

PROTECTED – CABINET

UNTIL 2024-25 BUDGET FORMALLY RELEASED, THEN CLASSIFIED OFFICIAL

2024–25 Budget Issues Brief no. 13

CONTINGENCY RESERVE AND DECISIONS TAKEN BUT NOT YET ANNOUNCED

Key facts and figures

Contingency Reserve

- The table below shows the Contingency Reserve sub-function in the 2024-25 Budget and the change since the 2023-24 MYEFO.

Expense	2023-24 (\$m)	2024-25 (\$m)	2025-26 (\$m)	2026-27 (\$m)	2027-28 (\$m)	4 Year Total~ (\$m)	5 Year Total (\$m)
2023-24 MYEFO*	5,089	4,534	14,585	21,349		45,557	
2024-25 Budget^	2,200	167	14,674	19,357	26,496	36,398	62,894
Changes between 2023-24 MYEFO and 2024-25 Budget	-2,889	-4,367	89	-1,992		-9,159	

*Page 303 of 2023-24 MYEFO. Note: 2027-28 was not published in 2023-24 MYEFO.

^Page 223 of 2024-25 Budget Paper No. 1.

~4 year total is from 2023-24 to 2026-27.

Note: A minus sign before an estimate indicates a reduction in expenses, no sign before an estimate indicates increased expenses.

- In the 2024-25 Budget, the funding provisioned in the Contingency Reserve accounts for around 1.6 per cent of total government expenditure (compared with 1.5 per cent in the 2023-24 MYEFO).
- The 5-year total for the Contingency Reserve in the 2024-25 Budget is \$62,894 million which is high by historical standards.
 - Historical estimates for the Contingency Reserve sub-function are provided in [Attachment A](#).
- A key component of the Contingency Reserve sub-function is the **Conservative Bias Allowance**, which makes provisions for the tendency for the estimate of expenses for existing Government policies (excluding GST payments to the states) to be revised upwards in the forward years.
 - The Conservative Bias Allowance accounts for \$24.2 billion of expenses from 2024-25 to 2027-28, which comprises 38.4 per cent of the Contingency Reserve sub-function five-year total of \$62.9 billion from 2023-24 to 2027-28

PROTECTED – CABINET

UNTIL 2024-25 BUDGET FORMALLY RELEASED, THEN CLASSIFIED OFFICIAL

PROTECTED – CABINET

UNTIL 2024-25 BUDGET FORMALLY RELEASED, THEN CLASSIFIED OFFICIAL

Provisions for policy purposes

- The estimates for published measures that cannot be allocated to relevant agencies are included in the Contingency Reserve – for example, where legislation is required or an agreement with the states and territories need to be finalised before the measure is implemented.
- The Government has also provided ongoing funding for some measures where there is still a business case that needs to be undertaken or further policy work is required.
- The Government has also provisioned funding in the Contingency Reserve for measures with financial implications that are not for publication (nfp) due to commercial sensitivities.
- The Contingency Reserve includes a provision for the estimated financial impact of further wage increases resulting from the decision of the Fair Work Commission’s Aged Care Work Value Case – Stage 3, with the operative date and phasing in of wage increases still to be determined. The Government has also made a provision to deliver on its commitment to provide funding towards a wage increase for Early Childhood Education and Care workers, with details to be finalised following Fair Work Commission processes (page 225, 2024-25 Budget Paper No.1).
- The Contingency Reserve also includes a provision to reflect the outcomes of the December 2023 National Cabinet meeting and to meet future anticipated disaster recovery costs (page 225, 2024-25 Budget Paper No.1).
- A number of measures in the 2024-25 Budget Paper No.2 reference new funding that is provisioned in the Contingency Reserve. A full list of these measures is provided in Attachment C.

PROTECTED – CABINET

UNTIL 2024-25 BUDGET FORMALLY RELEASED, THEN CLASSIFIED OFFICIAL

PROTECTED – CABINET

UNTIL 2024-25 BUDGET FORMALLY RELEASED, THEN CLASSIFIED OFFICIAL

Decision Taken But Not Yet Announced (DTBNYA)

- The tables below show the DTBYNA and not for publication (NFP) lines included in the 2024-25 Budget (see Table 1 (receipts) and Table 2 (payments) in Budget Paper No. 2).

Receipts*	2023-24 (\$m)	2024-25 (\$m)	2025-26 (\$m)	2026-27 (\$m)	2027-28 (\$m)	5-year total (\$m)
Receipt DTBNYA and NFP^	194.6	955.5	959.9	932.2	1069.7	4,111.9
Total impact of receipt measures^	135.9	2,215.2	-1,000.0	1,988.6	4,724.8	8,064.5

* A minus sign before an amount indicates a reduction in payment/receipts

^ Page 5, 2024-25 Budget Paper No. 2

Payments*	2023-24 (\$m)	2024-25 (\$m)	2025-26 (\$m)	2026-27 (\$m)	2027-28 (\$m)	5-year total (\$m)
Payments DTBNYA and NFP^	-958.8	1,124.5	3,222.7	2,252.3	72.0	5,712.7
Total impact of payment measures^	298.2	11,724.4	9,304.1	5,242.6	5,933.9	32,503.2

* A minus sign before an amount indicates a reduction in payment/receipts

^ Page 40, 2024-25 Budget Paper No.2

Conservative Bias Allowance

- The **Conservative Bias Allowance** makes provision for the tendency for the estimate of expenses for existing Government policies (excluding GST payments to the states) to be revised upwards in the forward years. At each update, this allowance is reduced as the budget estimates are refined. The Conservative Bias Allowance improves the accuracy of overall fiscal estimates and has been included in the Contingency Reserve since 1987-88.
- The 2024-25 Budget (page 225, 2024-25 Budget Paper No.1) includes a provision of:
 - nil in the Budget year 2024–25
 - ½ of a percentage point of total general government sector expenses in the first forward year 2025-26 (\$3.3 billion)
 - 1 per cent of general government sector expenses in the second forward year 2026–27 (\$6.8 billion)
 - 2 per cent of general government sector expenses in the third forward year 2027–28 (\$14.1 billion).

PROTECTED – CABINET

UNTIL 2024-25 BUDGET FORMALLY RELEASED, THEN CLASSIFIED OFFICIAL

- The drawdown of the Conservative Bias Allowance decreased expenses by \$1.6 billion in 2024–25, \$1.5 billion in 2025–26, \$3.2 billion in 2026–27 and \$3.1 billion in 2027–28.
 - This is consistent with the long-standing practice and does not represent a saving or offset to spending measures.

Underspend Provision

- The **underspend provision** has been included in the Contingency Reserve since at least 2000-01. An underspend provision is included in the 2024-25 Budget.
 - The underspend provision is included in the estimates in the Budget year (2023-24) to compensate for the historical tendency of entities to overestimate their expenses in the current financial year.
 - The value of the underspend provision would not be publicly disclosed (as is standard practice).

Key points

- The **Contingency Reserve** is an allowance that reflects anticipated events that cannot be assigned to individual programs in the preparation of the budget estimates and is used to ensure that the estimates are based on the best information available at the time of the Budget or MYEFO update.
- Consistent with past budget rounds, a key component of the Contingency Reserve is the Conservative Bias Allowance.
- Decision Taken But Not Yet Announced (DTBNYA) and Not for Publication (NFP) decisions are also included in the Contingency Reserve.
- In the 2024-25 Budget the Government also included in the Contingency Reserve ongoing funding for some measures where funding certainty is important but where further policy work or a further business case is required. This approach ensures that the budget estimates properly reflect the ongoing costs of these measures.

PROTECTED – CABINET

UNTIL 2024-25 BUDGET FORMALLY RELEASED, THEN CLASSIFIED OFFICIAL

Background

- Historical estimates for Payment and Receipts DTBNYA and NFP are provided in Attachment B.
- This Issues Brief has been prepared with figures from the 2024-25 Budget and does not contain information which is not for disclosure – for example, it does not include individual DTBNYAs which should not be disclosed.

Contact (SES)

Romesh Guneratne

Department of Finance

s22

PROTECTED – CABINET

UNTIL 2024-25 BUDGET FORMALLY RELEASED, THEN CLASSIFIED OFFICIAL

PROTECTED – CABINET

UNTIL 2024-25 BUDGET FORMALLY RELEASED, THEN CLASSIFIED OFFICIAL

Attachment A

HISTORICAL ESTIMATES FOR THE CONTINGENCY RESERVE SUB-FUNCTION AS PUBLISHED

Expense (\$m)	Revised Budget Year	Current Budget Year	Financial Year 1	Financial Year 2	Financial Year 3	Total (4 or 5 years)
2024-25 Budget	2,200	167	14,674	19,357	26,496	62,894
2023-24 MYEFO		5,089	4,534	14,585	21,349	45,557
2023-24 Budget	449	-56	5,967	9,638	16,427	32,426
2022-23 October Budget	0	801	3,845	8,619	14,014	27,279
2022-23 March Budget	-2,040	1,491	5,250	8,686	15,476	28,859
2021-22 MYEFO		7,518	8,870	16,149	13,044	45,582
2021-22 Budget	-2,845	5,055	5,338	12,014	15,091	34,654
2020-21 MYEFO		5,403	11,018	13,645	19,436	49,502
2020-21 Budget		8,068	12,570	14,811	21,612	57,061
2019-20 MYEFO		-1,707	676	3,165	5,712	7,846
2019-20 Budget	-1993	-216	2,117	4,293	8,982	13,183
2018-19 MYEFO		-1,706	1,271	4,371	7,097	11,033
2018-19 Budget	-1,916	101	3,287	6,271	11,274	19,017
2017-18 MYEFO		-538	1,185	3,343	7,950	11,940
2017-18 Budget	-1,536	951	2,696	4,431	9,659	16,201
2016-17 MYEFO		-2,077	2,125	4,028	8,158	12,234
2016-17 Budget	-1,536	-1,055	412	1,906	6,217	5,944
2015-16 MYEFO		-1,456	1,002	2,811	7,117	9,474
2015-16 Budget	-911	201	2,201	4,104	8,854	14,449
2014-15 MYEFO		-665	4,057	5,963	8,867	18,222
2014-15 Budget	-793	773	4,161	5,963	9,675	19,779
2013-14 MYEFO		-497	2,896	8,184	12,658	23,241
2013-14 Budget	-1,301	98	2,166	3,873	7,850	12,686
2012-13 MYEFO		-2,818	2,036	4,347	7,252	10,817
2012-13 Budget	-1,426	-670	1,583	4,838	9,083	13,408
2011-12 MYEFO		-853	824	3,287	6,461	9,719
2011-12 Budget	-1,468	1,103	2,576	4,571	8,472	15,254
2010-11 MYEFO		-752	2,424	3,109	5,857	10,638
2010-11 Budget	-999	1,195	3,329	4,457	7,890	15,872
2009-10 MYEFO		508	659	6,422	14,065	21,654
2009-10 Budget	-793	1,589	3,493	7,235	14,591	26,115
2008-09 MYEFO		-407	5,808	7,875	11,118	24,394
2008-09 Budget	-776	451	6,036	8,379	12,117	26,207
2007-08 MYEFO		282	4,693	7,326	9,887	22,188
2007-08 Budget	578	389	3,979	7,360	11,073	23,379
2006-07 MYEFO		386	3,095	6,285	10,777	20,543
2006-07 Budget	42	747	3,611	7,303	13,099	24,802

Note: A minus sign before an amount indicates a reduction in expenses

PROTECTED – CABINET

UNTIL 2024-25 BUDGET FORMALLY RELEASED, THEN CLASSIFIED OFFICIAL

PROTECTED – CABINET

UNTIL 2024-25 BUDGET FORMALLY RELEASED, THEN CLASSIFIED OFFICIAL

Attachment B

HISTORICAL ESTIMATES FOR THE PAYMENTS AND RECEIPTS DTBNYA AND NFP

RECEIPT DTBNYA SINCE THE 2020 JEFU AS PUBLISHED

Receipt (\$m)	Revised Budget Year	Current Budget Year	Financial Year 1	Financial Year 2	Financial Year 3	Total (4 or 5 years)
2024-25 Budget	195	956	960	932	1,070	4,112
2023-24 MYEFO	4	451	556	689	738	2,438
2023-24 Budget	107	378	465	506	536	1,992
2022-23 October Budget		163	294	410	513	1,379
2022-23 March Budget	402	429	470	535	549	2,384
2021-22 MYEFO	157	259	307	216		940
2021-22 Budget	28	185	605	618	609	2,045
2020-21 MYEFO		-126	-452	-642	-636	-1,855
2020-21 Budget		54	76	57	19	205
2020 JEFU	17	-24	-136	-133	-132	-409

Notes: Numbers include both DTBNYA and Not for Publication (NFP). From the Economic and Fiscal Update July 2020 (2020 JEFU), Measure financial impacts were published in cash terms and not in fiscal balance as was standard up to and including the 2019-20 MYEFO.

Note: a minus sign before an estimate indicates a reduction in receipts/ revenue, no sign before an estimate indicates a gain in receipts/ revenue

PAYMENT DTBNYA SINCE THE 2020 JEFU AS PUBLISHED

Payment (\$m)	Revised Budget Year	Current Budget Year	Financial Year 1	Financial Year 2	Financial Year 3	Total (4 or 5 years)
2024-25 Budget	-959	1,125	3,223	2,252	72	5,713
2023-24 MYEFO		270	942	1,667	1,797	4,675
2023-24 Budget	899	3,172	1,827	972	974	7,844
2022-23 October Budget		722	789	709	915	3,135
2022-23 March Budget	985	1,441	-917	-1,168	-892	-551
2021-22 MYEFO	-164	5,579	4,103	3,284	2,993	15,795
2021-22 Budget	1,219	3,816	1,645	1,513	1,353	9,546
2020-21 MYEFO		270	420	391	482	1,562
2020-21 Budget		1,484	2,835	1,338	785	6,441
2020 JEFU	45	769	93	21	-24	905

Notes: Numbers include both DTBNYA and Not for Publication (NFP). From the Economic and Fiscal Update July 2020 (2020 JEFU), Measure financial impacts were published in cash terms and not in fiscal balance as was standard up to and including the 2019-20 MYEFO.

Note: A minus sign before an estimate indicates a reduction in expenses, no sign before an estimate indicates increased Expenses.

PROTECTED – CABINET

UNTIL 2024-25 BUDGET FORMALLY RELEASED, THEN CLASSIFIED OFFICIAL

PROTECTED – CABINET

UNTIL 2024-25 BUDGET FORMALLY RELEASED, THEN CLASSIFIED OFFICIAL

Attachment C

MEASURES REFERENCING NEW FUNDING BEING PROVISIONED IN THE CONTINGENCY RESERVE IN THE 2024-25 BUDGET.

Measure	Page Reference	Reference to the Contingency Reserve in the 2024-25 Budget, Budget Paper No.2 measures text
Agriculture, Fisheries and Forestry		
Phase Out of Live Sheep Exports by Sea – transition support	Page 44	Partial funding for this measure will be held in the Contingency Reserve until final design and delivery options are settled.
Attorney General's		
Anti Money Laundering and Counter Terrorism Financing Reform	Page 45	Funding from 2025–26 for this measure will be held in the Contingency Reserve until the legislative reforms have passed the Parliament.
Cross Portfolio		
Australian Universities Accord – tertiary education system reforms	Page 63	<p>\$24.6 million over four years from 2024–25 (and an additional \$72.7 million from 2028–29 to 2034–35) for Charles Darwin University to establish a new medical school for the Northern Territory with 40 new commencing medical students per year from 1 January 2026, with funding placed in the Contingency Reserve subject to the completion of exploratory work.</p> <p>\$19.4 million over two years from 2024–25 to establish a National Student Ombudsman from 1 February 2025. Partial funding for this measure has been provisioned in the Contingency Reserve.</p>
Future Made in Australia – Making Australia a Renewable Energy Superpower	Page 70	Funding for the Battery Breakthrough Initiative, the Solar Sunshot program, the Innovation Fund and the expansion of the Australian Renewable Energy Agency will be held in the Contingency Reserve pending consultation and design.

PROTECTED – CABINET

UNTIL 2024-25 BUDGET FORMALLY RELEASED, THEN CLASSIFIED OFFICIAL

PROTECTED – CABINET

UNTIL 2024-25 BUDGET FORMALLY RELEASED, THEN CLASSIFIED OFFICIAL

Measure	Page Reference	Reference to the Contingency Reserve in the 2024-25 Budget, Budget Paper No.2 measures text
Future Made in Australia – Workforce and Trade Partnerships for Renewable Energy Superpower Industries	Page 73	Partial funding for this measure will be held in the Contingency Reserve pending the finalisation of a selection process for a delivery partner for the National Hydrogen Technology Skills Training Centre.
Defence		
Defence Oversight – Parliamentary Joint Committee on Defence	Page 80	Funding for this measure will be held in the Contingency Reserve until the passage of legislation to establish the new committee.
Health and Aged Care		
Australian Institute of Sport Site Redevelopment	Page 109	Partial funding for this measure will be held in the CR until the Government agrees to the Detailed Business Plan for the Australian Institute of Sport site redevelopment.
Infrastructure. Transport, Regional Development, Communication and the Arts		
Delivering a Strategic Fleet	Page 147	Funding for a Strategic Fleet Pilot Program with three privately-owned vessels which would be available to requisition in times of need, with funding to be held in the Contingency Reserve until commercial negotiations have been completed and is not for publication (nfp) as it would impair the Commonwealth’s position in negotiating contracts with industry.
Revive – National Cultural Policy	Page 151	\$9.3 million over four years from 2024–25 (and \$0.1 million per year ongoing) for the National Film and Sound Archive of Australia to expand its capacity to safely store and protect nitrate-based cultural heritage material, with capital funding to be held in the Contingency Reserve until final project details are settled.

PROTECTED – CABINET

UNTIL 2024-25 BUDGET FORMALLY RELEASED, THEN CLASSIFIED OFFICIAL

PROTECTED – CABINET

UNTIL 2024-25 BUDGET FORMALLY RELEASED, THEN CLASSIFIED OFFICIAL

Measure	Page Reference	Reference to the Contingency Reserve in the 2024-25 Budget, Budget Paper No.2 measures text
Supporting Connectivity, Media and Communications	Page 153	The Government will also provide funding on a cost recovered basis for the Australian Communications Consumer Action Network to carry out consumer engagement activities to support NBN Co's regulated Special Access Undertaking, with the financial implications not for publication (nfp) due to commercial sensitivities and the funding to be held in the Contingency Reserve until final contract details are settled.
Prime Minister and Cabinet		
APS Capability Reinvestment Fund: 2024–25 projects funded under round two	Page 157	The cost of this measure will be met from funding previously included in the Contingency Reserve.
Treasury		
ABS – delivering Census and modernising operations	Page 177	Partial funding for this measure will be held in the Contingency Reserve.
Competition Reform	Page 178	Additional funding for this measure and future cost recovery arrangements will be held in the Contingency Reserve pending the finalisation of the policy and implementation details of the new merger system.
Fighting Scams	Page 180	Partial funding for this measure will be held in the Contingency Reserve pending development of the preferred legislative approach for the Scams Code Framework.

PROTECTED – CABINET

UNTIL 2024-25 BUDGET FORMALLY RELEASED, THEN CLASSIFIED OFFICIAL