

EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE – QUESTIONS ON NOTICE 2003-2004 BUDGET ESTIMATES HEARING

Outcome: CSIRO
Output Group: CSIRO

DEST Question No. E249_04

Senator Carr asked on 4 June 2003.

Question:

Adjustment of CSIRO's Non-Appropriation Revenue Target

At the CSIRO estimates hearings on Wednesday, 4th June, CSIRO agreed that non-appropriation revenue targets have been adjusted down by approximately \$115 million between 2002/03 and 2005/06.

The explanation given was that "it was a revision of the estimates."

- (a) Can you explain in detail why such a revision was necessary, who carried out the analysis that led to this revision, and when, and by whom, this revision was approved formally?
- (b) Secondly, please provide copies of this analysis, minutes and all other documents relating to the approval of this revision?

Please note that I am not seeking details on growth in non-appropriation revenue but specific details on this downward revision of your estimates.

Answer:

CSIRO has provided the following response.

Revision of non-appropriation revenue targets

The cumulative reduction in revenue over the period 2002/03 to 2005/06 from the Sale of Goods and Services and Interest as detailed in the Portfolio Budgets Statements for 2002/03 and 2003/04 is \$116,276,000.

- (a) **(i) Why a revision was necessary** – As standard part of CSIRO's annual planning and budget process forward estimates of revenue and expenditure are reviewed by the management of the organisation. As explained at previous hearings, for a number of months the CSIRO Executive in conjunction with the CSIRO Board has been developing a Strategic Plan to coincide with the new triennium commencing 1 July 2003.

In the context of this planning exercise a number of financial scenarios were developed and considered. It is important to note that this analysis was not approached by adopting the previous estimates as a base but was a revision based on a bottom up analysis by divisions adjusted by the Executive to take account of factors reflecting the strategic direction of the Organisation not included in divisional estimates.

The financial scenario adopted for the Strategic Plan includes the 'non appropriation' revenue estimates that were included in the Statement of Financial Performance on page 252 of the 2003/2004 Portfolio Budget Statements for the Education, Science and Training Portfolio.

(ii) **Who carried out the analysis** - the analysis and review of CSIRO's financial forecasts was coordinated by the organisation's Corporate Finance unit. It involved input from all Divisions, analysis by Corporate Finance and review by the Executive Team.

(iii) **When and by whom was the revision formally approved** – a range of financial scenarios were developed and reviewed by the Executive Team and the CSIRO Board over the period from January to April 2003. The target scenario was adopted by the Executive Team in April 2003 as the basis for final refinement of the organisation's strategic plan (which was formally approved by the Board at its June 2003 meeting). The financial data incorporated into the PBS estimates in April 2003 was drawn from this financial scenario.

(b) Attached to this answer is the Target scenario reviewed by the Executive Team and the Board and incorporated into the CSIRO strategic plan. The submission of revised PBS estimates based on the target scenario, was approved by the Organisation's Chief Finance Officer (in accordance with DOFA guidelines) on 8 April 2003.

