

Additional comments from Coalition Senators

1. A series of questions were put to departmental officers about the portfolio budget statement which contained some forward estimates for the department in relation to revenues from government. According to one Coalition Senator, the figures indicated that over the period to 2011–12 there would be a further decline in the department's resources from government.

2. In response to this observation, the Deputy Secretary of the Department said:

The forward estimates are—I was going to say fairly meaningless—not all that accurate. For example, there are a lot of so-called lapsing programs. Because they are lapsing, the funding is not included, but they are programs which will no doubt continue, and therefore there will be, fairly automatically, an appropriation to cover those programs. Terminating programs are included in there as well. So you are not really comparing apples with apples when you look at anything in relation to the forward estimates, and obviously the further out you get with the forward estimates the more misleading they are.¹

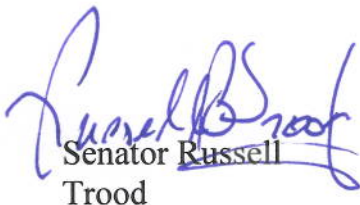
3. The Senator was concerned that the forward estimates could not be relied on to indicate the department's financial health. Mr Chester explained further:

The figures are not inaccurate; you need to read behind the figures to understand what they are. That is what is in the forward appropriations for the department, but there are lapsing programs that are—quite rightly—not included in that.

...

It is always the case with forward estimates that they are misleading, if you just take the figures, the further out you get.

4. The committee sought further information from the department about the accuracy and indicative nature of the forward estimates and how to read them. The department responded with examples of lapsing programs within forward estimates. Even so, the Coalition Senators are of the opinion that they did not receive a satisfactory explanation about the 'fairly meaningless' nature of the forward estimates.²



Senator Russell
Trood



Senator Hon Sandy
Macdonald



Senator Mathias
Cormann

1 *Proof Committee Hansard*, 2 June 2008, p. 7.

2 *Proof Committee Hansard*, 2 June 2008, p. 7.

