



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

**2011-12 Financial and Performance Outcomes
Questionnaire**

Further Clarification Points

Department of Education and Early Childhood Development

March 2013



Question 2

The break-down of 2011-12 expenditure by government purpose classification indicates that expenditure for education purposes across the general government sector was \$389.1 million less than budgeted in 2011-12.³ However, the Department's outputs exceeded budget by \$602.0 million.⁴ Please provide an explanation for this difference.

For expenditure, no direct comparisons can be made between actual and budgeted variances reported under the education general purpose classification (GPC) and the Department's outputs. This is due to:

- Methodology differences used to report education GPC expenses for actual (\$12,412.1 million, *Department of Treasury and Finance, 2011-12 Financial Report for the State of Victoria*) and budget data (\$12,801.2 million, *Budget Paper No. 5, 2011-12 Statement of Finances*);
- Differences in sets of reporting entities included under education GPC and Departmental output expenses; and
- Differences in expenditure included under GPC and Departmental outputs.

Methodology differences used to report education GPC expenses for actual and budget

The figure of \$12,412.1 million was prepared using actual information, whereas the budgeted figure of \$12,801.2 million amount was calculated under a different methodology and 'determined using ratios based on historical data and the impact of policy and non-policy estimate variations' as footnoted in the *2011-12 Budget Paper No. 5*, page 30. The differences in calculation methodology mean that the budgeted and actual expenditure figures are not directly comparable.

Differences in sets of reported entities

Education GPC expenditure reported for DEECD in the *2011-12 Financial Report for the State of Victoria* includes expenses incurred by the whole-of-DEECD portfolio entities, including both controlled and administered entities, while output expenditure in *State Budget Paper No. 5*, only reflects expenditure budgeted for the Department's controlled entities.

Differences in expenditure included

Due to the differences in reporting perspective, certain expenditure lines excluded under the GPC are included in the output expenditure, for example, capital asset charge. In addition, not all of the Department's output expenditure is included in education GPC expenditure.

³ Budget Paper No.5, *2011-12 Statement of Finances*, May 2011, p.30; Department of Treasury and Finance, *2011 12 Financial Report*, October 2012, p.79

⁴ Department of Education and Early Childhood Development, *2011-12 Annual Report*, pp.19-35