97
<i>Education</i>				
Quality Schools funding	19,720	20,996	22,685	24,116
National Partnerships	534	409	93	91
<i>Skills and workforce development</i>				
National Skills and Workforce Development SPP	1,517	1,540	1,565	1,589
National Partnerships	297	293	338	298
<i>Community services</i>				
National Disability SPP	956	174	-	-
National Partnerships	3,433	1,796	1,337	1,380
<i>Affordable housing</i>				
National Housing and Homelessness funding	1,536	1,566	1,599	1,566
National Partnerships	259	115	115	115
<i>Infrastructure</i>				
National Partnerships	6,449	5,775	5,390	5,202
<i>Environment</i>				
National Partnerships	636	367	364	322
<i>Contingent payments</i>				
National Partnerships	153	13	3	..
<i>Other</i>				
National Partnerships(a)	1,729	2,986	2,755	2,801
Total payments for specific purposes	59,044	58,339	59,542	61,938

(a) Includes financial assistance grants for local government.

Part 3: Fiscal strategy and outlook

Detailed tables of payments for specific purposes are provided in Annex A (available online).

The Australian Government provides funding under the Natural Disaster Relief and Recovery Arrangements (NDRRA) to assist the states following natural disasters. For accounting purposes, the Australian Government 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 a state has completed eligible reconstruction work or submitted an eligible claim under the NDRRA. Estimated NDRRA cash payments are shown in Table 3.28 below. Accrual estimates are presented in Table A.8 in Annex A (available online).

Table 3.28: Estimated NDRRA cash payments, 2018-19 to 2021-22

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2018-19	26.7	51.6	122.6	66.7	2.3	22.4	-	30.5	322.7
2019-20	0.8	8.6	403.5	74.3	-	4.2	-	27.1	518.5
2020-21	-	0.7	134.9	-	-	-	-	-	135.5
2021-22	-	-	-	-	-	-	-	-	-

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 2018-19, the states are expected to receive \$67.7 billion in general revenue assistance from the Australian Government, comprising \$66.6 billion in goods and services tax (GST) entitlements and \$1.1 billion in other general revenue assistance. This is a 5.2 per cent increase in general revenue assistance on the \$64.2 billion the states received in 2017-18. General revenue assistance to the states is estimated to represent 13.9 per cent of total Australian Government expenditure in 2018-19.

Table 3.29 summarises GST and other general revenue assistance payments to the states. Detailed tables of GST and other general revenue assistance are provided in Annex A (available online).

Table 3.29: General revenue assistance, 2018-19 to 2021-22

\$million	2018-19	2019-20	2020-21	2021-22
GST entitlements	66,630.0	69,010.0	72,600.0	77,020.0
Other payments				
<i>ACT municipal services</i>	40.1	40.7	41.4	42.0
<i>Compensation for reduced royalties</i>	38.2	40.8	38.9	35.5
<i>Royalties</i>	920.1	838.0	769.9	762.3
<i>Snowy Hydro Ltd tax compensation</i>	75.0	-	-	-
<i>Transitional GST top-up payments(a)</i>	-	882.8	585.0	305.5
Total other	1,073.5	1,802.3	1,435.2	1,145.3
Total GST and other payments	67,703.5	70,812.3	74,035.2	78,165.3

(a) Estimates reflect those presented to the Parliament alongside the *Treasury Laws Amendment (Making Sure Every State and Territory Gets Their Fair Share of GST) Bill 2018*.

GST payments

Under the *Federal Financial Relations Act 2009*, the states are entitled to receive payments from the Australian Government equivalent to the revenue raised from the GST in any given financial year, after some minor adjustments, as discussed below. From 2021-22, the states' GST entitlements will also be boosted each year by additional Australian Government funding, as discussed below.

The Australian Government makes monthly payments (advances) to the states throughout the year based on GST estimates for that year. Estimates of the GST are used as the actual amount of GST revenue for the financial year is unknown until after the end of the financial year. Once the amount of GST revenue is known, the Treasurer makes a determination of the GST entitlement for that year. A balancing adjustment payment is then made to each state to ensure the states receive the GST payments to which they are entitled. These balancing adjustments (referred to as the 'prior year balancing adjustment') are made in the following financial year.

States compensate the Australian Government for the agreed costs incurred by the Australian Taxation Office (ATO) in administering the GST. In practice, this is achieved by the Australian Government reducing the monthly GST payments to the states by the GST administration costs.

Calculating the GST payments

Some additional adjustments are made to GST revenue in order to calculate the amount of GST paid to the states in any given year.

- Some GST revenue accrued during a financial year is not remitted to the ATO by 30 June of that year because it is not due to be paid until Business Activity Statements (BAS) are lodged the following financial year.
- Penalties owed to the ATO, other than general interest charge penalties, are not included in the GST to be paid to the states, as defined in the *Federal Financial Relations Act 2009*.
- Some GST collected by Australian Government agencies is not remitted to the ATO by 30 June in each financial year because it is not due to be paid until the next BAS is lodged.
- From 2021-22, the Australian Government will also boost the states' GST entitlement each year with additional funding. In 2021-22, the Australian Government will inject \$600 million into the GST entitlement, followed by a further \$250 million in 2024-25. Each year, these boosts will grow in line with the underlying growth of the GST and be distributed to the states in the same way as the GST revenue.

Part 3: Fiscal strategy and outlook

A reconciliation of GST revenue and the states' GST entitlement is provided in Table 3.30.

Table 3.30: Reconciling GST revenue and the states' GST entitlement

\$million	2018-19	2019-20	2020-21	2021-22
GST revenue	69,180	71,650	75,437	79,425
<i>less</i> Change in GST receivables	2,391	2,455	2,674	2,834
GST receipts	66,789	69,195	72,763	76,590
<i>less</i> Non-GIC penalties collected	140	160	160	170
<i>less</i> GST collected by Commonwealth agencies but not yet remitted to the ATO	19	25	3	0
<i>plus</i> GST pool boost	0	0	0	600
States' GST entitlement	66,630	69,010	72,600	77,020

Table 3.31 provides a reconciliation of estimates of the states' GST entitlement since the 2018-19 Budget. The reconciliation accounts for policy decisions and parameter and other variations.

Table 3.31: Reconciliation of the GST entitlement estimates since the 2018-19 Budget

\$million	2018-19	2019-20	2020-21	2021-22
GST entitlement at 2018-19 Budget	67,320	69,790	73,510	77,270
<i>Changes between 2018-19 Budget and 2018-19 MYEFO</i>				
Effect of policy decisions	-15	653	786	1,496
Effect of parameter and other variations	-675	-1,433	-1,696	-1,746
Total variations	-690	-780	-910	-250
GST entitlement at 2018-19 MYEFO	66,630	69,010	72,600	77,020

Specific policy decisions taken since the 2018-19 Budget that affect the GST entitlement are shown in Table 3.32. These decisions increase the amount of the GST entitlement by \$2.9 billion over four years.

Detailed information on policy decisions since the 2018-19 Budget is included in Appendix A.

Table 3.32: Policy decisions since the 2018-19 Budget that affect the GST entitlement

\$million	2018-19	2019-20	2020-21	2021-22
Indirect Tax Concession Scheme – diplomatic and consular concessions	..	..	..	..
GST – compliance program – four year extension	0.0	646.6	775.6	880.2
Tax Integrity – Disclosure of business tax debts – amendments	-15.0	0.0	-2.5	-2.5
Tax Compliance – extending the Serious Financial Crime Taskforce	0.0	1.0	2.8	4.0
Changes to the Working Holiday Makers visa programme	15.0	45.0	50.0	55.0
Changes to the Seasonal Worker Programme	0.1	0.5	0.5	..
Expansion of the Pacific Labour Scheme	0.0	0.0	1.0	3.0
GST and feminine hygiene products	-15.0	-30.0	-30.0	-30.0
Square Kilometre Array Radio Telescope Project – further investment to support critical research infrastructure	0.0	0.0	-1.0	-4.0
GST pool boosts	0.0	0.0	0.0	600.0
<i>Decisions taken but not yet announced</i>	0.0	-10.0	-10.0	-10.0
Total	-14.9	653.1	786.4	1,495.7

Distribution of the GST among the states

The Australian Government distributes the GST among the states based on the GST revenue sharing relativities recommended by the Commonwealth Grants Commission. From 2021-22, the horizontal fiscal equalisation system will progressively transition over six years to a more stable and predictable equalisation standard, based on the fiscal capacity of the stronger of New South Wales or Victoria. This change will reduce volatility in states' GST payments, making it more predictable for the states and easier for them to manage their budgets.

During this transition phase, the Australian Government has also guaranteed that each state will get the cumulative better of the old or the new system.

Table 3.33 shows the detailed calculation for the distribution of the states' estimated GST entitlement in 2018-19. This method of calculation is prescribed in legislation in the *Federal Financial Relations Act 2009*.

Table 3.33: Distribution of the GST entitlement, 2018-19^(a)

	Estimated 31 December 2018 population (1)	GST relativities (2)	Adjusted population (1) x (2) (3)	Share of adjusted population % (4)	2018-19 GST entitlement \$million (5)
NSW	8,067,627	0.85517	6,899,193	27.4%	18,256.7
VIC	6,539,039	0.98670	6,452,070	25.6%	17,073.5
QLD	5,045,207	1.09584	5,528,740	22.0%	14,630.2
WA	2,614,110	0.47287	1,236,134	4.9%	3,271.1
SA	1,743,320	1.47727	2,575,354	10.2%	6,814.9
TAS	528,012	1.76706	933,029	3.7%	2,469.0
ACT	423,244	1.18070	499,724	2.0%	1,322.4
NT	247,793	4.25816	1,055,142	4.2%	2,792.1
Total	25,208,352	n/a	25,179,386	100.0%	66,630.0

(a) Amounts shown are estimates of each state's GST entitlement, based on the estimated total GST entitlement and state populations. These amounts do not take into account the estimated 2017-18 balancing adjustment of -\$316.5 million, which once finalised following a Determination by the Treasurer, will be made to states' GST payments in 2018-19.

The calculation of the estimated GST entitlement for 2017-18 is shown in Table 3.34. The table also includes the estimated distribution of the balancing adjustment, taking account of differences between advances of GST paid to each state and each state's estimated entitlement for 2017-18.

Table 3.34: Calculation of the estimated GST entitlement and balancing adjustment, 2017-18^(a)

	31 December 2017 population (1)	GST relativities (2)	Adjusted population (1) x (2) (3)	Share of adjusted population % (4)	2017-18 GST entitlement \$million (5)	2017-18 GST advances \$million (6)	Balancing adjustment \$million (5) - (6) (7)
NSW	7,915,069	0.87672	6,939,299	28.0%	17,689.4	17,791.3	-101.9
VIC	6,385,849	0.93239	5,954,102	24.0%	15,178.0	15,267.7	-89.7
QLD	4,965,033	1.18769	5,896,920	23.8%	15,032.2	15,109.7	-77.5
WA	2,584,768	0.34434	890,039	3.6%	2,268.9	2,285.1	-16.2
SA	1,728,053	1.43997	2,488,344	10.0%	6,343.2	6,374.5	-31.3
TAS	524,677	1.80477	946,921	3.8%	2,413.9	2,417.5	-3.6
ACT	415,916	1.19496	497,003	2.0%	1,266.9	1,266.4	0.5
NT	246,726	4.66024	1,149,802	4.6%	2,931.0	2,927.8	3.2
Total	24,766,091	n/a	24,762,431	100.0%	63,123.5	63,440.0	-316.5

(a) The 2017-18 GST outcome will be finalised following a Determination by the Treasurer. These amounts do not take into account the 2016-17 balancing adjustment of \$605.5 million which was made in 2017-18.

GST administration

States compensate the Australian Government for the costs incurred by the ATO in administering the GST, including costs incurred by the Department of Home Affairs. The GST administration budget for the ATO is estimated to be \$599.2 million for 2018-19, as shown in Table 3.35.

Table 3.35: GST administration budget

\$million	Actual		Estimates		
	2017-18	2018-19	2019-20	2020-21	2021-22
Administration budget at 2018-19 Budget	631.1	599.2	530.8	496.9	499.0
Changes from 2018-19 Budget to MYEFO					
GST compliance program – four year extension(a)	-	-	116.3	115.6	116.0
Parameter variations	-	-	-	-	-
Other variations	-	-	-	-	-
Total variations	-	-	116.3	115.6	116.0
Administration budget at 2018-19 MYEFO	631.1	599.2	647.1	612.5	615.0
less Prior year adjustment	-	-	-	-	-
equals State government payments(b)	631.1	599.2	647.1	612.5	615.0

(a) Further information on the GST compliance program – four year extension can be found in Appendix A: Policy Decisions Taken Since the 2018-19 Budget.

(b) The GST administration costs for 2017-18 and 2018-19 were capped at the 2016-17 Budget estimate as the ATO reviews its methodologies.

DEBT STATEMENT

This Statement provides information on current and projected Government gross debt on issue and estimated and projected Government net debt. The concepts of 'gross debt' and 'net debt' are explained further below.

Net debt is expected to be 18.2 per cent of GDP (\$351.9 billion) in 2018-19. Net debt is then projected to decline as a share of GDP to 14.3 per cent in 2021-22, and further over the medium term to 1.5 per cent of GDP (\$48.4 billion) in 2028-29 – representing an 86 per cent reduction in nominal terms over the medium term from 2018-19.

Gross debt, measured as the face value of Commonwealth Government Securities (CGS) on issue subject to the Treasurer's Direction, is expected to be \$542 billion at the end of 2018-19 before increasing to \$567 billion by the end of the forward estimates. By the end of the medium term (2028-29), the total face value of CGS on issue is projected to fall to \$455 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-term to long-term securities with a fixed annual rate of interest payable every six months;

Treasury Indexed Bonds (TIBs): medium-term 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.

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 Treasury Indexed Bonds, 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. All CGS issuance is undertaken in Australian dollars.

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.

The AOFM conducts regular buyback tenders for Treasury Bonds shorter than those comprising the primary three year Treasury Bond futures contract. The buybacks are funded by issuance of a corresponding face value amount of longer-dated Treasury Bonds. This operation assists the AOFM in its cash management task ahead of bond maturities and contributes to an orderly and efficient Treasury Bond market.

In recent years, the AOFM has taken the opportunity to lengthen the CGS yield curve through the issuance of 30-year bonds. 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.

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 to support the Treasury Bond futures market.

A well-functioning and liquid CGS market also supports the development of semi-government and corporate bond markets by providing a risk-free benchmark.

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.

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.⁵ 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, the Government's unfunded superannuation liability and the equity holdings of the Future Fund are not included in net debt.

Estimates and projections of net debt

Table 3.36 contains estimates and projections of net debt to the end of the forward estimates period.

In 2018-19, net debt is expected to be \$351.9 billion, compared with \$349.9 billion at the time of the 2018-19 Budget. Over the forward estimates, net debt is projected to decline as a proportion of GDP from 18.2 per cent in 2018-19 to 14.3 per cent by 2021-22. Over the medium term, net debt is projected to decline to 1.5 per cent of GDP (\$48.4 billion) in 2028-29.

⁵ 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 3.36: Liabilities and assets included in net debt

	Estimates		Projections	
	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m
Liabilities included in net debt				
Deposits held	381	381	381	381
Government securities(a)	586,341	600,639	601,594	604,241
Loans	16,615	16,569	16,883	17,166
Other borrowing	1,493	1,460	1,433	1,388
Total liabilities included in net debt	604,830	619,049	620,291	623,176
Assets included in net debt				
Cash and deposits	5,849	6,150	6,006	5,861
Advances paid	72,662	84,168	90,027	94,708
Investments, loans and placements	174,371	185,306	194,323	210,055
Total assets included in net debt	252,882	275,624	290,356	310,624
Net debt	351,948	343,426	329,934	312,552

(a) Government securities are presented at market value.

Changes in net debt since the 2018-19 Budget

Table 3.37 shows the drivers of the change in net debt between the 2018-19 Budget and the 2018-19 MYEFO.

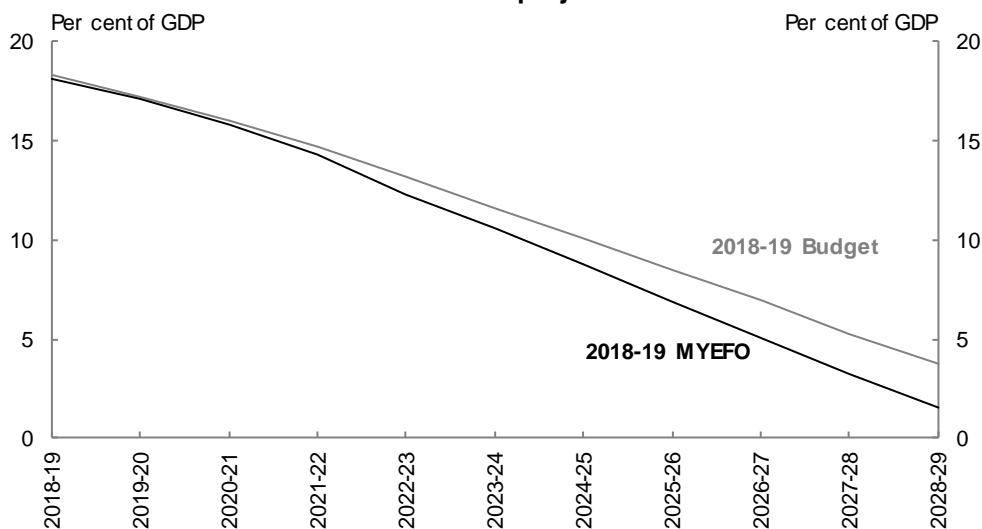
Compared with the 2018-19 Budget, net debt is estimated to slightly increase in 2018-19 but decrease in every other year of the forward estimates. This primarily reflects changes in the financing requirement as a result of improvements in the underlying cash balance, partly offset by a rise in the market value of CGS due to lower yields.

Table 3.37: Net Debt — reconciliation from the 2018-19 Budget to the 2018-19 MYEFO

	Estimates		Projections	
	2018-19 \$b	2019-20 \$b	2020-21 \$b	2021-22 \$b
Net debt as at 2018-19 Budget	349.9	344.0	334.3	319.3
Changes in financing requirement	-20.5	-22.1	-3.6	-10.3
Impact of yields on CGS	12.4	11.9	11.3	10.4
Asset and other liability movements	10.2	9.6	-12.0	-6.8
<i>Cash and deposits</i>	0.0	-1.2	-0.2	-0.6
<i>Advances paid</i>	0.4	-1.5	-22.0	-22.6
<i>Investments, loans and placements</i>	9.1	11.6	9.2	15.4
<i>Other movements</i>	0.6	0.7	0.9	1.1
Total movements in net debt from 2018-19 Budget to 2018-19 MYEFO	2.1	-0.6	-4.3	-6.7
Net debt as at 2018-19 MYEFO	351.9	343.4	329.9	312.6

Chart 3.16 shows that net debt is projected to be 1.5 per cent of GDP (\$48.4 billion) in 2028-29, compared to 3.8 per cent projected in 2028-29 at the time of the 2018-19 Budget.

Chart 3.16: Net debt projected to 2028-29



Note: The tax-to-GDP cap of 23.9 per cent is reached from 2025-26, a year earlier than at the 2018-19 Budget.

Source: Treasury projections.

Estimates and projections of CGS on issue

Table 3.38 contains projections of the face value (end-of-year and within-year peak)⁶ 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.⁷ As required by the *Charter of Budget Honesty Act 1998*, Table 3.38 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 program 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.

⁶ 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 cannot be determined with a high degree of accuracy. The timing of the within-year peak is therefore reported to the given month in the particular year.

⁷ On 9 May 2017, the Treasurer directed that the maximum face value of CGS that can be on issue is \$600 billion.

Table 3.38: Estimates and projections of CGS on issue subject to the Treasurer's Direction^(a)

	Estimates		Projections	
	2018-19 \$b	2019-20 \$b	2020-21 \$b	2021-22 \$b
Face value - end of year	542	558	563	567
Per cent of GDP	28.0	27.8	27.0	26.0
Face value - within-year peak(b)	545	573	582	582
Per cent of GDP(b)	28.1	28.6	27.9	26.7
<i>Month of peak(b)</i>	<i>Mar-19</i>	<i>Apr-20</i>	<i>Nov-20</i>	<i>Oct-21</i>
Market value - end of year(c)	586	600	602	604
Per cent of GDP	30.2	29.9	28.8	27.7

(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 also shows the 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: AOFM.

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

In 2018-19, the end-of-year face value of CGS on issue subject to the Treasurer's Direction is expected to be \$542 billion (28.0 per cent of GDP), compared to \$561 billion (29.5 per cent of GDP) at the time of the 2018-19 Budget. The end-of-year face value of CGS on issue subject to the Treasurer's Direction is expected to reach \$567 billion (26.0 per cent of GDP) in 2021-22.

In 2018-19, the face value of CGS on issue subject to the Treasurer's Direction is expected to reach a within-year peak of \$545 billion (28.1 per cent of GDP). In 2021-22, this is projected to rise to a within-year peak of \$582 billion (26.7 per cent of GDP).

Changes in CGS on issue since the 2018-19 Budget

Table 3.39 shows the change in the projected end-of-year face value of CGS on issue subject to the Treasurer's Direction between the 2018-19 Budget and the 2018-19 MYEFO.

Table 3.39: Estimates and projections of CGS on issue subject to the Treasurer's Direction — reconciliation from the 2018-19 Budget to the 2018-19 MYEFO

	Estimates		Projections	
	2018-19 \$b	2019-20 \$b	2020-21 \$b	2021-22 \$b
Total face value of CGS on issue subject to the Treasurer's Direction as at 2018-19 Budget	561	578	566	578
Factors affecting the change in face value of CGS on issue from 2018-19 Budget to 2018-19 MYEFO(a)				
Cumulative receipts decisions	-0.6	-0.2	2.2	4.1
Cumulative receipts variations	-7.7	-9.9	-12.4	-14.2
Cumulative payment decisions	2.5	6.1	9.4	12.2
Cumulative payment variations	-3.8	-8.2	-12.8	-18.1
Cumulative change in net investments in financial assets(b)	-7.2	-6.1	15.9	11.4
Other contributors	-2.0	-2.1	-4.8	-6.1
Total face value of CGS on issue subject to the Treasurer's Direction as at 2018-19 MYEFO	542	558	563	567

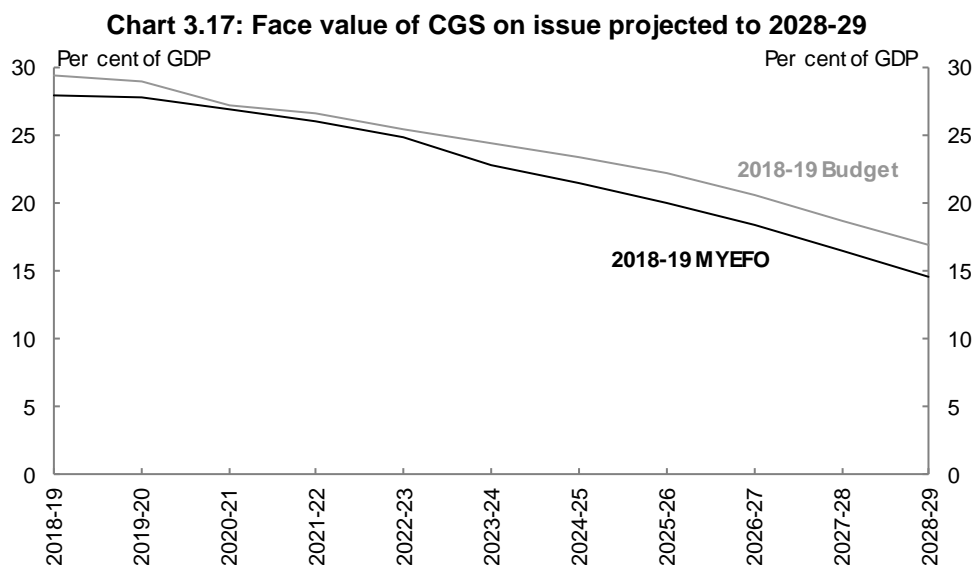
(a) Cumulative impact of decisions and variations from 2018-19 to 2021-22. Increases to payments are shown as positive, and increases to receipts are shown as negative.

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

Note: End of year data.

The total face value of CGS on issue is projected to fall to around 14.6 per cent of GDP (\$455 billion) by 2028-29, compared to 17.0 per cent of GDP (\$532 billion) at the 2018-19 Budget (Chart 3.17). By the end of the medium term, gross debt is now projected to be \$77 billion lower than at the 2018-19 Budget. The reduction in the total face value of CGS across the medium term is largely driven by an improvement in the underlying cash balance, and its associated lower interest expense accumulating over the medium term. The improved outlook for gross debt means the Government is expected to remain within the \$600 billion limit.

Further details on the changes to the underlying cash balance since the 2018-19 Budget can be found in *Part 3: Fiscal Strategy and Outlook*.



Note: The tax-to-GDP cap of 23.9 per cent is reached from 2025-26, a year earlier than at the 2018-19 Budget.

Source: AOFM and Treasury projections.

Breakdown of CGS currently on issue

Table 3.40 provides a breakdown of the CGS on issue by type of security as at 10 December 2018.

Table 3.40: Breakdown of current CGS on issue

	On issue as at 10 December 2018	
	Face value \$m	Market value \$m
Treasury Bonds(a)	498,760	533,315
Treasury Indexed Bonds(a)	36,077	46,096
Treasury Notes(a)	2,500	2,490
Total CGS subject to Treasurer's Direction(a)(b)	537,337	581,901
Other stock and securities	396	714
Total CGS on issue	537,732	582,615

(a) The Treasurer's Direction applies only to the face value of CGS on issue. This table also shows the 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, outlined in subsection 51JA(2A) of the CIS Act, are:

- stock and securities issued in relation to money borrowed under the *Loan (Temporary Revenue Deficits) Act 1953*;
- stock and securities loaned by the Treasurer under a securities lending arrangement under section 5BA of the *Loans Securities Act 1919*, or held by or on behalf of the Treasurer for the purpose of such an arrangement;
- stock and securities invested under subsection 58 of the *Public Governance, Performance and Accountability Act 2013*; and
- stock and securities on issue as at the start of 13 July 2008, other than Treasury Fixed Coupon Bonds.

Source: AOFM.

Treasury Bonds

Table 3.41 lists Treasury Bonds currently on issue, as well as the annual interest rate (the coupon) and the timing of coupon payments. As at 10 December 2018, there were 25 Treasury Bond lines on issue, with a weighted average term to maturity of around 7.6 years and the longest maturity extending to March 2047.

Since late 2010-11, the AOFM has incrementally lengthened the CGS yield curve. 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 3.41: Treasury Bonds on issue

Coupon Per cent	Maturity	On issue as at 10 December 2018		Timing of interest payments(a)		
			\$m			
5.25	15-Mar-19	13,210	Twice yearly	15 Mar	15 Sep	
2.75	21-Oct-19	14,932	Twice yearly	21 Oct	21 Apr	
4.50	15-Apr-20	23,619	Twice yearly	15 Apr	15 Oct	
1.75	21-Nov-20	25,451	Twice yearly	21 Nov	21 May	
5.75	15-May-21	30,198	Twice yearly	15 May	15 Nov	
2.00	21-Dec-21	17,800	Twice yearly	21 Dec	21 Jun	
5.75	15-Jul-22	25,000	Twice yearly	15 Jul	15 Jan	
2.25	21-Nov-22	16,500	Twice yearly	21 Nov	21 May	
5.50	21-Apr-23	24,100	Twice yearly	21 Apr	21 Oct	
2.75	21-Apr-24	25,500	Twice yearly	21 Apr	21 Oct	
3.25	21-Apr-25	27,900	Twice yearly	21 Apr	21 Oct	
4.25	21-Apr-26	32,400	Twice yearly	21 Apr	21 Oct	
4.75	21-Apr-27	29,700	Twice yearly	21 Apr	21 Oct	
2.75	21-Nov-27	28,000	Twice yearly	21 Nov	21 May	
2.25	21-May-28	27,800	Twice yearly	21 May	21 Nov	
2.75	21-Nov-28	25,600	Twice yearly	21 Nov	21 May	
3.25	21-Apr-29	25,900	Twice yearly	21 Apr	21 Oct	
2.75	21-Nov-29	18,100	Twice yearly	21 Nov	21 May	
2.50	21-May-30	10,000	Twice yearly	21 May	21 Nov	
4.50	21-Apr-33	13,900	Twice yearly	21 Apr	21 Oct	
2.75	21-Jun-35	6,950	Twice yearly	21 Jun	21 Dec	
3.75	21-Apr-37	11,600	Twice yearly	21 Apr	21 Oct	
3.25	21-Jun-39	8,000	Twice yearly	21 Jun	21 Dec	
2.75	21-May-41	3,600	Twice yearly	21 May	21 Nov	
3.00	21-Mar-47	13,000	Twice yearly	21 Mar	21 Sep	

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

Source: AOFM.

Treasury Indexed Bonds

Table 3.42 lists Treasury Indexed Bonds currently on issue, as well as the annual interest rate (the coupon) and the timing of coupon payments. As at 10 December 2018, there were 8 Treasury Indexed Bond lines on issue, with a weighted average term to maturity of around 10.9 years and the longest maturity extending to February 2050.

Table 3.42: Treasury Indexed Bonds on issue

Coupon Per cent	Maturity	On issue as at 10 December 2018		Timing of interest payments(a)				
		\$m						
4.00	20-Aug-20	3,040	Quarterly	20 Aug	20 Nov	20 Feb	20 May	
1.25	21-Feb-22	6,140	Quarterly	21 Feb	21 May	21 Aug	21 Nov	
3.00	20-Sep-25	7,193	Quarterly	20 Sep	20 Dec	20 Mar	20 Jun	
0.75	21-Nov-27	4,200	Quarterly	21 Nov	21 Feb	21 May	21 Aug	
2.50	20-Sep-30	4,643	Quarterly	20 Sep	20 Dec	20 Mar	20 Jun	
2.00	21-Aug-35	3,950	Quarterly	21 Aug	21 Nov	21 Feb	21 May	
1.25	21-Aug-40	3,550	Quarterly	21 Aug	21 Nov	21 Feb	21 May	
1.00	21-Feb-50	3,750	Quarterly	21 Feb	21 May	21 Aug	21 Nov	

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

Source: AOFM.

Treasury Notes

Table 3.43 lists the Treasury Notes currently on issue. The face value of Treasury Notes on issue as at 10 December 2018 was \$2.5 billion. Treasury Notes do not pay a coupon, but instead are issued at a discount to their face value.

Table 3.43: Treasury Notes on issue

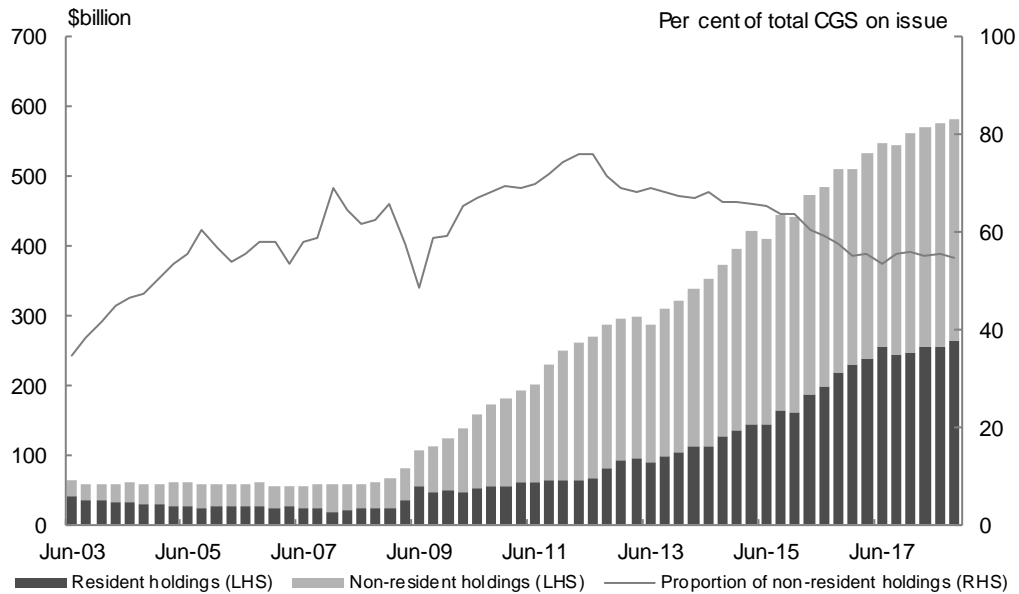
Maturity	On issue as at 10 December 2018		Timing of interest payment	
	\$m			
22-Feb-19	2,000		At maturity	22-Feb
12-Apr-19	500		At maturity	12-Apr

Source: AOFM.

Non-resident holdings of CGS on issue

As at the September quarter 2018, the proportion of non-resident holdings of CGS was around 55 per cent (Chart 3.18). This proportion is down from historical highs of around 76 per cent in 2012.

Chart 3.18: Non-resident holdings of CGS



Note: Data refer to the market value of holdings.

Source: ABS cat. no. 5302.0 and AOFM.

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.

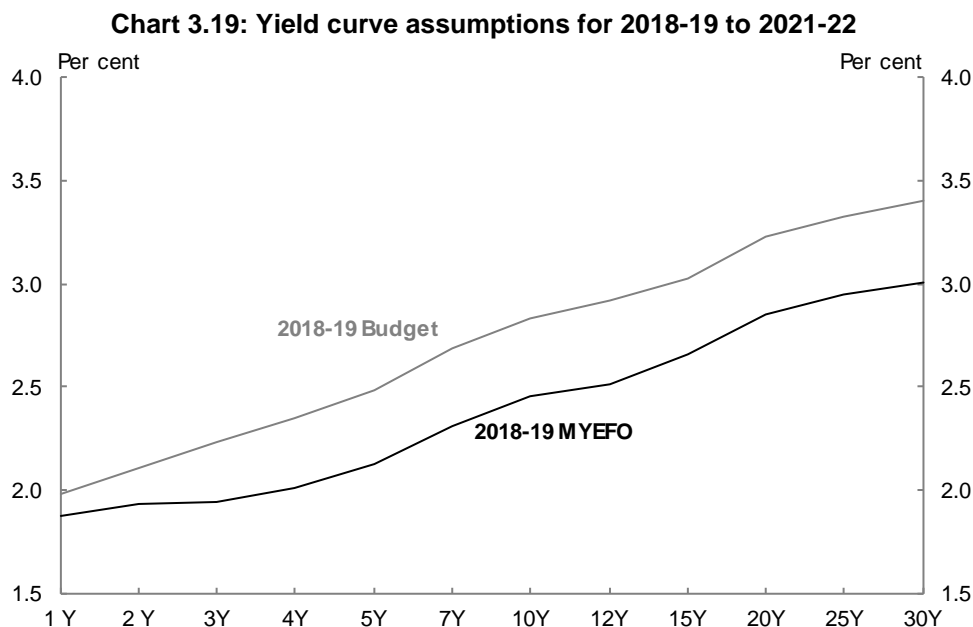
- **Interest payments** are recognised in the period when they are paid during the life of the security.
- **Interest expense** is recognised in the period in which an expense is incurred during the life of the security, rather when they are actually paid.

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 2018-19 MYEFO result in a weighted average cost of borrowing of around 2.5 per cent for future issuance of Treasury Bonds in the forward estimates period, compared with around 2.8 per cent at the 2018-19 Budget.

Chart 3.19 shows the yield curve assumptions underpinning the 2018-19 Budget and 2018-19 MYEFO.



Source: AOFM.

The Government's total interest payments in 2018-19 are estimated to be \$18.4 billion, of which \$18.1 billion relates to CGS on issue (Table 3.44).

Table 3.44: Interest payments, interest receipts and net interest payments^(a)

	Estimates		Projections	
	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m
Interest payments on CGS	18,147	16,640	17,099	16,456
Per cent of GDP	0.9	0.8	0.8	0.8
Interest payments	18,385	16,874	17,340	16,745
Per cent of GDP	0.9	0.8	0.8	0.8
Interest receipts	4,397	5,413	6,004	6,302
Per cent of GDP	0.2	0.3	0.3	0.3
Net interest payments(b)	13,988	11,461	11,336	10,443
Per cent of GDP	0.7	0.6	0.5	0.5

(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 interest is received.

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

The Government's total interest expense in 2018-19 is estimated to be \$18.5 billion, of which \$17.2 billion relates to CGS on issue. Table 3.45 shows the Government's estimated interest expense, interest expense on CGS, interest income and net interest expense over the forward estimates.

Table 3.45: Interest expense, interest income and net interest expense^(a)

	Estimates		Projections	
	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m
Interest expense on CGS	17,215	17,484	17,237	17,022
Per cent of GDP	0.9	0.9	0.8	0.8
Interest expense	18,498	19,686	19,368	18,953
Per cent of GDP	1.0	1.0	0.9	0.9
Interest income	4,810	5,785	6,489	6,842
Per cent of GDP	0.2	0.3	0.3	0.3
Net interest expense(b)	13,688	13,901	12,880	12,111
Per cent of GDP	0.7	0.7	0.6	0.6

(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.

(b) Net interest expense is equal to the difference between interest expenses and interest income.

Climate spending

The Government's climate spending is shown on an aggregated basis in Table 3.46.

Table 3.46: Climate spending from 2018-19 to 2021-22

	Estimates		Projections	
	2018-19 \$b	2019-20 \$b	2020-21 \$b	2021-22 \$b
Climate spending(a)	1.95	1.55	1.30	1.25

(a) Spending in this table is on a headline cash balance basis; that is, it includes 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 provides incentives to support abatement activities across the economy;
- the Clean Energy Finance Corporation, which invests in renewable energy, energy efficiency and low emissions technologies; and
- the Australian Renewable Energy Agency, which involves funding to support research and development of renewable energy and related technologies.

Impact of climate spending on debt

Climate spending is financed through either receipts or debt. This Statement assumes that the proportion of climate spending being financed through new debt (as opposed to receipts) is equivalent to the proportion of total spending financed by debt. This is shown in Table 3.47.

Table 3.47: Impact on debt — climate spending as a proportion of total spending

	Estimates		Projections	
	2018-19 \$b	2019-20 \$b	2020-21 \$b	2021-22 \$b
Climate spending(a)	1.95	1.55	1.30	1.25
Total Spending(b)	500	513	524	545
Climate spending (per cent of total spending)	0.4	0.3	0.2	0.2
Change in face value of CGS from previous year(c)	10.4	16.2	4.8	4.1
Contribution to change in face value of CGS from climate spending	0.04	0.05	0.01	0.01

(a) The calculation of climate spending in this table is on a headline cash balance basis; that is, it includes 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, it includes 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 2018-19 BUDGET

Revenue Measures

Table 1: Revenue measures since the 2018-19 Budget^(a)

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m	\$m
AGRICULTURE AND WATER RESOURCES					
<i>Department of Agriculture and Water Resources</i>					
Assistance for Farmers and Farm Communities in Drought(b)(c)	-	6.3	16.5	26.8	37.4
Primary Industries — changes to agricultural production levies(b)	-	0.3	0.3	0.3	0.3
Portfolio total	-	6.6	16.8	27.1	37.7
ATTORNEY-GENERAL'S					
<i>Attorney-General's Department</i>					
Whole of Government Legal Services Panel(b)(c)	-	0.1	0.8	1.0	0.8
Portfolio total	-	0.1	0.8	1.0	0.8
COMMUNICATIONS AND THE ARTS					
<i>Australian Communications and Media Authority</i>					
Centralised National Self-Exclusion Register for Online Wagering(b)	-	-	-	2.9	2.9
Regional Broadband Scheme — delay to start date(b)	-	-565.0	-15.0	-20.0	-20.0
<i>Department of Communications and the Arts</i>					
NBN Co Limited — amendment of loan agreement	-	-	-	-	nfp
Portfolio total	-	-565.0	-15.0	-17.1	-17.1
EDUCATION AND TRAINING					
<i>Department of Education and Training</i>					
Higher Education Loan Program — amendment to loan fees(b)(c)	-	-9.8	-20.2	-21.6	-23.3
Strengthening higher education in regional Australia — additional support for students and universities(b)	-	-	0.1
VET Student Loans and FEE-HELP — new tuition protection schemes(b)	-	-	5.9	6.9	7.2
<i>Tertiary Education Quality and Standards Agency</i>					
Tertiary Education Quality and Standards Agency — delayed transition to full cost recovery	-	-1.7	-2.7	-1.2	-2.1
Portfolio total	-	-11.4	-17.1	-15.9	-18.1

Appendix A: Policy decisions taken since the 2018-19 Budget

Table 1: Revenue measures since the 2018-19 Budget^(a) (continued)

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m	\$m
FINANCE					
<i>Department of Finance</i>					
DisabilityCare Australia Fund — Commonwealth reimbursements(b)	-	71.8	160.5	243.0	266.5
Future Drought Fund — establishment(b)	-	66.9	157.4	173.0	185.5
National Disability Insurance Scheme — transitioning to full Scheme(b)	-	-	-	-	-
Portfolio total	-	138.7	317.9	416.0	452.0
FOREIGN AFFAIRS AND TRADE					
<i>Department of Foreign Affairs and Trade</i>					
Australian Infrastructure Financing Facility for the Pacific — establishment(b)(c)	-	-	-	1.4	3.4
Protecting Australia's Diplomatic Network — critical security enhancements(b)(c)	-	10.0	16.3	32.8	33.2
<i>Export Finance and Insurance Corporation (National Interest component)</i>					
Defence Export Facility Transactions(b)(c)	-	nfp	nfp	nfp	nfp
Portfolio total	-	10.0	16.3	34.1	36.7
HEALTH					
<i>Department of Health</i>					
Changes to the National Diabetes Services Scheme and the Continuous Glucose Monitoring Program(b)	-	nfp	nfp	nfp	nfp
Improving Access to Medicines — Pharmaceutical Benefits Scheme — new and amended listings(b)	-	nfp	nfp	nfp	nfp
Improving Access to Medicines — streamlined listings(b)(c)	-	0.8	10.7	16.0	16.5
Medicinal Cannabis Scheme(b)	-	2.3	2.5	-	-
Portfolio total	-	3.1	13.2	16.0	16.5
HOME AFFAIRS					
<i>Department of Home Affairs</i>					
Arafura Games — Visa Application Charges exemption	-	-0.4	-	-	-
Changes to the Seasonal Worker Programme(b)	-	0.1	0.2	0.1	-
Changes to the Working Holiday Makers visa programme(b)(c)	-	10.0	30.0	35.0	35.0
Expansion of the Pacific Labour Scheme(b)	-	-	-	..	2.0
Issuing Body Reform for the Aviation and Maritime Security Identification Card Schemes(b)	-	-	2.2	4.0	4.1
Portfolio total	-	9.7	32.4	39.1	41.1

Table 1: Revenue measures since the 2018-19 Budget^(a) (continued)

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m	\$m
INDUSTRY, INNOVATION AND SCIENCE					
<i>Department of Industry, Innovation and Science</i>					
National Radioactive Waste Management Facility — additional funding(b)	-	15.0	-	-	-
PSMA Australia Limited — concessional loan for enhanced national spatial data infrastructure(b)	-	0.1	0.5	0.7	0.7
Portfolio total	-	15.1	0.5	0.7	0.7
INFRASTRUCTURE, REGIONAL DEVELOPMENT AND CITIES					
<i>Australian Maritime Safety Authority</i>					
National System for Domestic Commercial Vessel Safety(b)	-	-	-3.0	-7.0	-
<i>Department of Infrastructure, Regional Development and Cities</i>					
Norfolk Island — additional funding(b)	-	nfp	nfp	nfp	-
Portfolio total	-	nfp	-3.0	-7.0	nfp
TREASURY					
<i>Australian Prudential Regulation Authority</i>					
Australian Prudential Regulation Authority — new and expanded functions(b)(c)	-	-	24.9	11.9	14.6
<i>Australian Securities and Investments Commission</i>					
Australian Securities and Investments Commission — additional funding(b)(c)	-	-	27.8	34.8	-
Australian Securities and Investments Commission — reduction in fees(c)	-	-2.5	-3.1	-3.1	-3.2
<i>Australian Taxation Office</i>					
Assistance for Farmers and Farm Communities in Drought(b)(c)	-	-	-30.6	-28.2	-3.2
Changes to the Seasonal Worker Programme(b)	-	0.4	2.2	2.1	..
Changes to the Working Holiday Makers visa programme(b)(c)	-	50.0	145.0	195.0	215.0
Company Tax — not proceeding with tax reductions for large companies	-	-	300.0	700.0	1,100.0
Expansion of the Pacific Labour Scheme(b)	-	-	-	4.0	16.0
Genuine Redundancy Payments — aligning access to the tax-free component with the Age Pension age	-	..	-5.0	-6.0	-7.0
GST — compliance program — four year extension(b)(c)	-	-	1,048.9	1,133.9	1,256.1
GST and feminine hygiene products (b)	-	-15.0	-30.0	-30.0	-30.0
Income Tax — exemption for Kiribati Phoenix Islands Protected Area Conservation Trust	-

Appendix A: Policy decisions taken since the 2018-19 Budget

Table 1: Revenue measures since the 2018-19 Budget^(a) (continued)

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m	\$m
TREASURY (continued)					
Income tax exemption for the Global Infrastructure Hub	-	-	-	-	-
Indirect Tax Concession Scheme — diplomatic and consular concessions(b)
International Tax — finalising the list of information exchange countries	-
Managed Investment Trusts — applying a 30 per cent withholding rate on residential and agricultural property	-	-	*	*	*
Miscellaneous Amendments — ongoing care and maintenance of Treasury portfolio legislation	-	*	*	*	*
National Innovation and Science Agenda — intangible asset depreciation — not proceeding	-	-	170.0	115.0	140.0
Petroleum Resource Rent Tax — changing the PRRT settings to get a fair return	-	-	-	-	-
Philanthropy — updates to the list of specifically listed deductible gift recipients	-	-	-0.1	-0.3	-0.3
Retaining the Age Pension Qualifying Age at 67 Years(b)	-	-	-	-	-
Revised start dates for tax measures(b)	-	*	*	*	*
Small Business Package — lower taxes for small and medium businesses	-	-	-	-1,200.0	-2,000.0
Square Kilometre Array Radio Telescope Project — further investment to support critical research infrastructure(b)	-	-	-	-1.0	-6.0
Superannuation — integrity of limited recourse borrowing arrangements	-	-	-	-	-
Superannuation — miscellaneous amendments — technical and minor superannuation taxation fixes	-	-	*	*	*
Superannuation — requirement for trustees to offer comprehensive income products in retirement and provide guidance to members	-	-	-	-	-
Superannuation — simplifying the work test exemption for recent retirees	-	-
Superannuation — superannuation guarantee amnesty	-	-	-	-	-
Superannuation — superannuation guarantee amnesty — stronger penalties	-	31.0	54.0	28.0	16.0
Tax Compliance — extending data matching for card transactions and taxable government payments(b)	-	-	50.8	-	-
Tax Compliance — extending the Serious Financial Crime Taskforce(b)	-	-	59.7	122.4	126.6
Tax Integrity — disclosure of business tax debts — amendments(b)	-	-	-	-	-

Appendix A: Policy decisions taken since the 2018-19 Budget

Table 1: Revenue measures since the 2018-19 Budget^(a) (continued)

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m	\$m
TREASURY (continued)					
Tax Integrity — improving operation of the OECD hybrid mismatch arrangement rules	-	*	*	*	*
Victims of Crime — access to perpetrators' superannuation(b)	-	*	*	*	*
Women's Economic Security Package(b)(c)	-	-	40.0	25.1	25.4
<i>Department of the Treasury</i>					
Australian Reinsurance Pool Corporation — Temporary Dividend	-	10.0	10.0	10.0	-
GST — compliance program — four year extension(b)(c)	-	-	116.3	115.6	116.0
National Disability Insurance Scheme — transitioning to full Scheme(b)	-	-	-	-	-
National Housing Finance and Investment Corporation — line of credit increase(b)	-	3.8	14.3	23.7	32.4
World Bank Group — capital increase(c)	-	-	402.6	-	-
Portfolio total	..	77.7	2,397.7	1,252.8	1,008.4
Decisions taken but not yet announced(d)	-	375.3	-2,458.5	-3,752.8	-3,032.5
Total impact of revenue measures(e)	..	59.9	302.0	-2,005.9	-1,473.8

* 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) Includes the impact of measures that are not for publication (nfp).

(e) Measures may not add due to rounding.

AGRICULTURE AND WATER RESOURCES

Primary Industries — changes to agricultural production levies

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Agriculture and Water Resources	-	0.3	0.3	0.3	0.3
<i>Related expense (\$m)</i>					
<i>Department of Agriculture and Water Resources</i>	-	0.3	0.3	0.3	0.3

The Government has made changes to the following agricultural levies and export charges at the request of industry to meet changes in the biosecurity funding needs of the agricultural sector. This measure is estimated to have no net budget impact over the forward estimates period.

- **Ginger:** on 1 October 2018, the Government introduced an Emergency Plant Pest Response (EPPR) component to the ginger levy and set it to zero, at the request of the Australian Ginger Industry Association (AGIA). This fulfils the AGIA's obligation to establish a repayment mechanism for the industry's contribution to a future emergency response if required.
- **Potatoes and Vegetables:** on 1 October 2018, the Government increased the EPPR component of the potato levy from zero to ten cents per tonne of unprocessed potatoes, and increased the EPPR component of the vegetables levy from zero to 0.01 per cent of the sale price, at the request of AUSVEG. In both cases, the funds raised will be used to repay the costs paid by the Government on behalf of AUSVEG in relation to each industry's contribution to the response plan for the eradication and transition to management of *tomato potato psyllid* in Western Australia.

COMMUNICATIONS AND THE ARTS

NBN Co Limited — amendment of loan agreement

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Communications and the Arts	-	-	-	-	nfp

The Government will amend the existing \$19.5 billion Commonwealth Loan Agreement with NBN Co Limited (NBN Co) to extend its term by three years to 30 June 2024 and to allow NBN Co to access up to \$2.0 billion from private debt markets.

The financial implications of this measure are not for publication (nfp) due to commercial sensitivities.

This measure builds on the 2016-17 MYEFO measure titled *NBN Co Limited – loan*.

Further information can be found in the *NBN 2019-22 Corporate Plan* released on 31 August 2018.

Regional Broadband Scheme — delay to start date

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Communications and Media Authority	-	-565.0	-15.0	-20.0	-20.0
<i>Related expense (\$m)</i>					
<i>Department of Communications and the Arts</i>	-	-564.0	-16.1	-20.2	-19.7

The Government is revising its 2017-18 MYEFO measure *Regional Broadband Scheme – revisions and changed start date* (RBS) and delaying the start date, acknowledging that legislation establishing the RBS is still before the Parliament. The accrual start date for the RBS will be 1 July of the first financial year after the date of Royal Assent for the enabling legislation, but no earlier than 1 July 2019.

This measure is estimated to have a cost to the budget of \$0.1 million in fiscal balance terms over the forward estimates period. In underlying cash balance terms this measure is estimated to have a gain to the budget of \$0.2 million over the forward estimates period. This difference occurs because the charge would apply from 2019-20 but payments to NBN Co would not begin until 2020-21.

EDUCATION AND TRAINING

Higher Education Loan Program — amendment to loan fees

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Education and Training	-	-9.8	-20.2	-21.6	-23.3
<i>Related expense (\$m)</i>					
Department of Education and Training	-	0.1	0.1	0.1	0.2
<i>Related capital (\$m)</i>					
Department of Education and Training	-	0.2	-	-	-

The Government will remove the 25 per cent FEE-HELP loan fee applied to students studying undergraduate courses at Table B (private) universities under the *Higher Education Support Act 2003*, for loans made on or after 1 January 2019, to align with student loan arrangements for students studying at Table A (public) universities.

This measure is estimated to reduce Commonwealth revenue by \$74.9 million over four years from 2018-19, as well as provide additional funding of \$0.7 million over the same period.

Further information can be found in the press release of 14 August 2018 issued by the former Minister for Education and Training.

Tertiary Education Quality and Standards Agency — delayed transition to full cost recovery

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Tertiary Education Quality and Standards Agency	-	-1.7	-2.7	-1.2	-2.1

The Government will delay the transition of the Tertiary Education Quality and Standards Agency (TEQSA) to full cost recovery, as announced in the 2018-19 Budget, to provide additional time for sector consultation prior to implementing the revised charging arrangements.

This measure is estimated to reduce revenue by \$7.7 million over four years from 2018-19.

The new arrangements will be phased in from 1 January 2020 instead of 1 January 2019, with TEQSA to transition to full cost recovery from 1 January 2022 instead of 1 July 2021.

FINANCE

DisabilityCare Australia Fund — Commonwealth reimbursements

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Finance	-	71.8	160.5	243.0	266.5
<i>Related expense (\$m)</i>					
<i>Department of Finance</i>	-	2.6	5.8	8.9	9.7

The Government will commence Commonwealth reimbursements from the *DisabilityCare Australia Fund* (DCAF) in 2019-20, to coincide with national coverage of the National Disability Insurance Scheme (NDIS). This will result in a net increase to interest revenue of \$714.8 million over four years. From 2019-20, the Commonwealth will receive payments from the DCAF as partial reimbursement for the costs of implementing the NDIS.

HOME AFFAIRS

Arafura Games — Visa Application Charges exemption

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Home Affairs	-	-0.4	-	-	-

The Government is providing a full visa application charge exemption for athletes and officials participating in the 2019 Arafura Games. This measure is estimated to have a cost to revenue of \$0.4 million in 2018-19.

Changes to the Working Holiday Makers visa programme

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Taxation Office	-	50.0	145.0	195.0	215.0
Department of Home Affairs	-	10.0	30.0	35.0	35.0
Total — Revenue	-	60.0	175.0	230.0	250.0
<i>Related expense (\$m)</i>					
<i>Department of the Treasury</i>	-	15.0	45.0	50.0	55.0
<i>Tourism Australia</i>	-	2.5	2.5	-	-
<i>Department of Home Affairs</i>	-	1.5	1.3	1.5	1.5
<i>Fair Work Ombudsman and Registered Organisations Commission Entity</i>	-	1.2	1.8	1.8	1.8
Total — Expense	-	20.2	50.7	53.3	58.3
<i>Related capital (\$m)</i>					
<i>Department of Home Affairs</i>	-	1.0	-	-	-

The Government is introducing changes to the Working Holiday Maker visa programme to address regional workforce shortages. This measure is estimated to have a gain to the budget of \$531.5 million over four years from 2018-19. The changes are:

- amending the definition of where Work and Holiday (subclass 462) visa holders may undertake regional work in plant and animal cultivation to qualify for a second year of stay in Australia to include priority areas in additional regional areas of Australia;
- extending the period a working holiday maker (subclasses 417 and 462) may work with the same plant and animal cultivation agricultural employer from six to up to 12 months;
- introducing a third year visa option, from 1 July 2019, for working holiday makers (subclasses 417 and 462) who complete six months of regional work in the second year; and

Appendix A: Policy decisions taken since the 2018-19 Budget

- increasing the number of places available for Work and Holiday (subclass 462) visas by lifting annual caps available to a number of participating countries.

The Government will also provide \$5.0 million over two years from 2018-19 to Tourism Australia, to undertake additional marketing activities to promote Australia as a destination for working holiday makers. This campaign will follow on from the youth campaign undertaken as part of the 2016-17 MYEFO measure *Working Holiday Makers – employer register and compliance*.

The Government will also provide \$6.8 million over four years from 2018-19 to the Department of Home Affairs to process the expected increase in visa applications.

Expansion of the Pacific Labour Scheme

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Taxation Office	-	-	-	4.0	16.0
Department of Home Affairs	-	-	-	..	2.0
Total — Revenue	-	-	-	4.0	18.0
<i>Related expense (\$m)</i>					
<i>Department of the Treasury</i>	-	-	-	1.0	3.0
<i>Department of Home Affairs</i>	-	-	-	..	0.2
Total — Expense	-	-	-	1.0	3.2

The Government is uncapping and progressively expanding the Pacific Labour Scheme to all Pacific island countries and Timor-Leste to deliver more workers to fill skill shortages in rural and regional Australia. The Scheme currently enables citizens of Kiribati, Nauru, Samoa, Solomon Islands, Tuvalu and Vanuatu to take up low and semi-skilled work opportunities in rural and regional Australia for up to three years. This measure is estimated to have a gain to the budget of \$17.8 million over four years from 2018-19.

The Pacific Labour Scheme provides Pacific island countries opportunities for economic development, whilst addressing labour shortages in Australia's towns and on our farms, boosting economic activity and competitiveness in rural and regional Australia.

The Government will provide \$0.2 million over four years from 2018-19 to the Department of Home Affairs to process the expected increase in visa applications.

INDUSTRY, INNOVATION AND SCIENCE

Square Kilometre Array Radio Telescope Project — further investment to support critical research infrastructure

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Taxation Office	-	-	-	-1.0	-6.0
<i>Related expense (\$m)</i>					
<i>Department of Industry, Innovation and Science</i>	-	-	-	-	-1.0
<i>Department of the Treasury</i>	-	-	-	-1.0	-4.0
<i>Total — Expense</i>	-	-	-	-1.0	-5.0

The Government has agreed that Australia will sign the Convention establishing the Square Kilometre Array (SKA) Observatory, and has put forward a proposal to co-host with South Africa Phase One of the SKA radio telescope. As part of the proposal, Australia has committed to provide the SKA Observatory and its employees various privileges and immunities, including taxation exemptions.

The costs associated with this measure will be met by the Department of Industry, Innovation and Science.

The Government will seek the unanimous agreement of the states and territories for the reduction in GST revenue arising from this measure, consistent with the Intergovernmental Agreement on Federal Financial Regulations.

This measure builds on the 2015-16 MYEFO measure titled *National Innovation and Science Agenda – supporting critical research infrastructure*.

JOBS AND SMALL BUSINESS

Changes to the Seasonal Worker Programme

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Taxation Office	-	0.4	2.2	2.1	..
Department of Home Affairs	-	0.1	0.2	0.1	-
Total — Revenue	-	0.5	2.4	2.2	..
<i>Related expense (\$m)</i>					
<i>Fair Work Ombudsman and Registered Organisations Commission Entity</i>	-	0.5	0.7	0.2	-
<i>Department of Jobs and Small Business</i>	-	0.3	0.3	0.2	-
<i>Department of the Treasury</i>	-	0.1	0.5	0.5	..
<i>Department of Agriculture and Water Resources</i>	-	0.1	0.5	0.5	0.4
<i>Department of Home Affairs</i>	-	..	0.1	-	-
Total — Expense	-	1.0	2.1	1.4	0.4

The Government is introducing changes to the *Seasonal Worker Programme* to address regional workforce shortages. This measure is estimated to have a gain to the budget of \$0.2 million over four years from 2018-19. The changes are:

- increasing the period of work in Australia to nine months for all workers;
- increasing the validity of labour market testing prior to recruiting workers from three to six months; and
- reducing out of pocket expenses for employers.

The Government will also provide:

- \$1.5 million over four years from 2018-19 to expand delivery of the Fair Farms Initiative, which will mitigate risks of worker exploitation by providing increased access to information on fair employment practises for the horticultural industry;
- \$1.4 million over three years from 2018-19 to the Fair Work Ombudsman to undertake compliance activities to protect the welfare of seasonal workers;
- \$0.3 million to the operations of the Australian Government’s National Harvest Labour Information Services, to engage with farmers and job seekers who want to work in the industry to help inform the Government’s understanding of harvest labour shortages. Funding for this activity has already been provided by Government; and
- \$0.1 million over four years from 2018-19 to the Department of Home Affairs to process the expected increase in visa applications.

TREASURY

Australian Reinsurance Pool Corporation — Temporary Dividend

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of the Treasury	-	10.0	10.0	10.0	-

The Australian Reinsurance Pool Corporation (ARPC) will pay the Government a dividend of \$10.0 million per year for three years from 2018-19. The ARPC dividend compensates the Government for the provision of the Commonwealth's guarantee of ARPC's liabilities under the *Terrorism Insurance Act 2003* (the Act).

This measure is in response to the 2018 review of the Act.

Australian Securities and Investments Commission — reduction in fees

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Securities and Investments Commission	-	-2.5	-3.1	-3.1	-3.2
<i>Related capital (\$m)</i>					
<i>Australian Securities and Investments Commission</i>	-	0.6	-	-	-

The Government will reduce fees collected by the Australian Securities and Investments Commission (ASIC) by \$11.9 million over four years from 2018-19 to implement the following changes:

- the exclusion of registered charities from the ASIC Industry Funding Model (IFM);
- delaying the creation of a subsector for crowd-sourced equity funding intermediaries under the IFM until the sector is sufficiently developed;
- a reduction in fees from \$40 to \$19 for individuals and businesses accessing extracts on company roles and relationships from ASIC's online business registries; and
- extending to all journalists for all registry services the fee exemption that is currently available to some journalists for certain registry searches, as specified in the Corporations (Fees) Regulations 2001.

Further information can be found in the press release of 2 July 2018 issued by the former Minister for Revenue and Financial Services and the joint press release of 30 July 2018 issued by the Minister for Finance and Minister for Revenue and Financial Services.

Company Tax — not proceeding with tax reductions for large companies

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Taxation Office	-	-	300.0	700.0	1,100.0

The Government will not proceed with a tax rate reduction for companies with aggregated annual turnover of \$50 million or more. This measure is estimated to have a gain to revenue of \$2.1 billion over the forward estimates period.

Companies with turnover of \$50 million or more will remain on the 30 per cent tax rate. This modifies the 2016-17 Budget measure *Ten Year Enterprise Tax Plan – reducing the company tax rate to 25 per cent*, under which a lower tax rate for large companies would have been progressively phased in between 2019-20 and 2026-27.

Further information can be found in the joint press release of 22 August 2018 issued by the former Prime Minister, the Minister for Finance and the Public Service and the former Treasurer.

Genuine Redundancy Payments — aligning access to the tax-free component with the Age Pension age

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Taxation Office	-	..	-5.0	-6.0	-7.0

The Government will align the age below which individuals can receive genuine redundancy and early retirement scheme payments (genuine redundancy payments) with the Age Pension qualifying age. This means that all individuals below the Age Pension qualifying age will have access to the tax concession that makes part of any genuine redundancy payment free of income tax (the tax-free component). This measure takes effect from 1 July 2019 and is estimated to have a cost to revenue of \$18.0 million over the forward estimates period.

Currently, individuals aged 65 and over are not eligible to receive a genuine redundancy payment, including the tax-free component, because of their age at the time of their dismissal. This means that there are some older Australians who, due to their age, cannot access either the Age Pension (currently 65.5 and rising to 67 by 1 July 2023) or the tax-free component of genuine redundancy payments.

This measure will assist older Australians who receive a redundancy payment but are not yet able to receive the Age Pension.

Appendix A: Policy decisions taken since the 2018-19 Budget

GST — compliance program — four year extension

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Taxation Office	-	-	1,048.9	1,133.9	1,256.1
Department of the Treasury	-	-	116.3	115.6	116.0
Total — Revenue	-	-	1,165.2	1,249.5	1,372.1
<i>Related expense (\$m)</i>					
<i>Department of the Treasury</i>	-	-	646.6	775.6	880.2
<i>Australian Taxation Office</i>	-	-	116.3	115.6	116.0
Total — Expense	-	-	762.9	891.2	996.2
<i>Related capital (\$m)</i>					
<i>Australian Taxation Office</i>	-	-	3.3	-	-

The Government will provide \$466.9 million to the ATO over four years from 2019-20, including \$3.3 million in capital funding, to extend its range of GST compliance activities. This measure is estimated to have a gain to the budget of \$1.1 billion in fiscal balance terms, and an increase in GST payments to the states and territories of \$2.3 billion over the forward estimates period. In underlying cash balance terms this measure is estimated to have a gain to the budget of \$2.9 billion over the forward estimates period. The difference between the cash and fiscal amounts arises as increased tax debt collections are recognised in the underlying cash balance, and this has no impact on the fiscal balance.

These activities will ensure businesses meet their tax obligations, including accurately accounting for and remitting GST, and correctly claiming GST refunds. Funding through this extension will also help the ATO develop more analytical tools to combat emerging risks to the GST system.

Arrangements for funding these activities will be settled with the states and territories in accordance with the *GST Administration Performance Agreement*.

GST and feminine hygiene products

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Taxation Office	-	-15.0	-30.0	-30.0	-30.0
<i>Related expense (\$m)</i>					
<i>Department of the Treasury</i>	-	-15.0	-30.0	-30.0	-30.0

From 1 January 2019, feminine hygiene products will become GST-free. This measure delivers on the commitment by the Commonwealth, states and territories at the Council on Federal Financial Relations meeting of 3 October 2018 to remove GST from feminine hygiene products. The Minister for Health made a determination on 26 November 2018 to give effect to this decision. This measure is estimated to have a cost to revenue of \$105.0 million, and a decrease in GST payments to the states and territories of \$105.0 million, over the forward estimates period.

Income Tax — exemption for Kiribati Phoenix Islands Protected Area Conservation Trust

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Taxation Office	-

The Government will provide an eight year income tax exemption to the Kiribati Phoenix Islands Protected Area Conservation Trust. The exemption will apply from 1 July 2015 to 30 June 2023, and is designed to assist the Trust's ability to fund its charitable, educational and scientific purposes. Kiribati's Phoenix Islands Protected Area is the largest designated Marine Protected Area in the world and is listed on the UNESCO World Heritage List. This measure is estimated to have a negligible cost to revenue over the forward estimates period.

Income tax exemption for the Global Infrastructure Hub

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Taxation Office	-	-	-	-	-

The Government will ensure that the Global Infrastructure Hub (the Hub) remains exempt from income tax by extending the Hub's listing as an income tax exempt entity until 30 June 2023. This measure is estimated to have no revenue impact over the forward estimates period.

The Hub is a Sydney-based G20 initiative that was established in 2014 to advance international efforts to lift infrastructure investment. The original mandate for the Hub was scheduled to end in December 2018, with its income tax exemption applying until 30 June 2019. In July 2018, the G20 agreed to renew the Hub's mandate until 2022. This exemption from income tax will ensure all amounts that would be regarded as assessable income to the Hub through to 30 June 2023 will be exempt from tax. Extending the Hub's tax exempt status ensures that future financial contributions by G20 members will continue to be exempt from income tax in Australia.

Indirect Tax Concession Scheme — diplomatic and consular concessions

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Taxation Office
<i>Related expense (\$m)</i>					
<i>Department of the Treasury</i>

The Government has extended access to refunds of GST under the Indirect Tax Concession Scheme. New access to refunds has been provided for construction and renovation projects relating to Hungary's current and future diplomatic mission and consular post. This change has retrospective effect from 17 October 2017. This measure is estimated to have a negligible cost to revenue, and a negligible decrease in GST payments to the states and territories over the forward estimates period. Consistent with international practice, these concessions are reciprocal and reviewed periodically.

Appendix A: Policy decisions taken since the 2018-19 Budget

International Tax — finalising the list of information exchange countries

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Taxation Office	-

The Government is excluding Gabon and El Salvador from the updated list of information exchange countries announced in the 2018-19 Budget measure *International Tax – updating the list of information exchange countries*. The update will now include 54 jurisdictions and will be effective from 1 January 2019. This measure is estimated to have a negligible gain to revenue over the forward estimates period.

Subsequent to the 2018-19 Budget announcement, two jurisdictions – Gabon and El Salvador – failed to complete the necessary legal arrangements to enable effective information exchange with Australia. As a result these two jurisdictions will not be included in the final update.

Managed Investment Trusts — applying a 30 per cent withholding rate on residential and agricultural property

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Taxation Office	-	-	*	*	*

The Government will apply a final 30 per cent withholding tax rate to income and capital gains from agricultural and residential property (other than certain affordable and disability housing) held in a Managed Investment Trust (MIT) from 1 July 2019. This measure is estimated to have an unquantifiable gain to revenue over the forward estimates period.

To protect the integrity of Australia’s tax system, the Government will no longer allow access by foreigners to the concessional 15 per cent MIT withholding tax rate in relation to the residential and agricultural property sectors. The definition of residential property does not include specific rules for tertiary student accommodation. Instead, consistent with all other premises, the treatment will depend on whether the premises are residential premises that are not commercial residential premises.

This measure refines integrity rules announced in the 2018-19 Budget measure *Stapled structures – tightening concessions for foreign investors*, and the 2017-18 Budget measure *Reducing Pressure on Housing Affordability – affordable housing through Managed Investment Trusts*.

Further information can be found in the press release of 21 September 2018 issued by the Treasurer.

Miscellaneous Amendments — ongoing care and maintenance of Treasury portfolio legislation

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Taxation Office	-	*	*	*	*

The Government is making a series of minor amendments to Treasury portfolio legislation to clarify the law, correct technical or drafting defects, remove anomalies and address unintended outcomes. This measure is estimated to have a small but unquantifiable impact on revenue over the forward estimates period.

The Government announced the *Protecting Your Super Package* as part of the 2018-19 Budget. Following consultation, the Government has made some minor amendments including adjusting the application of the fee cap and providing a limited exception from the changes for members who hold insurance through superannuation via an employer-paid scheme.

Further information on the amendments can be found in the *Explanatory Memorandum to the Treasury Laws Amendment (Protecting Your Superannuation Package) Bill 2018*.

The amendments also include changes that will ensure that first home buyers can benefit from the First Home Super Saver Scheme (FHSSS) even if they enter into contracts prior to receiving their FHSSS money. First home buyers will have a maximum of two weeks from the exchange of contracts to apply to the ATO for a release of their money.

Further information can be found in the *Explanatory Memorandum to the Treasury Laws Amendment (2018 Measures No. 6) Bill 2018* and the *Explanatory Statement to the Treasury Laws Amendment (Miscellaneous Amendments) Regulations 2018*.

The amendments also include introducing a test to exclude businesses with less than ten per cent of their GST turnover from courier or cleaning services from the taxable payments reporting system.

Further information can be found in the *Explanatory Memorandum to the Treasury Laws Amendment (Black Economy Taskforce Measures No.1) Bill 2018*.

These changes are part of the Government's ongoing commitment to the care and maintenance of Treasury portfolio laws.

Appendix A: Policy decisions taken since the 2018-19 Budget

National Innovation and Science Agenda — intangible asset depreciation — not proceeding

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Taxation Office	-	-	170.0	115.0	140.0

The Government will not proceed with the unlegislated 2015-16 MYEFO measure *National Innovation and Science Agenda — intangible asset depreciation*. The 2015-16 MYEFO measure was scheduled to apply to assets acquired from 1 July 2016. Given the lack of parliamentary support the Government has decided not to proceed with this measure to provide certainty to business. This measure is estimated to have a gain to revenue of \$425.0 million over the forward estimates period.

Petroleum Resource Rent Tax — changing the PRRT settings to get a fair return

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Taxation Office	-	-	-	-	-

The Government will reduce the uplift rates for carried forward Petroleum Resource Rent Tax (PRRT) deductible expenditure and remove onshore projects from the PRRT with effect from 1 July 2019. These changes are estimated to have an unquantifiable gain to revenue over the forward estimates period and a \$6.0 billion net gain to revenue over the medium-term (to 2028-29).

The Government will also make a number of technical changes to improve PRRT compliance and administration with effect from 1 July 2019. The most substantive change will require taxpayers to start lodging annual returns as soon as they hold an interest in an exploration permit, retention lease or production licence, rather than when a project first earns receipts, which will provide greater certainty to PRRT taxpayers and increase the ATO's visibility of exploration expenditure deductions. The technical changes are estimated to have an unquantifiable revenue impact over the forward estimates period.

This measure forms part of a package responding to the Callaghan PRRT Review and addresses deficiencies in PRRT settings identified by the Review.

Provision for this revenue increase has already been included in the forward estimates.

Further information can be found in the press release of 2 November 2018 issued by the Treasurer.

Appendix A: Policy decisions taken since the 2018-19 Budget

Philanthropy — updates to the list of specifically listed deductible gift recipients

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Taxation Office	-	-	-0.1	-0.3	-0.3

Since the 2018-19 Budget, the following organisations have been approved as specifically listed deductible gift recipients (DGRs) for the following dates:

- C.E.W. Bean Foundation from 1 July 2018 to 30 June 2023;
- Governor Phillip International Scholarship Trust from 1 July 2018 to 30 June 2023;
- High Resolves from 1 July 2018 to 30 June 2023; and
- Sydney Chevra Kadisha from 1 January 2020 to 31 December 2020, to extend this organisation's DGR status by one year.

Taxpayers may claim an income tax deduction for gifts of money or property to these organisations of \$2 or more.

This measure is estimated to have a cost to revenue of \$0.7 million over the forward estimates period.

Revised start dates for tax measures

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Taxation Office	-	*	*	*	*
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	-1.9	0.7	1.2	..

The Government will change the start date of the following measures:

- The start date for the 2017-18 Budget measure *Tax Integrity Package – improving the small business capital gains tax concessions* has been revised from 1 July 2017 to 8 February 2018;
- The start date for the 2017-18 MYEFO measure *Deductible Gift Recipient Reform – strengthening governance and integrity and reducing complexity* will be revised from 1 July 2019 to 1 July 2020;
- The start date for the 2018-19 Budget measure *Tax Integrity – removing the capital gains discount at the trust level for Managed Investment Trusts (MITs) and Attribution MITs* will be revised from 1 July 2019 to 1 July 2020; and

Appendix A: Policy decisions taken since the 2018-19 Budget

- The start date for the 2018-19 Budget measure *Black Economy Package – introduction of an economy-wide cash payment limit* will be revised from 1 July 2019 to 1 January 2020.

Revising the start dates of these measures is estimated to have an unquantifiable impact on revenue over the forward estimates period. Funding for the Deductible Gift Recipient Reform measure has been re-profiled, with no net expense impact over the forward estimates period.

Small Business Package — lower taxes for small and medium businesses

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Taxation Office	-	-	-	-1,200.0	-2,000.0

The Government has fast tracked tax relief for over three million small and medium sized businesses. Both small and medium sized companies and unincorporated businesses will benefit. The Government is delivering this tax relief five years earlier than planned.

The tax rate for eligible companies with aggregated annual turnover below \$50 million will fall from 27.5 per cent currently to 26 per cent in 2020-21 and to 25 per cent in 2021-22.

Unincorporated businesses with aggregated annual turnover below \$5 million will benefit from an increase in the unincorporated small business tax discount rate. The discount rate will increase from 8 per cent now to 13 per cent in 2020-21 and to 16 per cent in 2021-22 (up to the existing cap of \$1,000).

This measure is estimated to have a cost to revenue of \$3.2 billion over the forward estimates period.

Further information can be found in the joint press release of 11 October 2018 issued by the Prime Minister and the Treasurer.

Superannuation — integrity of limited recourse borrowing arrangements

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Taxation Office	-	-	-	-	-

The Government will amend the 2017-18 Budget measure *Superannuation – integrity of limited recourse borrowing arrangements* which required outstanding balances of limited recourse borrowing arrangements (LRBA) to be included in a member's total superannuation balance from 1 July 2017.

Appendix A: Policy decisions taken since the 2018-19 Budget

The measure will now apply only to LRBA's entered into from 1 July 2018 and only to members who are able to make tax-free, lump-sum withdrawals or whose self-managed superannuation fund has an LRBA with a related party.

The narrower targeting of the measure combined with the deferred start date is estimated to have a cost to revenue of \$11.0 million over the forward estimates period.

Provision for this revenue reduction has already been included in the forward estimates.

Further information can be found in the Second Reading Speech for *Treasury Laws Amendment (2018 Superannuation Measures No. 1) Bill 2018 of 24 May 2018* by the former Minister for Revenue and Financial Services.

Superannuation — miscellaneous amendments — technical and minor superannuation taxation fixes

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Taxation Office	-	-	*	*	*

The Government will make a series of minor technical amendments to Treasury portfolio legislation to clarify the law, correct technical defects and address unintended outcomes relating to implementation of the 2016-17 superannuation tax reform package. The amendments are estimated to have a small but unquantifiable impact on revenue over the forward estimates period.

These technical changes include amending the valuation of capped defined benefit income streams when commuted for the purposes of the transfer balance cap and amending an anomaly to ensure that life insurance proceeds are not taxed when death benefits are rolled over to a new fund.

These changes are part of the Government's commitment to the smooth, ongoing implementation of the 2016-17 superannuation tax reform package to ensure it remains fair and effective.

Superannuation — requirement for trustees to offer comprehensive income products in retirement and provide guidance to members

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Taxation Office	-	-	-	-	-

The Government will require superannuation trustees to develop and offer a comprehensive income product for retirement to members from 1 July 2022 and require superannuation trustees to provide information and guidance to help members choose suitable retirement income products from 1 July 2020. This measure is estimated to have no revenue impact over the forward estimates period.

Appendix A: Policy decisions taken since the 2018-19 Budget

This measure builds on the 2018-19 Budget measure *More Choices for a Longer Life – comprehensive income products in retirement* to introduce the retirement income covenant.

Further information can be found in the press release of 31 October 2018 issued by the Assistant Treasurer.

Superannuation — simplifying the work test exemption for recent retirees

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Taxation Office	-	-

The Government will amend the 2018-19 Budget measure *More Choices for a Longer Life – work test exemption for recent retirees* to allow people to use the work test exemption to access up to three years' non-concessional cap space in the year they turn 65. The measure will take effect from 1 July 2019 and is estimated to have a negligible cost to revenue over the forward estimates period.

Further information can be found in the press release *Work Test Exemption for Recent Retirees* of 7 December 2018 issued by the Assistant Treasurer.

Superannuation — superannuation guarantee amnesty

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Taxation Office	-	-	-	-	-

The Government has announced that it will provide a 12 month amnesty from 24 May 2018 for employers who voluntarily repay historical superannuation guarantee (SG) shortfalls to their employees. Employers who come forward during this period will receive remission of the usual penalties. In addition, a minimum penalty will apply to employers that could have come forward during the amnesty period but did not and are subsequently caught. This measure is estimated to have a gain to the budget of \$101.0 million in fiscal balance terms over the forward estimates period. In underlying cash balance terms this measure is estimated to have a gain to the budget of \$15.0 million over the forward estimates period. Provision for this gain has already been included in the forward estimates.

The difference between the cash and fiscal amounts arises as not all employers are expected to be able to pay the full amount of outstanding SG, interest and associated penalties. Further, there is a delay in the timing of collections on a cash basis.

Further information can be found in the press release *Tackling of Non-Payment of Worker's Superannuation* of 24 May 2018 issued by the former Minister for Revenue and Financial Services and in the measure *Superannuation – superannuation guarantee amnesty – stronger penalties*.

Superannuation — superannuation guarantee amnesty — stronger penalties

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Taxation Office	-	31.0	54.0	28.0	16.0

The Government will increase the minimum penalty from 50 per cent to 100 per cent of the superannuation guarantee (SG) charge for employers who could have come forward under the SG amnesty but did not and were subsequently caught. The measure is estimated to have a gain to the budget of \$129.0 million in fiscal balance terms over the forward estimates period. In underlying cash balance terms this measure is estimated to have a gain of \$7.0 million over the forward estimates period.

The difference between the cash and fiscal amounts arises as not all employers are expected to be able to pay the full amount of penalties associated with their outstanding liabilities.

This measure strengthens the measure *Superannuation – superannuation guarantee amnesty*.

Tax Compliance — extending data matching for card transactions and taxable government payments

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Taxation Office	-	-	50.8	-	-
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	-	5.7	-	-

The Government will provide \$5.7 million in 2019-20 to the ATO to undertake compliance activities using reported data relating to Government grants and payments and merchant credit and debit cards. This measure is estimated to have a gain to the budget of \$45.1 million in fiscal balance terms over the forward estimates period. In underlying cash balance terms this measure is estimated to have a gain to the budget of \$37.7 million over the forward estimates period.

Reporting of Government grant and payment and merchant credit and debit card data to the ATO commenced from 1 July 2017 with the first reports being received in July 2018. This funding will enable the ATO to use the data it obtains from third parties such as other agencies and financial institutions to undertake compliance activities including amending assessments where business taxpayers have not declared income. This funding will also enable the ATO to improve the accuracy of the data reported so the information provided can improve the pre-filling of tax returns, making 'tax time' simpler for taxpayers.

Appendix A: Policy decisions taken since the 2018-19 Budget

Tax Compliance — extending the Serious Financial Crime Taskforce

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Taxation Office	-	-	59.7	122.4	126.6
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	-	45.1	45.4	45.7
Department of the Treasury	-	-	1.0	2.8	4.0
<i>Total — Expense</i>	-	-	46.1	48.2	49.7

The Government will provide \$182.2 million to the ATO over four years from 2019-20 to extend the Serious Financial Crime Taskforce (the Taskforce).

The Taskforce is a multi-agency taskforce that was established on 1 July 2015 to leverage the capabilities and powers of Commonwealth law enforcement and regulatory agencies. It targets the most serious crimes that present the highest risk to Australia's tax and superannuation systems.

The Taskforce forms a key component of the Government's commitment to strengthening the integrity of and community confidence in the tax system. Matters investigated by the Taskforce are logistically complex and resource intensive, taking many years to finalise, but ultimately are necessary to deterring criminal behaviour and protecting current revenue collection. The Taskforce uses the combined intelligence and specialist powers of Taskforce agencies to target sophisticated international and domestic enablers driving attacks on the Australian tax system.

This measure is estimated to have a gain to the budget of \$164.7 million including an increase in GST payments to the states and territories of \$7.8 million in fiscal balance terms over the forward estimates period. In underlying cash balance terms this measure is estimated to have a cost to the budget of \$20.0 million over the forward estimates period.

Tax Integrity — disclosure of business tax debts — amendments

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Taxation Office	-	-	-	-	-
<i>Related expense (\$m)</i>					
Department of the Treasury	-	-15.0	-	-2.5	-2.5

The Government will amend the 2016-17 MYEFO measure *Tax integrity – improve the transparency of taxation debts* to increase the threshold of business tax debts that can be disclosed to credit reporting bureaus from \$10,000 to \$100,000; introduce a requirement that the Minister consult with the Australian Information Commissioner before changes to the reporting criteria are made; and amend the start date of the measure to the day after Royal Assent of the enabling legislation. This measure is estimated to have a cost to the budget of \$50.0 million in underlying cash balance terms over the forward estimates period. In fiscal balance terms, the gain to the budget is estimated to be \$20.0 million, represented by a decrease in GST payments to the states and territories.

Currently, credit reporting bureaus do not have access to information on the tax debt owed by businesses. To improve decision making in the business community, encourage earlier repayment of tax debts and improve engagement with the ATO, the Government will allow the Commissioner of Taxation to disclose business tax debt information to credit reporting bureaus where the business has not engaged with the ATO to manage their debt and they have a tax debt, of which at least \$100,000 is overdue for more than 90 days. The increased threshold of \$100,000 balances supporting compliance with minimising the impact on businesses with smaller tax debts by targeting higher risk tax debts.

Tax Integrity — improving operation of the OECD hybrid mismatch arrangement rules

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Taxation Office	-	*	*	*	*

Following consultation on draft legislation the Government made a number of minor amendments to the OECD hybrid mismatch measures, as previously announced in the 2016-17 and 2017-18 Budgets. These amendments are estimated to have an unquantifiable cost to revenue over the forward estimates period.

As a result of the amendments:

- The hybrid mismatch rules, changes to the franking credit rules and changes to the exemption for foreign equity distributions will now apply from 1 January 2019. The hybrid mismatch rules will not apply to some imported mismatches until 1 January 2020;
- The transitional rule that limits the application of the changes to the franking credit rules for Additional Tier 1 (AT1) capital issued prior to 9 May 2017 will now apply to distributions made on or before the first call date approved by the Australian Prudential Regulation Authority; and
- All foreign banks with Australian branches will be able to elect out of Australia's foreign bank branch rules.

The hybrid mismatch rules are contained in Division 832 of the *Income Tax Assessment Act 1997*. Further information on these rules, including the above amendments, can be found in the *Explanatory Memorandum to the Treasury Laws Amendment (Tax Integrity and Other Measures No. 2) Bill 2018*.

Appendix A: Policy decisions taken since the 2018-19 Budget

Victims of Crime — access to perpetrators' superannuation

Revenue (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Taxation Office	-	*	*	*	*
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	-	-	-	-

The Government will allow victims of certain crimes, such as serious violent crimes, with unpaid or partially paid compensation orders to access their perpetrator's superannuation. This measure will commence 12 months after the relevant legislation receives Royal Assent and is estimated to have an unquantifiable impact on revenue over the forward estimates period.

Currently, early release rules generally only allow releases to members themselves, not to third parties. Victims can be left with unpaid or partially paid compensation orders even where the perpetrator has significant wealth held in superannuation. This measure will allow victims of crime access to money held in the perpetrator's superannuation to pay any outstanding compensation they are owed.

Expense Measures

Table 2: Expense measures since the 2018-19 Budget^(a)

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m	\$m
AGRICULTURE AND WATER RESOURCES					
<i>Department of Agriculture and Water Resources</i>					
Assistance for Farmers and Farm Communities in Drought(b)(c)	-	159.2	40.7	42.3	43.5
Changes to the Seasonal Worker Programme(b)	-	0.1	0.5	0.5	0.4
Future Drought Fund — establishment(b)	-	1.6	1.8	101.6	101.6
Improving Confidence in the Strawberry Supply Chain	-	-	-	-	-
Inspector-General of Live Animal Exports	-	0.3	0.5	0.5	0.5
Modernising Agricultural Trade(c)	-	0.7	12.2	8.8	9.0
Primary Industries — changes to agricultural production levies(b)	-	0.3	0.3	0.3	0.3
Priorities for Australia's Biosecurity System	-	-	-	-	-
Retaining the Energy Supplement	-	0.4	0.8	0.8	0.9
Smart Fruit Fly Management	-	1.3	5.1	5.1	3.8
Portfolio total	-	163.9	61.9	159.9	160.0
ATTORNEY-GENERAL'S					
<i>Administrative Appeals Tribunal</i>					
Cashless Debit Card Trial — extension and expansion	-	-	nfp	-	-
Income Management — extension and consultation	-	-	0.4	-	-
Social Services and Other Legislation Amendment (Promoting Sustainable Welfare) Bill	-	0.1	0.1	..	-
Strengthening the Integrity of Welfare Payments — extension and amendments	-	-0.2	-0.1	-0.1	-0.1
<i>Attorney-General's Department</i>					
Australian Human Rights Commission — sexual harassment in the workplace inquiry	-0.2	-	-	-	-
Family Advocacy and Support Services and Legally Assisted and Culturally Appropriate Dispute Resolution — extension of services	-	-	2.6	0.2	0.4
Foreign Influence Transparency Scheme — additional funding	-	2.4	1.6	-	-
National Elder Abuse Hotline	-	-	-	-	-
National Memorial for Victims and Survivors of Institutional Child Sexual Abuse	-	-	-	-	-
National Online Register for Enduring Powers of Attorney	-	-1.7	1.7	-	-
Royal Commission into Aged Care Quality and Safety(c)	-	51.9	46.4	0.7	0.7

Appendix A: Policy decisions taken since the 2018-19 Budget

Table 2: Expense measures since the 2018-19 Budget^(a) (continued)

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m	\$m
ATTORNEY-GENERAL'S (continued)					
Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry — implementation and record keeping(c)	-	-1.6	0.4	0.4	0.4
Serious Overseas Criminal Matters Scheme — Reform	-	-	-	-	-
Small Business Package — finance and cash flow	-	0.4	0.3	-	-
Whole of Government Legal Services Panel(b)(c)	-	0.2	0.8	0.6	0.8
Women's Economic Security Package(b)(c)	-	-	28.8	31.5	30.4
<i>Australian Human Rights Commission</i>					
Australian Human Rights Commission — sexual harassment in the workplace inquiry	-	0.3	0.1	-	-
<i>Federal Court of Australia</i>					
Additional Court Resources to Assist Families	-	0.4	1.1	1.1	1.1
Federal Court — increased civil cases	-	1.1	2.2	2.2	2.2
Reform of the Family Courts	-	-	-	-	-
Women's Economic Security Package(b)(c)	-	-	1.1	2.2	1.1
<i>National Archives of Australia</i>					
Digitisation of Prime Ministers' Records	-	1.0	2.0	-	-
<i>Office of the Commonwealth Ombudsman</i>					
VET FEE-HELP Debts — additional student protection	-	3.1	2.6	-	-
<i>Office of the Director of Public Prosecutions</i>					
Assistance for Victims of Child Sexual Abuse	-	0.4	0.7	0.7	0.7
Strengthening Enforcement Capability for Corporate Crime	-	0.2	5.4	12.0	10.3
Strengthening the Integrity of Welfare Payments — extension and amendments	-	-	2.5	2.5	-
Portfolio total	-0.2	57.8	100.7	54.0	48.0
COMMUNICATIONS AND THE ARTS					
<i>Australian Communications and Media Authority</i>					
Centralised National Self-Exclusion Register for Online Wagering(b)	-	0.8	2.3	1.3	1.3
Children's Online Safety Package	-	0.5	2.0	-	-
<i>Department of Communications and the Arts</i>					
Children's Online Safety Package	-	10.5	1.7	0.8	0.8
Funding for Australian Film and Television Content	-	-	4.6	-	-
Mobile Black Spot Program — round four and improved mobile network coverage for the western region of Tasmania	-	-	-	-	-
Regional Broadband Scheme — delay to start date(b)	-	-564.0	-16.1	-20.2	-19.7
Regional Broadcasting	-	-	-	-	-
<i>National Gallery of Australia</i>					
National Gallery of Australia — additional funding(c)	-	14.4	14.4	14.4	14.4
Portfolio total	-	-537.8	8.9	-3.6	-3.2

Table 2: Expense measures since the 2018-19 Budget^(a) (continued)

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m	\$m
CROSS PORTFOLIO					
<i>Various Agencies</i>					
Australia's Indo-Pacific Engagement — enhanced engagement in the Southwest Pacific(c)	-	nfp	nfp	nfp	nfp
Portfolio total	-	-	-	-	-
DEFENCE					
<i>Australian Signals Directorate</i>					
Cyber Security Initiatives	-	-	-	-	-
<i>Department of Defence</i>					
Defence — increased engagement in Southeast Asia	-	nfp	nfp	nfp	nfp
Portfolio total	-	-	-	-	-
EDUCATION AND TRAINING					
<i>Department of Education and Training</i>					
Australian Apprenticeships — increased support(c)	-	0.1	3.6	15.7	18.9
Family Day Care — further improving payment integrity	-	2.9	-43.5	-50.4	-54.7
Higher Education Loan Program — amendment to loan fees(b)(c)	-	0.1	0.1	0.1	0.2
Howard Library — establishment	-	13.5	-	-	-
In Home Care — increase to family hourly rate cap	-	4.5	10.1	10.0	10.3
Jobs and Education Data Infrastructure — data tool for employers and employees(c)	-	0.3	0.5	-	-
National School Reform Agreement — Commonwealth contribution to national policy initiatives(c)	-	nfp	nfp	nfp	nfp
Research Block Grants — growth adjustment	-	-0.9	-39.2	-77.6	-79.4
Response to the Review of the Socio-Economic Status Score Methodology	-	137.2	118.9	418.0	499.2
School Funding — additional support for students	-	9.0	4.9	2.9	3.2
Strengthening Higher Education in Regional Australia — additional support for students and universities(b)	-	16.9	35.9	40.4	41.7
Supporting Regional Growth in North-West Tasmania and Caboolture	-	1.5	-	-	-
VET FEE-HELP Debts — additional student protection	-	1.3	0.4	-	-
VET Student Loans and FEE-HELP — new tuition protection schemes(b)	-	1.3	8.2	7.4	6.6
Women's Economic Security Package(b)(c)	-	-	-	0.6	0.6
Portfolio total	-	187.7	99.9	367.1	446.6

Appendix A: Policy decisions taken since the 2018-19 Budget

Table 2: Expense measures since the 2018-19 Budget^(a) (continued)

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m	\$m
ENVIRONMENT AND ENERGY					
<i>Bureau of Meteorology</i>					
Assistance for Farmers and Farm Communities in Drought(b)(c)	-	2.2	0.5	-	-
<i>Clean Energy Regulator</i>					
National Wind Farm Commissioner — extension and expansion	-	-0.5	-0.8	-0.8	-0.3
<i>Department of the Environment and Energy</i>					
Action Plan to Reduce Power Prices(c)	-	18.6	6.4	4.6	0.6
Australia's Participation in the High Level Panel on Building a Sustainable Ocean Economy	-	1.2	1.9	0.9	-
CopperString 2.0 Project	-	4.7	-	-	-
National Wind Farm Commissioner — extension and expansion	-	0.5	0.8	0.8	0.3
Portfolio total	-	26.7	8.8	5.5	0.6
FINANCE					
<i>Australian Electoral Commission</i>					
Australian Electoral Commission — candidate nominations	-	1.9	2.5	4.2	0.8
<i>Department of Finance</i>					
Australian Electoral Commission — candidate nominations	-	0.2	0.1	0.1	0.1
DisabilityCare Australia Fund — Commonwealth reimbursements(b)	-	2.6	5.8	8.9	9.7
Future Drought Fund — establishment(b)	-	8.9	18.3	19.0	19.4
Modernising Agricultural Trade(c)	-	0.1	0.1	0.1	0.1
National Disability Insurance Scheme — transitioning to full Scheme(b)	-	-	-	-	-
Online Employment Services Trial — expansion(c)	-	-	0.4	-	-
Small Business Package — finance and cash flow	-	-	-	-	-
Small Business Package — making it easier for business	-	0.5	0.1	-	-
Small Business Package — opportunities to grow	-	-	-	-	-
Portfolio total	-	14.2	27.3	32.3	30.1

Table 2: Expense measures since the 2018-19 Budget^(a) (continued)

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m	\$m
FOREIGN AFFAIRS AND TRADE					
<i>Department of Foreign Affairs and Trade</i>					
Australian Infrastructure Financing Facility for the Pacific — establishment(b)(c)	-	-	16.2	24.3	48.7
Confiscated Assets Account	-	-	-	-	-
Overseas Pensioners Integrity Program	-	-	0.1
Protecting Australia's Diplomatic Network — critical security enhancements(b)(c)	-	-0.1	-51.4	7.9	7.2
<i>Export Finance and Insurance Corporation (National Interest component)</i>					
Defence Export Facility Transactions(b)(c)	-	nfp	nfp	nfp	nfp
<i>Tourism Australia</i>					
Changes to the Working Holiday Makers visa programme(b)(c)	-	2.5	2.5	-	-
Portfolio total	-	2.4	-32.6	32.3	56.0
HEALTH					
<i>Australian Aged Care Quality Agency</i>					
Royal Commission into Aged Care Quality and Safety(c)	-	6.0	-	-	-
Strengthening Aged Care — improved access and compliance	-	0.8	-	-	-
<i>Australian Aged Care Quality and Safety Commission</i>					
Royal Commission into Aged Care Quality and Safety(c)	-	-	2.5	-	-
Strengthening Aged Care — improved access and compliance	-	-	3.3	4.3	4.2
<i>Australian Sports Commission</i>					
Sport 2030 — Australian Institute of Sport — development of a detailed business case	-	2.0	-	-	-
Sport 2030 — Community Sport Infrastructure Program — additional funding	-	30.3	-	-	-
Sport 2030 — high performance funding	-	-	-	-	-
<i>Department of Health</i>					
Assistance for Farmers and Farm Communities in Drought(b)(c)	-	-	-	-	-
Australian Government Support for the 2021 Women's Rugby World Cup	-	-	-	-	-
Changes to the National Diabetes Services Scheme and the Continuous Glucose Monitoring Program(b)	-	6.6	-0.9	1.1	15.2
Commonwealth Illicit Drugs Joint Agency Taskforce — establishment	-	-	-	-	-
Community Health and Hospitals Program	-	250.0	250.0	350.0	400.0
Drug and Alcohol Support Services	-	-	-	-	-
Fetal Alcohol Spectrum Disorder — strategic action plan	-	0.6	2.4	2.4	2.0
Guaranteeing Medicare — expansion of Medicare eligibility for magnetic resonance imaging	-	23.8	50.3	50.4	50.4

Appendix A: Policy decisions taken since the 2018-19 Budget

Table 2: Expense measures since the 2018-19 Budget^(a) (continued)

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m	\$m
HEALTH (continued)					
Guaranteeing Medicare — strengthening primary care(c)	-	12.2	92.4	107.1	115.7
Improving Access to Medicines — Life Saving Drugs Program — new listing	-	-	-	-	-
Improving Access to Medicines — National Immunisation Program — new listings	-	-	-	-	-
Improving Access to Medicines — Pharmaceutical Benefits Scheme — compensation cases	-	nfp	-	-	-
Improving Access to Medicines — Pharmaceutical Benefits Scheme — new and amended listings(b)	-	342.9	112.8	-	-
Improving Access to Medicines — Pharmaceutical Benefits Scheme Payment Arrangements — implementation funding(c)	-	-	-	-	-
Improving Access to Medicines — streamlined listings(b)(c)	-	0.8	10.0	14.8	14.8
Improving Confidence in the Strawberry Supply Chain	-	0.4	-	-	-
Investing in Health and Medical Research — Australian Genomic Cancer Medicine Program	-	10.0	10.0	10.0	10.0
Medicinal Cannabis Scheme(b)	-	1.8	2.5	-	-
National Partnership Agreement on Public Dental Services for Adults — one year extension	-	-	-	-	-
Prioritising Mental Health — headspace satellite sites in regional Australia — additional funding	-	1.3	1.2	1.2	1.2
Prioritising Mental Health — headspace sustainability	-	8.2	10.3	10.3	10.3
Retaining the Energy Supplement	-	0.1
Royal Commission into Aged Care Quality and Safety(c)	-	6.0	2.7	-	-
Social Services and Other Legislation Amendment (Promoting Sustainable Welfare) Bill	-	..	7.3	9.2	13.5
Stoma Appliance Scheme — new listings	-	0.1	0.1
Strengthening Aged Care — improved access and compliance	-	-3.6	5.9	9.4	-0.6
Strengthening Aged Care — more places, lower fees, better access	-	98.5	236.2	57.6	54.2
Stronger Rural Health — Royal Flying Doctor Service — additional support	-	4.5	-	-	-
Support for Stillbirth Research and Education	-	1.5	1.5	-	-
Western Australian Children's Health Telethon	-	-	-	-	-
<i>Food Standards Australia New Zealand</i>					
Improving Confidence in the Strawberry Supply Chain	-	0.3	-	-	-
Portfolio total	-	804.9	800.4	627.9	691.1

Table 2: Expense measures since the 2018-19 Budget^(a) (continued)

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m	\$m
HOME AFFAIRS					
<i>Australian Criminal Intelligence Commission</i>					
Confiscated Assets Account	-	-	-	-	-
<i>Australian Federal Police</i>					
Assistance to Papua New Guinea for Hosting APEC 2018 — additional funding	-	-	-	-	-
Confiscated Assets Account	-	-	-	-	-
<i>Australian Institute of Criminology</i>					
Confiscated Assets Account	-	-	-	-	-
<i>Australian Transaction Reports and Analysis Centre</i>					
Confiscated Assets Account	-	-	-	-	-
<i>Department of Home Affairs</i>					
Attracting Skilled Migrants to Regional Areas(c)	-	7.2	4.8	3.3	3.3
Changes to the Seasonal Worker Programme(b)	-	..	0.1	-	-
Changes to the Working Holiday Makers visa programme(b)(c)	-	1.5	1.3	1.5	1.5
Commonwealth Illicit Drugs Joint Agency Taskforce — establishment	-	-	-	-	-
Confiscated Assets Account	-	-	-	-	-
Expansion of the Pacific Labour Scheme(b)	-	-	-	..	0.2
Global Talent Initiative	-	2.2	6.4	4.3	-
Immigration Reform — continued changes to visa service arrangements(c)	-	49.6	-	-	-
Issuing Body Reform for the Aviation and Maritime Security Identification Card Schemes(b)	-	0.7	5.3	4.4	..
Preparing Australia Package	-	-	-	-	-
Safer Communities Fund	-	9.6	10.3	9.5	-
Portfolio total	-	70.8	28.2	22.9	4.9
INDUSTRY, INNOVATION AND SCIENCE					
<i>Commonwealth Scientific and Industrial Research Organisation</i>					
Darwin City Deal	-	-	-	-	-
<i>Department of Industry, Innovation and Science</i>					
Bait Prawn Industry Irradiation Support	-	0.8	2.1	2.1	-
Industry 4.0 Testlabs for Australia — expansion	-	-	-	-	-
Locate the Australian Space Agency in Adelaide	-	nfp	nfp	nfp	nfp
National Radioactive Waste Management Facility — additional funding(b)	-	-	15.0	-	-

Appendix A: Policy decisions taken since the 2018-19 Budget

Table 2: Expense measures since the 2018-19 Budget^(a) (continued)

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m	\$m
INDUSTRY, INNOVATION AND SCIENCE (continued)					
National Radioactive Waste Management Facility — community development package	-	2.6	2.4	2.4	2.4
PSMA Australia Limited — concessional loan for enhanced national spatial data infrastructure(b)	-	0.5	0.6	-	-
Safer Communities Fund	-	1.0	0.8	0.7	-
Small Business Package — improving small business digital capability	-	1.5	2.2	-	-
Small Business Package — opportunities to grow	-	-	-	-	-
Square Kilometre Array Radio Telescope Project — further investment to support critical research infrastructure(b)	-	-	-	-	-1.0
Thermochemical Conversion Technology facility — trial	-	5.0	-	-	-
Women's Economic Security Package(b)(c)	-	-	-	7.0	6.8
<i>Geoscience Australia</i>					
National Water Infrastructure Package	-	-	1.0	2.9	2.6
Portfolio total	-	11.4	24.1	15.1	10.8
INFRASTRUCTURE, REGIONAL DEVELOPMENT AND CITIES					
<i>Civil Aviation Safety Authority</i>					
Civil Aviation Safety Authority — future funding arrangements	-	-	5.3	-	-
<i>Department of Infrastructure, Regional Development and Cities</i>					
Assistance for Farmers and Farm Communities in Drought(b)(c)	-	121.8	4.8	4.5	-
Community Development Grants Programme — additional projects	-	2.2	5.5	8.1	17.0
Darwin City Deal	-	-	-	-	-
Geelong City Deal	-	-	-	-	-
Indian Ocean Territories — community development grants	-	-	-	-	-
Infrastructure Investment Program — new investments	-	-	-	-	-
Infrastructure, Regional Development and Cities Portfolio — other priorities	-2.6	-1.7	-2.7	-	-
National System for Domestic Commercial Vessel Safety(b)	-10.0	-	-	-	-

Table 2: Expense measures since the 2018-19 Budget^(a) (continued)

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m	\$m
INFRASTRUCTURE, REGIONAL DEVELOPMENT AND CITIES (continued)					
National Water Infrastructure Package	-	-	1.5	1.5	0.5
Norfolk Island — additional funding(b)	-	nfp	nfp	nfp	-
Office of Future Transport Technologies	-	-	-	-	-
Supporting Infrastructure Investment — additional resourcing	-	0.7	3.5	1.9	1.7
Townsville City Deal — additional projects	-	5.0	-	-	-
Western Sydney Airport — environmental offsets(c)	-	-70.0	-	-	-
<i>Infrastructure and Project Financing Agency</i>					
Supporting Infrastructure Investment — additional resourcing	-	0.8	1.5	1.5	1.5
<i>National Capital Authority</i>					
National Capital Authority — capital renewal(c)	-	-	3.4	0.1	0.1
Portfolio total	-12.6	58.7	22.7	17.6	20.8
JOBS AND SMALL BUSINESS					
<i>Australian Building and Construction Commission</i>					
Australian Building and Construction Commission — additional resources	-	-	-	-	-
<i>Department of Jobs and Small Business</i>					
Changes to the Seasonal Worker Programme(b)	-	0.3	0.3	0.2	-
Improving Job Seekers' Employability	-	-	-	-	-
Jobs and Education Data Infrastructure — data tool for employers and employees(c)	-	2.6	1.8	0.1	0.1
Online Employment Services Trial — expansion(c)	-	0.9	-20.0	-4.2	-0.7
Small Business Package — finance and cash flow	-	0.5	-	-	-
Small Business Package — improving small business digital capability	-	18.9	5.7	4.5	4.5
Small Business Package — making it easier for business	-	2.6	1.7	..	..
Social Services and Other Legislation Amendment (Promoting Sustainable Welfare) Bill	-	-	-	..	0.1
Strengthening the Integrity of Welfare Payments — extension and amendments	-	..	-0.1	-0.1	-0.2
Women's Economic Security Package(b)(c)	-	-	0.5	0.5	0.5
<i>Fair Work Ombudsman and Registered Organisations Commission Entity</i>					
Changes to the Seasonal Worker Programme(b)	-	0.5	0.7	0.2	-
Changes to the Working Holiday Makers visa programme(b)(c)	-	1.2	1.8	1.8	1.8
Portfolio total	-	27.5	-7.6	3.0	6.2

Appendix A: Policy decisions taken since the 2018-19 Budget

Table 2: Expense measures since the 2018-19 Budget^(a) (continued)

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m	\$m
PARLIAMENT					
<i>Department of Parliamentary Services</i>					
Australian Parliament House Electronic Security Upgrade Maintenance	-	1.1	3.3	3.3	3.3
House of Representatives — electronic division voting(c)	-	-	-	-	-
Portfolio total	-	1.1	3.3	3.3	3.3
PRIME MINISTER AND CABINET					
<i>Department of the Prime Minister and Cabinet</i>					
Assistance for Farmers and Farm Communities in Drought(b)(c)	-	3.4	1.9	-	-
Assistance to Papua New Guinea for Hosting APEC 2018 — additional funding	-	-	-	-	-
Australian Apprenticeships — increased support(c)	-	1.5	-	-	-
Australian Human Rights Commission — sexual harassment in the workplace inquiry	-0.3	-	-	-	-
Remote Housing in Borroloola	-	15.0	-	-	-
Remote Housing in Western Australia	-	-	-	-	-
Women's Economic Security Package(b)(c)	-	2.5	1.5	1.0	0.9
<i>Office of the Official Secretary to the Governor-General</i>					
Office of the Official Secretary to the Governor-General(c)	-	0.7	3.0	2.8	2.8
<i>Workplace Gender Equality Agency</i>					
Women's Economic Security Package(b)(c)	-	0.1	0.7	0.5	0.4
Portfolio total	-0.3	23.2	7.1	4.3	4.1
SOCIAL SERVICES					
<i>Department of Human Services</i>					
Assistance for Farmers and Farm Communities in Drought(b)(c)	-	2.9	0.2	0.2	0.2
Cashless Debit Card Trial — extension and expansion	-	nfp	nfp	-	-
Family Day Care — further improving payment integrity	-	0.1	3.3	3.3	3.2
Guaranteeing Medicare — expansion of Medicare eligibility for magnetic resonance imaging	-	..	0.1	0.1	0.1
Guaranteeing Medicare — strengthening primary care(c)	-	3.1	5.6	1.3	0.6
Improving Access to Medicines — Pharmaceutical Benefits Scheme — new and amended listings(b)	-	-	-	-	-
Improving Access to Medicines — Pharmaceutical Benefits Scheme Payment Arrangements — implementation funding(c)	-	-	-	-	-
Improving Job Seekers' Employability	-	0.1	..	-	-
In Home Care — increase to family hourly rate cap	-	0.2	-	-	-
Income Management — extension and consultation	-	0.3	66.4	-	-

Table 2: Expense measures since the 2018-19 Budget^(a) (continued)

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m	\$m
SOCIAL SERVICES (continued)					
Online Employment Services Trial — expansion(c)	-	2.6	1.3	-	-
Overseas Pensioners Integrity Program	-	2.5	5.0	0.5	5.8
Retaining the Age Pension Qualifying Age at 67 Years(b)	-	-	-	-	-
Retaining the Energy Supplement	-	-8.2	-1.2	-1.1	-1.0
Social Services and Other Legislation Amendment (Promoting Sustainable Welfare) Bill	-	3.9	10.0	5.5	7.5
Strengthening Aged Care — improved access and compliance	-	-0.2	-0.2	-0.2	-0.2
Strengthening Aged Care — more places, lower fees, better access	-	3.3	0.4	-	-
Strengthening the Integrity of Welfare Payments — extension and amendments	-	-13.2	9.6	10.1	-1.1
Women's Economic Security Package(b)(c)	-	0.8	6.6	2.1	1.4
<i>Department of Social Services</i>					
Australian Disability Enterprises — additional support	-	-	-	-	-
Cashless Debit Card Trial — extension and expansion	-	nfp	nfp	-	-
Centralised National Self-Exclusion Register for Online Wagering(b)	-	-	-	-	-
Enhanced Support for 1800RESPECT — additional funding	-	-	-	-	-
Financial Wellbeing and Capability Grants — additional funding	-	3.7	3.7	-	-
Income Management — extension and consultation	-	3.0	5.3	-	-
Mutual Understanding, Support, Tolerance, Engagement and Respect Initiative — establishment	-	13.0	20.0	20.0	-
National Centre for the Prevention of Child Sexual Abuse	-	-	-	-	-
National Disability Insurance Scheme — transitioning to full Scheme(b)	-	-	6.2	6.3	5.3
National Office for Child Safety — establishment	-	-	-	-	-
Overseas Pensioners Integrity Program	-	0.2	-39.1	-62.0	-66.6
Retaining the Age Pension Qualifying Age at 67 Years(b)	-	-	-	-	-
Retaining the Energy Supplement	-	238.8	388.7	464.7	529.5
Social Services and Other Legislation Amendment (Promoting Sustainable Welfare) Bill	-	43.5	231.6	448.5	691.0
Strengthening the Integrity of Welfare Payments — extension and amendments	-	7.1	-22.1	-20.7	14.5
The Fathering Project — national expansion	-	1.2	2.1	2.1	-
Women's Economic Security Package(b)(c)	-	-	-5.4	11.8	11.5
Portfolio total	-	308.7	698.1	892.5	1,201.7

Appendix A: Policy decisions taken since the 2018-19 Budget

Table 2: Expense measures since the 2018-19 Budget^(a) (continued)

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m	\$m
TREASURY					
<i>Australian Bureau of Statistics</i>					
Sustain and Enhance Australian Bureau of Statistics(c)	-	-	3.2	-	-
Women's Economic Security Package(b)(c)	-	0.9	2.7	4.7	1.8
<i>Australian Competition and Consumer Commission</i>					
Action Plan to Reduce Power Prices(c)	-	8.4	11.8	13.8	13.9
Australian Competition and Consumer Commission — additional funding	-	8.9	8.9	8.9	8.9
National Consumer Data Right — additional funding	-	nfp	nfp	nfp	nfp
National Gift Card Reforms	-	-	-	-	-
<i>Australian Office of Financial Management</i>					
Small Business Package — Australian Business Securitisation Fund	-	0.9	2.7	2.7	2.7
<i>Australian Prudential Regulation Authority</i>					
Australian Prudential Regulation Authority — new and expanded functions(b)(c)	-	10.1	13.3	8.8	11.5
<i>Australian Securities and Investments Commission</i>					
Assetless Administration Fund — additional funding	-	1.2	2.5	2.5	2.5
Australian Securities and Investments Commission — additional funding(b)(c)	-	31.9	36.6	-	-
Small Business Package — finance and cash flow	-	-	-	-	-
<i>Australian Taxation Office</i>					
GST — compliance program — four year extension(b)(c)	-	-	116.3	115.6	116.0
Modernising Business Registers — Gateway Review Process	-	-	-	-	-
Revised start dates for tax measures(b)	-	-1.9	0.7	1.2	..
Small Business Package — making it easier for business	-	3.0	2.7	-	-
Tax Compliance — extending data matching for card transactions and taxable government payments(b)	-	-	5.7	-	-
Tax Compliance — extending the Serious Financial Crime Taskforce(b)	-	-	45.1	45.4	45.7
VET FEE-HELP Debts — additional student protection	-	1.6	1.0	0.6	-
Victims of Crime — access to perpetrators' superannuation(b)	-	-	-	-	-
Women's Economic Security Package(b)(c)	-	0.2	14.6	13.0	12.7
<i>Department of the Treasury</i>					
Assistance for Farmers and Farm Communities in Drought(b)(c)	-	19.9	29.7	15.7	6.0
Australian Veterans' Wellbeing Package	-	4.0	2.7	-	-
Changes to the Seasonal Worker Programme(b)	-	0.1	0.5	0.5	..
Changes to the Working Holiday Makers visa programme(b)(c)	-	15.0	45.0	50.0	55.0

Table 2: Expense measures since the 2018-19 Budget^(a) (continued)

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m	\$m
TREASURY (continued)					
Darwin City Deal	-	-	-	-	-
Delivering a Fairer and More Sustainable GST Distribution System	-	-	882.8	585.0	905.5
Department of the Treasury — reform agenda	-	-	3.8	3.8	3.8
Expansion of the Pacific Labour Scheme(b)	-	-	-	1.0	3.0
Family Advocacy and Support Services and Legally Assisted and Culturally Appropriate Dispute Resolution — extension of services	-	-	7.2	7.3	7.4
Geelong City Deal	-	-	-	-	-
Global Infrastructure Hub — continuation	-	-	-	-	-
GST — compliance program — four year extension(b)(c)	-	-	646.6	775.6	880.2
GST and feminine hygiene products (b)	-	-15.0	-30.0	-30.0	-30.0
Improving Access to Medicines — National Immunisation Program — new listings	-	-	-	-	-
Indirect Tax Concession Scheme — diplomatic and consular concessions(b)
Infrastructure Investment Program — new investments	-	-	-	-	-
Infrastructure, Regional Development and Cities Portfolio — other priorities	-	-13.1	-15.0	-46.1	-700.1
Legislative Drafting — additional funding	-	-	nfp	-	-
National Disability Insurance Scheme — transitioning to full Scheme(b)	-	-	-	-	-
National Housing Finance and Investment Corporation — line of credit increase(b)	-	20.4	25.2	22.8	19.1
National Partnership Agreement on Public Dental Services for Adults — one year extension	-	-	107.8	-	-
National Water Infrastructure Package	-	-	60.0	80.0	110.0
Preparing Australia Package	-	-	-	-	-
Priorities for Australia's Biosecurity System	-	-	-	-	-
Remote Housing in Western Australia	-	121.0	-	-	-
Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry — implementation and record keeping(c)	-	2.4	-	-	-
Safer Communities Fund	-	-11.4	-5.7	-	-
Small Business Package — Australian Business Securitisation Fund	-	2.0	-	-	-
Small Business Package — Helping Small and Medium Business Grow — reducing financial reporting for small and medium-sized businesses	-	-	-	-	-

Appendix A: Policy decisions taken since the 2018-19 Budget

Table 2: Expense measures since the 2018-19 Budget^(a) (continued)

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m	\$m
TREASURY (continued)					
Small Business Package — making it easier for business	-	0.2	0.2	-	-
Square Kilometre Array Radio Telescope Project — further investment to support critical research infrastructure(b)	-	-	-	-1.0	-4.0
Strengthening Aged Care — improved access and compliance	-	6.7	3.5	4.6	4.0
Supporting Our Hospitals — National Critical Care and Trauma Response Centre	-	-	-	-	-
Supporting Regional Growth in North-West Tasmania and Caboolture	-	3.2	-	-	-
Tax Compliance — extending the Serious Financial Crime Taskforce(b)	-	-	1.0	2.8	4.0
Tax Integrity — disclosure of business tax debts — amendments(b)	-	-15.0	-	-2.5	-2.5
Townsville City Deal — additional projects	-	10.0	55.0	140.0	50.0
<i>National Competition Council</i>					
Department of the Treasury — reform agenda	-	-	-2.1	-2.1	-2.1
<i>National Housing Finance and Investment Corporation Bond Aggregator</i>					
National Housing Finance and Investment Corporation — line of credit increase(b)	-	-	-	-	-
Portfolio total	..	215.6	2,086.0	1,824.6	1,525.0
VETERANS' AFFAIRS					
<i>Australian War Memorial</i>					
Australian War Memorial — redevelopment(c)	-	-	1.4	1.7	1.8
<i>Department of Veterans' Affairs</i>					
Australian Veterans' Wellbeing Package	-	6.3	5.5	5.7	1.4
Guaranteeing Medicare — expansion of Medicare eligibility for magnetic resonance imaging	-	0.2	0.4	0.3	0.3
Guaranteeing Medicare — strengthening primary care(c)	-	0.2	0.7	0.7	0.8
Improving Access to Medicines — Pharmaceutical Benefits Scheme — new and amended listings(b)	-	-	-	-	-
Repatriation Pharmaceutical Benefits Scheme — new listings and price amendments	-
Retaining the Energy Supplement	-	2.7	5.1	4.8	4.7

Appendix A: Policy decisions taken since the 2018-19 Budget

Table 2: Expense measures since the 2018-19 Budget^(a) (continued)

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m	\$m
VETERANS' AFFAIRS (continued)					
Strengthening Aged Care — improved access and compliance	-	..	0.2	0.5	0.4
Strengthening Aged Care — more places, lower fees, better access	-	0.4	1.4	1.4	1.3
Portfolio total	-	19.2	22.4	21.0	16.7
Decisions taken but not yet announced(d)	-	420.7	738.0	475.0	-212.9
Depreciation Expense		-	5.2	10.6	14.2
Total impact of expense measures(e)	-13.1	1,867.4	4,695.4	4,559.2	4,017.9

* 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) Includes the impact of measures that are not for publication (nfp).

(e) Measures may not add due to rounding.

AGRICULTURE AND WATER RESOURCES

Assistance for Farmers and Farm Communities in Drought

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Agriculture and Water Resources	-	159.2	40.7	42.3	43.5
Department of Infrastructure, Regional Development and Cities	-	121.8	4.8	4.5	-
Department of the Treasury	-	19.9	29.7	15.7	6.0
Department of the Prime Minister and Cabinet	-	3.4	1.9	-	-
Department of Human Services	-	2.9	0.2	0.2	0.2
Bureau of Meteorology	-	2.2	0.5	-	-
Department of Health	-	-	-	-	-
Total — Expense	-	309.4	77.7	62.7	49.7
<i>Related revenue (\$m)</i>					
<i>Department of Agriculture and Water Resources</i>	-	6.3	16.5	26.8	37.4
<i>Australian Taxation Office</i>	-	-	-30.6	-28.2	-3.2
Total — Revenue	-	6.3	-14.1	-1.4	34.2
<i>Related capital (\$m)</i>					
<i>Department of the Prime Minister and Cabinet</i>	-	0.3	0.1	-	-

The Government will provide an additional \$1.5 billion over four years from 2018-19 to support farmers and farming communities in drought.

This package includes funding to support farmers financially, including:

- \$196.3 million over four years from 2018-19 for changes to the Farm Household Allowance (FHA), to immediately assist farmers who are suffering ongoing hardship to access income support by increasing the number of farmers eligible for payments and increasing the level of support available, including:
 - a new Special Drought Supplement for FHA recipients of two instalments of \$3,600 for singles and \$3,000 for each partner for couples, in addition to existing fortnightly income support payments, available from 1 September 2018;
 - increasing the FHA’s asset threshold test from \$2.6 million to \$5.0 million in 2018-19 to increase the number of farmers eligible for the FHA by an estimated 8,000 farmers; and
 - extending the FHA from three to four years to allow an estimated 24,600 farmers access to support for a longer period of time;

Appendix A: Policy decisions taken since the 2018-19 Budget

- \$75.0 million over three years from 2019-20 to accelerate fodder storage assets depreciation over one year rather than three, to encourage the storage of fodder in good growing seasons when it is less expensive, for use in periods of drought when on-ground feed is more limited. This measure applies on an ongoing basis from 19 August 2018; and
- making available \$1.0 billion over four years from 2018-19 to allow the loans issued by the Regional Investment Corporation to be increased, thereby making more low cost capital available for farmers to help them manage through, and recover from, drought. This includes increasing the maximum loan size, available for both farm investment and drought loans, from \$1.0 million to \$2.0 million, and increasing total funding available for loans from \$250.0 million to \$500.0 million per annum.

This package also includes funding to support farmers accessing information, advice and counselling, including:

- \$5.0 million in 2018-19 for the Rural Financial Counselling Service to improve support to farmers, particularly to assist them make their FHA applications;
- \$2.7 million over two years from 2018-19 for the Bureau of Meteorology to create localised weather intelligence guides to enable farmers to improve their ability to make quantitative business risk management decisions; and
- \$0.4 million over three years from 2018-19 for a Farm Hub hosted on the National Farmers Federation website to provide a coordinated and comprehensive online information source of the support available to farmers.

The Government is also providing \$26.9 million for the creation and expansion of the *Empowering Our Community and Connecting Youth Awareness-Raising Initiatives* and the expansion of *Medicare Benefits Schedule* telehealth services in drought affected rural and regional areas, to improve access to mental health support services – see the related expense measure *Guaranteeing Medicare – strengthening primary care* in the Health portfolio.

This package also includes funding to provide immediate support for farmers and communities in hardship and to build drought resilience, including:

- \$82.4 million over two years from 2018-19 to provide funding for local infrastructure and drought-relief projects in 81 drought-affected council areas;
- \$33.6 million to provide financial assistance of up to \$3,000 per household for approximately 10,000 farming households and workers as a new stream of the *Drought Communities Programme*;

Appendix A: Policy decisions taken since the 2018-19 Budget

- \$15.0 million over three years from 2018-19 for the Foundation for Rural and Regional Renewal to deliver small-scale grants to improve social connectedness and stimulate the economy in drought-affected regional communities;
- \$50.0 million over three years from 2018-19 for state and territory governments to install on-farm water-related infrastructure in drought-affected areas for stock watering purposes;
- \$23.7 million over three years from 2019-20 for the Great Artesian Basin (GAB) state and territory governments to implement a range of immediate and long-term measures to enhance water security for GAB water users; and
- \$15.0 million in 2018-19 to manage pests and weeds that can undermine drought management and recovery efforts.

This package also includes \$5.6 million over two years from 2018-19 (including \$0.3 million in capital funding) to establish a Joint Agency Drought Taskforce, led by the Coordinator General for Drought.

Funding of \$35.3 million for this measure has already been provided for by the Government.

Further information can be found in the joint press releases of 26 October 2018, 19 August 2018 and 5 August 2018 issued by the former Prime Minister, the Deputy Prime Minister, the Minister for Agriculture and Water Resources, and the Minister for Regional Development, Territories and Local Government.

Inspector-General of Live Animal Exports

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Agriculture and Water Resources	-	0.3	0.5	0.5	0.5

The Government will provide \$1.8 million over four years from 2018-19 (and \$0.5 million per year ongoing) to establish the function of an Inspector-General of Live Animal Exports.

The Inspector-General of Live Animal Exports will provide an additional, independent layer of accountability over the regulation of Australia's livestock exports.

Further information can be found in the press release of 31 October 2018 issued by the Minister for Agriculture and Water Resources.

Modernising Agricultural Trade

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Agriculture and Water Resources	-	0.7	12.2	8.8	9.0
Department of Finance	-	0.1	0.1	0.1	0.1
Total — Expense	-	0.9	12.3	8.9	9.1
<i>Related capital (\$m)</i>					
Department of Agriculture and Water Resources	-	-	1.2	-	-

The Government will provide \$32.4 million over four years from 2018-19 to modernise agricultural trade systems. The funding will be used to improve the accuracy, accessibility and functionality of agricultural export trade systems. This will improve access to information for farmers and exporters about importing country requirements. These changes will also provide assurance to export markets about Australia's reputation as a clean and green supplier of agricultural goods.

Priorities for Australia's Biosecurity System

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Agriculture and Water Resources	-	-	-	-	-
Department of the Treasury	-	-	-	-	-
Total — Expense	-	-	-	-	-

The Government will provide an additional \$116.7 million over four years from 2018-19 to improve Australia's biosecurity system. Funding will be used to:

- extend the Indigenous Biosecurity Rangers program, which uses local Indigenous knowledge to undertake plant, animal and aquaculture surveillance work;
- develop a national predictive analytics and intelligence capability for the biosecurity system;
- extend the *Established Pest Animal and Weed Pipeline* program to help combat some of the worst pest animal and weed species that have become established in Australia;
- engage an Environmental Biosecurity Protection Officer to enhance understanding and oversight of environmental biosecurity risks;
- provide contingency funding to respond to biosecurity incursions; and

Appendix A: Policy decisions taken since the 2018-19 Budget

- establish a *Biosecurity Innovation Program*, to accelerate the identification, development and implementation of innovative technologies to enhance the capacity of the national biosecurity system.

Provision for this funding has already been included in the forward estimates.

This measure builds on the 2018-19 Budget measure titled *Australian Agriculture and Export Growth Plan – Enhancing Australia's Biosecurity System*.

Further information can be found in the press release of 29 June 2018 issued by the Minister for Agriculture and Water Resources.

Smart Fruit Fly Management

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Agriculture and Water Resources	-	1.3	5.1	5.1	3.8

The Government will provide \$15.3 million over four years (and \$1.6 million per year ongoing) to implement a nationally coordinated approach to manage the fruit fly pest.

Funding will be provided to develop and harmonise the management of fruit fly across Australia, including through conducting trials to demonstrate the effectiveness of applied techniques to manage the pest, and researching ways to prevent their spread and support their eradication.

Further information can be found in the press release of 19 November 2018 issued by the Minister for Agriculture and Water Resources.

ATTORNEY-GENERAL'S

Additional Court Resources to Assist Families

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Federal Court of Australia	-	0.4	1.1	1.1	1.1

The Government will provide \$3.7 million over four years from 2018-19 for an additional judge and support staff for the proposed Federal Circuit and Family Court of Australia (FCFCA), to hear family law case appeals.

The Government has introduced legislation to establish the FCFCA through the amalgamation of the Federal Circuit Court of Australia and the Family Court of Australia. The new FCFCA will include a new appeal division to hear all appeals in family law matters.

See also the related expense measure titled *Reform of the Family Courts* in the Attorney-General's portfolio.

Assistance for Victims of Child Sexual Abuse

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Office of the Director of Public Prosecutions	-	0.4	0.7	0.7	0.7

The Government will provide an additional \$2.5 million over four years from 2018-19 (and \$0.7 million per year ongoing) to expand the Witness Assistance Service (WAS) of the Commonwealth Director of Public Prosecutions.

The WAS provides information and support services to victims of child sexual abuse and their families. This measure responds to a recommendation of the Royal Commission into Institutional Responses to Child Sexual Abuse.

Appendix A: Policy decisions taken since the 2018-19 Budget

Australian Human Rights Commission — sexual harassment in the workplace inquiry

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Human Rights Commission	-	0.3	0.1	-	-
Attorney-General's Department	-0.2	-	-	-	-
Department of the Prime Minister and Cabinet	-0.3	-	-	-	-
Total — Expense	-0.5	0.3	0.1	-	-

The Government will provide \$0.9 million over two years from 2018-19 for the Australian Human Rights Commission to undertake a national inquiry into sexual harassment in Australian workplaces. The inquiry will consider the economic impact of sexual harassment, the drivers of these behaviours and the adequacy of the existing legal framework.

Further information can be found in the press release of 20 June 2018 issued by the Sex Discrimination Commissioner.

Digitisation of Prime Ministers' Records

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
National Archives of Australia	-	1.0	2.0	-	-

The Government will provide \$3.0 million over two years from 2018-19 to support the digitisation of the records of former Prime Ministers. Digitising these records will improve access to these historical records from the time they are released to the public under the *Archives Act 1983*.

Family Advocacy and Support Services and Legally Assisted and Culturally Appropriate Dispute Resolution — extension of services

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of the Treasury	-	-	7.2	7.3	7.4
Attorney-General's Department	-	-	2.6	0.2	0.4
Total — Expense	-	-	9.8	7.4	7.8

The Government will provide a further \$25.0 million over three years from 2019-20 to extend the Family Advocacy and Support Services (FASS) program for three years and the pilots of legally assisted and culturally appropriate dispute resolution for one year.

Under the FASS program, legal aid commissions provide legal advice and assistance to families affected by violence with matters before the family law courts.

Appendix A: Policy decisions taken since the 2018-19 Budget

Under the pilots, Family Relationship Centres across Australia provide support to families from Indigenous or culturally and linguistically diverse backgrounds in family law cases involving violence.

Federal Court — increased civil cases

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Federal Court of Australia	-	1.1	2.2	2.2	2.2

The Government will provide \$7.7 million over four years from 2018-19 to the Federal Court of Australia to manage the expected increase in case load as a result of increased enforcement action by the Australian Securities and Investments Commission including cases highlighted by the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

Foreign Influence Transparency Scheme — additional funding

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Attorney-General's Department	-	2.4	1.6	-	-

The Government will provide an additional \$4.0 million over two years from 2018-19 to implement the Foreign Influence Transparency Scheme (the Scheme) under the *Foreign Influence Transparency Scheme Act 2018*, and for an information campaign about the Scheme.

This measure builds on the 2017-18 MYEFO measure titled *Foreign Influence Transparency Scheme – establishment*.

National Elder Abuse Hotline

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Attorney-General's Department	-	-	-	-	-

The Government will provide \$0.6 million over four years from 2018-19 for a national freecall hotline to provide a single point of access to state and territory based services for older people and their families seeking assistance countering elder abuse.

The cost of this measure will be met from within the existing resources of the Attorney-General's Department.

Appendix A: Policy decisions taken since the 2018-19 Budget

National Memorial for Victims and Survivors of Institutional Child Sexual Abuse

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Attorney-General's Department	-	-	-	-	-

The Government will provide \$0.2 million over two years from 2018-19 to undertake a scoping and feasibility study for a national memorial for victims and survivors of child sexual abuse in institutional contexts.

The cost of this measure will be met from within the existing resources of the Attorney-General's Department.

National Online Register for Enduring Powers of Attorney

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Attorney-General's Department	-	-1.7	1.7	-	-

The Government will provide \$2.1 million over two years from 2018-19 for further work on a national approach to enduring powers of attorney, including proof-of-concept work for a national online register.

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

Reform of the Family Courts

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Federal Court of Australia	-	-	-	-	-

The Government will provide \$4.0 million in 2018-19 to support the bringing together of the Family Court of Australia and the Federal Circuit Court of Australia into one administrative entity from 2019, to be known as the Federal Circuit and Family Court of Australia.

This reform will create a more efficient court system for handling family law matters.

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

Further information can be found in the press release of 23 August 2018 issued by the Attorney-General.

Appendix A: Policy decisions taken since the 2018-19 Budget

Royal Commission into Aged Care Quality and Safety

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Attorney-General's Department	-	51.9	46.4	0.7	0.7
Department of Health	-	6.0	2.7	-	-
Australian Aged Care Quality Agency	-	6.0	-	-	-
Australian Aged Care Quality and Safety Commission	-	-	2.5	-	-
Total — Expense	-	63.9	51.7	0.7	0.7
<i>Related capital (\$m)</i>					
Attorney-General's Department	-	4.5	-	-	-

The Government will provide \$104.3 million over four years from 2018-19 (including \$4.5 million in capital funding in 2018-19) for the Royal Commission into Aged Care Quality and Safety (the Royal Commission).

The Royal Commission will examine the quality and safety of care provided in residential and home based aged care to senior Australians and to young Australians with disabilities living in aged care settings. It will also examine how best to deliver aged care in a sustainable way, including through innovative models of care, increased usage of technology and investment in the aged care workforce and capital infrastructure.

The Government will also provide \$17.2 million over two years from 2018-19 to the Department of Health, the Australian Aged Care Quality Agency and the Australian Aged Care Quality and Safety Commission to support activities associated with the Royal Commission.

Further information can be found in the press releases of 16 September 2018 and 9 October 2018, issued by the Prime Minister, the Minister for Health, and the Minister for Senior Australians and Aged Care.

Serious Overseas Criminal Matters Scheme — Reform

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Attorney-General's Department	-	-	-	-	-

The Government will limit access to legal assistance under the Serious Overseas Criminal Matters Scheme (the Scheme) to only those Australians overseas facing the death penalty, as well as introducing additional stricter criteria for the Scheme which will achieve savings of \$1.6 million over four years from 2018-19.

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

Further information can be found in the press release of 2 July 2018 issued by the Attorney-General.

Appendix A: Policy decisions taken since the 2018-19 Budget

Strengthening Enforcement Capability for Corporate Crime

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Office of the Director of Public Prosecutions	-	0.2	5.4	12.0	10.3

The Government will provide \$28.0 million over four years from 2018-19 to the Commonwealth Director of Public Prosecutions to pursue a greater number of prosecutions of those responsible for misconduct in the Banking, Superannuation and Financial Services Industry.

Whole of Government Legal Services Panel

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Attorney-General's Department	-	0.2	0.8	0.6	0.8
<i>Related revenue (\$m)</i>					
Attorney-General's Department	-	0.1	0.8	1.0	0.8
<i>Related capital (\$m)</i>					
Attorney-General's Department	-	0.3	-	-	-

The Government will provide \$2.7 million over four years from 2018-19 (including \$0.3 million in capital funding in 2018-19) to implement and manage a Whole of Government Legal Services Panel, to ensure the efficient sourcing of legal service providers.

COMMUNICATIONS AND THE ARTS

Children's Online Safety Package

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Communications and the Arts	-	10.5	1.7	0.8	0.8
Australian Communications and Media Authority	-	0.5	2.0	-	-
Total — Expense	-	11.0	3.7	0.8	0.8

The Government will provide \$17.0 million over five years from 2018-19, for initiatives to improve online safety for children, including:

- targeted training, support and resources to improve online safety for children under five years of age; and
- a research program to provide a comprehensive evidence base for online safety challenges, with a particular focus on issues faced by vulnerable groups and people in rural, regional and remote areas.

Funding for Australian Film and Television Content

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Communications and the Arts	-	-	4.6	-	-

The Government will provide \$4.6 million in 2019-20 to contribute to the development of Australian film and television content, including:

- \$2.9 million to the Australian Children's Television Foundation to continue to support the production of Australian screen content for children; and
- \$1.7 million for Ausfilm to continue to attract the international film community to produce screen content in Australia.

This measure builds on the 2018-19 Budget measure titled *Funding for Australian Film and Television Content and the National Broadcasters*.

Appendix A: Policy decisions taken since the 2018-19 Budget

Mobile Black Spot Program — Round Four and improved mobile network coverage for the western region of Tasmania

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Communications and the Arts	-	-	-	-	-

The Government will provide \$25.4 million over two years from 2018-19 for the *Mobile Black Spot Program*, including:

- \$24.7 million for Round Four of the *Mobile Black Spot Program*, which improves mobile phone coverage and competition in outer metropolitan, regional and remote Australia. This funding will be provided to areas that have not previously received funding under the Program and in locations that mobile network providers do not currently service for commercial reasons; and
- \$0.7 million to improve mobile coverage in the western region of Tasmania.

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

Further information can be found in the press releases of 10 June 2018 and 2 July 2018 issued by the former Minister for Regional Communications and by the Minister for Communications and the Arts, respectively.

National Gallery of Australia — additional funding

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
National Gallery of Australia	-	14.4	14.4	14.4	14.4
<i>Related capital (\$m)</i>					
<i>National Gallery of Australia</i>	-	6.2	-	-	-

The Government will provide \$63.8 million over four years from 2018-19 (and \$14.4 million per year ongoing) to the National Gallery of Australia, including:

- a one-off capital injection of \$6.2 million in 2018-19 to contribute to capital maintenance of the National Gallery of Australia's main building in Parkes, Australian Capital Territory; and
- an additional \$14.4 million per year on an ongoing basis from 2018-19 to allow the National Gallery of Australia to continue to safeguard and exhibit its important national collection of artworks.

This measure builds on the 2018-19 Budget measure titled *National Gallery of Australia – additional capital funding*.

Appendix A: Policy decisions taken since the 2018-19 Budget

Regional Broadcasting

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Communications and the Arts	-	-	-	-	-

The Government will provide \$10.3 million over two years from 2019-20 to support the delivery of free-to-air television services to remote and regional Australia, including:

- \$10.0 million in 2020-21 for a one-year extension of the *Viewer Access Satellite Television* program to ensure around 500,000 Australian viewers who are currently unable to receive terrestrial digital broadcast services can continue to access free-to-air television services; and
- \$0.3 million in 2019-20 as a contribution to the construction of a retransmission tower in Stroud, New South Wales, to address television reception interference issues caused by atmospheric ducting.

CROSS PORTFOLIO

Australia's Indo-Pacific Engagement — enhanced engagement in the Southwest Pacific

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Various Agencies	-	nfp	nfp	nfp	nfp
<i>Related capital (\$m)</i>					
Various Agencies	-	nfp	nfp	nfp	nfp

The Government will strengthen and enhance Australia's engagement with the Pacific region, including by bolstering security, economic and cultural links between Australia and Pacific Island countries. This includes:

- \$135.9 million to the Australian Federal Police to continue to provide specialist advice and training on law enforcement to the Royal Papua New Guinea Constabulary;
- \$30.6 million to expand Australia's diplomatic presence in Palau, Niue, Republic of the Marshall Islands, French Polynesia and the Cook Islands;
- \$29.2 million to enhance Australia's sporting ties with Pacific Island countries;
- \$17.7 million to establish a Pacific Fusion Centre, which will share information from multiple sources to equip Pacific decision makers with the information they need to better identify and respond to security threats;
- \$12.1 million to establish a new Pacific Faculty at the Australian Institute of Police Management focussing on policing leadership;
- \$10.9 million to establish the Office of the Pacific, led by a new Pacific Coordinator, within the Department of Foreign Affairs and Trade to enhance coordination and engagement with the region;
- \$2.8 million to establish a Pacific Centre of Law Enforcement Cooperation to enhance coordination and alignment of policing capabilities across the Pacific;
- \$1.2 million to introduce an Australia-Pacific Business Gateway Card to facilitate streamlined travel arrangements for eligible individuals from Pacific nations seeking to travel to Australia;
- building Defence interoperability with partner nations in the Pacific to respond to common security and humanitarian challenges;

Appendix A: Policy decisions taken since the 2018-19 Budget

- a joint initiative with the Defence forces of Papua New Guinea (PNG) and the United States of America at the PNG Defence Force's Lombrum Naval Base in Manus Province; and
- the redevelopment of Fiji's Blackrock Peacekeeping and Humanitarian Assistance and Disaster Relief Camp.

The Government will also increase the Export Finance and Insurance Corporation's callable capital by \$1.0 billion to support Australian businesses to expand export opportunities and support regional infrastructure development, including in the Southwest Pacific.

Provision for part of this measure has already been included in the forward estimates. The measure will also be funded from the reprioritisation of existing expenditure, including from the Official Development Assistance Program.

Some expenditure in this measure is not for publication (nfp) due to national security sensitivities.

See also the related capital measure titled *Australian Infrastructure Financing Facility for the Pacific – establishment* in the Foreign Affairs and Trade portfolio.

Further information can be found in the following press releases:

- 5 September 2018 issued by the Minister for Foreign Affairs;
- 1 November 2018 issued by the Prime Minister;
- 8 November 2018 issued by the Prime Minister, Minister for Foreign Affairs and the Minister for Defence; and
- 15 November 2018 issued by the Prime Minister and the Minister for Foreign Affairs.

DEFENCE

Cyber Security Initiatives

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Signals Directorate	-	-	-	-	-

The Government will provide \$8.1 million over two years from 2018-19 to:

- develop the cyber.gov.au digital platform as the Commonwealth's single source of advice to support individuals and small businesses on cyber security matters, and to enable a single place to report cybercrime; and
- put in place advanced cyber threat detection and warning systems.

The cost of this measure will be met from within existing resources.

Defence — increased engagement in Southeast Asia

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Defence	-	nfp	nfp	nfp	nfp

The Government will redirect funding over 10 years from 2018-19 to build Defence interoperability with partner nations in Southeast Asia to respond to common security challenges.

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

The expenditure for this measure is not for publication (nfp) due to national security sensitivities.

EDUCATION AND TRAINING

Australian Apprenticeships — increased support

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of the Prime Minister and Cabinet	-	1.5	-	-	-
Department of Education and Training	-	0.1	3.6	15.7	18.9
Total — Expense	-	1.6	3.6	15.7	18.9
<i>Related capital (\$m)</i>					
<i>Department of Education and Training</i>	-	0.2	-	-	-

The Government will provide \$40.0 million over four years from 2018-19 (including \$0.2 million in capital funding in 2018-19) to increase support for Australian Apprenticeships. The measure includes:

- \$27.6 million over four years from 2018-19 (and \$15.3 million per year ongoing) to extend the eligibility for the *Support for Adult Australian Apprentices Incentive* to apprentices aged 21 years and over (the current eligible age is 25 years and over);
- \$5.4 million over four years from 2018-19 (and \$1.9 million per year ongoing) to ensure the ongoing delivery of the Integrated Information Service (IIS) supporting Australian apprenticeships and traineeships. The IIS provides up-to-date and accurate information on over 1,300 qualifications and other vital information to assist apprentices, employers and key stakeholders; and
- \$5.4 million over four years from 2018-19 (and \$1.9 million per year ongoing) for WorldSkills Australia, to support Australia's participation in international skills competitions, and raise the status of vocational education and training (VET) as a potential career pathway.

This measure also includes \$1.5 million in 2018-19 to conduct an independent, expert review of Australia's VET sector. The review will be conducted by the Hon Steven Joyce, former New Zealand Minister for Tertiary Education, Skills and Employment and Minister of Finance, supported by a taskforce in the Department of the Prime Minister and Cabinet.

Further information for the review can be found in the joint press release of 28 November 2018 issued by the Prime Minister and the Minister for Small and Family Business, Skills and Vocational Education, and in the press release of 28 November 2018 issued by the Minister for Small and Family Business, Skills and Vocational Education.

Appendix A: Policy decisions taken since the 2018-19 Budget

Family Day Care — further improving payment integrity

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Education and Training	-	2.9	-43.5	-50.4	-54.7
Department of Human Services	-	0.1	3.3	3.3	3.2
Total — Expense	-	3.0	-40.2	-47.1	-51.5

The Government will achieve savings of \$135.8 million over four years from 2018-19 through further targeted activities to address non-compliance and fraudulent behaviour in the family day care sector and by improving the integrity of payments to family day care services.

This measure does not impact the support families will receive for legitimate care.

This measure builds on the 2017-18 MYEFO measure titled *Family Day Care – payment integrity*.

Howard Library — establishment

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Education and Training	-	13.5	-	-	-

The Government will provide \$13.5 million in 2018-19 to the University of New South Wales to support the establishment of the Howard Library within the Museum of Australian Democracy (MoAD) at Old Parliament House. The library will complement the MoAD's existing collections, which enrich visitors' understanding of Australia's social and political history and their appreciation of Australian democracy.

The library will include a collection of official papers and display items from the period when the Hon John Howard OM AC was Prime Minister.

In Home Care — increase to family hourly rate cap

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Education and Training	-	4.5	10.1	10.0	10.3
Department of Human Services	-	0.2	-	-	-
Total — Expense	-	4.7	10.1	10.0	10.3

The Government will provide an additional \$35.1 million over four years from 2018-19 to increase the *In Home Care* (IHC) program's family hourly rate cap from \$25.48 to \$32.00 and to increase the number of IHC places from 3,000 to 3,200, commencing from 1 January 2019. These changes will help to improve families' access to affordable IHC services, based on the latest available data.

Appendix A: Policy decisions taken since the 2018-19 Budget

The IHC program provides access to the Child Care Subsidy and Additional Child Care Subsidy for child care provided in the family home to assist parents or carers who work non-standard hours, are geographically isolated or have families with complex needs.

This measure builds on the 2017-18 MYEFO measure titled *Jobs for Families Package – In Home Care*.

National School Reform Agreement — Commonwealth contribution to national policy initiatives

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Education and Training	-	nfp	nfp	nfp	nfp
<i>Related capital (\$m)</i>					
Department of Education and Training	-	nfp	nfp	nfp	nfp

The Government will contribute to the costs of implementing national policy initiatives developed with the states and territories to support the implementation of the National School Reform Agreement. The initiatives will focus on strategic reform in areas that will have the most impact on student achievement and school improvement, to support every child to realise their full learning potential.

The National School Reform Agreement, developed through the COAG Education Council, has been informed by recommendations of the *Review to Achieve Educational Excellence in Australian Schools*, led by Mr David Gonski AC.

The expenditure for this measure is not for publication (nfp) pending the outcome of negotiations with the states and territories.

This measure builds on the 2017-18 MYEFO measure titled *Quality Schools – true needs-based funding for Australia's schools*.

Research Block Grants — growth adjustment

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Education and Training	-	-0.9	-39.2	-77.6	-79.4

The Government will adjust the growth in funding available under the Research Block Grants scheme, achieving savings of \$328.5 million over four years from 2018-19. The Research Block Grants scheme will provide \$1.9 billion in 2019, and will continue to increase on an annual basis reaching \$2.0 billion in 2022.

Savings of \$131.4 million over four years from 2018-19 for this measure have already been provided for by the Government.

The savings from this measure will be redirected by the Government to fund Education portfolio policy priorities.

Appendix A: Policy decisions taken since the 2018-19 Budget

Response to the Review of the Socio-Economic Status Score Methodology

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Education and Training	-	137.2	118.9	418.0	499.2

The Government will provide \$1.2 billion over four years from 2018-19 to implement recommendations of the National School Resourcing Board's *Review of the socio-economic status score methodology*. This will help ensure funding to non-government schools flows to students who need it most. The measure includes:

- \$3.2 billion over 11 years from 2019-20 to introduce, from the 2020 school year, a fairer and more equitable method for calculating Commonwealth funding for non-government schools, which uses parental income to measure a school community's capacity to contribute to their school's costs;
- \$170.8 million over two years from 2018-19 to provide funding certainty for non-government schools for the 2019 school year; and
- \$1.2 billion over 10 years from 2020-21 to establish a new fund to address specific challenges in the non-government school sector, such as supporting schools in drought-affected areas, schools that need help to improve performance, and to enable parental choice in the schooling system.

This measure builds on the 2017-18 MYEFO measure titled *Quality Schools – true needs-based funding for Australia's schools*.

Further information can be found in the joint press release of 20 September 2018 issued by the Prime Minister and the Minister for Education.

School Funding — additional support for students

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Education and Training	-	9.0	4.9	2.9	3.2

The Government will provide an additional \$20.0 million over four years from 2018-19 to support student achievement and school improvement, particularly in disadvantaged communities including those in remote and regional locations. This funding includes:

- \$9.8 million over four years for non-government distance education schools, which provide an alternative for families where mainstream schooling is not appropriate for reasons including students' geographic isolation, health issues or learning difficulties;

Appendix A: Policy decisions taken since the 2018-19 Budget

- \$2.9 million over two years for non-government schools experiencing unforeseen, short-term financial difficulties, including schools that cater for students with disability or other special needs;
- \$2.8 million over two years to extend the *Flexible Literacy for Remote Primary Schools Program* pilot into the 2019 school year, to help improve literacy outcomes by trialling flexible teaching methods; and
- \$0.5 million over two years for Music Australia to continue the music education program *Music Count Us In* in the 2019 school year, while the program transitions to self-sustainability.

The measure also includes an additional \$4.0 million in 2018-19 to help increase public understanding of the changes to school funding arrangements.

This measure builds on the 2018-19 Budget measure titled *Quality Schools – communication campaign* and the 2017-18 MYEFO measures titled *Quality Schools – true needs-based funding for Australia’s schools* and *Flexible Literacy for Remote Primary Schools Program – extension*.

Strengthening Higher Education in Regional Australia — additional support for students and universities

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Education and Training	-	16.9	35.9	40.4	41.7
<i>Related revenue (\$m)</i>					
<i>Department of Education and Training</i>	-	-	0.1

The Government will provide \$134.8 million over four years from 2018-19 to strengthen higher education enrolment in regional Australia by funding additional study places, scholarships and enhanced facilities to increase accessibility.

This measure includes \$92.5 million over four years from 2018-19 to support more students at five regionally focused universities: the University of the Sunshine Coast, James Cook University, the University of Newcastle, Central Queensland University and Federation University Australia.

This measure also includes \$42.3 million over four years from 2018-19 to provide:

- an additional 1,955 scholarships in 2019, valued at up to \$18,000 each, for students undertaking Science, Technology, Engineering, Mathematics, Health and Agriculture tertiary qualifications;
- support for additional Regional Study Hubs across a range of locations to improve access to higher education for students from rural and remote Australia; and

Appendix A: Policy decisions taken since the 2018-19 Budget

- support for the development of a National Regional, Rural and Remote Higher Education Strategy, as part of the Government's response to Professor John Halsey's *Independent Review into Regional, Rural and Remote Education*.

This measure builds on the 2017-18 Budget measures titled *Rural and Regional Enterprise Scholarships – establishment* and *Higher Education Reform – a fairer and student-focused higher education system*.

Further information can be found in the press release of 12 November 2018 issued by the Minister for Education.

Supporting Regional Growth in North-West Tasmania and Caboolture

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of the Treasury	-	3.2	-	-	-
Department of Education and Training	-	1.5	-	-	-
Total — Expense	-	4.7	-	-	-

The Government will provide \$4.7 million in 2018-19 to support growing job demands in regional Tasmania and Caboolture. Funding will include:

- \$3.9 million for the North-West Tasmania Job Ready Generation Package, to ensure the region has the skilled workers it needs to meet growing job demands in regional Tasmania's strengthening economy; and
- \$0.8 million to establish and support a new Advanced Welding Training Centre in Caboolture, Queensland.

VET FEE-HELP Debts — additional student protection

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Office of the Commonwealth Ombudsman	-	3.1	2.6	-	-
Australian Taxation Office	-	1.6	1.0	0.6	-
Department of Education and Training	-	1.3	0.4	-	-
Total — Expense	-	5.9	4.0	0.6	-

The Government will provide \$10.5 million over three years from 2018-19 to implement a new remedy mechanism for students who incurred debts under the VET FEE-HELP loans scheme following inappropriate conduct by VET providers. This remedy builds on students' existing rights under the *Higher Education Support Act 2003* and includes a discretionary power for the Secretary of the Department of Education and Training to re-credit students' HELP balance if their debt was incurred inappropriately.

Appendix A: Policy decisions taken since the 2018-19 Budget

The measure also provides funding for the VET Student Loans Ombudsman and the Australian Taxation Office to support the administration of the remedy. This remedy will sunset to new applicants on 31 December 2020.

This measure builds on the 2018-19 Budget measure titled *VET Student Loans Ombudsman – additional resources*.

VET Student Loans and FEE-HELP — new tuition protection schemes

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Education and Training	-	1.3	8.2	7.4	6.6
<i>Related revenue (\$m)</i>					
<i>Department of Education and Training</i>	-	-	5.9	6.9	7.2

The Government will provide \$23.5 million over four years from 2018-19 to deliver long term tuition assurance services to support students with VET Student Loans (VSL) and non-university higher education FEE-HELP loans. This measure will ensure students are protected from provider or course closures by identifying alternative providers to allow students to continue their study, or offering a refund of tuition fees if there are no replacement providers.

This measure will provide \$10.0 million (including \$2.0 million in 2022-23) in seed funding to ensure that the new arrangements are sustainable, with providers contributing to the schemes from 1 January 2020 through the establishment of a levy on tuition providers.

Funding of \$2.6 million over two years from 2018-19 will also be provided to extend the current interim tuition assurance arrangements by one year to 1 January 2020 to allow for further consultation and sufficient time for the sector to adjust to the new arrangements.

This measure builds on the 2017-18 MYEFO measure titled *Tuition Assurance – interim arrangements for 2018*.

ENVIRONMENT AND ENERGY

Action Plan to Reduce Power Prices

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of the Environment and Energy	-	18.6	6.4	4.6	0.6
Australian Competition and Consumer Commission	-	8.4	11.8	13.8	13.9
Total — Expense	-	26.9	18.2	18.4	14.5
<i>Related capital (\$m)</i>					
<i>Australian Competition and Consumer Commission</i>	-	2.3	-	-	-

The Government will provide \$131.0 million over seven years from 2018-19 (and \$10.1 million per year ongoing from 2025-26) to support measures to improve energy affordability, reliability and sustainability.

This includes funding to:

- enable the Australian Competition and Consumer Commission to hold an inquiry into prices, profit and margins in relation to the supply of electricity in the National Electricity Market;
- establish a default market offer and reference bill to help consumers get better energy deals;
- design and implement the new Underwriting New Generation Investment Program to drive investment in new power generation to increase energy supply, improve competition and affordability in the energy sector;
- provide support to small and medium businesses to get better energy deals and reduce their energy usage;
- support the Energy Security Board to provide whole-of-market oversight for energy reliability, affordability and sustainability;
- implement the Retailer Reliability Obligation to ensure a reliable energy system; and
- continue the national campaign to inform Australians about work being undertaken to deliver more affordable, reliable and sustainable energy and promote options available to consumers to reduce their energy bills.

This measure builds on the 2018-19 Budget measure titled *Powering Forward – delivering more affordable, reliable and sustainable energy*.

Appendix A: Policy decisions taken since the 2018-19 Budget

Further information can be found in the joint press release of 23 October 2018 issued by the Prime Minister, the Treasurer and the Minister for Energy and the press release of 20 August 2018 issued by the former Treasurer and the former Minister for the Environment and Energy.

Australia's Participation in the High Level Panel on Building a Sustainable Ocean Economy

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of the Environment and Energy	-	1.2	1.9	0.9	-

The Government will provide \$4.0 million over three years from 2018-19 to support Australia's participation in the High Level Panel (the Panel) on Building a Sustainable Ocean Economy. Australia's participation on the Panel strengthens our position as a global leader in the management and protection of the marine environment, and supports the implementation of the United Nation's Sustainable Development Goals.

Further information can be found in the press release of 27 June 2018 issued by the former Minister for Foreign Affairs.

CopperString 2.0 Project

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of the Environment and Energy	-	4.7	-	-	-

The Government will provide \$4.7 million in 2018-19 to CuString Pty Ltd to support the development of the CopperString 2.0 project, which is to provide a transmission line between Mt Isa and Hughenden in Queensland. The project aims to connect the North West Minerals Province to the east-coast electricity grid.

Appendix A: Policy decisions taken since the 2018-19 Budget

National Wind Farm Commissioner — extension and expansion

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of the Environment and Energy	-	0.5	0.8	0.8	0.3
Clean Energy Regulator	-	-0.5	-0.8	-0.8	-0.3
Total — Expense	-	-	-	-	-

The Government will provide an additional \$2.3 million over four years from 2018-19 to continue and expand the role of the National Wind Farm Commissioner. The Commissioner's role will now promote information dissemination and resolve complaints regarding both wind farms and large scale solar and energy storage projects.

The cost of this measure will be met from within the existing resources of the Clean Energy Regulator.

This measure builds on the 2015-16 MYEFO measure titled *National Wind Farm Commissioner and Independent Scientific Committee on Wind Turbines – establishment*.

FINANCE

Australian Electoral Commission — candidate nominations

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Electoral Commission	-	1.9	2.5	4.2	0.8
Department of Finance	-	0.2	0.1	0.1	0.1
Total — Expense	-	2.1	2.6	4.3	0.9

The Government will provide \$10.0 million over five years from 2018-19 to the Australian Electoral Commission to deliver improvements to the nomination process for election candidates.

This includes \$1.9 million for processing costs at the next election and investment in an ICT solution to automate lodgement and processing of nominations at subsequent elections, to limit ongoing costs.

The Government will also provide \$0.5 million over four years from 2018-19 to the Department of Finance to undertake an independent governance and assurance review to assist with the successful delivery of the improvements to the nominations process.

Future Drought Fund — establishment

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Finance	-	8.9	18.3	19.0	19.4
Department of Agriculture and Water Resources	-	1.6	1.8	101.6	101.6
Total — Expense	-	10.4	20.1	120.5	120.9
<i>Related revenue (\$m)</i>					
<i>Department of Finance</i>	-	66.9	157.4	173.0	185.5

The Government will establish the Future Drought Fund (the Fund) to fund initiatives that enhance drought resilience, preparedness and response across Australia.

The balance of \$3.9 billion in uncommitted funds from the Building Australia Fund will be transferred to the Fund on establishment and will be invested by the Future Fund Board of Guardians. The invested funds are expected to grow to \$5 billion over the next 10 years.

Net interest earnings on the Fund capital will be available for drawdown from 2020-21. The earnings will fund \$100 million a year in the form of grants or arrangements, to support research, development and innovation, deliver infrastructure projects, promote the adoption of technology and support improved environmental and natural resource management to encourage sustainable agricultural practices.

Appendix A: Policy decisions taken since the 2018-19 Budget

Decisions on grants and arrangements will be informed by advice from the Regional Investment Corporation Board.

An investment mandate for the Fund will be issued by the Treasurer and the Minister for Finance and the Public Service, following consultation with the Future Fund Board of Guardians. The financial implications of this measure will be finalised following the settlement of the investment mandate.

The Government will provide \$8.0 million over four years from 2018-19 to the Department of Agriculture and Water Resources and the Department of Finance to establish and deliver the Fund.

Further information can be found in the joint press release of 26 October 2018 issued by the Prime Minister, the Deputy Prime Minister, the Minister for Agriculture and Water Resources, the Minister for Regional Services, Sport, Local Government and Decentralisation and the Minister for Health.

Small Business Package — finance and cash flow

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Jobs and Small Business	-	0.5	-	-	-
Attorney-General's Department	-	0.4	0.3	-	-
Australian Securities and Investments Commission	-	-	-	-	-
Department of Finance	-	-	-	-	-
Total — Expense	-	0.9	0.3	-	-

The Government will provide \$1.2 million over two years from 2018-19 to support the Small Business Package, including funding to:

- implement a dedicated statutory conditional exemption for employee share schemes (ESS) to provide businesses with greater opportunities to provide ESS incentives to their employees;
- develop requirements for the online publication of large business payment times to support small business to negotiate fair payment terms;
- develop a plan to introduce five-day payment terms between Government agencies and small business suppliers where e-invoicing is in place;
- improve the legislative provisions underpinning the operation of the Personal Property Securities Register; and
- seek agreement from the states and territories to match the Commonwealth's decision to reduce payment times.

FOREIGN AFFAIRS AND TRADE

Protecting Australia's Diplomatic Network — critical security enhancements

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Foreign Affairs and Trade	-	-0.1	-51.4	7.9	7.2
<i>Related revenue (\$m)</i>					
<i>Department of Foreign Affairs and Trade</i>	-	10.0	16.3	32.8	33.2
<i>Related capital (\$m)</i>					
<i>Department of Foreign Affairs and Trade</i>	-	24.1	-5.8	52.8	62.1

The Government will provide \$288.3 million over four years from 2018-19 to strengthen the security infrastructure of Australia's overseas diplomatic network, including to undertake critical upgrades and enhancements, and to facilitate the relocation and reestablishment of some diplomatic missions.

The cost of this measure will be funded through a re-prioritisation of resources previously allocated to the Department of Foreign Affairs and Trade.

HEALTH

Australian Government Support for the 2021 Women's Rugby World Cup

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Health	-	-	-	-	-

The Government provided \$0.3 million in 2017-18 to Rugby Australia to support its bid to host the 2021 Women's Rugby World Cup.

The cost of this measure was met from within existing resources.

Changes to the National Diabetes Services Scheme and the Continuous Glucose Monitoring Program

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Health	-	6.6	-0.9	1.1	15.2
<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 introduce a number of changes to help people manage their diabetes by reducing out-of-pocket costs for patients purchasing products available through the National Diabetes Services Scheme (NDSS) and expanding the Continuous Glucose Monitoring (CGM) program.

The Government will provide \$243.5 million over four years from 2018-19 (and \$84.1 million per year ongoing) to enable these changes and support people with diabetes.

From 1 January 2019, the CGM program will form part of the NDSS and from 1 March 2019 eligibility for the CGM program will be expanded to include:

- women with type 1 diabetes who are pregnant, breastfeeding or actively planning pregnancy;
- people with type 1 diabetes aged 21 years or older who have concessional status, and who have a high clinical need such as experiencing recurrent severe hypoglycaemic events; and
- children and young people with conditions similar to type 1 diabetes who require insulin.

A new flash glucose monitoring system product will also be listed through the CGM from 1 March 2019 to provide patients with more choice in how they manage their diabetes through the CGM program.

From 1 December 2018, as a result of successful tendering arrangements with suppliers, patients will have access to cheaper products on the NDSS such as blood glucose test strips, urine test strips and insulin delivery devices, which will also reduce Government

Appendix A: Policy decisions taken since the 2018-19 Budget

expenditure and increase revenue. These savings will fund costs associated with the changes to the NDSS and CGM program.

The revenue for this measure is not for publication (nfp) due to commercial-in-confidence sensitivities.

Further information can be found in the press releases of 9 November 2018 and 25 November 2018 issued by the Minister for Health.

Community Health and Hospitals Program

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Health	-	250.0	250.0	350.0	400.0

The Government will provide \$1.3 billion over four years from 2018-19 to establish the *Community Health and Hospitals Program* (the Program). The Program will fund projects and services in every state and territory, supporting patient care while reducing pressure on community and hospital services.

Under the Program, the Government will partner with communities, States and Territories, health and hospital services and research institutions to provide additional funding in four key areas:

- specialist hospital services such as cancer treatment, rural health and hospital infrastructure;
- drug and alcohol treatment;
- preventive, primary and chronic disease management; and
- mental health.

Further information can be found in the press release of 12 December 2018 issued by the Minister for Health.

Drug and Alcohol Support Services

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Health	-	-	-	-	-

The Government will provide \$11.1 million over five years from 2017-18 to the *Lives Lived Well* organisation for drug and alcohol support services in Brisbane's north.

The cost of this measure will be met from within the existing resources of the Department of Health.

Appendix A: Policy decisions taken since the 2018-19 Budget

Further information can be found in the press release of 13 June 2018 issued by the Minister for Health.

Fetal Alcohol Spectrum Disorder — strategic action plan

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Health	-	0.6	2.4	2.4	2.0

The Government will provide \$8.0 million over five years from 2018-19 (including \$0.6 million in 2022-23) to support the implementation of activities that align with priority areas under the *National Fetal Alcohol Spectrum Disorder Strategic Action Plan 2018-2028*.

Further information can be found in the press release of 21 November 2018 issued by the Minister for Health and the Minister for Indigenous Health, Senior Australians and Aged Care.

Guaranteeing Medicare — expansion of Medicare eligibility for magnetic resonance imaging

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Health	-	23.8	50.3	50.4	50.4
Department of Veterans' Affairs	-	0.2	0.4	0.3	0.3
Department of Human Services	-	..	0.1	0.1	0.1
Total — Expense	-	24.0	50.8	50.8	50.8

The Government will provide \$176.4 million over four years from 2018-19 to provide licences for an additional 30 magnetic resonance imaging (MRI) machines that can provide scans subsidised under Medicare. An MRI scan provides a detailed view of the soft tissues of the body such as muscles, ligaments, brain tissue, discs and blood vessels that assists doctors to diagnose and monitor medical conditions.

Further information can be found in the press release of 23 September 2018 issued by the Minister for Health.

Guaranteeing Medicare — strengthening primary care

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Health	-	12.2	92.4	107.1	115.7
Department of Human Services	-	3.1	5.6	1.3	0.6
Department of Veterans' Affairs	-	0.2	0.7	0.7	0.8
Total — Expense	-	15.4	98.7	109.1	117.1
<i>Related capital (\$m)</i>					
Department of Human Services	-	2.2	0.7	-	-

The Government will invest in primary care, including new models of care and enhancing services provided through Medicare and mental health support. The Government will:

- provide \$98.0 million over four years from 2018-19 to increase the Medicare Benefits Schedule (MBS) fees for General Practitioners (GPs) attending a residential aged care facility to help ensure that GPs have appropriate incentives to provide care in aged care facilities;
- provide \$146.5 million over two years from 2019-20 to continue support for Primary Health Networks to provide locally tailored after-hours health services based on community need;
- provide \$33.5 million over three years from 2019-20 to provide telehealth for general consultations for people living in rural and remote areas (Modified Monash Model area 6-7) from 1 November 2019;
- refine and extend the Health Care Homes trial of funding arrangements to support patients with chronic and complex conditions for a further two years until 30 June 2021 and a new wound management trial from 1 December 2019 to 30 June 2022 to test models of care for chronic wound management;
- provide \$13.4 million over four years from 2018-19 to maintain for another year the current MBS rebate for urgent after-hours services paid to non-vocationally registered medical practitioners working in metropolitan settings until 1 January 2020, and to retain the current rebate in regional areas (classified in Modified Monash Model area 2);
- improve medical and professional indemnity arrangements, including improved administration, simplifying eligibility and claims requirements for the Midwife Professional Indemnity Scheme, and for eligible privately practising health practitioners;

Appendix A: Policy decisions taken since the 2018-19 Budget

- provide \$26.9 million over four years from 2018-19 for mental health and well-being support for farmers in hardship including by telehealth in drought-affected communities;
- provide \$110.7 million over four years from 2018-19 by making amendments to the MBS to add new items for the treatment and management of patients with severe eating disorders, from 1 November 2019;
- provide \$58.9 million over four years from 2018-19 for new and amended MBS and Veterans' Benefits items based on recommendations from the independent Medical Services Advisory Committee, to commence from 1 May 2019 including:
 - new items for imaging of the liver for patients with known colorectal carcinoma or known or suspected hepatocellular carcinoma;
 - a new diagnostic item for the mobile provision of limited skeletal, chest and skeletal x-rays to patients within residential aged care facilities;
 - new items for genetic testing for the diagnosis of Alport syndrome;
 - a new item for obstetric magnetic resonance imaging for pregnant women to allow investigation and diagnosis when fetal central nervous system abnormality is suspected;
 - new items for the diagnosis, treatment and management of non-muscle invasive bladder cancer; and
 - a new item for the retrieval and review of archival tissue by pathologists;
- provide \$17.5 million over four years from 2018-19 to improve outcomes for Australians living with chronic disease;
- provide \$5.8 million over four years from 2018-19 for a Neurological Nurse Specialist Pilot to improve access to specialised nursing care in the community for people living with neurological conditions, including movement disorders such as Parkinson's disease; and
- provide \$1.0 million over two years from 2018-19 to develop a National Mental Health Workforce Strategy, which will provide options to attract, train and retain mental health workers to support the provision of mental health services across Australia.

Improving Access to Medicines — Life Saving Drugs Program — new listing

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Health	-	-	-	-	-

The Government has listed migalastat (Galafold®) on the *Life Saving Drugs Program* from 1 November 2018. This listing will provide treatment for Australian patients aged 16 years and over who have the genetic condition Fabry disease.

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

Further information can be found in the press release of 1 November 2018 issued by the Minister for Health.

Improving Access to Medicines — National Immunisation Program — new listings

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Health	-	-	-	-	-
Department of the Treasury	-	-	-	-	-
Total — Expense	-	-	-	-	-

The Government will provide \$51.8 million over four years from 2018-19 (and \$10.7 million per year ongoing) to list the following vaccines through the *National Immunisation Program* from 1 April 2019:

- Nimenrix® protecting against meningococcal strains A, C, W and Y to be delivered as a school-based vaccination program for students in year 10 and as a community-based catch-up program for teenagers between 15 and 19 years of age; and
- Fluarix Tetra®, FluQuadri® and Afluria Quad® for Indigenous children and people aged between 3 and 14 years of age for seasonal influenza vaccines.

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

Further information can be found in the press release of 25 September 2018 issued by the Minister for Health.

Appendix A: Policy decisions taken since the 2018-19 Budget

Improving Access to Medicines — Pharmaceutical Benefits Scheme — compensation cases

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Health	-	nfp	-	-	-

The Government will continue to litigate to seek compensation for losses incurred by the Government as a result of pharmaceutical companies taking action to delay the listings of generic forms of medicines on the Pharmaceutical Benefits Scheme.

The financial implications of this measure are not for publication (nfp) due to legal sensitivities.

Improving Access to Medicines — Pharmaceutical Benefits Scheme — new and amended listings

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Health	-	342.9	112.8	-	-
Department of Veterans' Affairs	-	-	-	-	-
Department of Human Services	-	-	-	-	-
Total — Expense	-	342.9	112.8	-	-
<i>Related revenue (\$m)</i>					
<i>Department of Health</i>	-	nfp	nfp	nfp	nfp

The Government will provide \$1.4 billion over four years from 2018-19 for a number of new and amended listings on the Pharmaceutical Benefits Scheme (PBS) and the Repatriation Pharmaceutical Benefits Scheme.

New and amended listings since the 2018-19 Budget include:

- Nivolumab (Opdivo®) from 1 August 2018 for the treatment of recurrent or metastatic squamous cell carcinoma of the oral cavity, pharynx or larynx;
- Lumacaftor with ivacaftor (Orkambi®) from 1 October 2018 for the treatment of cystic fibrosis;
- Evolocumab (Repatha®) from 1 November 2018 for the treatment of familial hypercholesterolaemia;
- Pembrolizumab (Keytruda®) from 1 November 2018 for the treatment of metastatic, previously untreated non-small cell lung cancer; and
- Golimumab (Simponi®) from 1 December 2018 for the treatment of active non-radiographic axial spondyloarthritis.

The cost of some of these medicines will be reduced by revenue from rebates negotiated as part of purchase agreements. Details of this revenue is not for publication (nfp) due to commercial sensitivities.

Appendix A: Policy decisions taken since the 2018-19 Budget

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

Further information can be found on the PBS website (www.pbs.gov.au).

Improving Access to Medicines — Pharmaceutical Benefits Scheme Payment Arrangements — implementation funding

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Health	-	-	-	-	-
Department of Human Services	-	-	-	-	-
Total — Expense	-	-	-	-	-
<i>Related capital (\$m)</i>					
<i>Department of Human Services</i>	-	-	-	-	-

The Government will provide \$61.7 million over four years from 2018-19 for the Pharmaceutical Benefits Scheme (PBS) revised payment arrangements commencing on 1 July 2019.

Funding of \$27.1 million over four years from 2018-19 will be provided to the Department of Health to implement necessary administrative processes, and continue to work with industry on the detailed design of the new payment arrangements commencing on 1 July 2019.

Funding of \$34.6 million over four years from 2018-19 (with \$4.2 million per year ongoing) will be provided to the Department of Human Services to transition business processes to align with the new payment arrangements.

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

Improving Access to Medicines — streamlined listings

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Health	-	0.8	10.0	14.8	14.8
<i>Related revenue (\$m)</i>					
<i>Department of Health</i>	-	0.8	10.7	16.0	16.5
<i>Related capital (\$m)</i>					
<i>Department of Health</i>	-	4.5	3.4	2.1	2.2

The Government will provide \$63.9 million over four years from 2018-19 to streamline the listing of Pharmaceutical Benefits Scheme and *National Immunisation Program* and amend cost recovery arrangements.

The costs for this measure will be partially met from within the existing resources of the Department of Health.

Appendix A: Policy decisions taken since the 2018-19 Budget

Improving Confidence in the Strawberry Supply Chain

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Health	-	0.4	-	-	-
Food Standards Australia New Zealand	-	0.3	-	-	-
Department of Agriculture and Water Resources	-	-	-	-	-
Total — Expense	-	0.6	-	-	-

The Government will provide \$1.0 million in 2018-19 to develop initiatives to improve security and confidence in the strawberry supply chain, including:

- improved information to consumers;
- a review of high risk horticultural products by Food Standards Australia New Zealand;
- contributions to state investigations into the tampering of horticultural products; and
- the Department of Agriculture and Water Resources to work with industry to regain and retain market share in key export markets.

The cost of this measure will be partially met from the existing resources of the Department of Agriculture and Water Resources.

Further information can be found in the press release of 22 November 2018 issued by the Minister for Regional Services, Sport, Local Government and Decentralisation.

Investing in Health and Medical Research — Australian Genomic Cancer Medicine Program

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Health	-	10.0	10.0	10.0	10.0

The Government will provide \$50.0 million over five years from 2018-19 (including \$10.0 million in 2022-23) to enable the establishment of eight centres of excellence across Australia to deliver genomics-based clinical trials to around 5,000 Australians affected by rare, less common and early onset cancers.

Further information can be found in the press release of 18 July 2018 issued by the Minister for Health.

Appendix A: Policy decisions taken since the 2018-19 Budget

Medicinal Cannabis Scheme

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Health	-	1.8	2.5	-	-
<i>Related revenue (\$m)</i>					
<i>Department of Health</i>	-	2.3	2.5	-	-

The Government will provide an additional \$4.4 million over two years from 2018-19 for license assessment and compliance activities to administer the Medicinal Cannabis Scheme, and amend cost recovery arrangements.

National Partnership Agreement on Public Dental Services for Adults — one year extension

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of the Treasury	-	-	107.8	-	-
Department of Health	-	-	-	-	-
Total — Expense	-	-	107.8	-	-

The Government will provide \$107.8 million in 2019-20 to extend the existing National Partnership Agreement on Public Dental Services for Adults to 30 June 2020.

Prioritising Mental Health — headspace satellite sites in regional Australia — additional funding

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Health	-	1.3	1.2	1.2	1.2

The Government will provide an additional \$6.1 million over five years from 2018-19 (including \$1.2 million in 2022-23) to establish *headspace* satellite sites in Mount Barker and Victor Harbor in South Australia, and Margaret River in Western Australia. The satellite sites will provide increased access to youth mental health services in these areas where services are currently harder to access.

Prioritising Mental Health — headspace sustainability

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Health	-	8.2	10.3	10.3	10.3

The Government will provide \$51.8 million over four years from 2018-19 for Primary Health Networks to commission increased youth mental health services from the *headspace* network and for *headspace* National to continue to administer *headspace*. This measure responds to the growing demand for services.

The costs for this measure will be partially met from within the existing resources of the Department of Health.

Appendix A: Policy decisions taken since the 2018-19 Budget

Further information can be found in the press release of 14 October 2018 issued by the Prime Minister and the Minister for Health.

Sport 2030 — Australian Institute of Sport — development of a detailed business case

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Sports Commission	-	2.0	-	-	-

The Government will provide \$2.0 million in 2018-19 to fund the development of a detailed business case on options for the future of the Australian Institute of Sport site.

Sport 2030 — Community Sport Infrastructure Program — additional funding

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Sports Commission	-	30.3	-	-	-

The Government will provide an additional \$30.3 million in 2018-19 to expand the *Community Sport Infrastructure Program* to provide a greater number of grants for community sporting facilities.

This measure builds on the 2018-19 Budget measure titled *Sport – building a more active Australia*.

Sport 2030 — high performance funding

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Sports Commission	-	-	-	-	-

The Government will provide an additional \$50.7 million over four years from 2018-19 to support athletes preparing for the 2020 Tokyo Olympics and Paralympics. This includes:

- \$50.4 million over two years from 2018-19 for high performance grants to National Sporting Organisations and payments to athletes through the Direct Athlete Support Scheme; and
- \$0.3 million over four years from 2018-19 (and \$0.1 million per year ongoing) for eligible Disability Support Pension Paralympic athletes to ensure they continue to receive payments while training for events overseas.

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

Further information can be found in the press release of 24 October 2018 issued by the Minister for Regional Services, Sport, Local Government and Decentralisation.

Stoma Appliance Scheme — new listings

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Health	-	0.1	0.1

The Government will provide \$0.2 million over four years from 2018-19 (and \$0.1 million per year ongoing) to list five new items on the Stoma Appliance Scheme, as recommended by the Stoma Product Assessment Panel. Items include new devices for children and a stomal dilator for adults. The Government will also implement recommendations from the Stoma Product Assessment Panel to amend prices and pack sizes of 12 current items, and to delete one item from the Stoma Appliance Scheme.

Strengthening Aged Care — improved access and compliance

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of the Treasury	-	6.7	3.5	4.6	4.0
Australian Aged Care Quality Agency	-	0.8	-	-	-
Department of Veterans' Affairs	-	..	0.2	0.5	0.4
Australian Aged Care Quality and Safety Commission	-	-	3.3	4.3	4.2
Department of Human Services	-	-0.2	-0.2	-0.2	-0.2
Department of Health	-	-3.6	5.9	9.4	-0.6
Total — Expense	-	3.7	12.7	18.5	7.8

The Government will provide \$81.7 million over four years from 2018-19 to support older Australians through better quality of services, improved regulatory arrangements for aged care service providers, and new workforce arrangements for people employed in aged care, including:

- \$39.3 million over four years from 2018-19 to create an additional 300 Transition Care Places in Western Australia by 2020-21, to support up to 1,300 older people each year to return to their homes after a hospital stay;
- \$30.5 million in 2018-19 to introduce an accommodation management payment in the Continuity of Support program;
- \$15.6 million over four years from 2018-19 to the Department of Health, the Australian Aged Care Quality Agency and the Aged Care Quality and Safety Commission to improve regulatory arrangements and the quality of aged care services for people receiving Commonwealth-funded home care and residential aged care, including expanded audit and compliance processes;
- \$4.0 million in capital funding in 2018-19 to contribute to the expansion of facilities at Clare Holland House in Canberra to improve the provision of palliative care services;

Appendix A: Policy decisions taken since the 2018-19 Budget

- \$3.9 million over three years from 2018-19 to contribute to the expansion of the Strathalbyn Aged Care Facility to increase aged care services by an additional 12 beds; and
- \$0.6 million in 2018-19 to support implementation with aged care providers of workforce improvements recommended in the Aged Care Workforce Taskforce report, *A matter of care – Australia’s aged care workforce strategy*.

The cost of this measure will be partially met from within the existing resources of the Department of Health.

Strengthening Aged Care — more places, lower fees, better access

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Health	-	98.5	236.2	57.6	54.2
Department of Human Services	-	3.3	0.4	-	-
Department of Veterans' Affairs	-	0.4	1.4	1.4	1.3
Total — Expense	-	102.3	238.0	59.0	55.5

The Government will provide \$454.9 million over four years from 2018-19 to support older Australians with improvements to residential and home care arrangements, including:

- \$287.3 million over three years from 2018-19 for 5,000 level 3 and 5,000 level 4 home care packages;
- \$56.4 million over four years from 2018-19 to assist people in home care by reducing the maximum basic daily fee that service providers can charge; and
- \$111.2 million over four years from 2018-19 to increase the residential care viability and homeless supplements by 30 per cent to support people in residential aged care in regional, rural and remote areas of Australia and those at risk of homelessness.

Stronger Rural Health — Royal Flying Doctor Service — additional support

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Health	-	4.5	-	-	-

The Government has provided \$4.5 million in 2018-19 to the Royal Flying Doctor Service (RFDS) to contribute to the purchase of new PC-24 aircraft. This funding will assist the RFDS to continue to provide healthcare services to rural and remote Australians.

Appendix A: Policy decisions taken since the 2018-19 Budget

Further information can be found in the joint press release of 14 October 2018 issued by the Minister for Finance and the Public Service and the Minister for Regional Services, Sport, Local Government and Decentralisation.

Support for Stillbirth Research and Education

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Health	-	1.5	1.5	-	-

The Government will provide \$6.0 million over three years from 2018-19 for medical research and education programs, including:

- \$3.0 million for education and awareness programs; and
- \$3.0 million for stillbirth research through the Medical Research Future Fund.

The Government will also provide \$1.2 million to the University of Melbourne to minimise preventable stillbirth, with this funding already provisioned in the forward estimates.

Further information can be found in the press release of 5 December 2018 issued by the Minister for Health.

Supporting Our Hospitals — National Critical Care and Trauma Response Centre

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of the Treasury	-	-	-	-	-

The Government will provide \$67.6 million over four years from 2019-20 to the Northern Territory Government to continue the operation of the National Critical Care and Trauma Response Centre (NCCTRC) at the Royal Darwin Hospital.

The NCCTRC enables the deployment of medical personnel to major incidents in Australia and the region through the provision of training and medical equipment.

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

Western Australian Children's Health Telethon

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Health	-	-	-	-	-

The Government has provided \$2.0 million in 2018-19 to the Channel 7 Telethon Trust (the Trust) to support children's health in Western Australia. The Trust provides financial assistance to charitable organisations, children's hospitals and funds for research into children's diseases.

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

HOME AFFAIRS

Assistance to Papua New Guinea for Hosting APEC 2018 — additional funding

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Federal Police	-	-	-	-	-
Department of the Prime Minister and Cabinet	-	-	-	-	-
Total — Expense	-	-	-	-	-

The Government has provided an additional \$5.2 million in 2018-19 to deliver assistance to Papua New Guinea for its hosting of APEC 2018. Funding comprised:

- \$3.2 million for the Australian Federal Police to procure training in the use of force and firearms for the Royal Papua New Guinea Constabulary; and
- \$2.0 million to provide support to Heads of State and Heads of Delegation staying in Australia during APEC 2018.

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

This measure builds on the 2018-19 Budget measure titled *Assistance to Papua New Guinea for hosting APEC 2018*.

Attracting Skilled Migrants to Regional Areas

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Home Affairs	-	7.2	4.8	3.3	3.3
<i>Related capital (\$m)</i>					
<i>Department of Home Affairs</i>	-	0.9	-	-	-

The Government will provide \$19.4 million over four years from 2018-19 (including \$0.9 million in capital funding in 2018-19) to introduce initiatives to increase the attractiveness of regional areas to prospective skilled migrants, including:

- expanding the use of Designated Area Migration Agreements;
- supporting enhanced visa processing for regional areas; and
- establishing a Regional Migration Hub to undertake outreach activities to support regional employers to access skilled migrant workers.

Through these initiatives, the Government will increase the flow of skilled migrants to regional areas, enhancing economic development in those areas.

Appendix A: Policy decisions taken since the 2018-19 Budget

Commonwealth Illicit Drugs Joint Agency Taskforce — establishment

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Health	-	-	-	-	-
Department of Home Affairs	-	-	-	-	-
Total — Expense	-	-	-	-	-

The Government will establish a Commonwealth Illicit Drugs Joint Agency Taskforce to enable a more coordinated approach across the Commonwealth to reduce supply, demand and harm related to illicit drugs, and to enhance reporting and communication across Government and to the public.

The cost of this measure will be met from within the existing resources of the Department of Home Affairs, the Department of Health and other participating departments.

Confiscated Assets Account

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Criminal Intelligence Commission	-	-	-	-	-
Australian Federal Police	-	-	-	-	-
Australian Institute of Criminology	-	-	-	-	-
Australian Transaction Reports and Analysis Centre	-	-	-	-	-
Department of Foreign Affairs and Trade	-	-	-	-	-
Department of Home Affairs	-	-	-	-	-
Total — Expense	-	-	-	-	-

The Government will provide \$24.8 million over four years from 2018-19 from the Confiscated Assets Account under the *Proceeds of Crime Act 2002* to fund crime prevention and law enforcement initiatives.

Global Talent Initiative

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Home Affairs	-	2.2	6.4	4.3	-

The Government will provide \$12.9 million over three years from 2018-19 to deliver the Global Talent Initiative (GTI) to attract skilled migrants to Australia. The GTI will allocate up to 5,000 places drawn from the non-nominated and non-sponsored skilled cohort of the annual migration program.

Appendix A: Policy decisions taken since the 2018-19 Budget

As part of the GTI, the Government will promote Australia to skilled individuals in key overseas locations, including the United States of America, India, Europe and Singapore, and will consult broadly to determine Australia's specific skills and talent needs. Priority visa processing arrangements will also be provided for individuals who have science, technology, engineering or mathematics qualifications.

This initiative builds on the existing Global Talent Scheme pilot, the Business Innovation and Investment program, and the Distinguished Talent program.

Immigration Reform — continued changes to visa service arrangements

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Home Affairs	-	49.6	-	-	-
<i>Related capital (\$m)</i>					
<i>Department of Home Affairs</i>	-	22.6	-	-	-

The Government will provide an additional \$72.3 million in 2018-19 (including \$22.6 million in capital funding) for the successful design and initial procurement of next generation systems and services to achieve the best value for money outcome.

The funding will allow the Government to progress the design and delivery of next generation visa processing systems by a market-based service provider. The Department of Home Affairs will continue to maintain responsibility for all visa decisions, and these systems will enable the department to efficiently manage growing volumes of visa applications.

The systems will improve visa decision making by departmental staff, and allow for the better identification and management of risks in the visa caseload. A centralised identity management platform will improve information sharing capability between government agencies, and build on previously funded Visa Risk Assessment capability.

This measure builds on the 2017-18 Budget measure titled *Immigration Reform – changes to Australia's visa processing arrangements* and the 2018-19 Budget measure titled *Home Affairs ICT Systems – upgrade*.

Issuing Body Reform for the Aviation and Maritime Security Identification Card Schemes

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Home Affairs	-	0.7	5.3	4.4	..
<i>Related revenue (\$m)</i>					
<i>Department of Home Affairs</i>	-	-	2.2	4.0	4.1

The Government will provide \$10.3 million over four years from 2018-19 to reform the current Aviation and Maritime Security Identification Card schemes to improve the schemes' integrity and provide better efficiency and security outcomes.

Preparing Australia Package

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Home Affairs	-	-	-	-	-
Department of the Treasury	-	-	-	-	-
Total — Expense	-	-	-	-	-

The Government will provide \$26.1 million in 2018-19 for targeted investments in critical national capabilities to enhance Australia's natural disaster preparedness. The Preparing Australia Package includes:

- an urgent upgrade to the existing Emergency Alert System;
- the development of a new National Fire Danger Ratings System;
- an expansion of the National Public Safety Mobile Broadband trial;
- the establishment of a Prepared Communities Fund to improve community resilience in the face of natural disasters;
- a grant to the National Aerial Firefighting Centre; and
- the development of a new Emergency Alert System.

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

Safer Communities Fund

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Home Affairs	-	9.6	10.3	9.5	-
Department of Industry, Innovation and Science	-	1.0	0.8	0.7	-
Department of the Treasury	-	-11.4	-5.7	-	-
Total — Expense	-	-0.8	5.4	10.2	-

The Government will provide \$31.9 million over three years from 2018-19 to fund Round Four of the *Safer Communities Fund* (SCF). The SCF will provide grant funding to local government and community organisations to fund crime prevention initiatives to keep children safe, including those who face a risk of attack, harassment or violence stemming from racial or religious intolerance. The SCF will be delivered through the Government's Business Grants Hub.

INDUSTRY, INNOVATION AND SCIENCE

Bait Prawn Industry Irradiation Support

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Industry, Innovation and Science	-	0.8	2.1	2.1	-

The Government will provide \$5.0 million over three years from 2018-19 to assist the Queensland bait industry manage the risk of the spread of the white spot syndrome virus.

Industry 4.0 Testlabs for Australia — expansion

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Industry, Innovation and Science	-	-	-	-	-

The Government will provide an additional \$1.0 million in 2018-19 to establish a new Industry 4.0 Testlab with a Tasmanian educational institution.

Provision for this funding has already been included in the forward estimates.

This measure builds on the 2017-18 MYEFO measure titled *Industry 4.0 Testlabs for Australia – establishment*.

Locate the Australian Space Agency in Adelaide

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Industry, Innovation and Science	-	nfp	nfp	nfp	nfp

The Government will establish the headquarters of the Australian Space Agency in Adelaide, South Australia. Establishing the agency in Adelaide leverages the South Australian Government multi-million dollar redevelopment of the Royal Adelaide Hospital (Lot 14).

The expenditure for this measure is not for publication (nfp) due to commercial sensitivities associated with negotiations with the South Australian Government.

This measure builds on the 2018-19 Budget measure titled *Australian Technology and Science Growth Plan – growing the Australian space industry*.

Further information can be found in the joint press release of 12 December 2018 issued by the Prime Minister, the Minister for Industry, Science and Technology, and the Minister for Cities, Urban Infrastructure and Population.

National Radioactive Waste Management Facility — additional funding

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Industry, Innovation and Science	-	-	15.0	-	-
<i>Related revenue (\$m)</i>					
<i>Department of Industry, Innovation and Science</i>	-	15.0	-	-	-

The Government will provide an additional \$15.0 million in 2019-20 to support the national radioactive waste management taskforce to complete the detailed business case for a national facility to address Australia’s radioactive waste management requirements.

This Government has also provided funding to acquire land for the proposed facility, and to compensate persons with rights and interests in the land.

This expenditure is not for publication (nfp) due to commercial-in-confidence and legal sensitivities.

This measure will be offset by redirecting uncommitted funding from the *National Low Emissions Coal Initiative*.

This measure extends the 2018-19 Budget measure titled *National Radioactive Waste Management Facility – funding to complete detailed business case*.

National Radioactive Waste Management Facility — community development package

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Industry, Innovation and Science	-	2.6	2.4	2.4	2.4

The Government will provide \$30.1 million over six years from 2018-19 (including \$0.3 million in 2022-23 and \$20.0 million in 2023-24) for a community development package to support the community selected as the site for the proposed National Radioactive Waste Management Facility (the Facility).

The package will include:

- \$10.1 million for a Community Skills and Development Program, delivering grants over the four year Facility licensing and construction period, to maximise the community benefits from the construction and operation of the Facility; and
- \$20.0 million for a repurposed Community Fund, established under the *National Radioactive Waste Management Act 2012*, to deliver long term infrastructure and development benefits to the community.

Appendix A: Policy decisions taken since the 2018-19 Budget

Further information can be found in the press release of 23 July 2018 issued by the Minister for Resources and Northern Australia.

PSMA Australia Limited — concessional loan for enhanced national spatial data infrastructure

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Industry, Innovation and Science	-	0.5	0.6	-	-
<i>Related revenue (\$m)</i>					
<i>Department of Industry, Innovation and Science</i>	-	0.1	0.5	0.7	0.7

The Government will provide a concessional loan of \$10.5 million over two years from 2018-19 to PSMA Australia Limited – a public company jointly owned by the Commonwealth and all eight state and territory governments – to enhance its delivery of national spatial data infrastructure. This will support Australian businesses, especially those in growth sectors such as mining, agriculture and aviation. It will also assist our front line emergency services, particularly during emergency responses and natural disasters.

The cost of this measure will be met through the revenue generated from interest and repayments on this concessional loan.

Small Business Package — opportunities to grow

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Finance	-	-	-	-	-
Department of Industry, Innovation and Science	-	-	-	-	-
Total — Expense	-	-	-	-	-

The Government will provide \$1.4 million over two years from 2018-19 to provide targeted opportunities to help small business grow. The measure includes:

- augmenting current government commitments to procure goods and services from small and medium enterprises (SME) through a focussed 35 per cent target for SME participation in contracts valued up to \$20 million, to augment the existing across the board target of 10 per cent procurement by value from SMEs;
- reviewing the eligibility criteria and program design features of business programs to identify how access and participation for small businesses can be improved further; and
- developing an Automotive Industry Code of Conduct to support appropriate commercial dealing and competition in the new car retail supply chain for the benefit of both small businesses and consumers.

Appendix A: Policy decisions taken since the 2018-19 Budget

The cost of this measure will be met from within the existing resources of the Department of Industry, Innovation and Science.

This measure forms part of the *Small Businesses Package*.

Thermochemical Conversion Technology facility — trial

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Industry, Innovation and Science	-	5.0	-	-	-

The Government will provide up to \$5.0 million in 2018-19 to develop a business case and commence preparatory work to help construct a Thermochemical Conversion Technology facility to explore alternative methods for asbestos waste remediation.

INFRASTRUCTURE, REGIONAL DEVELOPMENT AND CITIES

Civil Aviation Safety Authority — future funding arrangements

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Civil Aviation Safety Authority	-	-	5.3	-	-

The Government will provide \$5.3 million in 2019-20 to support the Civil Aviation Safety Authority to meet increased demand for aviation safety regulatory activities.

Community Development Grants Programme — additional projects

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Infrastructure, Regional Development and Cities	-	2.2	5.5	8.1	17.0

The Government will provide an additional \$177.7 million over five years from 2018-19 to the *Community Development Grants Programme* for 68 infrastructure projects that support local communities across Australia.

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

This measure extends the 2017-18 MYEFO measure titled *Community Development Grants Programme – additional projects*.

Darwin City Deal

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Commonwealth Scientific and Industrial Research Organisation	-	-	-	-	-
Department of Infrastructure, Regional Development and Cities	-	-	-	-	-
Department of the Treasury	-	-	-	-	-
Total — Expense	-	-	-	-	-

The Government will provide \$100.0 million over nine years from 2019-20 to support infrastructure projects under the Darwin City Deal, including:

- \$97.3 million towards an education and civic precinct in Darwin's city centre; and
- \$2.7 million to support the establishment of an Urban Living Lab, led by the Commonwealth Scientific and Industrial Research Organisation to develop, test and monitor tropical urban design to improve Darwin's liveability.

Appendix A: Policy decisions taken since the 2018-19 Budget

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

Further information can be found in the joint press release of 16 November 2018 issued by the Prime Minister and the Minister for Cities, Urban Infrastructure and Population.

Geelong City Deal

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Infrastructure, Regional Development and Cities	-	-	-	-	-
Department of the Treasury	-	-	-	-	-
Total — Expense	-	-	-	-	-

The Government will provide \$153.8 million over seven years from 2018-19 to support projects under the Geelong City Deal, including:

- \$58.2 million for the Shipwreck Coast Master Plan to upgrade tourist infrastructure at the Twelve Apostles, Glenample Precinct and Gibson Steps;
- \$27.5 million for Great Ocean Road projects including \$8.0 million towards the redevelopment of public spaces at Point Grey in Lorne, up to \$12.0 million to upgrade Apollo Bay Harbour and \$5.0 million for a coastal walk connecting Apollo Bay with Skenes Creek;
- \$54.4 million for projects in the Geelong City Centre including \$30.0 million for a convention centre on the Geelong waterfront, \$3.5 million for the Geelong Safe Harbour Project and funding for public domain improvements and infrastructure investments to revitalise and redevelop the city centre;
- \$3.8 million towards road infrastructure at Deakin University's Future Economy Precinct; and
- \$10.0 million for a new ferry terminal at Queenscliff.

Further information can be found in the joint press release of 29 October 2018 issued by the Prime Minister and the Minister for Cities, Urban Infrastructure and Population.

Appendix A: Policy decisions taken since the 2018-19 Budget

Indian Ocean Territories — community development grants

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Infrastructure, Regional Development and Cities	-	-	-	-	-

The Government will provide \$0.6 million in 2018-19 for Round Three of the *Indian Ocean Territories Community Development Grants Program*, to support community and economic development projects on Christmas Island and the Cocos (Keeling) Islands.

The cost of this measure will be met from within the existing resources of the Department of Infrastructure, Regional Development and Cities.

Infrastructure Investment Program — new investments

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Infrastructure, Regional Development and Cities	-	-	-	-	-
Department of the Treasury	-	-	-	-	-
Total — Expense	-	-	-	-	-

The Government will provide \$300.3 million over 10 years from 2018-19 for priority land transport infrastructure projects across Australia, including:

- \$70.0 million for road upgrades in Tasmania, including up to \$60.0 million for the Bass Highway between Marrawah and Wynyard and \$10.0 million for a strategic upgrade of the Murchison Highway;
- \$112.0 million for the Stage 3A extension of the Gold Coast Light Rail from Broadbeach to Burleigh Heads in Queensland;
- \$33.5 million for priority road works in Queensland, including \$20.0 million for Bribie Island Road and \$13.5 million for the East and West Creek Culvert Upgrade projects on the Warrego Highway; and
- \$84.8 million to support road improvements in South Australia, including \$72.0 million to duplicate the Port Wakefield Road and build an overpass over the Augusta and Copper Coast Highway, \$11.7 million for the Penola Bypass Project, \$1.0 million for a strategic traffic study in Hahndorf, and \$145,000 for the North Coast Road and Emu Bay Road intersection on Kangaroo Island.

Funding for these projects will be met from within the existing resources of the *Infrastructure Investment Program*.

Appendix A: Policy decisions taken since the 2018-19 Budget

The Government has also committed \$800.0 million for the Rockhampton Ring Road, \$280.0 million for Stage 2 of the Mackay Ring Road and up to \$100.0 million for the Linkfield Road Overpass in Queensland. Funding for these projects has previously been provided for by the Government.

Infrastructure, Regional Development and Cities Portfolio — other priorities

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Infrastructure, Regional Development and Cities	-2.6	-1.7	-2.7	-	-
Department of the Treasury	-	-13.1	-15.0	-46.1	-700.1
Total — Expense	-2.6	-14.9	-17.7	-46.1	-700.1

The Government will redirect \$1.3 billion over six years from 2017-18 (including \$515.1 million in 2022-23) from uncommitted funding in the Infrastructure, Regional Development and Cities portfolio to fund policy priorities, including:

- \$750.0 million for the National Infrastructure Water Development Fund;
- \$280.0 million for projects under the Townsville City Deal;
- \$131.0 million to support regional communities impacted by drought; and
- \$135.4 million to support other priorities within the Infrastructure, Regional Development and Cities portfolio.

National Capital Authority — capital renewal

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
National Capital Authority	-	-	3.4	0.1	0.1
<i>Related capital (\$m)</i>					
<i>National Capital Authority</i>	-	-	4.0	3.1	2.9

The Government will provide \$13.8 million over three years from 2019-20 (including \$10.1 million in capital funding over three years from 2019-20) to enable the National Capital Authority to maintain critical infrastructure across the National Capital Estate including:

- \$3.3 million in 2019-20 to develop a detailed business case for the Commonwealth Avenue Bridge to address safety risks and ensure current safety designs and standards are met; and
- \$10.6 million over three years from 2019-20 to undertake necessary works on Scrivener Dam and Lake Burley Griffin.

Appendix A: Policy decisions taken since the 2018-19 Budget

National System for Domestic Commercial Vessel Safety

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Infrastructure, Regional Development and Cities	-10.0	-	-	-	-
<i>Related revenue (\$m)</i>					
Australian Maritime Safety Authority	-	-	-3.0	-7.0	-

The Government will provide \$10.0 million over two years from 2019-20 for the National System for Domestic Commercial Vessel Safety (the National System), which will defer the commencement of the cost-recovery levy by two years.

A review of all costs and charges for the National System will be conducted in 2020-21 and will involve wide public consultation. The review will consider the appropriateness of fees and charges for the National System in an informed manner, with the benefit of two years of nationally consistent data on safety risks and effort required to implement the National System.

National Water Infrastructure Package

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of the Treasury	-	-	60.0	80.0	110.0
Department of Infrastructure, Regional Development and Cities	-	-	1.5	1.5	0.5
Geoscience Australia	-	-	1.0	2.9	2.6
Total — Expense	-	-	62.5	84.4	113.1

The Government will provide an additional \$750.0 million over six years from 2019-20 for the National Water Infrastructure Development Fund including:

- \$710.0 million to construct water infrastructure in partnership with states and territories and private investors;
- \$30.0 million for project design and planning approvals;
- \$6.5 million for Geoscience Australia to carry out a strategic water balance project in the Great Artesian Basin; and
- \$3.5 million for a detailed water resource assessment of river catchments in Northern Australia.

The Government will also make changes to the \$2.0 billion National Water Infrastructure Loan Facility to improve accessibility and administration.

Further information can be found in the joint press release of 19 November 2018 issued by the Deputy Prime Minister and the Minister for Agriculture and Water Resources.

Appendix A: Policy decisions taken since the 2018-19 Budget

Norfolk Island — additional funding

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Infrastructure, Regional Development and Cities	-	nfp	nfp	nfp	-
<i>Related revenue (\$m)</i>					
<i>Department of Infrastructure, Regional Development and Cities</i>	-	nfp	nfp	nfp	-

The Government will provide funding over three years from 2018-19 to support service delivery and improve transport infrastructure on Norfolk Island.

The expenditure for this measure is not for publication (nfp) due to commercial-in-confidence sensitivities.

Office of Future Transport Technologies

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Infrastructure, Regional Development and Cities	-	-	-	-	-

The Government will provide \$9.7 million over four years from 2018-19 to establish the Office of Future Transport Technologies (the Office) in the Department of Infrastructure, Regional Development and Cities. The Office will support the timely and safe deployment of on-road automated vehicles in Australia, including through:

- working with the States and Territories to develop nationally consistent safety regulations and driving laws for automated vehicles;
- investigating cyber security risks and potential mitigation measures; and
- undertaking cost-benefit analyses of digital and physical infrastructure requirements to facilitate the deployment of automated vehicles in Australia.

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

Further information can be found in the press release of 4 October 2018 issued by the Minister for Infrastructure, Transport and Regional Development.

Appendix A: Policy decisions taken since the 2018-19 Budget

Supporting Infrastructure Investment — additional resourcing

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Infrastructure and Project Financing Agency	-	0.8	1.5	1.5	1.5
Department of Infrastructure, Regional Development and Cities	-	0.7	3.5	1.9	1.7
Total — Expense	-	1.5	5.0	3.4	3.2

The Government will provide \$39.4 million over four years from 2018-19 to support the assessment, financing, delivery and public awareness of major infrastructure projects, including:

- support for business case development and delivery of major land transport infrastructure initiatives;
- additional resourcing to assist in the identification, assessment and arrangement of financing opportunities for infrastructure projects; and
- a public awareness campaign on the major transport projects being delivered through the Government's infrastructure investment plan.

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

Townsville City Deal — additional projects

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of the Treasury	-	10.0	55.0	140.0	50.0
Department of Infrastructure, Regional Development and Cities	-	5.0	-	-	-
Total — Expense	-	15.0	55.0	140.0	50.0

The Government will provide \$280.0 million over five years (including \$20.0 million in 2022-23) to support additional projects under the Townsville City Deal, including:

- \$200.0 million for Stage Two of the Haughton Pipeline, with \$5.0 million for a business case to assess the viability of the project and up to \$195.0 million for construction, subject to positive assessment of the business case;
- \$75.0 million towards the Port of Townsville Channel Capacity Upgrade; and
- \$5.0 million towards the preservation of the Townsville Eastern Access Rail Corridor.

Further information can be found in the joint press release of 4 November 2018 issued by the Prime Minister and the Deputy Prime Minister.

Appendix A: Policy decisions taken since the 2018-19 Budget

Western Sydney Airport — environmental offsets

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Infrastructure, Regional Development and Cities	-	-70.0	-	-	-
<i>Related capital (\$m)</i>					
<i>Department of Defence</i>	-	-	6.0	14.0	3.2

The Government will provide \$70.0 million to establish a conservation program at Defence Establishment Orchard Hills to meet biodiversity offset requirements for the development of Western Sydney Airport.

JOBS AND SMALL BUSINESS

Australian Building and Construction Commission — additional resources

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Building and Construction Commission	-	-	-	-	-

The Government will provide \$2.7 million over three years from 2019-20 (and \$0.9 million per year ongoing) for the Australian Building and Construction Commission to engage additional inspectors and investigators to examine potential breaches of laws relating to wages and entitlements for employees and payments for sub-contractors in the building and construction industry and general compliance activities.

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

Improving Job Seekers' Employability

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Human Services	-	0.1	..	-	-
Department of Jobs and Small Business	-	-	-	-	-
Total — Expense	-	0.1	..	-	-

The Government will provide \$0.1 million over two years from 2018-19 to remove the current six month waiting period for the *Youth PaTH* internships program to allow eligible young people who receive employment services immediate access to the program. This will help give young people employability skills, opportunities for work experience, and support to move from welfare to work sooner.

The measure also includes changes to the training arrangements under the *Career Transition Assistance* program to improve the digital literacy of older job seekers. These changes will be delivered within existing funding.

This measure builds on the 2016-17 Budget measure titled *Youth Employment Package – Youth Jobs PaTH (Prepare – Trial – Hire)* and the 2018-19 Budget measure titled *More Choices for a Longer Life – jobs and skills for mature age Australians*.

Appendix A: Policy decisions taken since the 2018-19 Budget

Jobs and Education Data Infrastructure — data tool for employers and employees

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Jobs and Small Business	-	2.6	1.8	0.1	0.1
Department of Education and Training	-	0.3	0.5	-	-
Total — Expense	-	3.0	2.3	0.1	0.1
<i>Related capital (\$m)</i>					
<i>Department of Jobs and Small Business</i>	-	2.0	0.7	-	-

The Government will provide \$8.1 million over four years from 2018-19 to develop a data tool prototype to help employers identify the skills that employees will need in the future and to support employers' workforce planning and training.

The measure also includes funding to develop a dynamic Australian skills classification to help individuals identify short-term and long-term pathways to new jobs.

Online Employment Services Trial — expansion

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Human Services	-	2.6	1.3	-	-
Department of Jobs and Small Business	-	0.9	-20.0	-4.2	-0.7
Department of Finance	-	-	0.4	-	-
Total — Expense	-	3.5	-18.3	-4.2	-0.7
<i>Related capital (\$m)</i>					
<i>Department of Jobs and Small Business</i>	-	3.7	7.8	-	-

The Government will provide \$29.4 million over two years from 2018-19 to expand the Online Employment Services Trial (the Trial) for approximately 40,000 job-ready participants in addition to the 10,000 job seekers already planned to participate in the Trial.

This measure includes funding to establish and test new systems and approaches before the commencement of the next employment services model.

The measure will achieve net savings of \$8.1 million over four years from 2018-19 by enabling job-ready participants to access more convenient online support as an alternative to face-to-face service delivery through employment service providers.

This measure builds on the 2018-19 Budget measure titled *Online Employment Services Trial*.

Appendix A: Policy decisions taken since the 2018-19 Budget

Small Business Package — improving small business digital capability

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Jobs and Small Business	-	18.9	5.7	4.5	4.5
Department of Industry, Innovation and Science	-	1.5	2.2	-	-
Total — Expense	-	20.4	7.9	4.5	4.5

The Government will provide \$37.3 million over four years from 2018-19 (and \$4.6 million per year ongoing) to help small businesses to improve their digital capability and to deliver the Government's small business priorities. The funding includes:

- \$8.9 million over two years from 2018-19 to provide targeted training and digital support to eligible small business owners to help with their digital transformation. These businesses will help produce case studies to promote the benefits of adopting digital technology to the broader small business community;
- \$8.9 million in 2018-19 to raise awareness of the Government's new and existing support for small businesses, including financial support and digital services; and
- \$3.7 million over two years from 2018-19 to establish a non-government organisation to help small and medium enterprises (SMEs) build digital capability and work closely with industry associations and Small Business Commissioners to raise awareness of digital issues faced by SMEs.

This measure forms part of the *Small Businesses Package*.

PARLIAMENT

Australian Parliament House Electronic Security Upgrade Maintenance

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Parliamentary Services	-	1.1	3.3	3.3	3.3

The Government will provide \$10.9 million over four years from 2018-19 (and \$3.3 million per year ongoing) to the Department of Parliamentary Services to maintain the electronic security infrastructure of the Australian Parliament House.

House of Representatives — electronic division voting

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Parliamentary Services	-	-	-	-	-
<i>Related capital (\$m)</i>					
<i>Department of Parliamentary Services</i>	-	-	-	-	-

The Government will provide up to \$4.5 million over four years from 2018-19 (including \$2.2 million in capital funding in 2018-19) to the Department of Parliamentary Services to provide electronic voting for divisions in the House of Representatives Chamber.

This will increase the efficiency of voting in the House of Representatives Chamber, facilitate more timely online publication of division voting results and make more time available for other parliamentary business.

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

Further information can be found in the press release of 29 May 2018 issued by the Leader of the House of Representatives.

PRIME MINISTER AND CABINET

Office of the Official Secretary to the Governor-General

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Office of the Official Secretary to the Governor-General	-	0.7	3.0	2.8	2.8
<i>Related capital (\$m)</i>					
Office of the Official Secretary to the Governor-General	-	1.0	1.1	-	-

The Government will provide \$11.4 million over four years from 2018-19 (and \$2.8 million ongoing) to support the activities of the Office of the Official Secretary to the Governor-General.

The additional funding will address issues including the Office's increased workload, and infrastructure upgrades and maintenance.

Remote Housing in Borroloola

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of the Prime Minister and Cabinet	-	15.0	-	-	-

The Government will provide \$15.0 million in 2018-19 to address immediate housing needs in the community of Borroloola in the Northern Territory.

The Department of the Prime Minister and Cabinet will work with the Northern Territory Government, the Northern Land Council, and the local community to provide housing, address housing maintenance and extend housing related infrastructure.

Remote Housing in Western Australia

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of the Treasury	-	121.0	-	-	-
Department of the Prime Minister and Cabinet	-	-	-	-	-
Total — Expense	-	121.0	-	-	-

The Government will provide \$121.0 million in 2018-19 to Western Australia for remote housing following the expiry of the National Partnership on Remote Housing on 30 June 2018.

Funding will be provided to improve housing outcomes for remote communities.

Appendix A: Policy decisions taken since the 2018-19 Budget

Further information can be found in the joint press release of 7 December 2018 issued by the Minister for Finance and the Public Service, the Treasurer and the Minister for Families and Social Services.

Women's Economic Security Package

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of the Prime Minister and Cabinet	-	2.5	1.5	1.0	0.9
Australian Bureau of Statistics	-	0.9	2.7	4.7	1.8
Department of Human Services	-	0.8	6.6	2.1	1.4
Australian Taxation Office	-	0.2	14.6	13.0	12.7
Workplace Gender Equality Agency	-	0.1	0.7	0.5	0.4
Attorney-General's Department	-	-	28.8	31.5	30.4
Federal Court of Australia	-	-	1.1	2.2	1.1
Department of Jobs and Small Business	-	-	0.5	0.5	0.5
Department of Industry, Innovation and Science	-	-	-	7.0	6.8
Department of Education and Training	-	-	-	0.6	0.6
Department of Social Services	-	-	-5.4	11.8	11.5
Total — Expense	-	4.5	51.2	74.9	68.1
<i>Related revenue (\$m)</i>					
<i>Australian Taxation Office</i>	-	-	40.0	25.1	25.4
<i>Related capital (\$m)</i>					
<i>Workplace Gender Equality Agency</i>	-	0.9	2.9	2.2	0.4
<i>Australian Bureau of Statistics</i>	-	0.1	0.2	-	-
<i>Department of Human Services</i>	-	-	3.4	-	-
<i>Australian Taxation Office</i>	-	-	0.9	-	-
Total — Capital	-	1.0	7.4	2.2	0.4

The Government will provide \$119.2 million over four years from 2018-19 for the Women's Economic Security Package (the WESP). The measures in the WESP cover three pillars focused on improving women's workforce participation, economic independence and earning potential.

The package includes measures to increase women's workforce participation by:

- providing eligible primary carers of children who were born or adopted on or after 1 July 2020 with more flexibility over use of and extended access to Parental Leave Pay;

Appendix A: Policy decisions taken since the 2018-19 Budget

- supporting regional employers through the Career Revive initiative to develop action plans to attract and retain women returning to work after a career break;
- reinstating the Time Use Survey (TUS) conducted by the Australian Bureau of Statistics, which will collect data on the contributions that women make to the economy, including unpaid work;
- a new reporting and data management system for workplace gender equity data;
- holding the Reducing Barriers to Work Forum to help drive changes that encourage female workforce participation; and
- providing scholarships for women in accounting, finance and economics.

The measures to support women's economic independence include:

- extending Domestic Violence Units and Health Justice Partnerships, that integrate legal assistance with other support services for women who have experienced family violence;
- allowing victims of family and domestic violence the opportunity to access part of their superannuation on compassionate grounds, before their preservation age, consistent with other compassionate access arrangements;
- supporting Good Shepherd Microfinance to develop a tailored No Interest Loan Scheme product to support women and their children affected by family domestic violence to meet their immediate financial needs;
- funding legal aid commissions to provide representation under the measures in the *Family Law Amendment (Family Violence and Cross-examination of Parties) Act 2018*;
- developing and implementing an electronic information sharing mechanism to allow family law courts to access superannuation information held by the Australian Taxation Office;
- expanding mediation services in family law property matters; and
- trialling and evaluating a simplified process for distributing property of less than \$500,000 between parties following a relationship breakdown.

The measures to support women's earning potential include:

- extending and expanding the *Curious Minds* program, which aims to increase girls' participation in science, technology, engineering and maths, particularly those who have limited opportunities because of their socio-economic backgrounds;

Appendix A: Policy decisions taken since the 2018-19 Budget

- establishing the Future Female Entrepreneurs program, which will build an alliance to ensure Australia's next generation of businesswomen have the skills to run their own businesses and transform the industries in which they work; and
- providing female founded entrepreneurial businesses with access to early stage capital to enhance their participation in Australian and/or export markets.

Further information can be found in the *Women's Economic Security Statement* and the press release of 20 November 2018 issued by the Minister for Women.

SOCIAL SERVICES

Australian Disability Enterprises — additional support

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Social Services	-	-	-	-	-

The Government is providing \$6.3 million over two years from 2018-19 to support Australian Disability Enterprises (ADEs). This measure commenced on 1 July 2018 and includes:

- \$5.3 million for a wage supplementation package to assist ADEs in meeting the wage cost of supported employees; and
- \$0.9 million to fund trials, analyses and sector consultation to support the development of a new supported employment wage assessment tool.

Provision for this funding has already been included in the forward estimates.

This measure builds on the 2016-17 Budget measure titled *Australian Disability Enterprises – wage supplementation*.

Further information can be found in the joint press release of 15 June 2018 issued by the former Minister for Social Services and the former Assistant Minister for Social Services and Disability Services.

Cashless Debit Card Trial — extension and expansion

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Administrative Appeals Tribunal	-	-	nfp	-	-
Department of Human Services	-	nfp	nfp	-	-
Department of Social Services	-	nfp	nfp	-	-
Total — Expense	-	nfp	nfp	-	-

The Government will extend current Cashless Debit Card trials in the existing sites of Ceduna (South Australia), East Kimberley (Western Australia), Goldfields (Western Australia) and the Bundaberg and Hervey Bay region (Queensland) for one year to 30 June 2020. The Government will also expand the Cashless Debit Card trial to a further location for one year to 30 June 2020, to be announced following community consultation.

The Government will undertake additional data collection across existing Cashless Debit Card trial sites and an evaluation of the new trial site will also be undertaken.

Appendix A: Policy decisions taken since the 2018-19 Budget

The expenditure for this measure is not for publication (nfp) as negotiations with potential commercial providers are yet to be finalised.

This measure extends the 2018-19 Budget measure titled *Extending the Cashless Debit Card Trial*.

Centralised National Self-Exclusion Register for Online Wagering

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Communications and Media Authority	-	0.8	2.3	1.3	1.3
Department of Social Services	-	-	-	-	-
Total — Expense	-	0.8	2.3	1.3	1.3
<i>Related revenue (\$m)</i>					
<i>Australian Communications and Media Authority</i>	-	-	-	2.9	2.9

The Government will provide \$5.7 million over four years from 2018-19 (and \$1.3 million per year ongoing) to the Australian Communications and Media Authority to administer a centralised National Self-Exclusion Register for all forms of licensed online wagering. The National Self-Exclusion Register will help protect individuals who are at risk of or are experiencing harm from online wagering by allowing those individuals to exclude themselves easily from all Australian online wagering services, using a single registration process.

The cost of administering the National Self-Exclusion Register will be recovered through a regulatory charging arrangement applied to online wagering service providers licensed in Australia from 2020-21.

The Government will also deliver a National Consumer Protection Framework for online wagering to provide Australians with strong and consistent consumer protections when they gamble online.

Further information can be found in the press release of 30 November 2018 issued by the Minister for Families and Social Services.

Appendix A: Policy decisions taken since the 2018-19 Budget

Enhanced Support for 1800RESPECT — additional funding

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Social Services	-	-	-	-	-

The Government will provide an additional \$8.3 million in 2018-19 to meet an increase in demand for the 1800RESPECT service.

The additional funding will allow for an increased number of Trauma Specialist Counsellors and provide an enhanced level of support to meet increased demand for First Response phone and online counselling.

1800RESPECT is a part of the *National Plan to Reduce Violence against Women and their Children 2010-2022* which targets all forms of violence against women.

This measure builds on the 2016-17 Budget measure titled *Domestic and Family Violence – new initiatives to break the cycle of violence* and the 2018-19 Budget measure titled *Enhanced Support for 1800RESPECT*.

The cost of this measure will be met from within the existing resources of the Department of Social Services.

Financial Wellbeing and Capability Grants — additional funding

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Social Services	-	3.7	3.7	-	-

The Government will provide an additional \$10.7 million over five years from 2018-19 (including \$0.3 million in 2022-23) to selected Financial Wellbeing and Capability service providers, including:

- \$1.5 million over five years from 2018-19 to increase the amount of funding available for Food Relief providers, to enable continued service provision and a stronger focus on drought relief; and
- transitional funding of \$9.2 million over two years from 2018-19 for selected Financial Wellbeing and Capability providers to maintain existing service levels for an additional 12 months while new providers become fully operational.

This measure will be partially offset by redirecting \$3.3 million over five years from 2018-19 from within the existing resources of the Department of Social Services.

Further information can be found in the press releases of 13 November 2018 and 17 November 2018 issued by the Minister for Families and Social Services.

Appendix A: Policy decisions taken since the 2018-19 Budget

Income Management — extension and consultation

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Social Services	-	3.0	5.3	-	-
Department of Human Services	-	0.3	66.4	-	-
Administrative Appeals Tribunal	-	-	0.4	-	-
Total — Expense	-	3.3	72.1	-	-

The Government will provide \$75.4 million over two years to extend Income Management (IM) until 30 June 2020, and to undertake consultations in IM locations to inform Government consideration of future welfare quarantining arrangements in those locations.

Funding for Money Support Hubs will also be extended to 30 June 2020 to ensure continued access to Financial Wellbeing and Capability services in locations where IM and the Cashless Debit Card are operating.

Provision for the funding to extend Money Support Hubs has already been included in the forward estimates under the Financial Wellbeing and Capability program funding activity.

This measure extends the 2017-18 Budget measure titled *Extension of Income Management*.

Mutual Understanding, Support, Tolerance, Engagement and Respect Initiative — establishment

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Social Services	-	13.0	20.0	20.0	-

The Government will provide \$60.0 million over three years from 2018-19 to establish the Mutual Understanding, Support, Tolerance, Engagement and Respect (MUSTER) initiative.

Under the MUSTER initiative, grant funding will be provided for eligible organisations to promote social cohesion in disadvantaged communities.

The cost of this measure will be partially met from within the existing resources of the Department of Social Services.

Appendix A: Policy decisions taken since the 2018-19 Budget

National Centre for the Prevention of Child Sexual Abuse

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Social Services	-	-	-	-	-

The Government will establish an independent National Centre for the Prevention of Child Sexual Abuse to reduce stigma, raise awareness, and increase the prevention of child sexual abuse. The Government will consult with survivors, child safety experts and the states and territories on arrangements for the Centre.

The financial implications of this measure will be finalised following negotiations with the states and territories.

This measure forms part of the Government's response to the recommendations of the *Final Report of the Royal Commission into Institutional Responses to Child Sexual Abuse*.

National Disability Insurance Scheme — transitioning to full Scheme

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Finance	-	-	-	-	-
Department of Social Services	-	-	6.2	6.3	5.3
Department of the Treasury	-	-	-	-	-
Total — Expense	-	-	6.2	6.3	5.3
<i>Related revenue (\$m)</i>					
<i>Department of Finance</i>	-	-	-	-	-
<i>Department of the Treasury</i>	-	-	-	-	-
Total — Revenue	-	-	-	-	-

The Government has progressed the implementation of the National Disability Insurance Scheme (NDIS) by finalising agreements to commence full Scheme in New South Wales (NSW) and South Australia (SA) from 1 July 2018 and Tasmania from 1 July 2019, including arrangements under the *DisabilityCare Australia Fund* to partially reimburse jurisdictions for the costs of implementing the Scheme.

The Government remains committed to supporting participants as they transition into the NDIS, and will provide an additional \$22.2 million over four years from 2019-20 (including \$4.4 million in 2022-23) to the Department of Social Services to support the ongoing national transition to full Scheme. Once fully implemented, it is estimated the NDIS will provide reasonable and necessary support to over 460,000 eligible people with a significant and permanent disability.

Provision for the NDIS in NSW, SA and Tasmania is already included in the forward estimates, reflecting full Scheme agreements and the *National Partnership Agreement on DisabilityCare Australia Fund Payments*.

Appendix A: Policy decisions taken since the 2018-19 Budget

National Office for Child Safety — establishment

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Social Services	-	-	-	-	-

The Government will provide \$5.5 million over four years from 2018-19 to establish the National Office for Child Safety which will provide national leadership to reduce future harm to children and drive a national strategy to prevent child sexual abuse.

This measure forms part of the Government's response to the recommendations of the *Final Report of the Royal Commission into Institutional Responses to Child Sexual Abuse*.

Overseas Pensioners Integrity Program

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Human Services	-	2.5	5.0	0.5	5.8
Department of Social Services	-	0.2	-39.1	-62.0	-66.6
Department of Foreign Affairs and Trade	-	-	0.1
Total — Expense	-	2.7	-34.2	-61.5	-60.7

The Government will achieve efficiencies of \$153.5 million over four years from 2018-19 by requiring pension recipients, aged over 80 and residing permanently overseas, to verify every two years they are eligible to continue to receive their payment.

This measure will improve the integrity of the welfare payment system by reducing the potential for people to incorrectly receive the benefits of deceased persons.

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

Retaining the Age Pension Qualifying Age at 67 Years

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Human Services	-	-	-	-	-
Department of Social Services	-	-	-	-	-
Total — Expense	-	-	-	-	-
<i>Related revenue (\$m)</i>					
<i>Australian Taxation Office</i>	-	-	-	-	-

The Government will retain the Age Pension qualifying age at 67 years by not proceeding with the measure announced in the 2014-15 Budget titled *Increase the Age Pension qualifying age to 70 years*.

This measure has no financial impact over the forward estimates.

Appendix A: Policy decisions taken since the 2018-19 Budget

Retaining the Energy Supplement

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Social Services	-	238.8	388.7	464.7	529.5
Department of Veterans' Affairs	-	2.7	5.1	4.8	4.7
Department of Agriculture and Water Resources	-	0.4	0.8	0.8	0.9
Department of Health	-	0.1
Department of Human Services	-	-8.2	-1.2	-1.1	-1.0
Total — Expense	-	233.8	393.4	469.2	534.1

The Government will provide \$1.6 billion over four years from 2018-19 to retain the Energy Supplement and continue to provide assistance with energy costs to new recipients of income support payments.

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

Social Services and Other Legislation Amendment (Promoting Sustainable Welfare) Bill

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Social Services	-	43.5	231.6	448.5	691.0
Department of Human Services	-	3.9	10.0	5.5	7.5
Administrative Appeals Tribunal	-	0.1	0.1	..	-
Department of Health	-	..	7.3	9.2	13.5
Department of Jobs and Small Business	-	-	-	..	0.1
Total — Expense	-	47.5	249.0	463.1	712.1

The Government has secured the passage of the *Social Services and Other Legislation Amendment (Promoting Sustainable Welfare) Bill 2018* through policy amendments to the proposed waiting periods for newly arrived migrants and family payment reform measures. The amendments will increase expenses by \$1.5 billion over four years from 1 July 2018.

The amendments include:

- from 1 January 2019, new migrants granted permanent residency will be subject to the following waiting periods to access certain welfare payments:
 - four years for working age payments such as Newstart Allowance;
 - two years for Carer Payment, Parental Leave Pay, and Dad and Partner Pay; and
 - one year for Carer Allowance and Family Tax Benefit (FTB) Part A.

Appendix A: Policy decisions taken since the 2018-19 Budget

- from 1 July 2019, the FTB Part A High Income Free Area will have a one off increase from \$94,316 to \$98,988; and
- the three year indexation pause of FTB end-of-year supplements will no longer proceed.

The above amendments to waiting periods revise the current policy of a four year waiting period across these payments for new migrants granted permanent residency, as announced in the 2018-19 Budget.

Further information can be found in the joint press release of 27 November 2018 issued by the Minister for Families and Social Services and the Minister for Finance and the Public Service.

Strengthening the Integrity of Welfare Payments — extension and amendments

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Social Services	-	7.1	-22.1	-20.7	14.5
Office of the Director of Public Prosecutions	-	-	2.5	2.5	-
Department of Jobs and Small Business	-	..	-0.1	-0.1	-0.2
Administrative Appeals Tribunal	-	-0.2	-0.1	-0.1	-0.1
Department of Human Services	-	-13.2	9.6	10.1	-1.1
Total — Expense	-	-6.3	-10.2	-8.4	13.0

The Government will achieve savings of \$11.9 million over four years from 2018-19 by strengthening the integrity of the welfare system, through:

- extending the operation of Taskforce Integrity (the Taskforce) by two years from 1 July 2019. The Taskforce will focus on the detection, investigation and prevention of criminal and serious non-compliance in the social security payments system;
- ceasing the capacity to work reviews for certain Disability Support Pension (DSP) recipients, following an assessment of the cost effectiveness of these reviews; and
- retaining the DSP payment suspension arrangements for imprisoned recipients at two years.

The extension of the Taskforce builds on the existing 2015-16 Budget measure titled *Strengthening the Integrity of Welfare Payments*, the change to DSP reviews relates to the 2016-17 Budget measure titled *National Disability Insurance Scheme Savings Fund*, and the DSP payment suspension change reverses the 2017-18 Budget measure titled *Disability Support Pension – aligning suspension periods for imprisoned recipients*.

Appendix A: Policy decisions taken since the 2018-19 Budget

The Fathering Project — national expansion

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Social Services	-	1.2	2.1	2.1	-

The Government will provide \$5.4 million over three years from 2018-19 for a national expansion of the Fathering Project.

The Fathering Project is a not-for-profit charity program that aims to improve child development outcomes by building stronger bonds between children and fathers.

TREASURY

Assetless Administration Fund — additional funding

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Securities and Investments Commission	-	1.2	2.5	2.5	2.5

The Government will provide an additional \$8.7 million over four years from 2018-19 for the Australian Securities and Investments Commission (ASIC) to increase funding to the Assetless Administration Fund. This will increase ASIC's ability to fund liquidators' preliminary investigations and reports into corporate misconduct including illegal phoenix activity, to support enforcement and recovery actions.

This measure builds on the 2017-18 MYEFO measure titled *Assetless Administration Fund to Curb Illegal Phoenix Activity – additional funding*.

Australian Competition and Consumer Commission — additional funding

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Competition and Consumer Commission	-	8.9	8.9	8.9	8.9

The Government will provide an additional \$35.6 million over four years from 2018-19 to the Australian Competition and Consumer Commission (ACCC). The additional resourcing will address increasing demands on the ACCC and strengthen its capacity to address competition and consumer protection issues.

Australian Prudential Regulation Authority — new and expanded functions

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Prudential Regulation Authority	-	10.1	13.3	8.8	11.5
<i>Related revenue (\$m)</i>					
<i>Australian Prudential Regulation Authority</i>	-	-	24.9	11.9	14.6
<i>Related capital (\$m)</i>					
<i>Australian Prudential Regulation Authority</i>	-	4.0	11.0	-	-

The Government will provide \$58.7 million over four years from 2018-19 (and \$11.6 million per year ongoing) to the Australian Prudential Regulation Authority (APRA) for new and expanded activities including to:

- enhance APRA's supervision across regulated industries by increasing the number of frontline supervisors for the largest and most complex financial institutions;

Appendix A: Policy decisions taken since the 2018-19 Budget

- enhance APRA’s ability to identify and address new and emerging risk areas, such as cyber, fintech and culture, by building internal expertise and increasing access to technical specialists outside APRA;
- improve APRA’s data collection capabilities in order to leverage the benefits of inter-agency intelligence sharing; and
- provide for a review of APRA’s enforcement strategy and its use of formal enforcement powers across the industries it supervises, including superannuation.

The cost of this measure will be fully offset by an increase in the APRA Financial Institutions Supervisory Levies from 2019-20 ongoing, with capital funding to be met initially from within APRA’s current reserves and recovered over the useful life of the assets.

Further information can be found in the press release of 5 November 2018 issued by the Treasurer.

Australian Securities and Investments Commission — additional funding

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Securities and Investments Commission	-	31.9	36.6	-	-
<i>Related revenue (\$m)</i>					
Australian Securities and Investments Commission	-	-	27.8	34.8	-
<i>Related capital (\$m)</i>					
Australian Securities and Investments Commission	-	1.2	0.3	-	-

The Government will provide \$70.1 million over two years from 2018-19 (including \$1.5 million in capital funding) to support the Australian Securities and Investments Commission (ASIC) to combat misconduct in corporations and in the financial services industry.

The cost of this measure will be partially offset by revenue received through ASIC's industry funding model.

Further information can be found in the joint press release of 18 September 2018 issued by the Treasurer and the Assistant Treasurer.

Delivering a Fairer and More Sustainable GST Distribution System

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of the Treasury	-	-	882.8	585.0	905.5

The Government will provide an estimated \$2.4 billion in additional untied funding to the States and Territories over three years from 2019-20 as part of its reforms to Australia's GST distribution system. The Government will also provide further untied funding each and every year beyond the forward estimates to permanently boost the GST payments to the States and Territories.

The reforms include:

- transitioning States and Territories to a more stable and predictable equalisation standard over six years from 2021-22, based on the fiscal capacity of the stronger of New South Wales or Victoria;
- introducing a GST relativity floor, initially set at a relativity of 0.70 from 2022-23, then permanently increasing to 0.75 from 2024-25;
- permanently boosting the GST pool with direct Commonwealth cash injections each year that will grow in line with the growth in the GST, starting with \$600.0 million in 2021-22, then a further injection of \$250.0 million in 2024-25; and
- providing short-term top-up payments to ensure the States' and Territories' relativities do not effectively fall below 0.70 (or 4.66024 for the Northern Territory) in any year between 2019-20 to 2021-22.

In addition, the Government has provided a guarantee that every State and Territory will be better off during the transition period. Between 2021-22 and 2026-27, each State and Territory will get the cumulative better of the old system or the new system. Payments will be verified annually by the Commonwealth Grants Commission over the transition period and any adjustments made accordingly.

Further information can be found in the press release of 5 July 2018 issued by the former Treasurer.

Appendix A: Policy decisions taken since the 2018-19 Budget

Department of the Treasury — reform agenda

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of the Treasury	-	-	3.8	3.8	3.8
National Competition Council	-	-	-2.1	-2.1	-2.1
Total — Expense	-	-	1.7	1.7	1.7

The Government will provide \$11.4 million over three years from 2019-20 (and \$3.8 million per year ongoing) to the Department of the Treasury to deliver competition policy and regulatory reform.

The cost of this measure will be partially offset by redirecting funding from the National Competition Council.

Global Infrastructure Hub — continuation

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of the Treasury	-	-	-	-	-

The Government will provide a further \$20.0 million over five years from 2018-19 to support the Global Infrastructure Hub (the Hub) during its second four-year mandate.

The Hub is a Sydney-based G20 initiative that was established in November 2014 with a four-year mandate to help implement the G20's infrastructure agenda. In July 2018, the G20 agreed to renew the Hub's mandate until 2022. The Government's funding contribution will ensure the Hub can continue to advance international efforts to lift infrastructure investment.

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

This measure builds on the 2014-15 MYEFO measure titled *Global Infrastructure Hub*.

Further information on the G20's infrastructure agenda and renewal of the Hub's mandate can be found in the Communiqué of the G20 Finance Ministers and Central Bank Governors meeting of 21-22 July 2018.

Legislative Drafting — additional funding

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of the Treasury	-	-	nfp	-	-

The Government will provide additional funding to procure drafting services from legal services providers to progress Treasury portfolio legislation.

Modernising Business Registers — Gateway Review Process

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Taxation Office	-	-	-	-	-

The Government will provide \$0.1 million in 2018-19 for an independent governance and assurance review to assist the successful delivery of the *Modernising Business Registers* program. The Modernising Business Register will help improve how businesses interact with government.

The cost of this measure will be met from within existing resources of the Australian Taxation Office.

This measure builds on 2018-19 Budget measure titled *Delivering Australia's Digital Future – modernising business registers*.

National Consumer Data Right — additional funding

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Competition and Consumer Commission	-	nfp	nfp	nfp	nfp

The Government will provide additional funding for the Australian Competition and Consumer Commission to implement new systems and processes to support the rollout of the Consumer Data Right (CDR) in the banking sector from 1 July 2019. The funding will also be used for preliminary work on bringing the energy sector into the CDR.

The financial implications of this measure are not for publication (nfp) due to commercial sensitivities.

This measure builds on the 2018-19 Budget measure titled *National Consumer Data Right*.

National Gift Card Reforms

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Competition and Consumer Commission	-	-	-	-	-

The Government has introduced a national regime under Australian Consumer Law for the regulation of gift cards. From 1 November 2019, new gift cards purchased will need to have a minimum three-year expiry period and prominently disclose expiry information on the card. The regulation will also ban certain post-supply fees applied to gift cards.

The cost of this measure will be met from within the existing resources of the Australian Competition and Consumer Commission.

Appendix A: Policy decisions taken since the 2018-19 Budget

Further information can be found in the press release of 20 September 2018 issued by the Assistant Treasurer.

National Housing Finance and Investment Corporation — line of credit increase

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of the Treasury	-	20.4	25.2	22.8	19.1
National Housing Finance and Investment Corporation Bond Aggregator	-	-	-	-	-
Total — Expense	-	20.4	25.2	22.8	19.1
<i>Related revenue (\$m)</i>					
<i>Department of the Treasury</i>	-	3.8	14.3	23.7	32.4

The Government will increase the line of credit provided to the National Housing Finance and Investment Corporation (NHFIC) from \$150.0 million to \$1.0 billion, with this credit facility to be available on an ongoing basis.

The increased line of credit will provide the NHFIC with greater flexibility in providing cheaper and longer-term loans to registered community housing providers.

This measure extends the 2017-18 MYEFO measure titled *Reducing Pressure on Housing Affordability – implementation of the National Housing Finance and Investment Corporation and additional measures*.

Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry — implementation and record keeping

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of the Treasury	-	2.4	-	-	-
Attorney-General's Department	-	-1.6	0.4	0.4	0.4
Total — Expense	-	0.8	0.4	0.4	0.4
<i>Related capital (\$m)</i>					
<i>Attorney-General's Department</i>	-	-	..	-	0.2

The Government will provide \$2.4 million in 2018-19 to the Department of the Treasury to establish a Taskforce to support its engagement with the *Royal Commission into Misconduct in the Banking, Superannuation and Financial Service Industry* (the Royal Commission) and develop responses to the interim and final reports of the Royal Commission. The Government will also provide \$1.5 million over four years from 2018-19 (including \$0.2 million in capital funding over three years from 2019-20) to manage the records of the Royal Commission.

Small Business Package — Australian Business Securitisation Fund

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of the Treasury	-	2.0	-	-	-
Australian Office of Financial Management	-	0.9	2.7	2.7	2.7
Total — Expense	-	3.0	2.7	2.7	2.7
<i>Related capital (\$m)</i>					
<i>Australian Office of Financial Management</i>	-	*	*	*	*

The Government will invest up to \$2 billion to significantly enhance access to funds for small business through the creation of the Australian Business Securitisation Fund (ABSF). The ABSF will invest in the securitisation market, providing additional funding to smaller banks and non-bank lenders to on-lend to small businesses on more competitive terms.

The Australian Office of Financial Management will administer the ABSF. The Department of the Treasury will undertake the initial establishment and ongoing review of the operation of the ABSF.

This measure forms part of the *Small Business Package*.

Further information can be found in the press release of 14 November 2018 issued by the Treasurer and the Minister for Small and Family Business, Skills and Vocational Education.

Small Business Package — reducing financial reporting for small and medium-sized businesses

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of the Treasury	-	-	-	-	-

The Government will update the thresholds that determine whether a proprietary company is required to lodge annual financial reports with the Australian Securities and Investment Commission (ASIC) under the *Corporations Act 2001*. The changes will reduce compliance costs for small and medium-sized businesses.

Under the changes, a proprietary company will only be defined as large, and therefore be required to lodge annual financial reports with ASIC, if the company (including any entities it controls) meets at least two of the following thresholds:

- annual consolidated revenue of \$50 million or more (increased from \$25 million);
- consolidated gross assets, at the end of the financial year, of \$25 million or more (increased from \$12.5 million); and

Appendix A: Policy decisions taken since the 2018-19 Budget

- 100 employees or more (increased from 50).

This measure has no impact on the fiscal or underlying cash balance.

This measure forms part of the *Small Business Package*.

Further information can be found in the joint press release of 16 November 2018 issued by the Treasurer and the Minister for Small and Family Business, Skills and Vocational Education.

Small Business Package — making it easier for business

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Taxation Office	-	3.0	2.7	-	-
Department of Jobs and Small Business	-	2.6	1.7	..	..
Department of Finance	-	0.5	0.1	-	-
Department of the Treasury	-	0.2	0.2	-	-
Total — Expense	-	6.4	4.6	..	..

The Government will provide \$13.9 million over four years from 2018-19 to address issues that can increase the cost of doing business for small business owners. Under this measure:

- the Australian Taxation Office (ATO) will pilot 10 tax clinics across the country to support small business taxpayers by providing general taxation advice to help them meet their tax obligations and reporting requirements;
- the Department of Finance will undertake a review of the ATO's implementation of the Compensation for Detriment Caused by Defective Administration (CDDA) scheme in relation to small business taxpayers;
- the Department of Jobs and Small Business will raise awareness of current mental health initiatives that encourage small business owners to seek help as early as possible and to integrate good mental wellness practices into their busy lifestyle; and to expand Everymind's '*Ahead for Business*' pilot program, which supports business owners accessing evidence-based prevention and interventions that can reduce the onset and impact of mental ill-health;
- the Australian Small Business and Family Enterprise Ombudsman will establish a small business concierge service to provide support and advice about the Administrative Appeals Tribunal (AAT) process before an application is made;
- the AAT will create a dedicated Small Business Taxation Division with key features including a case manager supporting them throughout the entire process; and

Appendix A: Policy decisions taken since the 2018-19 Budget

- the ATO will accelerate work with the New Zealand Government to develop a Trans-Tasman e-Invoicing governance framework and standards.

This measure forms part of the *Small Business Package*.

Further information can be found in the press release of 29 November 2018 issued by the Assistant Treasurer.

Sustain and Enhance Australian Bureau of Statistics

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian Bureau of Statistics	-	-	3.2	-	-
<i>Related capital (\$m)</i>					
<i>Australian Bureau of Statistics</i>	-	-	0.2	-	-

The Government will provide \$3.5 million in 2019-20 to continue to enhance the Australian Bureau of Statistics' capacity to produce economic statistics that reflect economic priorities and changes in the economy.

This measure extends the 2018-19 Budget measure titled *Enhancing Economic Statistics*.

VETERANS' AFFAIRS

Australian Veterans' Wellbeing Package

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Veterans' Affairs	-	6.3	5.5	5.7	1.4
Department of the Treasury	-	4.0	2.7	-	-
Total — Expense	-	10.3	8.2	5.7	1.4

The Government will provide \$25.6 million over four years to support the health and wellbeing of Australian veterans and their families, including:

- \$11.1 million over four years from 2018-19 to establish the Australian Veterans' Covenant, including the creation of the Australian Veterans' Card and Australian Veterans' Lapel Pin to promote respect and recognition of those who have served;
- \$7.7 million over four years from 2018-19 to the Australian Kookaburra Kids Foundation to support the children of current and former Australian Defence Force members who have been affected by mental illness;
- \$6.7 million over two years from 2018-19 for the New South Wales Government to fund the renovation of the Fussell House accommodation facility at the Concord Repatriation Hospital to provide accommodation for Australian Defence Force personnel, veterans and their families seeking specialist healthcare treatment; and
- \$0.1 million over three years from 2019-20 to transfer veterans currently covered by the reimbursement model under the *Military Rehabilitation and Compensation Act 2004* to the Department of Veterans' Affairs Health Card – Specific Conditions (White Card).

Australian War Memorial — redevelopment

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Australian War Memorial	-	-	1.4	1.7	1.8
<i>Related capital (\$m)</i>					
<i>Australian War Memorial</i>	-	-	37.0	51.7	44.7

The Government will provide \$498.7 million over nine years from 2019-20 to fund the redevelopment of the Australian War Memorial, which will expand the exhibition space and enhance facilities for visitors, including veterans and their families.

Further information can be found in the joint press release of 1 November 2018 issued by the Prime Minister and the Minister for Veterans' Affairs.

Appendix A: Policy decisions taken since the 2018-19 Budget

Repatriation Pharmaceutical Benefits Scheme — new listings and price amendments

Expense (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Veterans' Affairs	-

The Government will provide \$24,000 over four years from 2018-19 for the listing of additional items on the Repatriation Schedule of Pharmaceutical Benefits (the Schedule), and for price amendments for a range of medicines that are already listed on the Schedule.

The new listings and price amendments 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.

Appendix A: Policy decisions taken since the 2018-19 Budget

Capital Measures

Table 3: Capital measures since the 2018-19 Budget^(a)

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m	\$m
AGRICULTURE AND WATER RESOURCES					
<i>Department of Agriculture and Water Resources</i>					
Modernising Agricultural Trade(b)	-	-	1.2	-	-
Portfolio total	-	-	1.2	-	-
ATTORNEY-GENERAL'S					
<i>Attorney-General's Department</i>					
Royal Commission into Aged Care Quality and Safety(b)	-	4.5	-	-	-
Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry — implementation and record keeping(b)	-	-	..	-	0.2
Whole of Government Legal Services Panel(b)(c)	-	0.3	-	-	-
Portfolio total	-	4.9	..	-	0.2
COMMUNICATIONS AND THE ARTS					
<i>National Gallery of Australia</i>					
National Gallery of Australia — additional funding(b)	-	6.2	-	-	-
Portfolio total	-	6.2	-	-	-
CROSS PORTFOLIO					
<i>Various Agencies</i>					
Australia's Indo-Pacific Engagement — enhanced engagement in the Southwest Pacific(b)	-	nfp	nfp	nfp	nfp
Portfolio total	-	-	-	-	-
DEFENCE					
<i>Department of Defence</i>					
Australian Naval Infrastructure Pty Ltd — additional equity	-	nfp	nfp	nfp	nfp
Western Sydney Airport — environmental offsets(b)	-	-	6.0	14.0	3.2
Portfolio total	-	-	6.0	14.0	3.2
EDUCATION AND TRAINING					
<i>Department of Education and Training</i>					
Australian Apprenticeships — increased support(b)	-	0.2	-	-	-
Higher Education Loan Program — amendment to loan fees(b)(c)	-	0.2	-	-	-
National School Reform Agreement — Commonwealth contribution to national policy initiatives(b)	-	nfp	nfp	nfp	nfp
Portfolio total	-	0.4	-	-	-

Appendix A: Policy decisions taken since the 2018-19 Budget

Table 3: Capital measures since the 2018-19 Budget^(a) (continued)

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m	\$m
FINANCE					
<i>Department of Finance</i>					
Australian Naval Infrastructure Pty Ltd — additional equity	-	nfp	nfp	nfp	nfp
Portfolio total	-	-	-	-	-
FOREIGN AFFAIRS AND TRADE					
<i>Department of Foreign Affairs and Trade</i>					
Australian Infrastructure Financing Facility for the Pacific — establishment(b)(c)	-	nfp	nfp	nfp	nfp
Protecting Australia's Diplomatic Network — critical security enhancements(b)(c)	-	24.1	-5.8	52.8	62.1
<i>Export Finance and Insurance Corporation (National Interest component)</i>					
Defence Export Facility Transactions(b)(c)	-	-	-	-	-
Portfolio total	-	24.1	-5.8	52.8	62.1
HEALTH					
<i>Department of Health</i>					
Improving Access to Medicines — streamlined listings(b)(c)	-	4.5	3.4	2.1	2.2
Portfolio total	-	4.5	3.4	2.1	2.2
HOME AFFAIRS					
<i>Department of Home Affairs</i>					
Attracting Skilled Migrants to Regional Areas(b)	-	0.9	-	-	-
Changes to the Working Holiday Makers visa programme(b)(c)	-	1.0	-	-	-
Immigration Reform — continued changes to visa service arrangements(b)	-	22.6	-	-	-
Portfolio total	-	24.5	-	-	-
INFRASTRUCTURE, REGIONAL DEVELOPMENT AND CITIES					
<i>National Capital Authority</i>					
National Capital Authority — capital renewal(b)	-	-	4.0	3.1	2.9
Portfolio total	-	-	4.0	3.1	2.9

Table 3: Capital measures since the 2018-19 Budget^(a) (continued)

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m	\$m
JOBS AND SMALL BUSINESS					
<i>Department of Jobs and Small Business</i>					
Jobs and Education Data Infrastructure — data tool for employers and employees(b)	-	2.0	0.7	-	-
Online Employment Services Trial — expansion(b)	-	3.7	7.8	-	-
Portfolio total	-	5.7	8.5	-	-
PARLIAMENT					
<i>Department of Parliamentary Services</i>					
House of Representatives — electronic division voting(b)	-	-	-	-	-
Portfolio total	-	-	-	-	-
PRIME MINISTER AND CABINET					
<i>Department of the Prime Minister and Cabinet</i>					
Assistance for Farmers and Farm Communities in Drought(b)(c)	-	0.3	0.1	-	-
Prime Minister and Cabinet — support for Cabinet	-	4.0	-	-	-
<i>Office of the Official Secretary to the Governor-General</i>					
Office of the Official Secretary to the Governor-General(b)	-	1.0	1.1	-	-
<i>Workplace Gender Equality Agency</i>					
Women's Economic Security Package(b)(c)	-	0.9	2.9	2.2	0.4
Portfolio total	-	6.2	4.0	2.2	0.4
SOCIAL SERVICES					
<i>Department of Human Services</i>					
Guaranteeing Medicare — strengthening primary care(b)	-	2.2	0.7	-	-
Improving Access to Medicines — Pharmaceutical Benefits Scheme Payment Arrangements — implementation funding(b)	-	-	-	-	-
Welfare Payment Infrastructure Transformation — update to Tranche Three	-	14.2	-	-	-14.2
Women's Economic Security Package(b)(c)	-	-	3.4	-	-
Portfolio total	-	16.4	4.1	-	-14.2
TREASURY					
<i>Australian Bureau of Statistics</i>					
Sustain and Enhance Australian Bureau of Statistics(b)	-	-	0.2	-	-
Women's Economic Security Package(b)(c)	-	0.1	0.2	-	-
<i>Australian Competition and Consumer Commission</i>					
Action Plan to Reduce Power Prices(b)	-	2.3	-	-	-

Appendix A: Policy decisions taken since the 2018-19 Budget

Table 3: Capital measures since the 2018-19 Budget^(a) (continued)

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m	\$m
TREASURY (continued)					
<i>Australian Prudential Regulation Authority</i>					
Australian Prudential Regulation Authority — new and expanded functions(b)(c)	-	4.0	11.0	-	-
<i>Australian Securities and Investments Commission</i>					
Australian Securities and Investments Commission — additional funding(b)(c)	-	1.2	0.3	-	-
Australian Securities and Investments Commission — reduction in fees(c)	-	0.6	-	-	-
<i>Australian Office of Financial Management</i>					
Small Business Package — Australian Business Securitisation Fund(b)	-	*	*	*	*
<i>Australian Taxation Office</i>					
GST — compliance program — four year extension(b)(c)	-	-	3.3	-	-
Women's Economic Security Package(b)(c)	-	-	0.9	-	-
<i>Department of the Treasury</i>					
Federal Payments Management System	-	0.7	1.5	-	-
World Bank Group — capital increase(c)	-	-	-	-	-
Portfolio total	-	8.9	17.4	-	-
VETERANS' AFFAIRS					
<i>Australian War Memorial</i>					
Australian War Memorial — redevelopment(b)	-	-	37.0	51.7	44.7
Portfolio total	-	-	37.0	51.7	44.7
Decisions taken but not yet announced(d)	-	16.5	30.7	16.6	30.4
Depreciation Expense		-	-5.2	-10.6	-14.2
Total impact of capital measures(e)	-	118.3	105.4	131.9	117.6

* 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) Includes the impact of measures that are not for publication (nfp).

(e) Measures may not add due to rounding.

FINANCE

Australian Naval Infrastructure Pty Ltd — additional equity

Capital (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Defence	-	nfp	nfp	nfp	nfp
Department of Finance	-	nfp	nfp	nfp	nfp
Total — Capital	-	nfp	nfp	nfp	nfp

The Government will provide Australian Naval Infrastructure Pty Ltd an additional equity injection over two years from 2018-19 to undertake further infrastructure works at the Osborne precinct in Adelaide.

The equity injection for this measure is not for publication (nfp) due to commercial sensitivities.

FOREIGN AFFAIRS AND TRADE

Australian Infrastructure Financing Facility for the Pacific — establishment

Capital (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Foreign Affairs and Trade	-	nfp	nfp	nfp	nfp
<i>Related revenue (\$m)</i>					
Department of Foreign Affairs and Trade	-	-	-	1.4	3.4
<i>Related expense (\$m)</i>					
Department of Foreign Affairs and Trade	-	-	16.2	24.3	48.7

The Government will establish the Australian Infrastructure Financing Facility for the Pacific (AIFFP), to provide flexible infrastructure financing and support to Pacific Island countries.

The AIFFP will consist of a \$1.5 billion loan facility, and a \$500 million grant component, to support further development in the Pacific through enduring infrastructure projects, and to encourage further private sector investment.

Further information can be found in the press release of 8 November 2018 issued by the Prime Minister, the Minister for Defence and the Minister for Foreign Affairs.

Defence Export Facility Transactions

Capital (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Export Finance and Insurance Corporation (National Interest component)	-	-	-	-	-
<i>Related revenue (\$m)</i>					
Export Finance and Insurance Corporation (National Interest component)	-	nfp	nfp	nfp	nfp
<i>Related expense (\$m)</i>					
Export Finance and Insurance Corporation (National Interest component)	-	nfp	nfp	nfp	nfp

The measure will provide commercial loans of up to \$202.7 million from 2018-19 through the Export Finance and Insurance Corporation's National Interest Account, comprising:

- \$90.0 million to CEA Technologies Pty Ltd to fund the construction of a new manufacturing facility in Canberra; and

Appendix A: Policy decisions taken since the 2018-19 Budget

- up to USD \$80 million (AUD \$112.7 million) to the Government of the Republic of Trinidad and Tobago to finance the purchase of two Cape Class Patrol Boats from Austal Ltd to be constructed in Henderson, Western Australia.

Consistent with the Government's *Defence Export Strategy*, the loans are expected to generate additional defence exports and Australian jobs.

The budget impacts for this measure are not for publication (nfp) due to commercial sensitivities of the terms and conditions of the loans.

Appendix A: Policy decisions taken since the 2018-19 Budget

PRIME MINISTER AND CABINET

Prime Minister and Cabinet — support for Cabinet

Capital (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of the Prime Minister and Cabinet	-	4.0	-	-	-

The Government will provide \$4.0 million in 2018-19 to the Department of the Prime Minister and Cabinet to provide support to Cabinet.

SOCIAL SERVICES

Welfare Payment Infrastructure Transformation — update to Tranche Three

Capital (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of Human Services	-	14.2	-	-	-14.2

The Government will provide an additional \$14.2 million in 2018-19 to bring forward investment in capital infrastructure from Tranche Four of the Welfare Payment Infrastructure Transformation (WPIT) program. The WPIT program is progressively replacing Centrelink's ageing technology platform.

Provision for this funding has already been included in the forward estimates.

This measure builds on the existing 2018-19 Budget measure titled *Delivering Australia's Digital Future – Welfare Payment Infrastructure Transformation – Tranche Three*.

TREASURY

Federal Payments Management System

Capital (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of the Treasury	-	0.7	1.5	-	-

The Government will provide \$2.2 million in capital funding over two years from 2018-19 to enhance the integrity of the Federal Payments Managements System ensuring the continued effective administration of payments to the states and territories.

World Bank Group — capital increase

Capital (\$m)	2017-18	2018-19	2019-20	2020-21	2021-22
Department of the Treasury	-	-	-	-	-
<i>Related revenue (\$m)</i>					
<i>Department of the Treasury</i>	-	-	402.6	-	-

The Government will support a capital increase for the International Bank for Reconstruction and Development (IBRD) and a proposed capital increase for the International Finance Corporation (IFC) of the World Bank Group (WBG). The capital increases will allow the IBRD and the IFC to maintain lending operations, including in the Asia Pacific region.

Australia's contribution to the IBRD capital increase is:

- A\$154.0 million paid-in capital; and
- A\$1.0 billion callable capital which will be reflected as a contingent liability.

If the capital increase for the IFC is formally endorsed by WBG Governors (expected in 2019), Australia's contribution will be A\$144 million paid-in capital.

The IFC will also convert its retained earnings into paid-in capital from which Australia will receive fully-paid-in shares with an estimated value of A\$402.6 million in 2019-20 (reflected in this measure as revenue received by the Australian Government).

Australia's capital contributions will have no direct impact on the underlying cash or fiscal balance, as it reflects a change in the composition of the Australian Government's assets.

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 the 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 the 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.

Consistent with the 2018-19 Budget, the Commonwealth's Loan Council Allocation is no longer reported. The Australian Loan Council unanimously agreed to remove the Australian, state and territory governments' reporting requirements from the UPF and transfer the administration of the UPF to the Council on Federal Financial Relations.

AUSTRALIAN GOVERNMENT FINANCIAL STATEMENTS

Table B1: Australian Government general government sector operating statement

	Note	Estimates		Projections	
		2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m
Revenue					
Taxation revenue	3	457,997	476,765	500,863	529,619
Sales of goods and services	4	14,024	15,833	16,076	16,658
Interest income	5	4,810	5,785	6,489	6,842
Dividend income	5	4,648	5,420	5,354	6,155
Other	6	11,809	10,701	9,404	9,067
Total revenue		493,288	514,505	538,186	568,341
Expenses					
Gross operating expenses					
Wages and salaries(a)	7	20,551	20,682	20,772	21,283
Superannuation	7	9,291	6,045	6,018	6,076
Depreciation and amortisation	8	8,606	7,932	8,186	8,478
Supply of goods and services	9	118,012	126,211	128,648	134,126
Other operating expenses(a)	7	6,677	6,546	6,664	6,900
<i>Total gross operating expenses</i>		<i>163,136</i>	<i>167,416</i>	<i>170,288</i>	<i>176,862</i>
Superannuation interest expense	7	9,446	11,049	11,387	11,715
Interest expenses	10	18,498	19,686	19,368	18,953
Current transfers					
Current grants	11	149,036	152,764	158,379	164,448
Subsidy expenses		11,491	12,674	13,165	13,747
Personal benefits	12	125,837	131,186	136,223	144,021
<i>Total current transfers</i>		<i>286,364</i>	<i>296,624</i>	<i>307,767</i>	<i>322,216</i>
Capital transfers	11				
Mutually agreed write-downs		1,450	1,506	1,607	1,698
Other capital grants		9,469	8,111	7,367	7,107
<i>Total capital transfers</i>		<i>10,919</i>	<i>9,617</i>	<i>8,975</i>	<i>8,806</i>
Total expenses		488,363	504,392	517,785	538,552
Net operating balance		4,926	10,113	20,401	29,788
Other economic flows – included in operating result					
Net write-downs of assets (including bad and doubtful debts)		-8,202	-8,030	-7,988	-8,373
Assets recognised for the first time		200	204	208	212
Actuarial revaluations		70	33	26	14
Net foreign exchange gains		-269	-64	522	423
Net swap interest received		-218	0	0	0
Market valuation of debt		-2,282	2,507	2,004	1,353
Other gains/(losses)		7,491	4,817	4,730	5,457
Total other economic flows – included in operating result		-3,211	-534	-497	-915
Operating Result(b)		1,715	9,579	19,903	28,873

Table B1: Australian Government general government sector operating statement (continued)

	Note	Estimates		Projections	
		2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m
Non-owner movements in equity					
Revaluation of equity investments		-3,529	25	0	86
Actuarial revaluations		-5,794	152	107	-39
Other economic revaluations		-76	-12	31	35
Total other economic flows - included in equity		-9,399	165	138	83
Comprehensive result - Total change in net worth		-7,685	9,745	20,042	28,956
Net operating balance		4,926	10,113	20,401	29,788
Net acquisition of non-financial assets					
Purchases of non-financial assets		15,556	14,789	16,516	18,374
<i>less</i> Sales of non-financial assets		285	1,083	292	159
<i>less</i> Depreciation		8,606	7,932	8,186	8,478
<i>plus</i> Change in inventories		159	6	32	60
<i>plus</i> Other movements in non-financial assets		2	-3	0	0
Total net acquisition of non-financial assets		6,826	5,776	8,071	9,798
Fiscal balance (Net lending/borrowing)(c)		-1,901	4,337	12,330	19,990

(a) Consistent with the ABS GFS classification, other employee related expenses are reported under other operating expenses. Total employee expenses equals wages and salaries plus other operating expenses.

(b) Operating result under AAS.

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

Appendix B: Australian Government Budget Financial Statements

Table B2: Australian Government general government sector balance sheet

	Note	Estimates		Projections	
		2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m
Assets					
Financial assets					
Cash and deposits		5,849	6,150	6,006	5,861
Advances paid	13	72,662	84,168	90,027	94,708
Investments, loans and placements	14	174,371	185,306	194,323	210,055
Other receivables	13	54,623	56,704	57,992	60,604
Equity investments					
Investments in other public sector entities		56,251	58,247	60,464	63,080
Equity accounted investments		265	382	456	481
Investments - shares		66,355	69,098	71,606	76,310
<i>Total financial assets</i>		<i>430,375</i>	<i>460,054</i>	<i>480,876</i>	<i>511,098</i>
Non-financial assets					
Land	15	11,492	11,472	11,480	11,425
Buildings		27,078	27,695	29,114	31,005
Plant, equipment and infrastructure		81,751	87,055	92,862	99,586
Inventories		8,437	8,087	7,770	7,482
Intangibles		9,397	9,797	10,082	10,381
Investment properties		173	173	173	173
Biological assets		36	36	36	36
Heritage and cultural assets		11,599	11,582	11,560	11,542
Assets held for sale		181	182	182	182
Other non-financial assets		34	31	31	31
<i>Total non-financial assets</i>		<i>150,178</i>	<i>156,110</i>	<i>163,292</i>	<i>171,844</i>
Total assets		580,554	616,164	644,168	682,942
Liabilities					
Interest bearing liabilities					
Deposits held		381	381	381	381
Government securities		586,341	600,639	601,594	604,241
Loans	16	16,615	16,569	16,883	17,166
Other borrowing		1,493	1,460	1,433	1,388
<i>Total interest bearing liabilities</i>		<i>604,830</i>	<i>619,049</i>	<i>620,291</i>	<i>623,176</i>

**Table B2: Australian Government general government sector balance sheet
(continued)**

	Note	Estimates		Projections	
		2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m
Provisions and payables					
Superannuation liability	17	223,589	230,708	237,741	244,537
Other employee liabilities	17	20,175	20,634	21,065	21,541
Suppliers payables	18	7,392	7,800	8,341	8,408
Personal benefits payables	18	3,359	3,720	3,518	3,524
Subsidies payables	18	508	1,188	1,230	1,260
Grants payables	18	3,710	4,493	4,115	3,703
Other payables	18	2,176	2,093	2,111	2,124
Provisions	18	35,568	37,487	36,723	36,681
<i>Total provisions and payables</i>		<i>296,477</i>	<i>308,123</i>	<i>314,844</i>	<i>321,777</i>
Total liabilities		901,307	927,172	935,135	944,953
Net worth(a)		-320,753	-311,008	-290,967	-262,011
<i>Net financial worth(b)</i>		<i>-470,932</i>	<i>-467,119</i>	<i>-454,259</i>	<i>-433,855</i>
<i>Net financial liabilities(c)</i>		<i>527,182</i>	<i>525,366</i>	<i>514,723</i>	<i>496,935</i>
<i>Net debt(d)</i>		<i>351,948</i>	<i>343,426</i>	<i>329,934</i>	<i>312,552</i>

(a) Net worth equals 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 interest bearing liabilities (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^(a)

	Estimates		Projections	
	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m
Cash receipts from operating activities				
Taxes received	447,645	466,646	491,235	518,839
Receipts from sales of goods and services	14,180	15,957	16,174	16,760
Interest receipts	4,397	5,413	6,004	6,302
Dividends and income tax equivalents	4,390	5,230	5,055	5,632
Other receipts	10,751	11,255	7,682	7,097
Total operating receipts	481,363	504,502	526,150	554,629
Cash payments for operating activities				
Payments for employees	-30,191	-30,514	-30,997	-32,219
Payments for goods and services	-117,058	-124,243	-126,353	-132,346
Grants and subsidies paid	-169,851	-173,078	-178,811	-185,112
Interest paid	-18,385	-16,874	-17,340	-16,745
Personal benefit payments	-126,483	-132,069	-137,773	-145,006
Other payments	-6,286	-6,128	-6,233	-6,443
Total operating payments	-468,255	-482,906	-497,507	-517,871
Net cash flows from operating activities	13,108	21,596	28,643	36,759
Cash flows from investments in non-financial assets				
Sales of non-financial assets	720	1,516	237	159
Purchases of non-financial assets	-15,115	-14,450	-16,416	-17,963
Net cash flows from investments in non-financial assets	-14,395	-12,934	-16,179	-17,804
Net cash flows from investments in financial assets for policy purposes	-17,042	-15,837	-10,508	-9,109
Net cash flows from investments in financial assets for liquidity purposes	8,905	-7,897	-4,413	-13,120
Cash receipts from financing activities				
Borrowing	87,489	162,544	254,049	193,127
Other financing	934	7	0	5
Total cash receipts from financing activities	88,422	162,551	254,049	193,132
Cash payments for financing activities				
Borrowing	-76,235	-144,591	-248,690	-187,101
Other financing	-3,698	-2,587	-3,046	-2,901
Total cash payments for financing activities	-79,933	-147,179	-251,736	-190,001
Net cash flows from financing activities	8,490	15,373	2,313	3,130
Net increase/(decrease) in cash held	-934	300	-145	-144

Table B3: Australian Government general government sector cash flow statement (continued)^(a)

	Estimates		Projections	
	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m
GFS cash surplus(+)/deficit(-)(b)	-1,286	8,662	12,464	18,954
<i>less</i> Finance leases and similar arrangements(c)	0	0	0	0
<i>less</i> Net Future Fund earnings(d)	3,886	4,551	na	na
Equals underlying cash balance(e)	-5,172	4,110	12,464	18,954
<i>plus</i> Net cash flows from investments in financial assets for policy purposes	-17,042	-15,837	-10,508	-9,109
<i>plus</i> Net Future Fund earnings(d)	3,886	4,551	na	na
Equals headline cash balance	-18,329	-7,175	1,956	9,845
<i>Memorandum:</i>				
<i>Net Future Fund earnings(d)</i>	3,886	4,551	4,690	5,006

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

(b) GFS cash surplus/deficit equals net cash flows from operating activities and investments in non-financial assets.

(c) The acquisition of assets under finance leases worsens the underlying cash balance. The disposal of assets previously held under finance leases improves the underlying cash balance.

(d) Under the *Future Fund Act 2006*, net Future Fund earnings will be available to meet the Australian Government's superannuation liability in 2020-21. From this time, the underlying cash balance includes expected net Future Fund earnings.

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

Table B4: Australian Government public non-financial corporations sector operating statement

	Estimates	
	2018-19	\$m
Revenue		
Current grants and subsidies		106
Sales of goods and services		15,080
Interest income		28
Other		43
Total revenue		15,256
Expenses		
Gross operating expenses		
Wages and salaries(a)		4,448
Superannuation		452
Depreciation and amortisation		3,699
Supply of goods and services		9,960
Other operating expenses(a)		575
<i>Total gross operating expenses</i>		<i>19,134</i>
Interest expenses		1,069
Other property expenses		380
Current transfers		
Tax expenses		188
<i>Total current transfers</i>		<i>188</i>
Total expenses		20,771
Net operating balance		-5,514
Other economic flows		-497
Comprehensive result - Total change in net worth excluding contribution from owners		-6,011
Net acquisition of non-financial assets		
Purchases of non-financial assets		9,234
<i>less</i> Sales of non-financial assets		<i>35</i>
<i>less</i> Depreciation		<i>3,699</i>
<i>plus</i> Change in inventories		<i>8</i>
<i>plus</i> Other movements in non-financial assets		<i>32</i>
Total net acquisition of non-financial assets		5,539
Fiscal balance (Net lending/borrowing)(b)		-11,054

(a) Consistent with the ABS GFS classification, other employee related expenses are reported under other operating expenses. Total employee expenses equals 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	
	2018-19	\$m
Assets		
Financial assets		
Cash and deposits		2,367
Investments, loans and placements		1,119
Other receivables		2,436
Equity investments		172
<i>Total financial assets</i>		6,094
Non-financial assets		
Land and other fixed assets		48,293
Other non-financial assets(a)		3,718
<i>Total non-financial assets</i>		52,011
Total assets		58,105
Liabilities		
Interest bearing liabilities		
Deposits held		9
Advances received		292
Loans		16,431
Other borrowing		8,228
<i>Total interest bearing liabilities</i>		24,959
Provisions and payables		
Superannuation liability		30
Other employee liabilities		1,644
Other payables		5,872
Other provisions(a)		575
<i>Total provisions and payables</i>		8,121
Total liabilities		33,080
Shares and other contributed capital		25,025
Net worth(b)		25,025
<i>Net financial worth(c)</i>		-26,986
<i>Net debt(d)</i>		21,473

(a) Excludes the impact of commercial taxation adjustments.

(b) Under AASB 1049, net worth equals total assets minus total liabilities. Under ABS GFS, net worth equals 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^(a)

	Estimates
	2018-19 \$m
Cash receipts from operating activities	
Receipts from sales of goods and services	15,845
Grants and subsidies received	108
GST input credit receipts	1,082
Other receipts	32
Total operating receipts	17,068
Cash payments for operating activities	
Payments to employees	-4,849
Payment for goods and services	-9,704
Interest paid	-459
GST payments to taxation authority	-938
Other payments	-940
Total operating payments	-16,890
Net cash flows from operating activities	178
Cash flows from investments in non-financial assets	
Sales of non-financial assets	207
Purchases of non-financial assets	-8,628
Net cash flows from investments in non-financial assets	-8,420
Net cash flows from investments in financial assets for policy purposes	-8
Net cash flows from investments in financial assets for liquidity purposes	-4
Net cash flows from financing activities	
Borrowing (net)	8,054
Other financing (net)	985
Distributions paid (net)	-389
Net cash flows from financing activities	8,650
Net increase/(decrease) in cash held	396
Cash at the beginning of the year	1,972
Cash at the end of the year	2,368
Net cash from operating activities and investments in non-financial assets	-8,243
Distributions paid	-389
GFS cash surplus(+)/deficit(-)	-8,631

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

Table B7: Australian Government total non-financial public sector operating statement

	Estimates
	2018-19 \$m
Revenue	
Taxation revenue	457,689
Sales of goods and services	28,072
Interest income	4,474
Dividend income	4,367
Other	11,877
Total revenue	506,478
Expenses	
Gross operating expenses	
Wages and salaries(a)	24,999
Superannuation	9,728
Depreciation and amortisation	12,305
Supply of goods and services	126,933
Other operating expenses(a)	7,252
<i>Total gross operating expenses</i>	<i>181,217</i>
Superannuation interest expense	9,446
Interest expenses	19,204
Current transfers	
Current grants	149,036
Subsidy expenses	11,491
Personal benefits	125,837
<i>Total current transfers</i>	<i>286,364</i>
Capital transfers	10,867
Total expenses	507,098
Net operating balance	-619
Other economic flows	-7,242
Comprehensive result - Total change in net worth	-7,861
Net acquisition of non-financial assets	
Purchases of non-financial assets	24,790
<i>less</i> Sales of non-financial assets	<i>320</i>
<i>less</i> Depreciation	<i>12,305</i>
<i>plus</i> Change in inventories	<i>167</i>
<i>plus</i> Other movements in non-financial assets	<i>34</i>
Total net acquisition of non-financial assets	12,366
Fiscal balance (Net lending/borrowing)(b)	-12,985

(a) Consistent with the ABS GFS classification, other employee related expenses are reported under other operating expenses. Total employee expenses equals 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	
	2018-19	\$m
Assets		
Financial assets		
Cash and deposits		8,217
Advances paid		58,944
Investments, loans and placements		175,466
Other receivables		56,902
Equity investments		98,259
<i>Total financial assets</i>		<i>397,787</i>
Non-financial assets		
Land and fixed assets		188,650
Other non-financial assets		13,538
<i>Total non-financial assets</i>		<i>202,188</i>
Total assets		599,975
Liabilities		
Interest bearing liabilities		
Deposits held		390
Advances received		0
Government securities		586,341
Loans		19,596
Other borrowing		9,720
<i>Total interest bearing liabilities</i>		<i>616,048</i>
Provisions and payables		
Superannuation liability		223,619
Other employee liabilities		21,819
Other payables		22,849
Other provisions		36,143
<i>Total provisions and payables</i>		<i>304,430</i>
Total liabilities		920,478
Net worth(a)		-320,503
<i>Net financial worth(b)</i>		<i>-522,691</i>
<i>Net debt(c)</i>		<i>373,421</i>

(a) Under AASB 1049, net worth equals total assets minus total liabilities. Under ABS GFS, net worth equals 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 interest bearing liabilities (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^(a)

	Estimates
	2018-19 \$m
Cash receipts from operating activities	
Taxes received	447,387
Receipts from sales of goods and services	28,042
Interest receipts	4,061
Dividends and income tax equivalents	4,010
Other receipts	11,217
Total operating receipts	494,718
Cash payments for operating activities	
Payments to employees	-35,025
Payments for goods and services	-124,715
Grants and subsidies paid	-169,800
Interest paid	-18,481
Personal benefit payments	-126,483
Other payments	-6,913
Total operating payments	-481,417
Net cash flows from operating activities	13,301
Cash flows from investments in non-financial assets	
Sales of non-financial assets	928
Purchases of non-financial assets	-23,743
Net cash flows from investments in non-financial assets	-22,815
Net cash flows from investments in financial assets for policy purposes	-8,184
Net cash flows from investments in financial assets for liquidity purposes	8,901
Net cash flows from financing activities	
Borrowing (net)	11,389
Other financing (net)	-3,130
Net cash flows from financing activities	8,259
Net increase/(decrease) in cash held	-538
Cash at the beginning of the year	8,755
Cash at the end of the year	8,217
Net cash from operating activities and investments in non-financial assets	-9,514
Distributions paid	0
GFS cash surplus(+)/deficit(-)	-9,514

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

Table B10: Australia Government public financial corporations sector operating statement

	Estimates
	2018-19 \$m
Revenue	
Current grants and subsidies	113
Sales of goods and services	722
Interest income	2,431
Other	40
Total revenue	3,306
Expenses	
Gross operating expenses	
Wages and salaries(a)	170
Superannuation	50
Depreciation and amortisation	63
Supply of goods and services	506
Other operating expenses(a)	53
<i>Total gross operating expenses</i>	<i>843</i>
Interest expenses	1,248
Other property expenses	1,210
Current transfers	
Tax expenses	5
<i>Total current transfers</i>	<i>5</i>
Total expenses	3,306
Net operating balance	0
Other economic flows	1,984
Comprehensive result - Total change in net worth excluding contribution from owners	1,985
Net acquisition of non-financial assets	
Purchases of non-financial assets	4
<i>less</i> Sales of non-financial assets	159
<i>less</i> Depreciation	63
<i>plus</i> Change in inventories	-33
<i>plus</i> Other movements in non-financial assets	0
Total net acquisition of non-financial assets	-251
Fiscal balance (Net lending/borrowing)(b)	252

(a) Consistent with the ABS GFS classification, other employee related expenses are reported under other operating expenses. Total employee expenses equals wages and salaries plus other operating expenses.

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

Table B11: Australian Government public financial corporations sector balance sheet^(a)

	Estimates	
	2018-19	\$m
Assets		
Financial assets		
Cash and deposits		961
Investments, loans and placements		165,900
Other receivables		133
Equity investments		507
<i>Total financial assets</i>		167,501
Non-financial assets		
Land and other fixed assets		787
Other non-financial assets(b)		97
<i>Total non-financial assets</i>		884
Total assets		168,385
Liabilities		
Interest bearing liabilities		
Deposits held		130,627
Borrowing		5,878
<i>Total interest bearing liabilities</i>		136,505
Provisions and payables		
Superannuation liability		393
Other employee liabilities		180
Other payables		1,707
Other provisions(b)		1,302
<i>Total provisions and payables</i>		3,582
Total liabilities		140,087
Shares and other contributed capital		28,298
Net worth(c)		28,298
<i>Net financial worth(d)</i>		27,414
<i>Net debt(e)</i>		-30,356

(a) Assumes no valuation or currency movement.

(b) Excludes the impact of commercial taxation adjustments.

(c) Under AASB 1049, net worth equals total assets minus total liabilities. Under ABS GFS, net worth equals total assets minus total liabilities minus shares and other contributed capital. The AASB 1049 method is used in this table.

(d) 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.

(e) Net debt equals the sum of interest bearing liabilities (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^(a)

	Estimates
	2018-19 \$m
Cash receipts from operating activities	
Receipts from sales of goods and services	740
Grants and subsidies received	113
GST input credit receipts	19
Interest receipts	2,429
Other receipts	23
Total operating receipts	3,325
Cash payments for operating activities	
Payments to employees	-209
Payment for goods and services	-1,605
Interest paid	-1,224
GST payments to taxation authority	-12
Other payments	-67
Total operating payments	-3,117
Net cash flows from operating activities	207
Cash flows from investments in non-financial assets	
Sales of non-financial assets	159
Purchases of non-financial assets	-62
Net cash flows from investments in non-financial assets	97
Net cash flows from investments in financial assets for policy purposes	-433
Net cash flows from investments in financial assets for liquidity purposes	27,177
Net cash flows from financing activities	
Borrowing (net)	-29,730
Deposits received (net)	0
Other financing (net)	3,636
Distributions paid (net)	-628
Net cash flows from financing activities	-26,723
Net increase/(decrease) in cash held	325
Cash at the beginning of the year	635
Cash at the end of the year	961
Net cash from operating activities and investments in non-financial assets	304
Distributions paid	-628
GFS cash surplus(+)/deficit(-)	-323

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

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, 2015* (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 as adopted in Australia and the public sector specific standard AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (AASB 1049).

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 Australian Government 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 the 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 UPF 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 2018-19 Budget are disclosed in Part 3, with decisions taken since the 2018-19 Budget disclosed in Appendix A.

Updates to fiscal risks and contingent liabilities since the 2018-19 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, 2015* (cat. no. 5514.0).

Table B13: Major differences between AAS and ABS GFS⁸

Issue	AAS treatment	ABS GFS treatment	Treatment adopted
Circulating coins — seigniorage	The profit between the cost and sale of circulating coins (seigniorage) is treated as revenue.	Circulating coins is treated as a liability, and the cost of producing the coins is treated as an expense.	AAS
Valuation of loans	Changes in the valuation of loans are treated as a revenue or an expense. In some circumstances recognition as a revenue or an expense is delayed until the loan ends or is transferred.	Changes in the valuation of loans (excluding mutually agreed write-downs) are treated as an other economic flow.	ABS GFS
Concessional loans	Concessional elements are treated as an expense on initial recognition and unwound over the loan term.	Concessional elements are treated as an other economic flow.	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	Capitalised when the asset is acquired.	Capitalised when make-good activity takes place.	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 revenue 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
Dividends paid by the Reserve Bank of Australia	Dividends are recognised in the year profit was earned.	Dividends are recognised when the Treasurer makes a determination.	AAS
National Disability Insurance Scheme (NDIS) revenue	Funding contributions by the state and territory governments to NDIS are treated as sales of goods and services revenue. In-kind disability services provided by the state and territory governments are treated as other revenue.	Funding contributions by the state and territory governments to NDIS are treated as grants revenue. In-kind disability services provided by the state and territory governments are treated as sales of goods and services revenue.	AAS

⁸ An interest measurement divergence has been removed because the ABS has recently advised that as a result of limitations in source data availability, ABS will continue to publish interest expense on a debtor basis (contract interest rate) rather than on a creditor basis (market interest rate).

Table B13: Major differences between AAS and ABS GFS (continued)

Issue	AAS treatment	ABS GFS treatment	Treatment adopted
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
Fiscal aggregate differences			
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 sectors	Calculated as financial assets less total liabilities.	Calculated as financial assets less total liabilities less shares and contributed capital.	AAS
Classification differences			
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 at which 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 at which control is transferred. Recognise cash at the time of receipt.	AAS

Note 3: Taxation revenue by type

	Estimates		Projections	
	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m
Individuals and other withholding taxes				
Gross income tax withholding	207,600	217,900	230,700	245,300
Gross other individuals	49,500	51,900	55,100	59,500
less: Refunds	30,000	34,600	35,600	37,300
Total individuals and other withholding taxation	227,100	235,200	250,200	267,500
Fringe benefits tax	3,930	4,110	4,350	4,570
Company tax	94,500	97,300	98,700	101,900
Superannuation fund taxes	10,670	8,960	12,910	14,410
Petroleum resource rent tax(a)	1,480	1,520	1,510	1,520
Income taxation revenue	337,680	347,090	367,670	389,900
Goods and services tax	69,180	71,650	75,437	79,425
Wine equalisation tax	1,050	1,120	1,150	1,200
Luxury car tax	700	720	740	770
Excise and Custom duty				
Petrol	6,010	6,190	6,500	6,800
Diesel	11,570	12,150	12,810	13,510
Other fuel products	2,280	2,410	2,460	2,530
Tobacco	12,950	17,500	15,750	16,660
Beer	2,495	2,525	2,640	2,720
Spirits	2,350	2,410	2,480	2,560
Other alcoholic beverages(b)	1,000	1,050	1,060	1,100
Other customs duty				
Textiles, clothing and footwear	200	200	210	220
Passenger motor vehicles	450	440	410	300
Other imports	1,330	1,300	1,150	1,090
less: Refunds and drawbacks	500	500	500	500
Total excise and customs duty	40,135	45,675	44,970	46,990
Major bank levy	1,650	1,750	1,850	1,950
Agricultural levies	561	578	588	598
Other taxes	7,041	8,182	8,458	8,786
Mirror taxes	601	628	656	688
less: Transfers to States in relation to mirror tax revenue	601	628	656	688
Mirror tax revenue	0	0	0	0
Indirect taxation revenue	120,317	129,675	133,193	139,719
Taxation revenue	457,997	476,765	500,863	529,619

Appendix B: Australian Government Budget Financial Statements

Note 3: Taxation revenue by type (continued)

	Estimates		Projections	
	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m
<i>Memorandum:</i>				
<i>Total excise</i>	23,385	24,375	25,510	26,710
<i>Total customs duty</i>	16,750	21,300	19,460	20,280
<i>Capital gains tax(c)</i>	16,600	17,000	18,000	19,100

(a) This item includes a small amount of MRRRT receipts which has not been separately disclosed owing to taxpayer confidentiality.

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

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

Note 3(a): Taxation revenue by source

	Estimates		Projections	
	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m
Taxes on income, profits and capital gains				
Income and capital gains levied on individuals	231,030	239,310	254,550	272,070
Income and capital gains levied on enterprises	106,650	107,780	113,120	117,830
Total taxes on income, profits and capital gains	337,680	347,090	367,670	389,900
Taxes on employers' payroll and labour force	1,139	985	971	984
Taxes on the provision of goods and services				
Sales/goods and services tax	70,930	73,490	77,327	81,395
Excises and levies	23,946	24,953	26,098	27,308
Taxes on international trade	16,750	21,300	19,460	20,280
Total taxes on the provision of goods and services	111,626	119,743	122,885	128,983
Taxes on the use of goods and performance of activities	7,552	8,947	9,337	9,752
Total taxation revenue	457,997	476,765	500,863	529,619

Note 4: Sales of goods and services revenue

	Estimates		Projections	
	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m
Sales of goods	1,409	1,595	1,588	1,633
Rendering of services	10,535	12,173	12,439	12,934
Operating lease rental	106	104	104	106
Fees from regulatory services	1,974	1,961	1,945	1,984
Total sales of goods and services revenue	14,024	15,833	16,076	16,658

Appendix B: Australian Government Budget Financial Statements

Note 5: Interest and dividend revenue

	Estimates		Projections	
	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m
Interest from other governments				
State and territory debt	61	68	76	79
Housing agreements	98	93	88	83
Total interest from other governments	159	161	164	162
Interest from other sources				
Advances	314	343	401	406
Deposits	689	557	577	568
Indexation of HELP receivable and other student loans	882	1,101	1,132	1,308
Other	2,766	3,622	4,215	4,398
Total interest from other sources	4,651	5,624	6,325	6,680
Total interest	4,810	5,785	6,489	6,842
Dividends				
Dividends from other public sector entities	1,524	1,341	1,699	2,256
Other dividends	3,124	4,080	3,655	3,898
Total dividends	4,648	5,420	5,354	6,155
Total interest and dividend revenue	9,458	11,205	11,842	12,997

Note 6: Other sources of non-taxation revenue

	Estimates		Projections	
	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m
Industry contributions	161	170	167	165
Royalties	1,429	1,246	1,152	1,137
Seigniorage	89	87	86	84
Other	10,130	9,197	7,999	7,680
Total other sources of non-taxation revenue	11,809	10,701	9,404	9,067

Appendix B: Australian Government Budget Financial Statements

Note 7: Employee and superannuation expense

	Estimates		Projections	
	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m
Wages and salaries expenses	20,551	20,682	20,772	21,283
Other operating expenses				
Leave and other entitlements	2,447	2,422	2,403	2,437
Separations and redundancies	79	54	52	73
Workers compensation premiums and claims	1,597	1,524	1,598	1,672
Other	2,554	2,547	2,610	2,717
Total other operating expenses	6,677	6,546	6,664	6,900
Superannuation expenses				
Superannuation	9,291	6,045	6,018	6,076
Superannuation interest cost	9,446	11,049	11,387	11,715
Total superannuation expenses	18,737	17,094	17,405	17,791
Total employee and superannuation expense	45,965	44,322	44,841	45,974

Note 8: Depreciation and amortisation expense

	Estimates		Projections	
	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m
Depreciation				
Specialist military equipment	4,372	3,822	4,106	4,427
Buildings	1,459	1,434	1,438	1,468
Other infrastructure, plant and equipment	1,593	1,533	1,542	1,566
Heritage and cultural assets	87	84	84	83
Total depreciation	7,510	6,874	7,170	7,544
Total amortisation	1,096	1,059	1,016	934
Total depreciation and amortisation expense	8,606	7,932	8,186	8,478

Note 9: Supply of goods and services expense

	Estimates		Projections	
	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m
Supply of goods and services	32,919	32,143	32,527	33,880
Operating lease rental expenses	2,616	2,510	2,474	2,445
Personal benefits – indirect	75,269	84,165	86,620	90,931
Health care payments	4,727	4,584	4,513	4,450
Other	2,480	2,808	2,514	2,419
Total supply of goods and services expense	118,012	126,211	128,648	134,126

Appendix B: Australian Government Budget Financial Statements

Note 10: Interest expense

	Estimates		Projections	
	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m
Interest on debt				
Government securities(a)	17,215	17,484	17,237	17,022
Loans	1	1	1	1
Other	235	249	271	287
Total interest on debt	17,451	17,734	17,508	17,310
Other financing costs	1,047	1,952	1,860	1,642
Total interest expense	18,498	19,686	19,368	18,953

(a) Public debt interest estimates are calculated using the contract interest rates incurred on existing Commonwealth Government Securities (CGS) when issued and on 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	
	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m
Current grants expense				
State and territory governments	118,747	121,993	126,767	133,509
Private sector	9,858	9,591	9,688	9,810
Overseas	3,883	4,447	3,730	3,732
Non-profit organisations	3,970	3,542	3,384	3,290
Multi-jurisdictional sector	10,536	10,697	11,094	11,267
Other	2,041	2,495	3,717	2,840
Total current grants expense	149,036	152,764	158,379	164,448
Capital grants expense				
Mutually agreed write-downs	1,450	1,506	1,607	1,698
Other capital grants				
State and territory governments	7,563	6,770	6,423	6,211
Local governments	436	379	379	379
Non-profit organisations	968	709	298	68
Private sector	175	0	0	0
Other	325	253	267	449
Total capital grants expense	10,919	9,617	8,975	8,806
Total grants expense	159,955	162,381	167,354	173,254

Appendix B: Australian Government Budget Financial Statements

Note 12: Personal benefits expense

	Estimates		Projections	
	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m
Social welfare - assistance to the aged	46,912	48,930	50,732	52,721
Assistance to veterans and dependants	4,967	4,835	4,716	4,696
Assistance to people with disabilities	25,355	26,346	26,707	27,846
Assistance to families with children	27,263	28,042	28,205	28,674
Assistance to the unemployed	10,673	10,960	11,354	11,779
Student assistance	2,523	2,604	2,692	2,774
Other welfare programs	1,095	1,174	1,205	1,210
Financial and fiscal affairs	582	391	405	420
Vocational and industry training	32	33	34	35
Other	6,434	7,871	10,173	13,867
Total personal benefits expense	125,837	131,186	136,223	144,021

Note 13: Advances paid and other receivables

	Estimates		Projections	
	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m
Advances paid				
Loans to state and territory governments	3,903	4,142	4,310	4,214
Student loans	47,782	51,151	54,326	57,288
Other	21,532	29,562	32,224	34,198
less Provision for doubtful debts	554	687	832	991
Total advances paid	72,662	84,168	90,027	94,708
Other receivables				
Goods and services receivable	1,132	1,121	1,120	1,124
Recoveries of benefit payments	6,155	6,768	7,436	7,872
Taxes receivable	26,157	28,458	29,112	30,262
Prepayments	3,441	3,445	3,402	3,373
Other	21,393	21,219	21,822	23,300
less Provision for doubtful debts	3,656	4,308	4,899	5,328
Total other receivables	54,623	56,704	57,992	60,604

Note 14: Investments, loans and placements

	Estimates		Projections	
	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m
Investments - deposits	36,158	31,430	28,588	36,260
IMF quota	12,598	12,615	13,161	13,735
Other	125,615	141,261	152,574	160,059
Total investments, loans and placements	174,371	185,306	194,323	210,055

Appendix B: Australian Government Budget Financial Statements

Note 15: Non-financial assets

	Estimates		Projections	
	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m
Land and buildings				
Land	11,492	11,472	11,480	11,425
Buildings	27,078	27,695	29,114	31,005
Total land and buildings	38,570	39,167	40,594	42,429
Plant, equipment and infrastructure				
Specialist military equipment	65,664	70,419	75,823	82,422
Other	16,087	16,636	17,039	17,164
Total plant, equipment and infrastructure	81,751	87,055	92,862	99,586
Inventories				
Inventories held for sale	1,352	1,330	1,357	1,410
Inventories not held for sale	7,085	6,757	6,413	6,072
Total inventories	8,437	8,087	7,770	7,482
Intangibles				
Computer software	4,628	4,756	4,843	4,909
Other	4,770	5,041	5,239	5,473
Total intangibles	9,397	9,797	10,082	10,381
Total investment properties	173	173	173	173
Total biological assets	36	36	36	36
Total heritage and cultural assets	11,599	11,582	11,560	11,542
Total assets held for sale	181	182	182	182
Total other non-financial assets	34	31	31	31
Total non-financial assets	150,178	156,110	163,292	171,844

Note 16: Loans

	Estimates		Projections	
	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m
Promissory notes	10,331	10,302	10,309	10,311
Special drawing rights	5,910	5,918	6,174	6,443
Other	374	349	401	411
Total loans	16,615	16,569	16,883	17,166

Note 17: Employee and superannuation liabilities

	Estimates		Projections	
	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m
Total superannuation liability(a)	223,589	230,708	237,741	244,537
Other employee liabilities				
Leave and other entitlements	8,279	8,372	8,461	8,554
Accrued salaries and wages	265	311	316	340
Workers compensation claims	2,475	2,437	2,405	2,387
Military compensation	8,722	9,079	9,447	9,825
Other	434	435	435	435
Total other employee liabilities	20,175	20,634	21,065	21,541
Total employee and superannuation liabilities	243,764	251,341	258,806	266,078

(a) For budget reporting purposes, a discount rate of 5 per cent used by actuaries in preparing the 2017 Long-Term Cost Reports is used to value the superannuation liability. This reflects the average annual rate estimated to apply over the term of the liability and it reduces the volatility in reported liabilities that would occur from year to year if the spot rates on long-term government bonds were used. Consistent with AAS, the superannuation liability for the 2017-18 Final Budget Outcome (FBO) was calculated using the spot rates on long-term government bonds as at 30 June 2018 that best matched each individual scheme's liability duration. These rates were between 2.7 and 3.1 per cent per annum.

Appendix B: Australian Government Budget Financial Statements

Note 18: Provisions and payables

	Estimates		Projections	
	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m
Suppliers payables				
Trade creditors	4,426	4,410	4,546	4,569
Operating lease rental payable	493	496	483	458
Personal benefits payables - indirect	804	1,441	1,867	1,943
Other creditors	1,669	1,452	1,446	1,438
Total suppliers payables	7,392	7,800	8,341	8,408
Total personal benefits payables - direct	3,359	3,720	3,518	3,524
Total subsidies payable	508	1,188	1,230	1,260
Grants payables				
State and territory governments	75	64	61	59
Non-profit organisations	234	235	236	236
Private sector	334	333	333	333
Overseas	1,656	2,447	2,070	1,660
Local governments	1	1	1	1
Other	1,411	1,413	1,415	1,415
Total grants payables	3,710	4,493	4,115	3,703
Total other payables	2,176	2,093	2,111	2,124
Provisions				
Provisions for tax refunds	3,464	3,465	3,469	3,474
Grants provisions	7,473	6,773	6,393	6,121
Personal benefits provisions - direct(a)	7,376	7,356	7,263	7,237
Personal benefits provisions - indirect	2,377	2,501	2,578	2,636
Other(a)	14,878	17,394	17,019	17,212
Total provisions	35,568	37,487	36,723	36,681

(a) Consistent with the 2017-18 FBO, Child Support Scheme provisions have been reclassified from 'other' provisions to 'personal benefits provisions – direct' to better reflect the nature of benefits provided to households.

Appendix B: Australian Government Budget Financial Statements

Note 19: Reconciliation of cash

	Estimates		Projections	
	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m
Net Operating balance (revenues less expenses)	4,926	10,113	20,401	29,788
<i>less</i> Revenues not providing cash				
Other	1,326	1,266	2,045	2,196
Total revenues not providing cash	1,326	1,266	2,045	2,196
<i>plus</i> Expenses not requiring cash				
Increase/(decrease) in employee entitlements	9,687	7,729	7,572	7,233
Depreciation/amortisation expense	8,606	7,932	8,186	8,478
Mutually agreed write-downs	1,450	1,506	1,607	1,698
Other	306	1,271	1,856	1,667
Total expenses not requiring cash	20,049	18,439	19,221	19,076
<i>plus</i> Cash provided/(used) by working capital items				
Decrease/(increase) in inventories	-159	-6	-32	-60
Decrease/(increase) in receivables	-8,635	-9,708	-7,710	-9,268
Decrease/(increase) in other financial assets	-687	-427	-788	-841
Decrease/(increase) in other non-financial assets	-334	-242	217	66
Increase/(decrease) in benefits, subsidies and grants payable	833	1,564	-386	-433
Increase/(decrease) in suppliers' liabilities	-501	-92	111	-25
Increase/(decrease) in other provisions and payables	-1,058	3,217	-350	648
Net cash provided/(used) by working capital	-10,541	-5,694	-8,938	-9,913
<i>equals</i> (Net cash from/(to) operating activities)	13,108	21,596	28,643	36,759
<i>plus</i> (Net cash from/(to) investing activities)	-22,532	-36,668	-31,101	-40,033
Net cash from operating activities and investment	-9,423	-15,072	-2,457	-3,274
<i>plus</i> (Net cash from/(to) financing activities)	8,490	15,373	2,313	3,130
<i>equals</i> Net increase/(decrease) in cash	-934	300	-145	-144
Cash at the beginning of the year	6,783	5,849	6,150	6,006
Net increase/(decrease) in cash	-934	300	-145	-144
Cash at the end of the year	5,849	6,150	6,006	5,861

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 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. AASB 1049 recognises the GGS as a reporting entity.

AASB 1049 Conceptual framework

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), 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*.⁹

⁹ Additional information on the Australian accrual GFS framework is available in the ABS publication *Australian System of Government Finance Statistics: Concepts, Sources and Methods, 2015* (cat. no. 5514.0).

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 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.¹⁰

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.

'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.

¹⁰ 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.

Net operating balance

The net operating balance is the excess of revenue from transactions over expenses from transactions. The net operating balance excludes expenditure on the acquisition of capital assets, but includes non-cash costs such as accruing superannuation entitlements and the consumption of capital (depreciation). By including all accruing costs, including depreciation, the net operating balance encompasses the full current cost of providing government services. This makes it a measure of the sustainability of the government's fiscal position over time and provides an indication of the sustainability of the existing level of government services.

The net operating balance is a flow measure on the operating statement.

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.¹¹

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.

11 The net operating balance includes consumption of non-financial assets because depreciation is an expense. Depreciation is deducted in the calculation of net capital investments as the full investment in non-financial assets is included in the calculation of fiscal balance.

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.

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 in 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 assets¹² (cash and deposits, advances paid, and investments, loans and placements). This includes financial assets (excluding equities) 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.

The 2015 ABS GFS Manual presents debt in a matrix format, with no single net debt aggregate identified. The Commonwealth Government continues to report net debt in accordance with the UPF as described above.

¹² 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.

The new Australian Accounting Standard, AASB 16 *Leases*, applies to all Australian Government entities from 1 July 2019. The effect of AASB 16 is to introduce a single lease accounting framework. This is achieved by removing the current distinction between operating and finance leases. As a result, leases that were previously accounted for as operating expenses and payments will be included as additional assets and liabilities on the balance sheet. The new standard will have implications for a number of budget aggregates; in particular, there will be a worsening of net debt, net financial worth and the fiscal balance. It will not have a material impact on the underlying cash balance. The estimates will be updated to reflect the changed treatment of leases following finalisation of implementation arrangements.

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 is the cash counterpart of the fiscal balance, reflecting the Australian Government's cash investment-saving balance.

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>equals</i>
ABS GFS cash surplus/deficit
<i>less</i>
Net acquisitions of assets acquired under finance leases and similar arrangements ¹³

13 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.

Appendix B: Australian Government Budget Financial Statements

less

Net Future Fund cash earnings

equals

Underlying cash balance

Under the *Future Fund Act 2006*, earnings are required to be reinvested to meet the Government's future public sector superannuation liabilities. The Government excludes net Future Fund cash earnings from the calculation of the underlying cash balance between 2005-06 and 2019-20. From 2020-21 onwards, net Future Fund cash earnings are included in the calculation of the underlying cash balance because the Future Fund becomes available to meet the Government's superannuation liabilities from that year.

In contrast, net Future Fund earnings are included in the net operating balance and fiscal balance for all years because superannuation expenses relating to future cash payments are recorded in the net operating balance and 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.

Headline cash balance

The headline cash balance is calculated by adding net cash flows from investments in financial assets for policy purposes and net Future Fund earnings to the underlying cash balance.

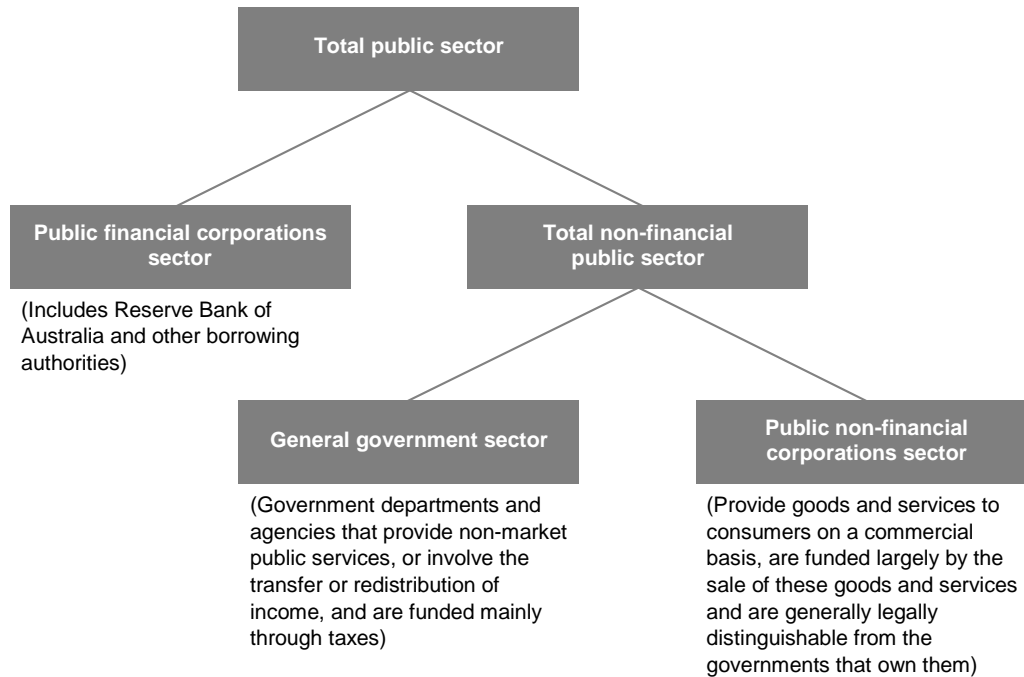
Net cash flows from investments in financial assets for policy purposes include equity transactions and advances paid.¹⁴ Equity transactions include equity injections into controlled businesses and privatisations of government businesses. Advances paid include net loans to the states and net loans to students.

Sectoral classifications

To assist in analysing the public sector, data are presented by institutional sector as shown in Figure B1. ABS GFS defines the GGS and the PNFC and PFC sectors. AASB 1049 has also adopted this sectoral reporting.

¹⁴ Net cash flows from investments in financial assets for policy purposes are often referred to as net advances.

Figure B1: Institutional structure of the public sector



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 under the current portfolio structure is available on the Department of Finance website at: <https://www.finance.gov.au/resource-management/governance/#flipchart>.

Table B14: Entities outside of the general government sector – 2018-19

Public financial corporations
Foreign Affairs and Trade Portfolio
<ul style="list-style-type: none"> Export Finance and Insurance Corporation
Industry, Innovation and Science Portfolio
<ul style="list-style-type: none"> CSIRO General Partner Pty Ltd CSIRO General Partner 2 Pty Ltd
Jobs and Small Business Portfolio
<ul style="list-style-type: none"> Coal Mining Industry (Long Service Leave Funding) Corporation

Table B14: Entities outside of the general government sector – 2018-19

Public financial corporations (continued)
Treasury Portfolio
<ul style="list-style-type: none"> • Australian Reinsurance Pool Corporation • National Housing Finance and Investment Corporation (Bond Aggregator)* • Reserve Bank of Australia
Public non-financial corporations
Communications and the Arts Portfolio
<ul style="list-style-type: none"> • Australian Postal Corporation (Australia Post) • nbn Co Ltd
Environment and Energy Portfolio
<ul style="list-style-type: none"> • Snowy Hydro Limited
Finance Portfolio
<ul style="list-style-type: none"> • ASC Pty Ltd • Australian Naval Infrastructure Pty Ltd
Social Services Portfolio
<ul style="list-style-type: none"> • Australian Hearing Services (Australian Hearing)
Infrastructure, Regional Development and Cities Portfolio
<ul style="list-style-type: none"> • Airservices Australia • Australian Rail Track Corporation Limited • Moorebank Intermodal Company Limited • WSA Co Ltd
Industry, Innovation and Science Portfolio
<ul style="list-style-type: none"> • ANSTO Nuclear Medicine Pty Ltd
Prime Minister and Cabinet Portfolio
<ul style="list-style-type: none"> • Voyages Indigenous Tourism Australia Pty Ltd

* The National Housing Finance and Investment Corporation (NHFIC), a corporate Commonwealth entity, operates an affordable housing bond aggregator to encourage greater private and institutional investment and provide cheaper and longer term finance to registered providers of affordable housing. The NHFIC bond aggregator is a PFC. NHFIC also administers the National Housing Infrastructure Facility. The Facility is included in the GGS.

APPENDIX C: STATEMENT OF RISKS

OVERVIEW

Full details of fiscal risks, contingent liabilities and contingent assets are provided in Budget Paper No. 1, *Budget Strategy and Outlook 2018-19*. The following Statement updates fiscal risks, contingent liabilities and contingent assets that have materially changed since the 2018-19 Budget.

The forward estimates of revenue and expenses in the *Mid-Year Economic and Fiscal Outlook 2018-19* (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, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

New or revised fiscal risks, contingent liabilities and contingent assets 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 2018-19 Budget are described below and summarised in Table C1.

Information on both contingent liabilities and contingent assets 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 2018-19 Budget^(a)

Fiscal risks	
Agriculture and Water Resources	
Murray Darling Basin Reform — risk assignment	New
Murray Darling Basin Plan	Removed
Education and Training	
Recovery of inappropriately claimed VET FEE-HELP payments from VET providers, a remedy for students and interim tuition assurance arrangements	Modified
Treasury	
Australian Business Securitisation Fund	New
Significant but remote contingencies	
Communications and the Arts	
NBN Co Limited — Equity Agreement	Modified
Optus Financial Guarantee	Modified
Telstra Financial Guarantee	Modified
Defence	
Litigation cases	Modified
Remote contingencies	Modified
Finance	
Australian Naval Infrastructure Pty Ltd — Termination of the Equity Funding Agreement	New
Treasury	
Cumulative guarantee of states and territories' transitional GST payments	New
Financial Claims Scheme	Modified
Guarantee for the National Housing Finance and Investment Corporation	New
Guarantee of state and territory borrowing	Modified
Guarantees under the <i>Commonwealth Bank Sale Act 1995</i>	Modified
Reserve Bank of Australia — Guarantee	Modified
Contingent liabilities — unquantifiable	
Agriculture and Water Resources	
Commonwealth liabilities in respect of matching payments to industries for research and development contributions	New
Defence	
Non-remote contingent liabilities	Modified
Environment and Energy	
Snowy Hydro Limited — water releases	Modified
Finance	
Australian Government domestic property	Modified
Home Affairs	
Disaster Recovery	Modified
Infrastructure, Regional Development and Cities	
Aviation rescue & fire fighting potential per- and poly-fluoroalkyl substances contamination	Modified
Contingent assets — unquantifiable	
Defence	
Non-remote contingent assets	Modified
Home Affairs	
Civil penalty proceedings in the Federal Court against the Commonwealth Bank of Australia	Removed

Table C1: Summary of material changes to the Statement of Risks since the 2018-19 Budget^(a) (continued)

Contingent liabilities — quantifiable	
Defence	
Claims against the Department of Defence	Modified
Environment and Energy	
Renewable Energy Target — <i>Renewable Energy (Electricity) Act 2000</i> — refunds of large-scale renewable energy shortfall charges	Modified
Foreign Affairs and Trade	
Export Finance and Insurance Corporation	Modified
Prime Minister and Cabinet	
Leases for public housing in remote Northern Territory	Removed
Treasury	
Australian Taxation Office — tax disputes	Modified
International financial institutions — uncalled capital subscriptions	Modified
International Monetary Fund	Modified
Contingent assets — quantifiable	
Defence	
Claims by the Department of Defence	Removed

(a) Risks appearing in Budget Paper No. 1, *Budget Strategy and Outlook 2018-19*, Statement 9, 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.

Agriculture and Water Resources

Murray Darling Basin Reform — risk assignment

The Australian Government has committed to bridge the gap between the Baseline Diversion Limit and the Sustainable Diversion Limits in the Basin Plan through water recovery by 30 June 2019. If water recovery is insufficient to bridge the gap, the *Water Act 2007* provides a risk assignment framework whereby entitlement holders with reductions in water allocations, or changes in the reliability of water allocations, may be eligible for payment from the Commonwealth.

The total cost (if any) of the operation of the risk assignment framework will depend on water recoveries, and the status of water resource plan accreditation. While any remaining gap at 30 June 2019 is expected to be small, the total cost is not able to be quantified, and remains a fiscal risk, until the Sustainable Diversion Limits in the Basin Plan come into effect on 1 July 2019.

Education and Training

Recovery of inappropriately claimed VET FEE-HELP payments from VET providers, a remedy for students and interim tuition assurance arrangements

The Australian Government is undertaking compliance action, including court action, to recover VET FEE-HELP payments from VET providers where loans were issued inappropriately to students by providers. The Government has legislated a remedy, commencing 1 January 2019, for VET FEE-HELP students who incurred debts under the VET FEE-HELP loan scheme following inappropriate conduct by VET providers. The Government will undertake recovery activities against VET providers in cases where the student was ineligible for a VET FEE-HELP loan.

There are potential financial risks to the Commonwealth in the event that it is unable to recover payments from VET providers where they have closed or entered into administration or liquidation.

There is also a financial risk to the Commonwealth that it will be unable to recover the cost of remitting student debts following VET provider closures, either while it administers interim tuition assurance arrangements or from tuition assurance operators for provider closures which occurred prior to 1 January 2018.

Treasury

Australian Business Securitisation Fund

The Australian Government has decided to establish the Australian Business Securitisation Fund (ABSF) with the objective of improving access to funds for small businesses. The ABSF will invest up to \$2 billion in the securitisation market, providing additional funding to smaller banks and non-bank lenders to on-lend to small businesses on more competitive terms. The financial impacts of the ABSF will be updated once the Investment Mandate is finalised. Further details are provided at *Appendix A: Policy decisions taken since the 2018-19 Budget*.

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). Although this agreement will end in 2019, the Commonwealth retains obligations to meet NBN Co's costs arising from a termination of the roll-out. As at 30 September 2018, NBN Co's termination liabilities were estimated at \$18.5 billion.

Optus Financial Guarantee

The Australian Government has provided a guarantee in respect of the NBN Co's financial obligations to Optus Networks Pty Ltd, Optus Internet Pty Limited,

Optus Vision Media Pty Limited and SingTel Optus Pty Ltd (collectively, Optus) under the Optus HFC Subscriber Agreement. The Agreement was amended on 19 September 2015. The Agreement extends for the period of the National Broadband Network roll-out in Optus Hybrid Fibre Coaxial areas. The Australian Government is only liable in the event NBN Co does not pay an amount when due under the Optus Agreement. As at 30 September 2018, NBN Co had generated liabilities covered by the Optus Agreement, which are estimated at an amount less than \$100.0 million. There is a low risk that a claim would be made under the Guarantee. The Guarantee will terminate in 2021.

Telstra Financial Guarantee

The Australian Government has provided to Telstra Corporation Limited (Telstra) a Guarantee in respect of NBN Co financial obligations 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 Definitive 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 2018, NBN Co had generated liabilities covered by the Guarantee estimated at \$8.2 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.

Defence

Litigation cases

The Department of Defence (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. The litigation also includes active prosecutions against Defence by Comcare in relation to alleged breaches of the *Work Health and Safety Act 2011*. A number of claims have been received seeking compensation for loss, injury or damage arising from Defence use of aqueous film forming foam (AFFF) that contained man-made per- and poly-fluoroalkyl substances (PFAS). 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

Appendix C: Statement of Risks

assets contain hazardous materials or components that have the potential to cause injury.

Remote contingencies

As at 30 June 2018, the Department of Defence carried 1,457 instances of quantifiable remote contingent liabilities valued at \$5.4 billion and 24 instances of unquantifiable remote contingent liabilities.

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.

Finance

Australian Naval Infrastructure Pty Ltd — Termination of the Equity Funding Agreement

The Australian Government will provide sufficient funding to enable Australian Naval Infrastructure Pty Ltd (ANI) to meet the direct costs of termination that may be incurred by ANI in the event that the Commonwealth terminates the Equity Funding Agreement between the Commonwealth and ANI.

Treasury

Cumulative guarantee of states and territories' transitional GST payments

The Australian Government has introduced changes to the GST distribution system, to be phased in over six years from 2021-22. During the transition period, between 2021-22 and 2026-27 (inclusive), the Australian Government has guaranteed that each state and territory will receive funding that is at least the cumulative better of the current distribution system or the updated distribution system over that period.

This will be achieved by providing additional financial assistance to a state or territory for a payment year if, for a particular payment year occurring during the period 2021-22 to 2026-27 (inclusive), a state's or a territory's cumulative grant entitlements under the updated distribution system, calculated from the beginning of the transition period, are less than the cumulative entitlements they would have received under the current distribution system.

There is currently no expected liability under the guarantee.

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 2018, deposits eligible for

coverage under the Financial Claims Scheme were estimated to be \$895 billion, compared to an estimated \$890 billion as at 31 December 2017, 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. It is not possible to estimate the amounts of any eventual payments that may be required in relation to general insurance claims.

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.

The Australian Prudential Regulation Authority (APRA) is responsible for administration of 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 for the National Housing Finance and Investment Corporation

The Australian Government guarantees, up to a maximum of \$2 billion, the due payment of money payable by the National Housing Finance and Investment Corporation (NHFIC) to anybody other than the Government.

The NHFIC Board must not allow NHFIC to enter into a transaction that would result in the total guaranteed liabilities of the NHFIC, and any outstanding amount which NHFIC has borrowed from the Government, to exceed \$2 billion unless approved by the Government.

As at 31 October 2018, the Government's total contingent liability is \$0, but is expected to change once the NHFIC provides lending and issues bonds.

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. New South Wales and Queensland were the only States who chose to participate in the Guarantee.

Securities covered by the Guarantee will continue to be guaranteed until these securities either mature or are bought back and extinguished by the issuer.

Appendix C: Statement of Risks

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 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 at a future date. The impact on the Government's budget would depend upon the extent of the default and the state's ability to meet the Government's claim.

As at 30 September 2018, the face value of state and territory borrowings covered by the Guarantee was \$3.6 billion, down from \$3.7 billion at 28 February 2018.

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: \$138.4 million is attributable to liabilities of the Commonwealth Bank of Australia, as at 30 September 2018; and \$4.5 billion is attributable to liabilities of the Commonwealth Bank Officers' Superannuation Corporation, as at 30 September 2018.

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. Banknotes on issue amount to \$79.5 billion as at 31 October 2018, and the total Guarantee is \$114.4 billion.

CONTINGENT LIABILITIES — UNQUANTIFIABLE

Agriculture and Water Resources

Commonwealth liabilities in respect of matching payments to industries for research and development contributions

Under several Acts, the Commonwealth provides matching contributions to encourage expenditure on research and development (R&D) and to increase the competitiveness and sustainability of industries within Australia. Matching contributions on eligible R&D are subject to an annual limit that is calculated based on the determined gross value of production (GVP cap) for the industries. There will be an R&D excess, which can be claimable in future years, where the cumulative R&D expenditure is more than the GVP cap. The Commonwealth's future liability in respect of the matching contributions is contingent on the GVP cap and is therefore unquantifiable.

Defence

Non-remote contingent liabilities

The Department of Defence has eight instances of unquantifiable non-remote contingent liabilities. There is potential for claims to arise from legacy contamination at various Defence locations.

Environment and Energy

Snowy Hydro Limited — water releases

On 29 June 2018, Snowy Hydro Limited became a wholly Commonwealth owned company following the Commonwealth's acquisition of the NSW and Victorian governments' shares. At the time of corporatisation of Snowy Hydro Limited, on 28 June 2002, the Australian, NSW and Victorian governments, as the then owners, indemnified the company for liabilities arising from water releases in the Snowy River below Jindabyne Dam, where these releases are in accordance with the Snowy Water Licence and related regulatory arrangements agreed between the three governments, including the *Snowy Water Inquiry Outcomes Implementation Deed (SWIOID) 2002*. The indemnity applies to liabilities for which a claim is notified within 20 years from 28 June 2002.

As the sole owner, the Commonwealth is now wholly liable for the indemnity. However, NSW must pay 100 per cent of the amount claimable where the liability is a result of the Snowy Water Licence being inconsistent with the SWIOID or with a direction from NSW that is inconsistent with principles for managing water releases from Jindabyne Dam, as agreed by the Australian, NSW and Victorian governments.

Finance

Australian Government domestic property

The Australian Government's domestic property portfolio managed by the Department of Finance has approximately 85 properties. This number has reduced from approximately 90 reported at the 2018-19 Budget due to the ongoing implementation of the measure *Smaller Government – Surplus Commonwealth Properties – divestment*. A small number of properties have had potential remediation issues identified, which are currently the subject of further investigation. Except for the properties at Lucas Heights, New South Wales and Cox Peninsula, Northern Territory, none of the remaining properties with potential remediation issues has had a provision recognised, as neither the conditions for legal nor constructive obligations have been met, nor is a reliable estimate of the obligation currently possible.

Home Affairs

Disaster Recovery

The Australian Government provides funding to states and territories through the Australian Government Cost Sharing Arrangements (Natural Disaster Relief and

Appendix C: Statement of Risks

Recovery Arrangements (NDRRA) and the Disaster Recovery Funding Arrangements (DRFA) 2018) to assist with natural disaster relief and recovery costs. A state or territory may claim NDRRA/DRFA funding if a natural disaster occurs and state or territory relief and recovery expenditure for that event meets the requirements set out in the arrangements. For major disasters, the Australian Government may approve payments to individuals under the *Social Security Act 1991*. These include the Disaster Recovery Payment and Disaster Recovery Allowance. As disasters and their impacts are unpredictable, the cost relating to these payments from future disasters is unquantifiable and therefore not included in the forward estimates.

The current forward estimates for the NDRRA include preliminary estimates for past events, based on the best information available at the time of preparation. Preliminary estimates of the cost of a disaster and the timing of expenditure are subject to change. The total cost of relief and recovery from these past events may not be completely realised for some years.

Infrastructure, Regional Development and Cities

Aviation rescue and firefighting potential per- and poly-fluoroalkyl substances contamination

Airservices Australia (Airservices) has identified a number of sites in Australia potentially contaminated with per- and poly-fluoroalkyl substances (PFAS) previously contained in firefighting foams.

The identified contaminants do not naturally break down in the environment. According to the Environmental Health Standing Committee (enHealth), a joint Commonwealth-state standing committee of the Australian Health Protection Principal Committee (AHPPC), which reports to the Australian Health Ministers Advisory Council (AHMAC), there is currently no consistent evidence that exposure to PFAS causes adverse human health effects. Airservices continues to implement its national PFAS management program which included PFAS investigations at 20 airport sites. Potential long-term management option costs cannot be quantified at this time. Up to 36 airports sites are potentially contaminated with PFAS (19 federally-leased airports and 17 regional airports).

For federally-leased airports, Airport Lessee Companies are responsible for environmental management of their airport sites. Airport leases indemnify the Commonwealth in relation to damages or injury to the environment. Liability has not yet been established for costs arising from PFAS contamination.

Currently, there are two class actions against the Commonwealth seeking damages over the use of historical PFAS-containing firefighting foam by the Department of Defence at Williamstown and Oakey, with potential implications for the Department of Infrastructure, Regional Development and Cities, and Airservices. Brisbane Airport Corporation has also commenced legal proceedings in the Queensland Supreme Court

against Airservices in relation to legacy PFAS contamination from Airservices' firefighting activities at the airport.

CONTINGENT ASSETS — UNQUANTIFIABLE

Defence

Non-remote contingent assets

As at 30 June 2018, the Department of Defence had five instances of unquantifiable non-remote contingent assets.

CONTINGENT LIABILITIES — QUANTIFIABLE

Defence

Claims against the Department of Defence

The Department of Defence (Defence) has six instances of non-remote, quantifiable contingent liabilities in respect of claims on Defence valued at \$53.8 million. The estimated figure is determined by conducting an objective analysis of the probable amount payable for all matters managed by firms engaged by Defence through the Attorney-General's Legal Services Multi-Use List 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 and Energy

Renewable Energy Target — *Renewable Energy (Electricity) Act 2000* — refunds of large-scale renewable energy shortfall charges

Under the *Renewable Energy (Electricity) Act 2000*, liable entities that pay a shortfall charge instead of surrendering certificates may choose to claim a refund if they subsequently surrender certificates for which they initially paid the charge.

Refunds are only allowed during the 'allowable refund period'. This period starts the day after the liable entity lodges its large-scale generation shortfall statement for the year following the year the shortfall charge was paid and ends three years after the charge was paid.

The Clean Energy Regulator has recorded \$51.6 million in large-scale generation shortfall charges which are subject to this rule.

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

Appendix C: Statement of Risks

callable capital facility available to EFIC on request to cover liabilities, losses and claims. The Government has agreed to increase EFIC's callable capital by \$1.0 billion to \$1.2 billion and grant it a new overseas infrastructure financing power. As at 31 October 2018, the Government's total contingent liability was \$3.5 billion. The \$3.5 billion contingent liability comprises EFIC's liabilities to third parties (\$2.8 billion) and EFIC's overseas investment insurance, contracts of insurance and guarantees (\$0.7 billion). Of the total contingent liability, \$3.1 billion relates to EFIC's Commercial Account and \$0.4 billion relates to the National Interest Account.

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 30 September 2018, for which a provision has not been made, is \$6.1 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. In 2018, the Australian Government agreed to participate in a capital increase package which will increase the uncalled capital subscription by US\$0.8 billion (estimated value A\$1.0 billion as at 31 October 2018). Subject to enabling legislation being passed by Parliament, Australia's uncalled capital subscription to the IBRD totals US\$4.4 billion (estimated value A\$6.2 billion as at 31 October 2018).

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\$380.2 million as at 31 October 2018).

The Australian Government has further held an uncalled capital subscription in the Asian Development Bank (ADB) since 1966. Australia's uncalled capital subscription to the ADB totals US\$7.0 billion (estimated value A\$9.9 billion as at 31 October 2018).

The Australian Government has further held an uncalled capital subscription in the Multilateral Investment Guarantee Agency of US\$26.5 million (estimated value A\$37.4 million as at 31 October 2018).

The Asian Infrastructure Investment Bank (AIIB) was established on 25 December 2015. The Australian Government has subscribed to shares in the AIIB, which includes an uncalled capital subscription. Australia's uncalled capital subscription to the AIIB totals US\$3.0 billion (estimated value A\$4.2 billion as at 31 October 2018).

None of these international financial institutions has ever drawn on Australia's uncalled capital subscriptions.

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. This is a contingent loan to help ensure that the IMF has the resources available to maintain stability in the global economy. The value of Australia's NAB credit arrangement now stands at Special Drawing Rights (SDR, the IMF's unit of account) SDR2.2 billion (estimated value A\$4.3 billion at 31 October 2018). On 4 November 2016, the IMF Executive Board agreed to renew the NAB for an additional five-year period to 16 November 2022.

In addition, Australia has made available a SDR4.61 billion (approximately A\$9.0 billion at 31 October 2018) contingent bilateral loan to the IMF. This contingent loan is on terms consistent with separate bilateral loan and note purchase agreements between the IMF and other 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 Treasurer agreed to renew Australia's loan agreement with the IMF on 19 December 2016. The renewed agreement extends Australia's existing funding commitment to December 2019, with the possibility of an additional one-year extension with Australia's consent.

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 2019.

Table C2: Summary of material changes to Australian Government loans exceeding \$200 million since the 2018-19 Budget^{(b)(c)}

Entity	Loan amount ^(a) (\$m)	Borrower	Interest rate	Term	Status
Department of Communications and the Arts					
NBN Co Loan	13,435	NBN Co Limited	3.96 per cent	30 June 2024	Modified
Department of Agriculture and Water Resources					
Drought related and farm finance concessional loans – Agriculture	659	State Governments (that, through their delivery agencies, on-lend to eligible farm businesses)	Various	Various	Modified
Farm Investment Loans and Drought Loans	449	Eligible farm businesses	3.58 per cent	Up to 10 years	New
Department of Infrastructure, Regional Development and Cities					
National Water Infrastructure Loan Facility	299	state and territory governments and non-government entities	3.12 per cent	Up to 30 years	Modified
Department of Social Services					
Student Financial Supplement Scheme	287	Eligible recipients of Youth Allowance (student), Austudy and ABSTUDY	Consumer Price Index (CPI)	Various	Modified
Department of the Treasury					
Affordable Housing Bond Aggregator	255	National Housing Finance and Investment Corporation	Commonwealth cost of borrowing	Various	New
Department of Social Services					
Student Start-up Loan	202	Eligible Youth Allowance (student), Austudy and ABSTUDY Living Allowance recipients	Consumer Price Index (CPI)	Various	Modified

(a) Loan amount is the estimated loan program amounts outstanding as at 30 June 2019 in \$ million.

(b) The Government has decided to establish the Australian Infrastructure Finance Facility for the Pacific (AIFFP), a \$2.0 billion infrastructure initiative to increase Australia's support for infrastructure development in Pacific countries and Timor-Leste. AIFFP will use \$500 million in grant funding combined with \$1.5 billion in long term loans to support high priority infrastructure development. At the time of publication, the facility has not granted any financial assistance. Further details are provided at *Appendix A: Policy decisions taken since the 2018-19 Budget*.

(c) The Government has established a Defence Export Facility on the EFIC National Interest Account. The Facility has a maximum aggregate exposure of US\$3.0 billion. The Facility has no financial implications until drawn on. Two loans under the Facility have been agreed for a total maximum value of \$203 million. Further details are provided at *Appendix A: Policy decisions taken since the 2018-19 Budget*.

NBN Co Loan

In December 2016, the Australian Government provided a loan to NBN Co on commercial terms of up to \$19.5 billion for the period from 1 July 2017 to 30 June 2021, with drawings available on a monthly basis. The loan has a fixed interest rate of 3.96 per cent per annum, with interest calculated daily and payable monthly over the life of the facility.

In August 2018, the Australian Government agreed to extend the term of this loan by three years (to 30 June 2024). The decision will be implemented by agreement, which will be subject to the approval of the Government.

A Government loan on commercial terms continues to represent the most cost-effective way to raise necessary debt and secure funding to complete the rollout of this important national infrastructure project. A Government loan assists in ensuring NBN Co can focus on the remaining rollout as it significantly scales up toward completion in 2020.

Drought related and farm finance concessional loans – Agriculture

As at 30 June 2019, the fair value of farm business, drought and dairy farm related loans is estimated to total \$659.0 million. These include:

Farm Business Concessional Loans Scheme: This scheme provided three types of concessional loans – drought assistance, dairy recovery and business improvement. This scheme was designed to cover a farmer’s short-term needs when income was tight and to supplement, rather than replace, commercial finance. Loans under the scheme were first available in November 2016. Applications for loans under the scheme closed on 30 June 2018.

Drought assistance concessional loans were available in Queensland, New South Wales, Victoria, South Australia, Tasmania and the Northern Territory. Loans were available for debt restructuring, operating expenses, drought preparedness activities or drought-recovery activities or a combination of these purposes.

Business improvement concessional loans were available in Queensland, New South Wales, Victoria, South Australia, Tasmania and the Northern Territory. Loans were available for eligible Farm Household Allowance (FHA) recipients who were recovering from financial hardship and who had exhausted, or would exhaust their FHA 1,095-day income support entitlement, by 30 June 2018. These loans were for debt restructuring only.

Dairy recovery concessional loans were available in New South Wales, Victoria, South Australia and Tasmania to eligible suppliers of Murray Goulburn, Fonterra and National Dairy Products. Loans were available for debt restructuring, providing new debt for operating expenses, productivity enhancement activities or a combination of these purposes.

Appendix C: Statement of Risks

As at 1 August 2018, the interest rate is 3.09 per cent, reviewed on a six-monthly basis and revised in accordance with changes in the 10-year Commonwealth bond rate. Loans have a maximum term of 10 years.

There have been no material changes to the **Drought Concessional Loans Scheme, Drought Recovery and Dairy Recovery Concessional Loans Scheme(s)** or the **Farm Finance Concessional Loans Scheme** since the 2018-19 Budget.

Farm Investment Loans and Drought Loans

The Regional Investment Corporation commenced operations on 1 July 2018.

There are two loan products available – farm investment loans and drought loans. The two products provide concessional loans to eligible farm businesses that are experiencing financial difficulties and are considered financially viable in the long term (additional criteria apply for each product).

As at 1 August 2018, the variable interest rate is 3.58 per cent. Interest rates are revised on a six monthly basis in line with any material changes to the Commonwealth 10-year bond rate, where a material change is taken to be a movement of more than 10 basis points (0.1 per cent).

Loans have a maximum term of 10 years.

National Water Infrastructure Loan Facility

The National Water Infrastructure Loan Facility (the loan facility), available since 2016-17, addresses gaps in the capital market for water infrastructure projects, stimulating and accelerating state and territory government investments in water infrastructure in regional areas (including public/private partnerships). This includes, but is not limited to, the construction of dams, pipelines and managed aquifer recharge projects that are economically viable and will generate affordable water to grow regional economies.

The loan facility will make available \$2 billion until 2025–26 in loans. Loans have a maximum term of 30 years. The loans include a no repayment period of up to 5 years during construction. During the construction period, interest will be capitalised, becoming payable as part of the principal after the deferred repayment period. Loan principal and interest are required to be repaid within 25 years of the completion of construction.

Loans are for a minimum amount of \$10 million. Total Commonwealth funding for a water infrastructure project would not exceed 49 per cent of the total project cost (from all sources). In practice, this means eligible projects would have a minimum cost of at least \$20.4 million.

The loan facility is administered by the Regional Investment Corporation.

Student Financial Supplement Scheme

The Student Financial Supplement Scheme (SFSS) was a program under which student income support recipients could trade one dollar of entitlement for two dollars provided as an income contingent loan. The program closed for new recipients on 1 January 2004. The outstanding debt relates to debtors who received loans prior to 2004. Debtors are required to start repaying their SFSS loan once they earn \$51,957 for 2018-19. As at 30 June 2019, the fair value of loans outstanding is estimated to total \$287.0 million.

Affordable Housing Bond Aggregator

The Australian Government, through the Treasury, has made available a line of credit for the National Housing Finance and Investment Corporation's (NHFIC) Affordable Housing Bond Aggregator (AHBA). The provision of funds will be in accordance with appropriations under the *National Housing Finance and Investment Corporation Amendment Act 2018*. The line of credit is ongoing and funds borrowed will be repaid with interest. The Treasury manages the receipt of interest and principal repayments from the NHFIC.

Student Start-up Loan

The Student Start-up Loan (SSL) is a voluntary income contingent loan for student payment (Youth Allowance (student), Austudy and ABSTUDY living allowance) recipients undertaking higher education. Introduced on 1 January 2016, the SSL is paid a maximum of twice a year and each SSL payment is valued at \$1,055 (in 2018). The SSL is repayable under similar arrangements to Higher Education Loan Program (HELP) debts. Students are required to start repaying their SSL once they earn \$51,957 for 2018-19 and only after they have repaid their HELP debt. When it commenced, the SSL was initially for new student payment recipients undertaking higher education. From 1 July 2017, with the closure of the Student Start-up Scholarship, the SSL has become available to all eligible student payment recipients undertaking higher education. As at 30 June 2019, the fair value of the Student Start-up Loan is estimated to be \$201.6 million.

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 (AOFM) 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.¹⁵ 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 are 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 have been made in arrangements for transfer payments, where tax concessions or rebates are replaced by payments through the social security system. This has the effect of increasing both cash receipts and payments, as compared with earlier periods, but not changing cash balances. Changes in the opposite direction reduce both cash payments and receipts.
- Classification differences in the data relating to the period prior to 1976-77 mean 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).

There have been no material classification changes that have resulted in back-casting in this update.

¹⁵ Prior to the 2008-09 Budget, cash data calculated under the cash accounting framework were 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.

Table D1: Australian Government general government sector receipts, payments, net Future Fund earnings and underlying cash balance^(a)

	Receipts(b)		Payments(c)			Net Future Fund earnings	Underlying cash balance(d)	
	\$m	Per cent of GDP	\$m	Per cent real growth(f)	Per cent of GDP	\$m	\$m	Per cent of GDP
1970-71	8,290	20.6	7,389	na	18.3	-	901	2.2
1971-72	9,135	20.5	8,249	4.1	18.5	-	886	2.0
1972-73	9,735	19.6	9,388	7.7	18.9	-	348	0.7
1973-74	12,228	20.3	11,078	4.2	18.4	-	1,150	1.9
1974-75	15,643	22.0	15,463	19.9	21.7	-	181	0.3
1975-76	18,727	22.5	20,225	15.7	24.3	-	-1,499	-1.8
1976-77	21,890	22.8	23,157	0.6	24.1	-	-1,266	-1.3
1977-78	24,019	22.9	26,057	2.7	24.8	-	-2,037	-1.9
1978-79	26,129	22.0	28,272	0.3	23.8	-	-2,142	-1.8
1979-80	30,321	22.6	31,642	1.5	23.5	-	-1,322	-1.0
1980-81	35,993	23.7	36,176	4.6	23.8	-	-184	-0.1
1981-82	41,499	23.6	41,151	2.9	23.4	-	348	0.2
1982-83	45,463	24.0	48,810	6.3	25.8	-	-3,348	-1.8
1983-84	49,981	23.4	56,990	9.4	26.7	-	-7,008	-3.3
1984-85	58,817	25.0	64,853	9.1	27.6	-	-6,037	-2.6
1985-86	66,206	25.4	71,328	1.5	27.4	-	-5,122	-2.0
1986-87	74,724	26.2	77,158	-1.1	27.0	-	-2,434	-0.9
1987-88	83,491	25.8	82,039	-0.9	25.3	-	1,452	0.4
1988-89	90,748	24.7	85,326	-3.1	23.2	-	5,421	1.5
1989-90	98,625	24.4	92,684	0.6	22.9	-	5,942	1.5
1990-91	100,227	24.2	100,665	3.1	24.3	-	-438	-0.1
1991-92	95,840	22.7	108,472	5.7	25.7	-	-12,631	-3.0
1992-93	97,633	22.0	115,751	5.6	26.1	-	-18,118	-4.1
1993-94	103,824	22.3	122,009	3.5	26.2	-	-18,185	-3.9
1994-95	113,458	22.9	127,619	1.4	25.8	-	-14,160	-2.9
1995-96	124,429	23.6	135,538	1.9	25.7	-	-11,109	-2.1
1996-97	133,592	24.1	139,689	1.7	25.2	-	-6,099	-1.1
1997-98	140,736	23.9	140,587	0.6	23.9	-	149	0.0
1998-99	152,063	24.5	148,175	4.1	23.9	-	3,889	0.6
1999-00	166,199	25.1	153,192	1.0	23.2	-	13,007	2.0
2000-01	182,996	26.0	177,123	9.1	25.1	-	5,872	0.8
2001-02	187,588	24.9	188,655	3.5	25.0	-	-1,067	-0.1
2002-03	204,613	25.5	197,243	1.4	24.6	-	7,370	0.9
2003-04	217,775	25.3	209,785	3.9	24.4	-	7,990	0.9
2004-05	235,984	25.6	222,407	3.5	24.1	-	13,577	1.5
2005-06	255,943	25.7	240,136	4.6	24.1	51	15,757	1.6
2006-07	272,637	25.1	253,321	2.5	23.3	2,127	17,190	1.6
2007-08	294,917	25.0	271,843	3.8	23.1	3,319	19,754	1.7
2008-09	292,600	23.2	316,046	12.7	25.1	3,566	-27,013	-2.1
2009-10	284,662	21.9	336,900	4.2	25.9	2,256	-54,494	-4.2

Table D1: Australian Government general government sector receipts, payments, net Future Fund earnings and underlying cash balance^(a) (continued)

	Receipts(b)		Payments(c)			Net Future Fund earnings	Underlying cash balance(d)	
	\$m	Per cent	\$m	Per cent real	Per cent	\$m	\$m	Per cent
		of GDP		growth(f)	of GDP			of GDP
2010-11	302,024	21.3	346,102	-0.4	24.4	3,385	-47,463	-3.4
2011-12	329,874	22.0	371,032	4.8	24.7	2,203	-43,360	-2.9
2012-13	351,052	22.9	367,204	-3.2	23.9	2,682	-18,834	-1.2
2013-14	360,322	22.5	406,430	7.8	25.4	2,348	-48,456	-3.0
2014-15	378,301	23.3	412,079	-0.3	25.4	4,089	-37,867	-2.3
2015-16	386,924	23.3	423,328	1.3	25.5	3,202	-39,606	-2.4
2016-17	409,868	23.2	439,375	2.0	24.9	3,644	-33,151	-1.9
2017-18	446,905	24.2	452,742	1.1	24.5	4,305	-10,141	-0.5
2018-19 (e)	482,084	24.9	483,370	4.8	24.9	3,886	-5,172	-0.3
2019-20 (e)	506,018	25.2	497,356	0.6	24.8	4,551	4,110	0.2
2020-21 (p)	526,387	25.2	513,923	1.1	24.6	na	12,464	0.6
2021-22 (p)	554,788	25.5	535,834	1.7	24.6	na	18,954	0.9

(a) Data have been revised in the 2018-19 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) Between 2005-06 and 2019-20, the underlying cash balance is equal to receipts less payments, less net Future Fund earnings. For the years 1970-71 to 2004-05 and from 2020-21 onwards, the underlying cash balance is equal to receipts less payments.

(e) Estimates.

(f) Real spending growth is calculated using the Consumer Price Index as the deflator.

(p) Projections.

Table D2: Australian Government general government sector net cash flows from investments in financial assets for policy purposes and headline cash balance^(a)

			Net cash flows from investments in financial assets for policy purposes(b)		Headline cash balance(c)	
	Receipts	Payments		Per cent		Per cent
	\$m	\$m	\$m	of GDP	\$m	of GDP
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	-2.6
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	-4.3

Table D2: Australian Government general government sector net cash flows from investments in financial assets for policy purposes and headline cash balance^(a) (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	-3.1
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
2015-16	386,924	423,328	-12,684	-0.8	-49,088	-3.0
2016-17	409,868	439,375	-13,501	-0.8	-43,008	-2.4
2017-18	446,905	452,742	-20,041	-1.1	-25,878	-1.4
2018-19 (e)	482,084	483,370	-17,042	-0.9	-18,329	-0.9
2019-20 (e)	506,018	497,356	-15,837	-0.8	-7,175	-0.4
2020-21 (p)	526,387	513,923	-10,508	-0.5	1,956	0.1
2021-22 (p)	554,788	535,834	-9,109	-0.4	9,845	0.5

(a) Data have been revised in the 2018-19 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 payments are identical to Table D1.

(e) Estimates.

(p) Projections.

Table D3: Australian Government general government sector taxation receipts, non-taxation receipts and total receipts^(a)

	Taxation receipts		Non-taxation receipts		Total receipts(b)	
	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP
1970-71	7,193	17.8	1,097	2.7	8,290	20.6
1971-72	7,895	17.7	1,240	2.8	9,135	20.5
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	19.7	2,720	2.3	26,129	22.0
1979-80	27,473	20.4	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	24.0
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	23.6
1996-97	124,559	22.4	9,033	1.6	133,592	24.1
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	25.1
2000-01	170,354	24.2	12,641	1.8	182,996	26.0
2001-02	175,371	23.3	12,218	1.6	187,588	24.9
2002-03	192,391	24.0	12,222	1.5	204,613	25.5
2003-04	206,734	24.0	11,041	1.3	217,775	25.3
2004-05	223,986	24.3	11,999	1.3	235,984	25.6
2005-06	241,987	24.3	13,956	1.4	255,943	25.7
2006-07	258,252	23.8	14,385	1.3	272,637	25.1
2007-08	279,317	23.7	15,600	1.3	294,917	25.0
2008-09	273,674	21.7	18,926	1.5	292,600	23.2
2009-10	262,167	20.1	22,495	1.7	284,662	21.9

Table D3: Australian Government general government sector taxation receipts, non-taxation receipts and total receipts^(a) (continued)

	Taxation receipts		Non-taxation receipts		Total receipts(b)	
	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP
2010-11	282,106	19.9	19,918	1.4	302,024	21.3
2011-12	311,269	20.8	18,606	1.2	329,874	22.0
2012-13	327,835	21.3	23,218	1.5	351,052	22.9
2013-14	340,283	21.3	20,038	1.3	360,322	22.5
2014-15	353,883	21.8	24,418	1.5	378,301	23.3
2015-16	362,387	21.8	24,537	1.5	386,924	23.3
2016-17	379,271	21.5	30,597	1.7	409,868	23.2
2017-18	418,053	22.6	28,853	1.6	446,905	24.2
2018-19 (e)	447,645	23.1	34,438	1.8	482,084	24.9
2019-20 (e)	466,646	23.3	39,371	2.0	506,018	25.2
2020-21 (p)	491,235	23.5	35,153	1.7	526,387	25.2
2021-22 (p)	518,839	23.8	35,950	1.6	554,788	25.5

(a) Data have been revised in the 2018-19 MYEFO to improve accuracy and comparability through time.

(b) 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^(a)

	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	12.5	3,986	0.9
1993-94	70,223	15.1	5,628	1.2
1994-95	83,492	16.9	7,292	1.5
1995-96	95,831	18.2	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	57,661	8.7	7,514	1.1
2000-01	46,802	6.6	6,195	0.9
2001-02	42,263	5.6	5,352	0.7
2002-03	33,403	4.2	3,758	0.5
2003-04	26,995	3.1	3,040	0.4
2004-05	15,604	1.7	2,502	0.3
2005-06	331	0.0	2,303	0.2
2006-07	-24,288	-2.2	228	0.0
2007-08	-39,958	-3.4	-1,015	-0.1
2008-09	-11,285	-0.9	-1,196	-0.1
2009-10	47,874	3.7	2,386	0.2

Table D4: Australian Government general government sector net debt and net interest payments^(a) (continued)

	Net debt(b)		Net interest payments(c)	
	\$m	Per cent of GDP	\$m	Per cent of GDP
2010-11	90,660	6.4	4,608	0.3
2011-12	153,443	10.2	6,609	0.4
2012-13	159,594	10.4	8,285	0.5
2013-14	209,559	13.1	10,843	0.7
2014-15	245,817	15.1	10,868	0.7
2015-16	303,467	18.3	12,041	0.7
2016-17	322,320	18.3	12,365	0.7
2017-18	341,961	18.5	13,135	0.7
2018-19 (e)	351,948	18.2	13,988	0.7
2019-20 (e)	343,426	17.1	11,461	0.6
2020-21 (p)	329,934	15.8	11,336	0.5
2021-22 (p)	312,552	14.3	10,443	0.5

(a) Data have been revised in the 2018-19 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^(a)

	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	22.8	-	-	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	19.8	-	-	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	11.8	-	-	6,994	1.7
1991-92	58,826	13.9	-	-	6,819	1.6
1992-93	76,509	17.3	-	-	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	20.9	-	-	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	7.5	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^(a) (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	13.5	186,704	13.2	9,551	0.7
2011-12	233,976	15.6	229,389	15.3	10,875	0.7
2012-13	257,378	16.8	252,791	16.5	11,846	0.8
2013-14	319,481	20.0	316,952	19.8	13,972	0.9
2014-15	368,738	22.7	366,202	22.5	13,924	0.9
2015-16	420,420	25.3	417,936	25.1	14,977	0.9
2016-17	500,979	28.4	498,510	28.3	15,290	0.9
2017-18	531,931	28.8	529,467	28.7	16,568	0.9
2018-19 (e)	542,000	28.0	542,000	28.0	18,385	0.9
2019-20 (e)	559,000	27.9	558,000	27.8	16,874	0.8
2020-21 (p)	563,000	26.9	563,000	26.9	17,340	0.8
2021-22 (p)	567,000	26.0	567,000	26.0	16,745	0.8

(a) Data have been revised in the 2018-19 MYEFO to improve accuracy and comparability through time.

(b) From 2018-19 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. Data on 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 operating balance, net capital investment and fiscal balance^(a)

	Revenue		Expenses		Net operating balance(b)		Net capital investment		Fiscal balance(c)	
	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP
1996-97	141,688	25.5	145,821	26.3	-4,133	-0.7	90	0.0	-4,223	-0.8
1997-98	146,820	25.0	148,652	25.3	-1,832	-0.3	147	0.0	-1,979	-0.3
1998-99	152,106	24.5	146,772	23.7	5,334	0.9	1,433	0.2	3,901	0.6
1999-00	167,304	25.3	155,558	23.5	11,746	1.8	-69	0.0	11,815	1.8
2000-01	186,106	26.4	180,090	25.5	6,016	0.9	8	0.0	6,007	0.9
2001-02	190,432	25.2	192,984	25.6	-2,553	-0.3	382	0.1	-2,935	-0.4
2002-03	206,778	25.8	201,113	25.1	5,665	0.7	287	0.0	5,377	0.7
2003-04	222,042	25.8	215,235	25.0	6,808	0.8	660	0.1	6,148	0.7
2004-05	242,354	26.3	229,092	24.8	13,261	1.4	1,034	0.1	12,228	1.3
2005-06	260,569	26.2	241,665	24.3	18,904	1.9	2,498	0.3	16,406	1.6
2006-07	277,895	25.6	258,761	23.8	19,134	1.8	2,333	0.2	16,801	1.5
2007-08	303,402	25.8	279,862	23.8	23,540	2.0	2,593	0.2	20,948	1.8
2008-09	298,508	23.7	324,387	25.7	-25,879	-2.1	4,064	0.3	-29,943	-2.4
2009-10	292,387	22.5	339,829	26.1	-47,442	-3.6	6,433	0.5	-53,875	-4.1
2010-11	309,204	21.8	356,084	25.1	-46,880	-3.3	5,297	0.4	-52,176	-3.7
2011-12	337,324	22.5	377,220	25.2	-39,896	-2.7	4,850	0.3	-44,746	-3.0
2012-13	359,496	23.4	382,397	24.9	-22,901	-1.5	987	0.1	-23,888	-1.6
2013-14	374,151	23.4	414,500	25.9	-40,349	-2.5	3,850	0.2	-44,198	-2.8
2014-15	379,455	23.4	417,514	25.7	-38,059	-2.3	2,706	0.2	-40,764	-2.5
2015-16	395,055	23.8	428,691	25.8	-33,636	-2.0	3,829	0.2	-37,464	-2.3
2016-17	415,723	23.6	447,807	25.4	-32,084	-1.8	2,876	0.2	-34,960	-2.0
2017-18	456,280	24.7	460,282	24.9	-4,001	-0.2	1,284	0.1	-5,285	-0.3
2018-19 (e)	493,288	25.5	488,363	25.2	4,926	0.3	6,826	0.4	-1,901	-0.1
2019-20 (e)	514,505	25.7	504,392	25.2	10,113	0.5	5,776	0.3	4,337	0.2
2020-21 (p)	538,186	25.8	517,785	24.8	20,401	1.0	8,071	0.4	12,330	0.6
2021-22 (p)	568,341	26.1	538,552	24.7	29,788	1.4	9,798	0.4	19,990	0.9

(a) Data have been revised in the 2018-19 MYEFO to improve accuracy and comparability through time.

(b) Net operating balance is equal to revenue less expenses.

(c) 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^(a)

	Net worth(b)		Net financial worth(c)	
	\$m	Per cent of GDP	\$m	Per cent of GDP
1999-00	-10,424	-1.6	-70,414	-10.7
2000-01	-10,287	-1.5	-75,544	-10.7
2001-02	-15,330	-2.0	-81,707	-10.8
2002-03	-18,856	-2.4	-86,456	-10.8
2003-04	-4,740	-0.6	-75,976	-8.8
2004-05	11,066	1.2	-62,372	-6.8
2005-06	14,293	1.4	-63,442	-6.4
2006-07	42,677	3.9	-39,370	-3.6
2007-08	67,122	5.7	-18,428	-1.6
2008-09	15,452	1.2	-75,465	-6.0
2009-10	-50,383	-3.9	-148,930	-11.4
2010-11	-100,504	-7.1	-203,904	-14.4
2011-12	-252,046	-16.8	-360,672	-24.1
2012-13	-207,769	-13.5	-317,843	-20.7
2013-14	-261,596	-16.4	-375,882	-23.5
2014-15	-308,390	-19.0	-427,169	-26.3
2015-16	-423,674	-25.5	-548,028	-33.0
2016-17	-390,897	-22.2	-529,225	-30.0
2017-18	-418,135	-22.6	-562,183	-30.4
2018-19 (e)	-320,753	-16.6	-470,932	-24.3
2019-20 (e)	-311,008	-15.5	-467,119	-23.3
2020-21 (p)	-290,967	-13.9	-454,259	-21.7
2021-22 (p)	-262,011	-12.0	-433,855	-19.9

(a) Data have been revised in the 2018-19 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^(a)

	Taxation revenue		Non-taxation revenue		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	178,410	23.7	12,022	1.6	190,432	25.2
2002-03	195,319	24.4	11,458	1.4	206,778	25.8
2003-04	210,541	24.5	11,501	1.3	222,042	25.8
2004-05	230,490	25.0	11,863	1.3	242,354	26.3
2005-06	245,846	24.7	14,723	1.5	260,569	26.2
2006-07	262,876	24.2	15,019	1.4	277,895	25.6
2007-08	286,869	24.4	16,534	1.4	303,402	25.8
2008-09	279,303	22.2	19,206	1.5	298,508	23.7
2009-10	268,841	20.7	23,546	1.8	292,387	22.5
2010-11	289,566	20.4	19,639	1.4	309,204	21.8
2011-12	317,413	21.2	19,911	1.3	337,324	22.5
2012-13	338,106	22.0	21,390	1.4	359,496	23.4
2013-14	353,239	22.1	20,912	1.3	374,151	23.4
2014-15	356,321	21.9	23,134	1.4	379,455	23.4
2015-16	369,410	22.2	25,645	1.5	395,055	23.8
2016-17	388,641	22.0	27,082	1.5	415,723	23.6
2017-18	427,403	23.1	28,878	1.6	456,280	24.7
2018-19 (e)	457,997	23.6	35,292	1.8	493,288	25.5
2019-20 (e)	476,765	23.8	37,739	1.9	514,505	25.7
2020-21 (p)	500,863	24.0	37,323	1.8	538,186	25.8
2021-22 (p)	529,619	24.3	38,721	1.8	568,341	26.1

(a) Data have been revised in the 2018-19 MYEFO to improve accuracy and comparability through time.

(e) Estimates.

(p) Projections.

Table D9: Australian Government cash receipts, payments and surplus by institutional sector (\$m)^(a)

	General government			Public non-financial corporations			Non-financial public sector		
	Underlying cash			Receipts(b)	Payments(f)	Cash surplus	Receipts(b)	Payments(f)	Cash surplus
	Receipts(b)	Payments(c)	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	6,323
2001-02	187,588	188,655	-1,067	na	na	1,210	na	na	65
2002-03	204,613	197,243	7,370	27,386	26,105	1,280	na	na	8,651
2003-04	217,775	209,785	7,990	27,718	26,142	1,575	238,236	228,664	9,569
2004-05	235,984	222,407	13,577	29,621	28,071	1,550	257,946	242,805	15,141
2005-06	255,943	240,136	15,757	30,875	31,874	-999	278,254	263,421	14,833
2006-07	272,637	253,321	17,190	16,882	18,641	-1,759	285,336	267,719	17,625
2007-08	294,917	271,843	19,754	7,758	8,231	-472	300,503	277,754	22,800
2008-09	292,600	316,046	-27,013	7,987	8,960	-973	297,421	321,275	-23,786
2009-10	284,662	336,900	-54,494	8,419	9,341	-922	290,681	343,816	-52,879

Table D9: Australian Government cash receipts, payments and surplus by institutional sector (\$m)^(a) (continued)

	General government			Public non-financial corporations			Non-financial public sector		
	Receipts(b)	Payments(c)	Underlying cash balance(d)	Receipts(b)	Payments(f)	Cash surplus	Receipts(b)	Payments(f)	Cash surplus
2010-11	302,024	346,102	-47,463	8,558	9,733	-1,175	308,258	353,452	-44,911
2011-12	329,874	371,032	-43,360	8,845	10,847	-2,002	336,122	379,266	-42,763
2012-13	351,052	367,204	-18,834	9,766	13,061	-3,294	358,088	377,221	-19,133
2013-14	360,322	406,430	-48,456	11,042	14,246	-3,204	368,521	417,248	-48,726
2014-15	378,301	412,079	-37,867	11,256	15,136	-3,880	386,643	424,229	-37,586
2015-16	386,924	423,328	-39,606	11,606	17,753	-6,147	395,842	438,228	-42,386
2016-17	409,868	439,375	-33,151	12,406	19,543	-7,138	419,433	456,020	-36,587
2017-18	446,905	452,742	-10,141	14,195	22,348	-8,153	457,604	471,451	-13,846
2018-19 (e)	482,084	483,370	-5,172	17,275	25,906	-8,631	495,645	505,159	-9,514
2019-20 (e)	506,018	497,356	4,110	na	na	na	na	na	na
2020-21 (p)	526,387	513,923	12,464	na	na	na	na	na	na
2021-22 (p)	554,788	535,834	18,954	na	na	na	na	na	na

(a) Data have been revised in the 2018-19 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 in the general government sector are equal to payments for operating activities, purchases of non-financial assets and net acquisition of assets under finance leases.

(d) Between 2005-06 and 2019-20, the underlying cash balance is equal to receipts less payments, less net Future Fund earnings. For the years 1970-71 to 2004-05 and from 2020-21 onwards, the underlying cash balance is equal to receipts less payments.

(e) Estimates.

(f) Payments in the public non-financial corporations and non-financial public sectors are equal to payments for operating activities, purchases of non-financial assets and distributions paid.

(p) Projections.

na Data not available.

Table D10: Australian Government accrual revenue, expenses and fiscal balance by institutional sector (\$m)^(a)

	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	324,387	-29,943	6,998	7,576	-1,495	303,309	329,766	-31,438
2009-10	292,387	339,829	-53,875	7,288	7,297	-1,079	298,033	345,483	-54,954
2010-11	309,204	356,084	-52,176	7,563	7,787	-1,446	315,001	362,106	-53,622
2011-12	337,324	377,220	-44,746	8,046	8,238	-2,158	343,722	383,810	-46,904
2012-13	359,496	382,397	-23,888	8,863	9,415	-4,189	366,642	390,094	-28,077
2013-14	374,151	414,500	-44,198	9,537	11,127	-6,070	381,971	423,910	-50,269
2014-15	379,455	417,514	-40,764	9,987	11,850	-4,856	387,719	427,641	-45,620
2015-16	395,055	428,691	-37,464	10,044	12,809	-7,486	403,868	440,270	-44,950
2016-17	415,723	447,807	-34,960	10,894	15,035	-9,918	425,114	461,338	-44,879
2017-18	456,280	460,282	-5,285	12,318	16,934	-10,055	466,661	475,195	-15,255
2018-19 (e)	493,288	488,363	-1,901	15,256	20,771	-11,054	506,478	507,098	-12,985
2019-20 (e)	514,505	504,392	4,337	na	na	na	na	na	na
2020-21 (p)	538,186	517,785	12,330	na	na	na	na	na	na
2021-22 (p)	568,341	538,552	19,990	na	na	na	na	na	na

(a) Data have been revised in the 2018-19 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.

Table D11: Australian Government general government sector receipts, payments, underlying cash balance, net debt and net interest payments presented on a real per capita basis^(a)

	Taxation receipts	Non-taxation receipts	Total receipts	Payments	Underlying cash balance	Net debt	Net interest payments
1970-71	5,494	838	6,331	5,643	688	263	-144
1971-72	5,524	868	6,391	5,771	620	-347	-171
1972-73	5,484	863	6,348	6,122	227	-515	-164
1973-74	6,138	791	6,930	6,278	652	-1,049	-162
1974-75	6,797	722	7,519	7,433	87	-914	-116
1975-76	7,125	761	7,886	8,516	-631	-144	-139
1976-77	7,212	796	8,008	8,471	-463	329	-23
1977-78	7,073	855	7,928	8,601	-672	956	1
1978-79	7,066	821	7,887	8,534	-647	1,504	77
1979-80	7,430	770	8,200	8,557	-358	1,689	119
1980-81	7,954	817	8,771	8,815	-45	1,549	151
1981-82	8,208	784	8,992	8,916	75	1,283	147
1982-83	7,861	850	8,712	9,353	-642	1,754	172
1983-84	7,956	910	8,866	10,110	-1,243	2,841	288
1984-85	8,889	981	9,870	10,883	-1,013	3,674	472
1985-86	8,978	1,124	10,102	10,883	-782	4,103	603
1986-87	9,131	1,134	10,265	10,600	-334	4,003	654
1987-88	9,453	1,060	10,512	10,329	183	3,443	567
1988-89	9,628	842	10,470	9,844	625	2,536	516
1989-90	9,555	827	10,382	9,756	625	1,697	479
1990-91	9,153	739	9,893	9,936	-43	1,670	359
1991-92	8,368	812	9,180	10,390	-1,210	2,973	365
1992-93	8,341	834	9,175	10,877	-1,703	5,189	375
1993-94	8,532	956	9,488	11,150	-1,662	6,417	514
1994-95	9,191	748	9,938	11,179	-1,240	7,314	639
1995-96	9,608	725	10,333	11,255	-922	7,958	736
1996-97	10,096	732	10,828	11,322	-494	7,804	769
1997-98	10,511	783	11,294	11,282	12	6,655	664
1998-99	10,852	1,070	11,922	11,617	305	5,650	678
1999-00	11,455	1,127	12,582	11,597	985	4,365	569
2000-01	12,010	891	12,901	12,487	414	3,299	437
2001-02	11,882	828	12,710	12,782	-72	2,863	363
2002-03	12,500	794	13,294	12,815	479	2,170	244
2003-04	12,983	693	13,677	13,175	502	1,695	191
2004-05	13,566	727	14,293	13,470	822	945	152
2005-06	14,012	808	14,820	13,904	912	19	133
2006-07	14,269	795	15,064	13,997	950	-1,342	13
2007-08	14,630	817	15,447	14,239	1,035	-2,093	-53
2008-09	13,618	942	14,559	15,726	-1,344	-562	-60
2009-10	12,552	1,077	13,629	16,131	-2,609	2,292	114

Appendix D: Historical Australian Government Data

Table D11: Australian Government general government sector receipts, payments, underlying cash balance, net debt and net interest payments presented on a real per capita basis^(a) (continued)

	Taxation receipts	Non-taxation receipts	Total receipts	Payments	Underlying cash balance	Net debt	Net interest payments
2010-11	12,919	912	13,831	15,849	-2,174	4,152	211
2011-12	13,692	818	14,511	16,321	-1,907	6,750	291
2012-13	13,859	982	14,841	15,524	-796	6,747	350
2013-14	13,798	813	14,611	16,480	-1,965	8,497	440
2014-15	13,906	960	14,866	16,193	-1,488	9,660	427
2015-16	13,829	936	14,765	16,154	-1,511	11,580	459
2016-17	13,993	1,129	15,122	16,210	-1,223	11,892	456
2017-18	14,878	1,027	15,905	16,113	-361	12,170	467
2018-19 (e)	15,369	1,182	16,551	16,596	-178	12,084	480
2019-20 (e)	15,392	1,299	16,691	16,405	136	11,328	378
2020-21 (p)	15,579	1,115	16,694	16,298	395	10,463	360
2021-22 (p)	15,783	1,094	16,877	16,300	577	9,508	318

(a) The real levels are derived using the Consumer Price Index (CPI). The current reference period for the CPI is 2011-12, which means the real levels per capita are reported in 2011-12 dollars.

(e) Estimates.

(p) Projections.