

EDUCATION, SCIENCE AND TRAINING

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

Outcome: CSIRO
Output Group: - CSIRO

DEST Question No. E544_04

Senator Carr asked on 5 November 2003.

Question:

- a) Why are your forward projections any (*more*) accurate? The percentage increases in IP revenue over the past three years have been 10% (in 2000-01); 80% (in 2001-02) and minus 18% (last year.) You are now projecting successive increases of 57%; 32%; 59% and 59% over the next four years. What methodology did you use to calculate these increases?
- b) Given the erratic history of growth over recent years, why have you now decided that a stable pattern of growth at around 50% compound will take place? On what basis have you made these calculations? [Please provide these calculations?]

Answer:

CSIRO has provided the following response.

Budget targets – Accuracy of Forward Projections

- a) The methodology for external revenue was based on 'bottom up' estimates by divisions adjusted by the Executive team for estimated impacts of strategic objectives particularly relating to customer service teams and large IP deals. Given that IP revenues involve sales which are dependent upon market conditions actual revenues can be expected to vary around the annual estimates but we believe the long term estimate is achievable.
- b) As described in E542_04 the revenue estimates were determined by all cost centres providing their estimates of external revenue for the strategic planning period. These estimates were adjusted upwards by the Executive Team largely due to expected growth in i) Co-investment and Consulting revenue through the implementation of customer service teams, and ii) IP revenue from the impact of large scale IP deals.