

EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2006-2007 SUPPLEMENTARY ESTIMATES HEARING

Outcome: 3
Output Group: 3.1 Research Infrastructure
3.2 Assistance for Science collaboration and innovation

DEST Question No. E684_07

Senator Wong provided in writing.

Question:

Page 107 of DEST Annual Report 2005-06 shows an overspend in Departmental expenses relating to Research Infrastructure of \$3,120,000 (Budgeted \$3,623,000 vs. Actual \$6,743,000).

Page 107 of DEST Annual Report 2005-06 shows an overspend in Departmental expenses relating to Assistance for science collaboration and innovation of \$3,313,000 (Budgeted \$18,890,000 vs. Actual \$22,203,000).

Why was this the case? Please also provide a full breakdown of areas within each Output where actual expenditure was lower than budgeted, including the amounts underspent in each area?

Answer:

Budget Variations

The Departmental Outcome and Output Group figures in Table 5.1 of the DEST Annual Report were calculated using the Department's cost attribution model.

The 2005-06 budget figures were calculated using percentages splits from prior year actual data and adjusted for any new measures and known parameter variances. The budget figures were prepared at the Output Group level after calculating relativities between the outcomes.

The cost attribution model derived the 2005-06 actuals for each Output Group by adding the direct costs associated with the Outputs in this Output Group together with a share of overhead or indirect costs. The overhead costs are allocated to the direct costs on the basis of average staffing levels (ASL). The actual expenses are then allocated to Output Groups after calculating relativities between the outcomes.

Variances occur for two reasons:

- the time lag between data used for budget preparation; and
- use of outcome attribution as an intermediate step can distort the output group figures.

Changes to the cost attribution model methodology are being investigated following an audit recommendation.

Budgets are not disaggregated below the Output Group level.