

**Economics Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
Industry, Innovation, Climate Change, Science, Research and Tertiary Education Portfolio  
Budget Estimates Hearing 2013-14  
3 and 4 June 2013

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**AGENCY/DEPARTMENT:** DEPARTMENT OF INDUSTRY, INNOVATION, CLIMATE CHANGE, SCIENCE, RESEARCH AND TERTIARY EDUCATION

**TOPIC:** SKA Expenditure and projects

**REFERENCE:** Question on Notice (Hansard, 3 June 2013, page 103)

**QUESTION No.:** BI-32

**Ms Kelly:** These companies have applied for tenders with international SKA organisations who participate in the design stage. If they win those tenders then these grants will flow to them. The grants are dependent on them winning the tenders.

**Senator COLBECK:** When will we know that the tender process has been finalised? So effectively when will we know we are committed to the money?

**Dr Boyle:** The middle of August.

**Senator COLBECK:** So the tenders for all those projects close at that time?

**Dr Boyle:** That is right. They will be submitted to the International Project Office on Friday of this week, and then the project office will take a month or two to review those tenders. We understand that most of those tenders will be submitted on a non-competitive basis—that is, there is likely to be only one consortium applying for each of the work packages. So we would have a fairly high degree of confidence that they would be successful.

**Senator COLBECK:** And there are other packages to come out that will take up the remainder of that?

**Dr Boyle:** Yes. In total, there are 10 applicants who have been successful in gaining grants from this \$18.8 million program. Of course each of those applicants represents a particular consortium and it will contain other industries in many cases beneath them. We are looking at about 20 beneficiaries from this grants program across universities, CSI and industry.

**Mr Luchetti:** I think you are asking, working from your figure of \$24 million, what the difference of \$6 million is. That relates to further contributions to Australia's membership of the SKA organisation. That is half paid at the moment. We have paid 500,000 euros of the one million euros that the membership costs. The other amount is a contribution to the organisation to help them with their day-to-day operational costs and management of other work package activities.

**Senator COLBECK:** So it is one million euros to the membership and three million euros to—

**Mr Luchetti:** It is closer to AU\$5 million.

**Senator COLBECK:** So the total on a contribution is \$5 million?

**Mr Luchetti:** To the SKA organisation, yes. It is probably just a fraction over \$5 million. I will get you the figure.

**Senator COLBECK:** So we have put in 500,000—

**Mr Luchetti:** We have put in 500,000 euros to date. A lot of the figures that we are working on roughly have an exchange rate of 78c to the euro.

**Senator COLBECK:** I am starting to work out that you are short of money at that rate because I was assuming that you had spent this year's \$1.5 million. The \$18.8 million leaves you about \$4 million to get up to \$22.95 million.

**Mr Luchetti:** From the figures that I have, it is \$18.8 million for the work packages and it is roughly AU\$1.5 million for the SKA membership, converting that from a million euros. Then the remaining amount is roughly \$6 million. So it is closer to AU\$6 million for our contribution to the SKA office. Keep in mind that, of that \$24.4 million that you are working from, we have also made payments in 2011-12 and 2012-13 towards the project. That is why that will be just above the \$24.4 million that you have.

**Senator COLBECK:** That is what I was assuming—that the \$1.5 million had already been spent. So I still cannot get, with \$18.8 million, \$1.5 million and another \$6 million, within a \$22.95 million cap.

**Mr Luchetti:** I am not quite sure where you are—

**Senator COLBECK:** You said there was \$24.5 million in the budget. We started with that. We said \$1.5 million was this year's expenditure, and then you gave us \$8.36 million, \$7.65 million and \$6.94 million, which adds up to \$22.95 million, say \$23 million, plus the \$1.5 million. There is the \$24.5 million that we have talked about. That is the way that the numbers rolled out before. Now you are saying that \$18.8 million of that is going to the projects—I have no argument with that—you have another \$1.5 million for membership and another \$6 million on top of that as contribution. It does not stack up: 18.8 plus 6 is 25.

**Mr Luchetti:** I think we should take it on notice. I am comfortable with the figures we have given you, but I am not quite sure where our disconnect is.

**Dr Boyle:** It may be that there were payments in 2011-12, as well as 2012-13.

**Senator COLBECK:** I think I have run through the number with you relatively well. If you have a table or something that you can table for us—

**Mr Luchetti:** We do.

**Dr Boyle:** We would be happy to provide them to you.

**Senator COLBECK:** and a list of those projects, that would be of use.

## ANSWER

Program expenses shown in the *IICCSTRE PBS 2013-14* for the Square Kilometre Array project are a sub-set of funding initially allocated in the 2011-12 Budget. For completeness, the final allocation of all 2011-12 Budget funding for SKA is shown in the table below – for both administered and departmental expenses – with program (administered) expenses in the *IICCSTRE PBS 2013-14* shown in context.

In relation to the table note that:

- \$40.2 million was initially allocated in the 2011-12 Budget (see *IISR PBS 2011-12*). However the profile and distribution of the funding has been altered by subsequent decisions.
- When initially allocated:
  - \$6.28 million was allocated to Departmental expenses to cover the SKA bid phase.
  - \$6.5 million was allocated to Administered expenses in relation to the pre-construction phase of the SKA – not subject to the SKA site decision.
  - \$27.5 million was allocated to the Contingency Reserve for decision on allocation following the SKA site decision.
- The table below shows the overall allocation and profiling of the 2011-12 funding *after* decisions were made on the allocation of Contingency Reserve funding following the SKA site decision.
- The allocations within the shaded area are the administered expenses shown in the *IICCSRTE PBS 2013-14*. That allocation totals \$24.4 million.

	11-12	12-13	13-14	14-15	15-16	Total
<u>Departmental expenses</u>						
A-NZ bid phase	3.891	2.393				<b>6.284</b>
Host implementation phase			3.357	3.782	0.731	<b>7.870</b>
<u>Administered expenses</u>						
SKA Organisation membership fee*	0.324	0.305	0.325	0.325		<b>1.279</b>
SKA Office – central project coordination*	1.289	1.198	1.178	1.178	1.178	<b>6.021</b>
Grants to Australian organisations for pre-construction activities			6.862	6.146	5.760	<b>18.768</b>
<b>Sub-total administered</b>	<b>1.613</b>	<b>1.503</b>	<b>8.365</b>	<b>7.649</b>	<b>6.938</b>	<b>26.068</b>
<b>Total</b>	<b>5.504</b>	<b>3.896</b>	<b>11.722</b>	<b>11.431</b>	<b>7.669</b>	<b>40.222</b>

\*The membership fee is a fixed amount of €250,000 whose Australian dollars equivalent will vary depending on the exchange rate. However the contribution to ‘SKA Office – central project coordination’ can be adjusted to keep expenses within the overall administered funding envelope.