

**Senate Standing Committee on Education Employment and Workplace
Relations**

**QUESTIONS ON NOTICE
Budget Estimates 2011-2012**

Cross Portfolio

DEEWR Question No. EW0424_12

Senator Mason asked on 1/06/2011, Hansard page 67.

Question

Outcome 3 Spending

Senator MASON: Thank you. You only ever need to ask me once, Mr Chairman. You know that. I have a few questions that I suspect the department will more usefully answer on notice and then I will go to some more detailed questions. What underspends have there been in programs within outcome 3 in the current financial year, and what are the reasons for the budget expenses not being met in each instance? The complimentary question is: what overspends have there been in programs within outcome 3 in the current financial year, and what are the reasons for the budget expenses being exceeded in each instance? Mr Griew: We will take that on notice.

Answer

The Department of Education, Employment and Workplace Relations has provided a response at Attachment A. The attachment shows by program and administered item all variances greater than \$10 million.

Attachment A

	Revised Budget	Actual Expenses	Variation	Variance Explanations
	(2010-11)	(2010-11)	(2010-11)	
	\$'000	\$'000	\$'000	
Outcome 3	A	B	A-B	
Administered expenses				
Program 3.1: Higher Education Support				
Commonwealth Grant Scheme	5,065,208	5,006,310	-58,898	The underspend is primarily because the Facilitation component of the Compact Agreement process was not completed by 30 June. Payments are expected to commence in October and be completed by December 2011.
Diversity and Structural Adjustment	32,185	18,109	-14,076	Payments for the fund are made following submission of progress reports from providers. The number of claims to date for 2011 are lower than originally forecast. As this is a calendar year program, it is expected that 2011 funds will be fully expended by the end of the year.
Superannuation Program - Higher Education	274,897	305,000	30,103	The overspend is due to the increase in the doubtful debt provision relating to the NSW component of the program.
Commonwealth Scholarships	102,293	69,340	-32,953	The budget for Commonwealth Scholarships was derived based on assumptions about student behaviour. Actual demand for scholarships in 2010-11 has not been in line with these assumptions. Universities have also used retained funds from previous year in the early part of the financial year.
Higher Education Special Projects (Capital Development Pool)	75,170	61,869	-13,301	The variation amount is due to the abolition of the CDP program. The amount of the variation will not be required for 2011-12.
Program 3.2: HELP				
Higher Education Loan Programmes (HELP)	1,351,678	1,078,211	-273,467	The variance is primarily due to the different discount rates used to calculate the present value of projected future cashflows. The estimates were calculated based on a discount rate of 6% whereas the financial statements use the 10 year government bond rate at 30 June. The discount rate at 30 June is 5.3%.
Program 3.3: Tertiary Student Assistance				
Austudy	389,999	418,819	28,820	The higher than estimated expenses for Austudy is a result of an increase in average rates and the impact of projected debt recoveries and creditors.

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	(2010-11)	(2010-11)	(2010-11)	
	\$'000	\$'000	\$'000	
Outcome 3	A	B	A-B	
Administered expenses				
Youth Allowance	2,656,776	2,555,704	-101,072	The number of Youth Allowance recipients increased in line with estimates. However, the estimates expenditure is lower than predicted due to a decrease in the average rates and the impact of projected debt recoveries and creditors over the financial year. The lower average payment rate may be attributed to the change in the parental income test, with relatively more recipients qualifying as dependents.
Program 3.5: VET National Support				
Support for Australian Apprenticeships	1,090,350	1,065,224	-25,126	The variance has arisen because in 2010-11 several Australian Apprenticeship initiatives were implemented together or in quick succession. Claims did not exactly follow the pattern that had been modelled (recipients have up to 12 months from their date of eligibility to return their claim forms for processing).
Australian Apprenticeship Workforce Skills Development	285,155	254,965	-30,190	The underspend largely arises from three subprograms, as follows: <ul style="list-style-type: none"> - non-completion of participants in the Australian Government's delivery of the Productivity Places Program to job seekers between April 2008 and June 2009. - the \$500 million Teaching and Learning Capital Fund, which had an underspend of less than one per cent. This underspend was reflected in the 2010-11 figures. - Group Training in the Trades Program, which experienced declining numbers as the program approached the originally scheduled contracts cessation date of 30 June 2011. (A twelve month extension of contracts has now been approved.)