

## EDUCATION, SCIENCE AND TRAINING

### SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2004-2005 ADDITIONAL ESTIMATES HEARING

**Outcome:** 2  
**Output Group:** 2.4 – Funding for Higher Education

#### DEST Question No. E834\_05

Senator Carr provided in writing.

#### Question:

- a) Do you recall advising this committee at the June 2003 hearings that the major expenses in government's *Our Universities: Backing Australia's Future* package were:
  - i. exactly the same in cash and accrual terms (with the exception of the HELP line); and
  - ii. the same for both financial year and calendar years because funding for universities is expensed at the beginning of the calendar year?
- b) Do you stand by this advice?
- c) If not, when did you become aware that this advice was not correct?
- d) What action did you take to correct this advice given to the Committee?
- e) How would you describe the provision of inaccurate evidence to a Senate Committee?

#### Answer:

*Our Universities: Backing Australia's Future*

- a)
  - i) Yes
  - ii) Yes
- b) Yes.

Further clarification is set out below.

The financial impact of *Our Universities: Backing Australia's Future* was provided on a calendar year basis. The discussion at the June 2003 hearings confirmed that within the calendar year cash and accrual is the same (apart from the exception discussed at the hearing).

Calendar year amounts are recognised as an expense at the commencement of the calendar year. This means that financial year and calendar year expenses are the same. Expenses for the 2004 calendar year were expensed in the 2003-04 financial year; expenses for the 2005 calendar year will be expensed in the 2004-05 financial year etc.

The only situation where this is not the case is when examining calendar year programmes and comparing the **cash** impact between financial year and calendar year. For example:

Assumptions

- increase for Calendar Year 2006 of \$100m.
- even cashflow over the course of the year.
- recognised as a calendar year expense

Calendar Year		Financial Year			
2006		2005-06		2006-07	
Expense	Cash	Expense	Cash	Expense	Cash
100.0	100.0	100.0	50.0	0.0	50.0

- c) The focus of the evidence in June 2003 was on either expenses between calendar and financial year or comparing expense and cash within a calendar year. The evidence provided was correct.
- d) See (c) above.
- e) The Department would consider it to be a serious matter. DEST takes utmost care in ensuring accuracy of information provided to Senate Committees and acts immediately to correct any inaccuracies in the information provided.