

# SELECT COMMITTEE ON ESTIMATES 2010-2011

## Questions on Notice

### Auditor-General

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*Staff management*

ZED SESELJA : To ask the Auditor-General

BP 4

In relation to : Staff Management within the Auditor-General;

1. How many staff are currently employed by the Auditor-General, and what level is each (please provide a breakdown by output and work area).
2. What was the total staff turnover rate in 2008-09 and 2009-10 to date, and what is the budgeted staff turnover rate for 2010-11 (please provide a breakdown by output class and level).
3. How many positions within the Auditor-General are currently unfilled as a result of the Government's staffing freeze?
  - a. When will these positions now be filled?
  - b. How much money has the Auditor-General saved as a result of the freeze?
4. How many staff receive a total salary of
  - a. below \$70,000,
  - b. between \$70,000 and \$80,000,
  - c. between \$90,000 and \$100,000,
  - d. between \$100,000 and \$110,000,
  - e. over \$110,000; and.
  - f. For each salary range, how many staff are considered administrative or policy, and how many are considered frontline service delivery staff?
5. How many additional staff will be employed in 2010 (in FTE), and what level is each (please provide a breakdown by output and level).
  - a. How many are administrative or policy staff, and how many are considered frontline service delivery staff?
6. How much will be spent on training programs 2010-11?
  - a. What is the purpose of each training program, and
  - b. how many staff are expected to participate?
7. Will officers attend any training programs in 2010-11 interstate?
  - a. If so, what is the purpose of these training programs?
  - b. How many officers will attend?
  - c. What is the cost of each programs, including travel expenses?
8. What training programmes in 2010-11 will be held which will result in no marginal cost to the Auditor-General?
9. What in-house training programs will be held in 2010-11 which will result in a cost to the Auditor-General, and what is this cost expected to be?
10. What is the average oncost for each employee within the Auditor-General budgeted to be in 2010-11?
  - a. What is included in this oncost?
  - b. What is the marginal oncost of an additional worker at the current staffing levels in 2010-11?
11. What specialist qualifications are required by staff for the Auditor-General to undertake its roles and responsibilities?
  - a. What skills are currently lacking in the Auditor-General?
  - b. How will these gaps be filled in 2010-11?
  - c. Has the staffing freeze contributed to this shortfall?

12. What is the average salary for each employee who has a specialist skill that is required for the Auditor-General to undertake its roles and responsibilities? What will be the average salary in 2010-11 (please provide a breakdown by specialisation, output and employee level).
13. What training must employees undertake on a regular basis to maintain their specialist skills, and what is the budgeted total cost of this training in 2010-11?
  - a. What is the average cost per employee?
  - b. Who will provide the training?
14. What specialist equipment is required for employees within the Auditor-General to undertake their jobs, and how will this change in 2010-11? For each piece of equipment:
  - a. how many are required,
  - b. what is the capital cost of each,
  - c. what is the running cost of each?
  - d. Over what period is each piece of equipment depreciated?
  - e. What equipment will be purchased in 2010-11 for this purpose?
15. How many graduates will be employed in 2010-11?
  - a. What is the cost of employing each graduate, and what is the breakdown of these costs, including oncosts?
  - b. How many graduates have been employed on average each year since 2001?
16. How many staff will be recruited in 2010-11, and how much has been spent on recruitment in 2009-10 to date?
  - a. How much is budgeted to be spent on recruitment in 2010-11, and how is this broken down?
17. How much office space is currently leased by the Auditor-General, or the ACT Government on behalf of the Auditor-General?
  - a. Will this change in 2010-11, if so how will it change and what is the cost of the change?
  - b. What is the cost of the current lease, what is the make-good provision, and when will this lease be complete?
  - c. If a new lease is to be signed in 2010-11, what is the cost of the lease, what is the make-good provision, and when will this lease be complete?
18. How many staff, are budgeted to receive HDA in 2010-11? For each staff member,
  - a. why will they receive HDA?
  - b. How long will they be on HDA?
  - c. What is the budgeted expense for staff receiving HDA in 2010-11?
  - d. Please provide a breakdown by output class and level
19. How many staff are currently on any form of leave indefinitely?
  - a. What are the reasons for these staff being on indefinite leave?
  - b. Please provide a breakdown by output class and level

**AUDITOR-GENERAL: The answer to the Member’s question is as follows:**

- 1. How many staff are currently employed by the Auditor-General, and what level is each? (Please provide a breakdown by output and work area.)**

**Answer:** The Audit Office has one output. The Audit Office work areas are financial audit, performance audit and corporate services. Staff work in different work areas as required.

There are thirty-seven staff currently employed by the Auditor-General. (FTE 35.6)

**Table 1: Staff numbers by level and work area**

	Headcount	FTE
Auditor-General	1	1
Financial audit		
<b>Director</b>	<b>1</b>	<b>1</b>
<b>Senior managers</b>	<b>3</b>	<b>2.7</b>
<b>Audit managers</b>	<b>1</b>	<b>1</b>
<b>Senior auditors</b>	<b>10</b>	<b>9.6</b>
<b>Auditors</b>	<b>6</b>	<b>6</b>
Total financial audit	21	20.3
Performance audit		
<b>Director</b>	<b>1</b>	<b>1</b>
<b>Senior managers</b>	<b>3</b>	<b>3</b>
<b>Audit managers</b>	<b>2</b>	<b>1.9</b>
<b>Senior auditors</b>	<b>4</b>	<b>3.6</b>
<b>Auditors</b>	<b>2</b>	<b>2</b>
Total performance audit	12	11.5
Corporate Services		
<b>Manager</b>	<b>1</b>	<b>0.8</b>
<b>Executive support Officer</b>	<b>1</b>	<b>1</b>
<b>Corporate service Officer</b>	<b>1</b>	<b>1</b>
Total corporate	3	2.8
Total	37	35.6

- 2. What was the total staff turnover rate in 2008-09 and 2009-10 to date, and what is the budgeted staff turnover rate for 2010-11? (Please provide a breakdown by output class and level.)**

**Answer:** The staff turnover rate in 2008-09 and 2009-10 to date was 36.4 percent and 13.5 percent respectively.

The following table provides a breakdown by work area and staff level.

The Audit Office does not have a 'budgeted staff turnover rate'. The budget is prepared on the assumption that departing staff will be replaced. The Office has three staff on temporary employment contract arrangements which expire in 2010-11. These staff are expected to either become permanent employees or be replaced by the end of the term of the employment contract.

**Table 2: Staff turnover by staff level and work area**

	2008-09 Actual	1 July 2009 to 31 May 2010
Financial audit		
<b>Audit managers</b>	<b>2</b>	<b>0</b>
<b>Senior auditors</b>	<b>3</b>	<b>1</b>
<b>Auditors</b>	<b>1</b>	<b>0</b>
Total financial audit	6	1
Performance audit		
<b>Senior managers</b>	<b>0</b>	<b>3</b>
<b>Senior auditors</b>	<b>2</b>	<b>0</b>
<b>Auditors</b>	<b>1</b>	<b>0</b>
	3	3
Corporate services		
<b>Executive support officer</b>	<b>3</b>	<b>1</b>
	3	1
Total	12	5
Staff turnover rate (head count)	36.4%	13.5%

3. **How many positions within the Auditor-General are currently unfilled as a result of the Government's staffing freeze?**
  - a. **When will these positions now be filled?**
  - b. **How much money has the Auditor-General saved as a result of the freeze?**

**Answer:** Under section 9 of the *Auditor-General Act 1996*, the Auditor-General is not subject to direction by the Executive or any Minister in the exercise of the functions of the Auditor-General. As the Office is not subject to the Government's staffing freeze, no positions are not filled due to the staffing freeze and no money has been saved as a result of the freeze.

4. **How many staff receive a total salary of:**
  - a. **below \$70 000?**
  - b. **between \$70 000 and \$80 000?**
  - c. **between \$90 000 and \$100 000?**

- d. between \$100 000 and \$110 000?
- e. over \$110 000?
- f. For each salary range, how many staff are considered administrative or policy, and how many are considered frontline service delivery staff?

**Answer:** The requested breakdown of Audit Office’s staff by salary bands is provided in Table 3.

**Table 3: Breakdown of staff by salary bands**

	Frontline service delivery staff Note 1	Administration/Policy/Management	Total
<b>Below \$70 000</b>	<b>12</b>	<b>2</b>	<b>14</b>
<b>Between \$70 000 and \$80 000</b>	<b>10</b>	<b>1</b>	<b>11</b>
<b>Between \$80 000 and \$90,000</b>	<b>3</b>	<b>-</b>	<b>3</b>
<b>Between \$90 000 and \$100 000</b>	<b>2</b>	<b>-</b>	<b>2</b>
<b>Between \$100 000 and \$110 000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Over \$110 000 (Note 2)</b>	<b>6</b>	<b>1</b>	<b>7</b>
<b>Total</b>	<b>33</b>	<b>4</b>	<b>37</b>

**Note 1: Frontline delivery staff**

Given the small size of the Office, ‘frontline service delivery staff’ from time to time assist in the Office’s administrative activities when required. ‘Frontline delivery staff’ are those predominately involved in the provision of audit services and related tasks.

**Note 2:**

The Audit Office’s Executive consisting of the Auditor General, Director, Financial Audits and Director, Performance Audits and Corporate Services, and the senior manager/manager group, at different levels spend their times on service delivery (audit services and related tasks) and also on the management of the Office.

The three administrative staff from the Audit Office’s Corporate Services are largely involved in the administration of the Office.

**5. How many additional staff will be employed in 2010 (in FTE), and what level is each? (Please provide a breakdown by output and level.)**

**Answer:** The Office expects to have 35 full-time equivalent staff at the end of the 2009-10 financial year.

The four staff expected to be recruited in 2010 will replace departing staff in the financial audit and corporate services areas and keep overall staffing levels at around 35 full-time equivalent staff. There will be no additional staff expected in 2010.

**a. How many are administrative or policy staff, and how many are considered frontline service delivery staff?**

**Answer:** No additional staff is expected.

**6. How much will be spent on training programs 2010-11?**

**Answer:** The Audit Office has budgeted to spend \$90 000 on training programs in 2010-11, consisting of training and development (\$75 000) and reimbursement of compulsory costs for approved study assistance (\$15 000).

**a. What is the purpose of each training program?**

**Answer:** The Audit Office has an annual learning and development program that addresses the priorities contained in the Office's strategic plan, individual staff performance assessments, and feedback from managers and staff on the learning and development needs of staff.

The 2010-11 learning and development program is being finalised. The Audit Office expects most of its training budget will be spent addressing the Office's audit requirements, including the audit methodologies used to conduct financial and performance audits, and addressing the major changes to auditing, accounting and reporting requirements.

The Audit Office also expects to provide selected staff with training in other areas such as management skills (supervisory, coaching, contract management etc, use of software etc.).

The Audit Office will continue to address its technical needs by providing financial support to staff completing relevant professional qualifications programs such as those run by the professional accounting bodies (CPA, CA) or similar organisations.

**b. How many staff are expected to participate?**

**Answer:** All staff are expected to participate in some form of training each year. However, participation in any individual training activity depends on the Audit Office's needs, the role of the staff member and their assessed individual needs.

**7. Will officers attend any training programs in 2010-11 interstate?**

**a. If so, what is the purpose of these training programs?**

**b. How many officers will attend?**

**c. What is the cost of each programs, including travel expenses?**

**Answer:** No. The Audit Office does not expect its staff to attend interstate training programs in 2010-11.

**8. What training programs in 2010-11 will be held which will result in no marginal cost to the Auditor-General?**

**Answer:** The training programs that will not result in any marginal costs to the Audit Office are typically those delivered by in-house staff or provided by other agencies at no cost.

For example, the Audit Office inductions for new staff, attendance at public service information seminars about the ACT Government, SES networking events, and audit and accounting training provided by experienced auditors are often provided at minimal or no cost.

**9. What in-house training programs will be held in 2010-11 which will result in a cost to the Auditor-General, and what is this cost expected to be?**

**Answer:** The Audit Office normally provides in-house training on technical matters. The additional costs associated with in-house training are usually small because such training is often held in the Office's conference room.

From time to time the Audit Office may incur costs for using external training facilities where the Office's conference room is not large enough to fit all participants in the training program. These costs are not separately budgeted for because they are small, but is expected to be less than \$2000 a year.

**10. What is the average on-cost for each employee within the Auditor-General budgeted to be in 2010-11?**

**Answer:** The average on-cost for each employee within the Audit Office is budgeted to be \$34 227 in 2010-11.

**a. What is included in this on-cost?**

**Answer:** This on-cost consists of 'salary on-costs' and 'administration on-costs'.

Salary on-costs include superannuation, employer productivity superannuation, worker's compensation, long service leave and annual leave. Administration on-costs include IT equipment, accommodation, training, fleet, insurance, payroll and human resources services.

**b. What is the marginal on-cost of an additional worker at the current staffing levels in 2010-11?**

**Answer:** This depends on the workers' individual circumstances.

The marginal salary on-cost of an additional worker at the current staffing levels depends on the classification level, the applicable superannuation fund, whether entitlements associated with past services are transferred to the Audit Office etc. The marginal on-cost used for budgeting purposes is around 16 percent of the worker's salary and consists of superannuation (9 percent), employer productivity contributions (3 percent), leave (4 percent) and workers' compensation (less than one percent).

Similarly, administration on-costs are also affected by circumstances relating to the additional worker such as the workers' individual training needs or whether additional



IT equipment is needed. As new staff generally are replacing departing staff, the marginal on-cost would generally be small.

**11. What specialist qualifications are required by staff for the Auditor-General to undertake its roles and responsibilities?**

**Answer:** Although auditing is considered a “specialist” skill, the positions within the Audit Office are classified as administrative positions. Consequently, these positions do not have mandatory specialist qualification requirements.

Given the technical nature of the Audit Office’s work, however, it is highly desirable for staff members involved in financial and performance audits to develop their capacity by completing relevant graduate or post graduate qualifications.

Financial audit staff would typically have tertiary qualifications in accounting, economics, law or IT qualifications, and would normally work towards completing further qualification programs offered by the professional accounting bodies (e.g. CPA or Institute of Chartered Accountants).

It is unnecessary for performance audit staff to have accounting qualifications; however, these staff members also are expected to have tertiary qualifications, or work towards further qualifications which improve, for example, their research and analysis skills, written communication etc. These staff may complete business, law, economics or other relevant courses.

**a. What skills are currently lacking in the Auditor-General?**

**Answer:** The Audit Office is required to conduct the same functions as larger audit operations in the private and public sectors. Given its small size, it is inevitable that the Office will not have all of the in-house skills needed to perform its work effectively.

The Audit Office’s financial audit staff do not have sufficient specialist skills to research all audit and accounting issues, review complex IT systems or taxes paid under complex tax laws, review actuarial estimates, or provide complex legal advice etc. The Audit Office may also have insufficient internal expertise to cover all government businesses covered in a performance audit program.

**b. How will these gaps be filled in 2010-11?**

**Answer:** The Audit Office has engaged external experts to address those areas where the Office does not have the in-house skills.

For example, the Audit Office will outsource complex audits such as ACTEW/AGL to a private sector audit firm where it does not have the skills (or resources) to perform the work in-house. The Office will also engage specialists where needed to consider technical audit and accounting issues, review complex accounting estimates, assess IT systems or to provide input into performance audits of complex issues such as court administration.

**c. Has the staffing freeze contributed to this shortfall?**

**Answer:** No. As advised in question 3, the Audit Office is not subject to the Government’s staffing freeze.

12. **What is the average salary for each employee who has a specialist skill that is required for the Auditor-General to undertake its roles and responsibilities? What will be the average salary in 2010-11? (Please provide a breakdown by specialisation, output and employee level.)**

**Answer:** The Office has one output. The average salary for each employee with a specialist skill by staffing level is presented in Table 5.

**Table 5: Average salary for each employee who has a specialist skill by staffing level**

Work area	2009-10 Average Salary \$	2010-11 Average Salary \$
Financial audit		
<b>Director</b>	<b>161 206</b>	<b>167 366</b>
<b>Senior audit manager</b>	<b>110 237</b>	<b>115 797</b>
<b>Audit manager</b>	<b>84 365</b>	<b>93 000</b>
Performance audit		
<b>Director</b>	<b>162 386</b>	<b>167 366</b>
<b>Senior audit manager</b>	<b>116 986</b>	<b>118 156</b>
<b>Audit manager</b>	<b>86 615</b>	<b>89 106</b>

13. **What training must employees undertake on a regular basis to maintain their specialist skills, and what is the budgeted total cost of this training in 2010-11?**

**Answer:** All financial audit staff are required to undertake annual training on the audit methodology (IPSAM) used by the Audit Office to conduct financial audits. The budgeted cost of audit methodology training in 2010-11 is \$30 000. This training also includes sessions on changes to audit and accounting standards, audit work practices etc. This part of the training is provided by experienced financial audit staff (at no additional cost to the Office).

Financial audit staff also attend training on the model financial statements provided at no cost by the Department of Treasury.

The Audit Office also expects to incur costs in providing regular training on the methodology used to conduct performance audits. The cost of this training is estimated to be under \$10 000 in 2010-11.

Many of the Audit Office's staff have post-graduate qualifications and are members of the professional accounting bodies. These staff are required to meet continuing professional education requirements to retain their qualification. The training provided by the Office generally exceeds the minimum requirements of these accounting bodies.

- a. **What is the average cost per employee?**

**Answer:** The Audit Office has budgeted to spend around \$90 000 on training programs in

2010-11, consisting of training and development (\$75 000) and study reimbursement (\$15 000). This equates to around \$2 500 per full-time equivalent staff member (35.6 full-time equivalent staff).

**b. Who will provide the training?**

**Answer:** As noted in question 6(a), the Audit Office expects much of the training program will consist of training staff on the audit methodologies used to conduct financial and performance audits, addressing the major changes to auditing, accounting and reporting requirements.

The Audit Office expects most training on audit methodologies will be provided by the Queensland Audit Office. It is also possible that some training will be provided by private sector accounting firms.

**14. What specialist equipment is required for employees within the Auditor-General to undertake their jobs, and how will this change in 2010-11? For each piece of equipment:**

- a. how many are required?
- b. what is the capital cost of each?
- c. what is the running cost of each?
- d. Over what period is each piece of equipment depreciated?
- e. What equipment will be purchased in 2010-11 for this purpose?

**Answer:** Specialist equipment is not required for employees to undertake their jobs.

**15. How many graduates will be employed in 2010-11?**

**Answer:** The Audit Office does not presently plan to employ graduates in 2010-11. Any recruitment action in 2010-11 is expected to replace departing staff and will be targeted at experienced staff (rather than graduates), where possible.

- a. What is the cost of employing each graduate, and what is the breakdown of these costs, including on-costs?

**Answer:** The typical cost of employing a graduate is provided in Table 5.

**Table 5: Average costs of employing a graduate**

	Percentage of salary %	2010-11 \$
Salary		57 451
On-costs		
<b>Superannuation</b>	<b>9.0</b>	<b>5 171</b>
<b>Employer productivity component</b>	<b>3.0</b>	<b>1 723</b>
<b>Leave</b>	<b>4.0</b>	
<b>Workers' compensation</b>	<b>0.6</b>	<b>322</b>
Total on-costs	16.6	7 216
Average costs		64 667

**b. How many graduates have been employed on average each year since 2001?**

**Answer:** The Audit Office has typically recruited one or two graduates each year since 2001.

**16. How many staff will be recruited in 2010-11, and how much has been spent on recruitment in 2009-10 to date?**

**Answer:** The number of staff to be recruited in 2010-11 is not yet known because recruitment action will be in response to departing staff. It is expected that around three staff on temporary employment contracts will be offered permanent employment in 2010-11. Based on a staff turnover rates of 15%, it is estimated that 5 staff will be recruited.

The Audit Office has spent \$4 650 on recruitment in 2009-10 to date.

**a. How much is budgeted to be spent on recruitment in 2010-11, and how is this broken down?**

**Answer:** The Audit Office has budgeted to spend \$14 250 on recruitment in 2010-11. Of this, \$10 250 is largely related to the cost of recruiting staff using recruiting agencies and \$4 000 relates to advertising. The office has not budgeted for the recruitment of a new Auditor-General, as this process will be conducted by the Chief Minister's Department or the PAC.

**17. How much office space is currently leased by the Auditor-General, or the ACT Government on behalf of the Auditor-General?**

**Answer:** The Auditor-General's Office occupies office space on level 4 of 11 Moore Street, Canberra City. The building is leased by the ACT Government. The ACT Government currently leases 500 square metres of office space on behalf of the Auditor-General.

**a. Will this change in 2010-11, if so how will it change and what is the cost of the change?**

**Answer:** No. The Audit Office accommodation arrangements are not expected to change in 2010-11.

- b. What is the cost of the current lease, what is the make-good provision, and when will this lease be complete?**

**Answer:** The cost of the current lease is \$19 891 per month (excluding GST) plus an average of operating outgoings of \$2 200 per month.

The make-good provision is \$72 500.

The lease term expires on 1 November 2010, however, the Audit Office believes the option to exercise a further term of 5 years will be exercised by the ACT Government.

- c. If a new lease is to be signed in 2010-11, what is the cost of the lease, what is the make-good provision, and when will this lease be complete?**

**Answer:** The Audit Office expects the ACT Government to exercise the option to extend the lease term for another 5 years. On exercise of the option, the rent is to be reviewed to reflect the market rate with 3.5 percent fixed increases annually thereafter.

The make-good provision is expected to remain unchanged at \$72 500. The lease will be complete on 1 November 2015.

- 18. How many staff, are budgeted to receive HDA in 2010-11? For each staff member:**

- a. Why will they receive HDA?**
- b. How long will they be on HDA?**
- c. What is the budgeted expense for staff receiving HDA in 2010-11?**
- d. Please provide a breakdown by output class and level**

**Answer:** No staff are budgeted to receive HDA in 2010-11, besides the normal acting arrangements (up to 4 weeks) for the Auditor-General, when she will be on recreational leave.

- 19. How many staff are currently on any form of leave indefinitely?**

- a. What are the reasons for these staff being on indefinite leave?**
- b. Please provide a breakdown by output class and level**

**Answer:** There are currently no staff in the Audit Office who are on any form of indefinite leave.

The position for one staff member is indefinitely vacant as this officer is subject to workers compensation and is on a graduated return to work program in another ACT Government agency.

*IT and advertising*

ZED SESELJA : To ask the Auditor-General

In relation to : IT and Advertising for the Auditor-General;

1. What is the budgeted cost of the provision of IT services for the Auditor-General for 2010-11?
2. What is the budgeted or forecast increase in costs for the provision of IT services in 2011-12, 2012-13 and 2013-14?
3. What will be the marginal cost and the average cost of the provision of IT services at the forecast staffing levels in 2010-11?
4. How much will be spent on advertising in 2010-11, and what is forecast to be spent in 2011-12, 2012-13 and 2013-14, and how is this spending broken down between i) outputs and ii) design, printing, distribution etc.
5. What form of advertising will be undertaken in 2010-11?
6. What is the purpose of each form of advertising to be undertaken in 2010-11?
7. How much has been spent on graphic design purposes in 2009-10, and how much will be spent on graphic design in 2010-11, 2011-12, 2012-13 and 2013-14?
8. How much has been spent on advertising in 2009-10 to date, and what forms of advertising does this include?

**AUDITOR-GENERAL: The answer to the Member's question is as follows:**

- 1. What is the budgeted cost of the provision of IT services for the Auditor-General for 2010-11?**

**Answer:** The budgeted cost of the provision of IT services for the Audit Office for 2010-11 is \$183 000. This consists of IT equipment lease and support costs of \$165 000 payable to InTACT and an annual licence fee of \$18 000 for the IPSAM audit methodology used by the Office on financial audits.

- 2. What is the budgeted or forecast increase in costs for the provision of IT services in 2011-12, 2012-13 and 2013-14?**

**Answer:** No increase in costs for the provision of IT services is budgeted or forecasted in 2011-12, 2012-13 and 2013-14. These costs are budgeted to remain largely unchanged from those indicated in question 1 above (\$183 000).

**3. What will be the marginal cost and the average cost of the provision of IT services at the forecast staffing levels in 2010-11?**

**Answer:** The estimated staffing level at 30 June 2011 is for 35 full-time equivalent staff. This equates to an average cost of approximately \$5 200 per full-time equivalent staff member (i.e. \$183 000 / 35). The average cost will be similar to the marginal cost because staff numbers are not forecast to change and these costs are related to staff numbers.

There is little difference in the marginal cost and the average cost of the provision of IT services as InTACT charges relate to the equipment leased which is broadly related to staff numbers.

The estimated forecasted staff numbers in 2010-11 (35 full-time equivalent staff) are expected to be largely unchanged from the expected staff numbers in 2009-10 (34.7 full-time equivalent staff), hence the cost of IT services will be at similar levels.

**4. How much will be spent on advertising in 2010-11, and what is forecast to be spent in 2011-12, 2012-13 and 2013-14, and how is this spending broken down between i) outputs and ii) design, printing, distribution etc.**

**Answer:** The Audit Office expects to spend around \$3 300 on advertising in 2009-10. The Office has budgeted for an annual advertising expense of \$4 000 in 2011-12, 2012-13 and 2013-14.

The Audit Office has only one 'output'. Most advertising costs are related to the advertising of positions vacant in the local newspaper to replace departing staff. A small amount (approximately \$500) is related to listing the Audit Office contact details in the 'Telstra White Pages'.

**5. What form of advertising will be undertaken in 2010-11?**

**Answer:** The Audit Office again expects to advertise positions vacant in 2010-11 to replace departing staff. The Office may also incur newspaper advertising costs when inviting local audit firms to tender for audit work.

**6. What is the purpose of each form of advertising to be undertaken in 2010-11?**

**Answer:** The purpose of advertising in 2010-11 is to replace departing staff or to invite local audit firms to tender for audit work.

**7. How much has been spent on graphic design purposes in 2009-10, and how much will be spent on graphic design in 2010-11, 2011-12, 2012-13 and 2013-14?**

**Answer:** There has been no expenditure for graphic design purposes during 2009-10 and there is no graphic design expenditure expected to be incurred in 2010-11, 2011-12, 2012-13 and 2013-14.

**8. How much has been spent on advertising in 2009-10 to date, and what forms of advertising does this include?**

**Answer:** The amount spent on advertising for the period from 1 July 2009 to 31 May 2010 is \$3 881. This consists of the costs of advertising vacant positions in The Canberra Times (\$3 343) and listing the Audit Office contact details in the 'Telstra White Pages' (\$538).



*Budgeted costs*

ZED SESELJA : To ask the Auditor-General

BP 4

In relation to : Budgeted Costs for the Auditor-General;

1. What is the budgeted cost for the Agency in 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14 of
  - a. Electricity
  - b. Internet communications
  - c. Telecommunications
  - d. Travel for senior executive staff
  - e. Travel for non-executive staff
  - f. Local travel, including taxis, bus fares, and vehicles
  - g. Printing
  - h. Paper
  - i. Official entertainment
  - j. Consultant's fees
  - k. Office supplies

**AUDITOR-GENERAL:** The answer to the Member's question is as follows:

1. The budgeted costs for the Audit Office in 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14 for the requested expenses are as follows:

**Table 1: Budgeted costs**

		Note	2009-10 Budget \$	2010-11 Budget \$	2011-12 Budget \$	2012-13 Budget \$	2013-14 Budget \$
a.	<b>Electricity</b>	1					
b.	<b>Internet communications</b>	2					
c.	<b>Telecommunications</b>		18 000	20 000	21 500	22 500	22 500
d.& e.	<b>Travel</b>	3	16 000	12 000	12 000	12 000	12 000
f.	<b>Local travel, taxi, bus</b>		5 000	5 000	5 000	5 000	5 000
g.	<b>Printing</b>		35 000	30 000	35 000	38 000	38 000
h.	<b>Paper</b>		3 000	4 000	5 000	5 000	5 000
i.	<b>Official entertainment</b>	4	Nil	Nil	Nil	Nil	Nil
j.	<b>Consultant's fees</b>	5	15 000	30 000	30 000	30 000	30 000
k.	<b>Office supplies</b>	6	15 100	14 100	18 100	18 100	18 100

**Note 1: Electricity**

The Audit Office is unable to provide information on the electricity expense as these costs are not charged separately to the Office. Electricity costs are included in the Office's accommodation costs and charged as 'operating outgoings' (which also include minor repairs, facilities costs etc).

Budgeted operating outgoings are presented in Table 2.

**Table 2: Budgeted operating outgoings**

			2009-10 Budget \$	2010-11 Budget \$	2011-12 Budget \$	2012-13 Budget \$	2013-14 Budget \$
a.	<b>Operating outgoings</b>		30 000	30 000	32 000	32 000	32 000

**Note 2: Internet communications**

The Audit Office is unable to provide information on the cost of internet communication because these costs are included in the service level agreement with InTACT and not separately invoiced.

Budgeted IT services and support costs are presented in Table 3.

**Table 3: Budgeted IT services and support costs**

			2009-10 Budget \$	2010-11 Budget \$	2011-12 Budget \$	2012-13 Budget \$	2013-14 Budget \$
b.	<b>IT support</b>		<b>140 00 0</b>	<b>130 00 0</b>	<b>130 00 0</b>	<b>130 00 0</b>	<b>130 00 0</b>

### **Note 3: Travel**

The Audit Office does not separately budget for travel by SES and non-SES staff because the Office's overall travel costs are small. The figures (\$16 000 in 2009-10 and \$12 000 in 2010-11 and forward years) presented in Table 1 are the total budget estimates for SES and non-SES staff.

The actual travel costs for the 3 SES staff (Auditor General and two directors) were approximately \$5000 in 2008-09, and \$4000 in 2009-10. Budgeted travel costs are expected to be at similar levels in 2010-11 and forward years (\$5000 for SES staff and \$7000 for non – SES staff).

The Audit Office's travel costs are largely related to travel to attend business meetings of the Australasian Council of Auditors-General (ACAG) by the Auditor-General and ACAG working groups attended by the Directors. The travel costs also include the costs for senior audit staff to perform peer reviews at other audit offices.

### **Note 4: Official entertainment**

There is no budget for 'official entertainment' because the Audit Office does not generally incur such costs.

The Audit Office will occasionally incur small costs on 'hospitality' when, for example, representatives from other audit offices provide training to staff. The Office has budgeted \$1 000 for such hospitality costs; however, the budget is generally not used. In 2009-10, the Office expects to incur \$42 on such costs.

### **Note 5: Consultants fees**

Consultant's fees are mostly related to the Audit Office's internal audit function.

### **Note 6: Office supplies**

Office supplies consist of costs for postage, stationery and minor office equipment and consumables.

*Budgeted costs*

ZED SESELJA : To ask the Auditor-General  
BP 4

In relation to : Budgeted Costs and the Auditor-General

1. What are the annual depreciation costs for the Auditor-General?
  - a. How much depreciation is allocated to small capital items which are used in the day-to-day activities of the Auditor-General, and how much is related to major capital works or items?
  - b. What are those major capital works or items specifically and how much is the depreciation for each annually?
2. What capital initiatives will be completed by the Auditor-General in 2010-11, 2011-12, 2012-13 and 2013-14?
  - a. What was the original cost of those initiatives when they were first considered by Government?
  - b. What is the current budgeted cost of each initiative?
  - c. What are the ongoing costs to the Budget of the initiative, including running costs and depreciation costs?
3. What capital initiatives (or expenditure on capital equipment) were completed/will be completed by the Auditor-General in 2009-10?
  - a. What was the original cost of those initiatives when they were first considered by Government?
  - b. What is the current budgeted cost of the initiative?
  - c. What are the ongoing costs to the Budget of the initiative, including running costs and depreciation costs?
  - d. What was the estimated completion date when the initiative was first considered by Government?

**AUDITOR-GENERAL:** The answer to the Member's question is as follows:

**1. What are the annual depreciation costs for the Auditor-General?**

**Answer:** The annual depreciation cost for the Audit Office for 2009-10 is estimated to be \$79 500. The Office has budgeted an annual depreciation expense of \$75 000 in 2010-11, 2011-12, 2012-13 and 2013-14.

**c. How much depreciation is allocated to small capital items which are used in the day-to-day activities of the Auditor-General, and how much is related to major capital works or items?**

**Answer:** Small capital items (mainly minor office equipment and furniture and fittings) with a value of less than \$2 000 are not depreciated and are immediately expensed.

In 2008-09, \$4 695 was expensed. The Audit Office estimates that approximately \$1 000 will be expensed in 2009-10 and has budgeted for \$1 000 to \$3 000 to be expensed annually in 2010-11, 2011-12, 2012-13 and 2013-14.

Most of the Office's depreciation in 2009-10 (\$79 500) consists of depreciation of the Office's fit-out (\$66,500) with the balance relating to the depreciation of motor vehicles provided as part of the remuneration of senior executives (\$13 000).

- d. What are those major capital works or items specifically and how much is the depreciation for each annually?**

**Answer:** The amount of depreciation allocated to major capital works (the Office's fit-out) is \$66,500 per annum. This depreciation relates to the costs associated with the fit-out of the Office's accommodation at 11 Moore Street in 2005.

- 2. What capital initiatives will be completed by the Auditor-General in 2010-11, 2011-12, 2012-13 and 2013-14?**

- a. What was the original cost of those initiatives when they were first considered by Government?**
- b. What is the current budgeted cost of each initiative?**
- c. What are the ongoing costs to the budget of the initiative, including running costs and depreciation costs?**

**Answer:** Not applicable. The Audit Office does not have capital initiatives planned for 2010-11, 2011-12, 2012-13 or 2013-14.

- 3. What capital initiatives (or expenditure on capital equipment) were completed/will be completed by the Auditor-General in 2009-10?**

- a. What was the original cost of those initiatives when they were first considered by Government?**
- b. What is the current budgeted cost of the initiative?**
- c. What are the ongoing costs to the budget of the initiative, including running costs and depreciation costs?**
- d. What was the estimated completion date when the initiative was first considered by Government?**

**Answer:** Not applicable. The Audit Office did not have any capital initiatives in 2009-10.

*Environment measures*

ZED SESELJA : To ask the Auditor-General

In relation to : Environmental measures for the Auditor-General;

1. What are the estimated greenhouse gas emissions for the Auditor-General in 2010-11, 2011-12, 2012-13 and 2013-14?
2. What initiatives or measures has the Auditor-General implemented in 2009-10 to reduce greenhouse gas emissions?
  - a. What is the cost of each initiative
  - b. how much greenhouse gas has each initiative saved?
3. What initiatives or measures will the Auditor-General implement in 2010-11 to reduce greenhouse gas emissions?
  - a. What is the budgeted cost of these initiatives
  - b. How much greenhouse gas will each initiative save?
4. How much paper recycling will be undertaken in 2010-11, 2011-12, 2012-13 and 2013-14, what percentage of total paper used is this, and what benchmark will Auditor-General measure its success in recycling against?

**AUDITOR-GENERAL** : The answer to the Member's question is as follows:

- 1. What are the estimated greenhouse gas emissions for the Auditor-General in 2010-11, 2011-12, 2012-13 and 2013-14?**

**Answer:** Not known. The Audit Office does not have the information needed to provide an estimate of its greenhouse gas emissions for 2010-11, 2011-12, 2012-13 and 2013-14.

The Audit Office occupies 500 m<sup>2</sup> of 11 Moore Street (about half of one level of an eight-level building), which it shares with the Department of Disability, Housing and Community Services, and ACT Health. The Office does not have access to energy consumption data for resources such as gas, water and waste because these resources are landlord costs and are not separately billed to the Office.

The Audit Office is able to obtain from ACT Property energy consumption data for electricity; however, this is an estimate based on a pro-rata of the space occupied by the Audit Office. As the Office occupies only a small proportion of the total lettable space, the impact of any electricity consumption initiatives or measures undertaken by the Office will not be evident unless these measures are also undertaken by the other tenants.

- 2. What initiatives or measures has the Auditor-General implemented in 2009-10 to reduce greenhouse gas emissions?**

**Answer:** The Audit Office's work is administrative in nature and staff are regularly encouraged to implement practices that will reduce greenhouse gas emissions.

Some of these practices include the use of electronic audit work papers, messaging and on-line technical and information services; recycling paper and using equipment with electricity saving features; recycling toner in bins provided for this purpose; using public transport; and minimising the number of printed hard copy documents.

During 2009-10, the number of vehicles leased by the Audit Office decreased from two to one, a further reduction from the three vehicles in 2007-08. All vehicles leased were executive vehicles, and since 2007-08 two executives have not chosen to take a government-provided vehicle as part of their remuneration package. The Office's executive vehicles have been used by staff to travel to audited agencies, and the reduction in vehicles has seen a shift to the use of public transport for this purpose. In 2008-09, the reduction in vehicles significantly reduced the CO2 emissions from 18.1 tonnes in 2007-08 to 10.5 tonnes in 2008-09. A similar reduction is expected in 2009-10.

The Audit Office accommodation offers several energy reduction measures including efficient heating and cooling systems, sensor activated lighting and energy efficient windows. As the Office occupies only half a floor of an eight-floor building, it is limited in implementing additional building wide measures.

**e. What is the cost of each initiative?**

**Answer:** Not known. The cost of implementing the practices discussed in question 2 have not been measured; however, it is likely that the change in practices have resulted in cost savings.

**f. How much greenhouse gas has each initiative saved?**

**Answer:** Not known. This data is not available for the reasons discussed in question 2.

**3. What initiatives or measures will the Auditor-General implement in 2010-11 to reduce greenhouse gas emissions?**

**Answer:** The Audit Office will continue to encourage staff to maintain practices that will contribute to reducing the Office's energy emissions.

**g. What is the budgeted cost of these initiatives?**

**Answer:** Not known. The cost of implementing a change in work practices has not been measured.

**h. How much greenhouse gas will each initiative save?**

**Answer:** Not known. This data is not available for the reasons discussed in question 2.

**4. How much paper recycling will be undertaken in 2010-11, 2011-12, 2012-13 and 2013-14, what percentage of total paper used is this, and what benchmark will Auditor-General measure its success in recycling against?**

**Answer:** The Audit Office did not estimate the amount of paper recycling that could be expected in the 2010-11 budget or the forward years.

The Office's approach to paper recycling is to educate staff and encourage them to change their practices to minimise the use of paper. This includes sound, easy to implement practices such as changing printer default settings to duplex and encouraging staff to minimise the printing of hard copy documents unless necessary. Paper recycling has increased from 33 containers (capacity 240 litres) in 2004-05 to 61 containers in 2008-09 (an increase in recycling effort from 1.17 containers per full-time equivalent staff member to 1.94 containers respectively).

Over the 2007-08 and 2008-09 financial years, paper usage decreased from 13 reams of paper per full-time equivalent staff member in 2007-08 to 12.6 reams of paper in 2008-09. The Office uses these results as a benchmark to improve on in the following financial year.



*Overhead costs*

ZED SESELJA : To ask the Auditor-General

BP 4

In relation to : Overhead costs for the Auditor-General;

1. What are the overhead fixed costs for the Auditor-General for 2010-11 and how much is each?
2. How are these costs forecast to change between 2010-11 and 2013-14 (please provide a breakdown by output).
3. What are the variable and marginal costs for the Auditor-General for 2010-11 and how much is each.
4. How are these costs forecast to change between 2010-11 and 2013-14, and how has this changed since 2009-10 (please provide a breakdown by output).

**AUDITOR-GENERAL : The answer to the Member's question is as follows:**

- 1. What are the overhead fixed costs for the Auditor-General for 2010-11 and how much is each?**

**Answer:** The overhead fixed costs for the Audit Office for 2010-11 are estimated to be \$377 440. These costs are largely related to the Office's accommodation at 11 Moore Street.

Details of these costs are disclosed in Table 1.

**Table 1: Budgeted overhead fixed costs in 2010-11**

Overhead fixed costs	2010-11 Budget \$
<b>Rent</b>	<b>244 440</b>
<b>Operating outgoings (e.g. electricity, minor repairs, facilities etc)</b>	<b>30 000</b>
<b>Building security</b>	<b>10 000</b>
Accommodation costs	284 440
<b>Depreciation</b>	<b>75 000</b>
<b>Licence fee for the audit methodology used on financial audits (IPSAM)</b>	<b>18 000</b>
Total overhead fixed costs	<u>377 440</u>

- 2. How are these costs forecast to change between 2010-11 and 2013-14? (please provide a breakdown by output).**

**Answer:** The Audit Office has one output. Overhead fixed costs are forecast to increase by \$28 575 or 7.6 percent between 2010-11 and 2013-14 (an average of 2.5 percent per annum).

A detailed breakdown of these costs is provided in Table 2.

**Table 2: Estimated change in budgeted overhead fixed costs between 2010-11 and 2013-14**

Overhead fixed costs	2010-11 Budget \$	2013-14 Budget \$	Variance \$	Variance %
<b>Rent</b>	<b>244 440</b>	<b>271 015</b>	<b>26 575</b>	<b>10.9</b>
<b>Operating outgoings</b>	<b>30 000</b>	<b>32 000</b>	<b>2 000</b>	<b>6.7</b>
<b>Building security</b>	<b>10 000</b>	<b>10 000</b>	<b>-</b>	<b>-</b>
Accommodation costs	284 440	313 015	28 575	10.1
<b>Depreciation</b>	<b>75 000</b>	<b>75 000</b>	<b>-</b>	<b>-</b>
<b>Licence fee (IPSAM)</b>	<b>18,000</b>	<b>18 000</b>	<b>-</b>	<b>-</b>
Total overhead fixed costs	377 440	406 015	28 575	7.6

**3. What are the variable and marginal costs for the Auditor-General for 2010-11 and how much is each.**

**Answer:** Almost all of the costs of the Audit Office are correlated to the number of staff and supplies or services consumed. Hence, there is little difference in marginal and average costs.

The total estimated variable and marginal costs (i.e. all other costs not classified as overhead fixed costs in question 1) for the Audit Office for 2010-11 are \$5 334 752. Details of these costs are provided in Table 3.

**Table 3: Budget variable costs in 2010-11**

Variable costs	2010-11 Budget \$
Employee expenses	
<b>Salaries</b>	<b>3 153 543</b>
<b>Long service leave</b>	<b>58 000</b>
<b>Annual leave</b>	<b>61 000</b>
<b>Superannuation - CSS and PSS (defined benefit schemes)</b>	<b>349 698</b>
<b>Accumulation Scheme - PSS</b>	<b>35 315</b>
<b>Superannuation - EPSC</b>	<b>94 108</b>
<b>Fund of choice superannuation</b>	<b>93 552</b>
<b>Fringe benefits tax</b>	<b>20 000</b>
<b>Motor vehicle lease and running costs</b>	<b>14 000</b>
<b>Motor vehicle finance lease interest</b>	<b>2 000</b>
<b>Workers compensation premium</b>	<b>16 485</b>
Total employee expenses	3 897 701
<b>Average employee cost per full-time equivalent staff for 35 staff</b>	<b>111 363</b>
IT services and support (General Government Sector)	
<b>IT equipment lease (InTACT)</b>	<b>35 000</b>
<b>IT support (InTACT)</b>	<b>130 000</b>
Total IT services and support	165 000
<b>Average IT services and support cost per full-time equivalent staff for 35 staff</b>	<b>4 714</b>
Other supplies and services (General Government Sector)	
<b>Printing</b>	<b>30 000</b>
<b>Telephones</b>	<b>18 000</b>
<b>Payroll and human resources</b>	<b>21 000</b>
<b>Postage</b>	<b>7 000</b>
<b>Insurance – ACT Insurance Authority</b>	<b>10 000</b>
<b>Training and development</b>	<b>1 000</b>
Total other supplies and services (General Government Sector)	87 000
<b>Average supplies and services cost per full-time equivalent staff for 35 staff</b>	<b>2 486</b>

**Table 3: Budget variable costs in 2010-11 (continued)**

Variable costs (continued)	2010-11 Budget \$
Contractors and consultants (external)	
<b>Contractors – performance audit</b>	<b>130 000</b>
<b>Contractors – financial audit</b>	<b>830 000</b>
<b>Consultants</b>	<b>10 000</b>
<b>Internal audit costs</b>	<b>20 000</b>
<b>Audit fees</b>	<b>11 000</b>
<b>Accounting fees (includes fringe benefits tax preparation)</b>	<b>3 000</b>
Total contractors and consultants (external)	1 004 000
<b>Average contractors and consultants cost per full-time equivalent staff for 35 staff</b>	<b>28 686</b>
Staff related (external)	
<b>Recruitment</b>	<b>10 250</b>
<b>Advertising</b>	<b>4 000</b>
<b>Training and development</b>	<b>45 000</b>
<b>Audit methodology training</b>	<b>30 000</b>
<b>Study reimbursement</b>	<b>15 000</b>
<b>Workers' compensation and occupational health and safety</b>	<b>1 000</b>
Total staff related (external)	105 250
<b>Average staff-related cost per full-time equivalent staff for 35 staff</b>	<b>3 007</b>
Travel and transport (external)	
<b>Cabcharge and motor vehicle allowance</b>	<b>5 000</b>
<b>Travel</b>	<b>12 000</b>
Total travel and transport (external)	17 000
<b>Average travel and transport cost per full-time equivalent staff for 35 staff</b>	<b>486</b>
Other supplies and services (external)	
<b>Telephones</b>	<b>2 000</b>
<b>Library journals and subscriptions</b>	<b>15 000</b>
<b>Postage</b>	<b>100</b>
<b>Stationery</b>	<b>8 000</b>
<b>Bank tax</b>	<b>500</b>
<b>Indoor plant hire</b>	<b>2 200</b>
<b>Security and recycling</b>	<b>1 000</b>
<b>Paper</b>	<b>4 000</b>
<b>Other administrative</b>	<b>2 000</b>
<b>Photocopy meterage</b>	<b>8 000</b>
<b>Hospitality</b>	<b>1 000</b>
<b>Venue and equipment hire</b>	<b>1 000</b>
<b>Offsite storage</b>	<b>4 000</b>
Total other supplies and services (external)	48 800
<b>Average other supplies and services cost per full-time equivalent staff for 35 staff</b>	<b>1 394</b>

**Table 3: Budget variable costs in 2010-11 (continued)**

Variable costs (continued)	2010-11 Budget \$
Minor plant and equipment, consumable, repairs and maintenance	
<b>Office equipment (&lt;\$2000)</b>	<b>1 000</b>
<b>Computer consumables</b>	<b>3 000</b>
<b>Computer software (&lt;\$2000)</b>	<b>2 000</b>
<b>Minor furniture and fittings</b>	<b>1 000</b>
<b>Repairs and maintenance</b>	<b>3 000</b>
Total minor plant and equipment, consumable, repairs and maintenance	10 000
Average minor plant and equipment cost per full-time equivalent staff for 35 staff	286
Total variable costs	5 334 751
Average variable cost per full-time equivalent staff for 35 staff	152 422

- 4. How are these costs forecast to change between 2010-11 and 2013-14, and how has this changed since 2009-10 (please provide a breakdown by output)?**

**Answer:** The Audit Office has one output.

As shown in the Table 4 these costs are estimated to increase between 2010-11 and 2013-14 by \$294 817 or 5.5 percent (average of 1.8 percent per annum).

These costs are budgeted to increase from the 2009-10 estimated actual costs by \$440 149 or 8.5 percent (average of 2.1 percent per annum)

**Table 4: Estimated change in budgeted variable costs between 2010-11 and 2013-14**

Variable costs	2010-11 Budget \$	2013-14 Budget \$	Variance \$	Variance %
Employee expenses				
<b>Salaries</b>	<b>3 153 543</b>	<b>3 375 239</b>	<b>221 696</b>	<b>7.0</b>
<b>Long service leave</b>	<b>58 000</b>	<b>51 000</b>	<b>(7 000)</b>	<b>(12.1)</b>
<b>Annual leave</b>	<b>61 000</b>	<b>54 000</b>	<b>(7 000)</b>	<b>(11.5)</b>
<b>Superannuation - CSS and PSS (defined benefit schemes)</b>	<b>349 698</b>	<b>375 653</b>	<b>25 955</b>	<b>7.4</b>
<b>Accumulation Scheme - PSS</b>	<b>35 315</b>	<b>37 477</b>	<b>2 162</b>	<b>6.1</b>
<b>Superannuation - EPSC</b>	<b>94 109</b>	<b>99 808</b>	<b>5 699</b>	<b>6.1</b>
<b>Fund of choice superannuation</b>	<b>93 552</b>	<b>99 278</b>	<b>5 726</b>	<b>6.1</b>
<b>Fringe benefits tax</b>	<b>20 000</b>	<b>20 000</b>	<b>-</b>	<b>-</b>
<b>Motor vehicle lease and running costs</b>	<b>14 000</b>	<b>14 000</b>	<b>-</b>	<b>-</b>
<b>Motor vehicle finance lease interest</b>	<b>2 000</b>	<b>2 000</b>	<b>-</b>	<b>-</b>
<b>Workers compensation premium</b>	<b>16 485</b>	<b>18 014</b>	<b>1 528</b>	<b>9.2</b>
Total employee expenses	3 897 702	4 146 469	248 767	6.4
<b>Average employee cost per full-time equivalent staff for 35 staff</b>	<b>111 363</b>	<b>118 470</b>	<b>7 107</b>	<b>6.4</b>
IT services and support (General Government Sector)				
<b>IT equipment lease (InTACT)</b>	<b>35 000</b>	<b>35 000</b>	<b>-</b>	<b>-</b>
<b>IT support (InTACT)</b>	<b>130 000</b>	<b>130 000</b>	<b>-</b>	<b>-</b>
Total IT services and support	165 000	165 000	-	-
<b>Average IT services and support cost per full-time equivalent staff for 35 staff</b>	<b>4 714</b>	<b>4 714</b>	<b>-</b>	<b>-</b>
Other supplies and services (General Government Sector)				
<b>Printing</b>	<b>30 000</b>	<b>38 000</b>	<b>8 000</b>	<b>26.7</b>
<b>Telephones</b>	<b>18 000</b>	<b>20 000</b>	<b>2 000</b>	<b>11.1</b>
<b>Payroll and human resources</b>	<b>21 000</b>	<b>23 000</b>	<b>2 000</b>	<b>9.5</b>
<b>Postage</b>	<b>7 000</b>	<b>8 500</b>	<b>1 500</b>	<b>21.4</b>
<b>Insurance – ACT Insurance Authority</b>	<b>10 000</b>	<b>14 000</b>	<b>4 000</b>	<b>40.0</b>
<b>Training and development</b>	<b>1 000</b>	<b>1 000</b>	<b>-</b>	<b>-</b>
Total other supplies and	87 000	104 500	17,500	20.1

services (General Government Sector)				
Average other supplies and services cost per full-time equivalent staff for 35 staff	2 486	2 986	500	20.1

**Table 4: Estimated change in budgeted variable costs between 2010-11 and 2013-14 (continued)**

Variable costs	2010-11 Budget \$	2013-14 Budget \$	Variance \$	Variance %
Contractors and consultants (external)				
<b>Contractors – performance audit</b>	<b>130 000</b>	<b>130 000</b>	-	-
<b>Contractors – financial audit</b>	<b>830 000</b>	<b>830 000</b>	-	-
<b>Consultants</b>	<b>10 000</b>	<b>10 000</b>	-	-
<b>Internal audit costs</b>	<b>20 000</b>	<b>20 000</b>	-	-
<b>Audit fees</b>	<b>11 000</b>	<b>11 000</b>	-	-
<b>Accounting fees (includes fringe benefits tax preparation)</b>	<b>3 000</b>	<b>3 000</b>	-	-
Total contractors and consultants (external)	1 004 000	1 004 000	-	-
<b>Average contractors and consultants cost per full-time equivalent staff for 35 staff</b>	<b>28 686</b>	<b>28 686</b>	-	-
<b>Recruitment</b>	<b>10 250</b>	<b>11 000</b>	<b>750</b>	<b>7.3</b>
<b>Advertising</b>	<b>4 000</b>	<b>4 000</b>	-	-
<b>Training and development</b>	<b>45 000</b>	<b>60 000</b>	<b>15 000</b>	<b>33.3</b>
<b>Audit methodology training</b>	<b>30 000</b>	<b>30 000</b>	-	-
<b>Study reimbursement</b>	<b>15 000</b>	<b>16 000</b>	<b>1 000</b>	<b>6.7</b>
<b>Workers' compensation and occupational health and safety</b>	<b>1 000</b>	<b>1 000</b>	-	-
Total staff related (external)	105 250	122 000	16,750	15.9
<b>Average staff-related cost per full-time equivalent staff for 35 staff</b>	<b>3 007</b>	<b>3 486</b>	<b>479</b>	<b>15.9</b>
Travel and transport (external)				
<b>Cabcharge and motor vehicle allowance</b>	<b>5 000</b>	<b>5 000</b>	-	-
<b>Travel</b>	<b>12 000</b>	<b>12 000</b>	-	-
Total travel and transport (external)	17 000	17 000	-	-
<b>Average travel and transport cost per full-time equivalent staff for 35 staff</b>	<b>486</b>	<b>486</b>	-	-



**Table 4: Estimated change in budgeted variable costs between 2010-11 and 2013-14 (continued)**

Variable costs	2010-11 Budget \$	2013-14 Budget \$	Variance \$	Variance %
Other supplies and services (external)				
<b>Telephones</b>	<b>2 000</b>	<b>2 500</b>	<b>500</b>	<b>25.0</b>
<b>Library journals and subscriptions</b>	<b>15 000</b>	<b>20 000</b>	<b>5 000</b>	<b>33.3</b>
<b>Postage</b>	<b>100</b>	<b>100</b>	<b>-</b>	<b>-</b>
<b>Stationery</b>	<b>8 000</b>	<b>9 000</b>	<b>1 000</b>	<b>12.5</b>
<b>Bank tax</b>	<b>500</b>	<b>500</b>	<b>-</b>	<b>-</b>
<b>Indoor plant hire</b>	<b>2 200</b>	<b>2 500</b>	<b>300</b>	<b>13.6</b>
<b>Security and recycling</b>	<b>1 000</b>	<b>2 000</b>	<b>1 000</b>	<b>100.0</b>
<b>Paper</b>	<b>4 000</b>	<b>5 000</b>	<b>1 000</b>	<b>25.0</b>
<b>Other administrative</b>	<b>2 000</b>	<b>2 000</b>	<b>-</b>	<b>-</b>
<b>Photocopy meterage</b>	<b>8 000</b>	<b>8 000</b>	<b>-</b>	<b>-</b>
<b>Hospitality</b>	<b>1 000</b>	<b>1 000</b>	<b>-</b>	<b>-</b>
<b>Venue and equipment hire</b>	<b>1 000</b>	<b>1 000</b>	<b>-</b>	<b>-</b>
<b>Offsite storage</b>	<b>4 000</b>	<b>5 000</b>	<b>1 000</b>	<b>25.0</b>
Total other supplies and services (external)	48 800	58 600	9 800	20.1
<b>Average other supplies and services cost per full-time equivalent staff for 35 staff</b>	<b>1 394</b>	<b>1 674</b>	<b>280</b>	<b>20.1</b>
Minor plant and equipment, consumable, repairs and maintenance				
<b>Office equipment (&lt;\$2 000)</b>	<b>1 000</b>	<b>3 000</b>	<b>2 000</b>	<b>200.0</b>
<b>Computer consumables</b>	<b>3 000</b>	<b>3 000</b>	<b>-</b>	<b>-</b>
<b>Computer software (&lt;\$2 000)</b>	<b>2 000</b>	<b>3 000</b>	<b>1 000</b>	<b>50.0</b>
<b>Minor furniture and fittings</b>	<b>1 000</b>	<b>1 000</b>	<b>-</b>	<b>-</b>
<b>Repairs and maintenance</b>	<b>3 000</b>	<b>2 000</b>	<b>(1 000)</b>	<b>(33.3)</b>
Total minor plant and equipment, consumable, repairs and maintenance	10 000	12 000	2 000	20.0
<b>Average minor plant and equipment cost per full-time equivalent staff for 35 staff</b>	<b>286</b>	<b>343</b>	<b>57</b>	<b>20.0</b>
<b>Total variable costs</b>	<b>5 334 753</b>	<b>5 629 569</b>	<b>294 816</b>	<b>5.5</b>
<b>Average variable cost per full-time equivalent staff for 35 staff</b>	<b>152 422</b>	<b>160 845</b>	<b>8 423</b>	<b>5.5</b>

**Table 4: Estimated change in variable costs between 2009-10 and 2013-14**

Variable costs	2009-10 Estimated Actual \$	2013-14 Budget \$	Variance \$	Variance %
Employee expenses				
<b>Salaries</b>	<b>3 061 454</b>	<b>3 375 239</b>	<b>313 785</b>	<b>10.2</b>
<b>Long service leave</b>	<b>59 000</b>	<b>51 000</b>	<b>(8 000)</b>	<b>(13.6)</b>
<b>Annual leave</b>	<b>61 000</b>	<b>54 000</b>	<b>(7 000)</b>	<b>(11.5)</b>
<b>Superannuation - CSS and PSS (defined benefit schemes)</b>	<b>336 959</b>	<b>375 653</b>	<b>38 694</b>	<b>11.5</b>
<b>Accumulation Scheme - PSS</b>	<b>34 623</b>	<b>37 477</b>	<b>2 854</b>	<b>8.2</b>
<b>Superannuation - EPSC</b>	<b>91 283</b>	<b>99 808</b>	<b>8 525</b>	<b>9.3</b>
<b>Fund of choice superannuation</b>	<b>91 718</b>	<b>99 278</b>	<b>7 560</b>	<b>8.2</b>
<b>Fringe benefits tax</b>	<b>30 784</b>	<b>20 000</b>	<b>(10 784)</b>	<b>(35.0)</b>
<b>Motor vehicle lease and running costs</b>	<b>14 000</b>	<b>14 000</b>	<b>-</b>	<b>-</b>
<b>Motor vehicle finance lease interest</b>	<b>2 050</b>	<b>2 000</b>	<b>(50)</b>	<b>(2.5)</b>
<b>Temp Audit Staff</b>	<b>74 545</b>	<b>-</b>	<b>(74 545)</b>	<b>(100.0)</b>
<b>Workers compensation premium</b>	<b>16 005</b>	<b>18 014</b>	<b>2 009</b>	<b>12.6</b>
Total employee expenses	3 873 421	4 146 469	273 048	7.0
<b>Average variable cost per full-time equivalent staff for 35 staff</b>	<b>110 669</b>	<b>118 471</b>	<b>7 801</b>	<b>7.0</b>
IT services and support (General Government Sector)				
<b>IT equipment lease (InTACT)</b>	<b>31 459</b>	<b>35 000</b>	<b>3 541</b>	<b>11.3</b>
<b>IT support (InTACT)</b>	<b>122 687</b>	<b>130 000</b>	<b>7 313</b>	<b>6.0</b>
Total IT services and support	154 146	165 000	10 854	7.0
<b>Average IT services and support cost per full-time equivalent staff for 35 staff</b>	<b>4 404</b>	<b>4 714</b>	<b>310</b>	<b>7.0</b>
Other supplies and services (General Government Sector)				
<b>Printing</b>	<b>32 651</b>	<b>38 000</b>	<b>5 349</b>	<b>16.4</b>
<b>Telephones</b>	<b>18 000</b>	<b>20 000</b>	<b>2 000</b>	<b>11.1</b>
<b>Payroll and human resources</b>	<b>20 057</b>	<b>23 000</b>	<b>2 943</b>	<b>14.7</b>
<b>Postage</b>	<b>5 000</b>	<b>8 500</b>	<b>3 500</b>	<b>70.0</b>
<b>Insurance – ACT Insurance Authority</b>	<b>7 361</b>	<b>14 000</b>	<b>6 639</b>	<b>90.2</b>

<b>Training and development</b>	<b>(18)<sup>1</sup></b>	<b>1 000</b>	<b>1 018</b>	<b>5 655.6</b>
Total other supplies and services (General Government Sector)	83 051	104 500	21 449	25.8
Average other supplies and services cost per full-time equivalent staff for 35 staff	2 373	2 986	613	25.8

<sup>1</sup> This small negative amount has resulted from an over accrual of expenditure at 30 June 2009.

**Table 4: Estimated change in variable costs between 2009-10 and 2013-14 – continued**

Variable costs (continued)	2009-10 Estimated Actual \$	2013-14 Budget \$	Variance \$	Variance %
Contractors and consultants (ext)				
<b>Contractors – performance audit</b>	<b>45 000</b>	<b>130 000</b>	<b>85 000</b>	<b>188.9</b>
<b>Contractors – financial audit</b>	<b>866 185</b>	<b>830 000</b>	<b>(36 185)</b>	<b>(4.2)</b>
<b>Consultants</b>	<b>5 980</b>	<b>10 000</b>	<b>4 020</b>	<b>67.2</b>
<b>Internal audit costs</b>	<b>12 750</b>	<b>20 000</b>	<b>7 250</b>	<b>56.9</b>
<b>Audit fees</b>	<b>11 500</b>	<b>11 000</b>	<b>(500)</b>	<b>(4.3)</b>
<b>Accounting fees (includes fringe benefits tax preparation)</b>	<b>500</b>	<b>3 000</b>	<b>2 500</b>	<b>500.0</b>
Total contractors and consultants (external)	941 915	1 004 000	62 085	6.6
<i>Average contractors and consultants cost per full-time equivalent staff for 35 staff</i>	<i>26 912</i>	<i>28 686</i>	<i>1 774</i>	<i>6.6</i>
<b>Recruitment</b>	<b>(1 381)<sup>2</sup></b>	<b>11 000</b>	<b>12 381</b>	<b>896.5</b>
<b>Advertising</b>	<b>3 348</b>	<b>4 000</b>	<b>652</b>	<b>19.5</b>
<b>Training and development</b>	<b>21 300</b>	<b>60 000</b>	<b>38 700</b>	<b>181.7</b>
<b>Audit methodology training</b>	<b>41 228</b>	<b>30 000</b>	<b>(11 228)</b>	<b>(27.2)</b>
<b>Study reimbursement</b>	<b>11 646</b>	<b>16 000</b>	<b>4 354</b>	<b>37.4</b>
<b>Workers' compensation and occupational health and safety</b>	<b>4 000</b>	<b>1 000</b>	<b>(3 000)</b>	<b>(75.0)</b>
Total staff related (external)	80 141	122 000	41 859	52.2
<i>Average staff-related cost per full-time equivalent staff for 35 staff</i>	<i>2 290</i>	<i>3 486</i>	<i>1 196</i>	<i>52.2</i>
Travel and transport (external)				
<b>Cabcharge and motor vehicle allowance</b>	<b>5 000</b>	<b>5 000</b>	<b>-</b>	<b>-</b>
<b>Vehicle hire</b>	<b>258</b>	<b>-</b>	<b>(258)</b>	<b>(100.0)</b>
<b>Travel</b>	<b>10 000</b>	<b>12 000</b>	<b>2 000</b>	<b>20.0</b>
Total travel and transport (ext)	15 258	17 000	1 742	11.4
<i>Average travel and transport cost per full-time equivalent staff for 35 staff</i>	<i>436</i>	<i>486</i>	<i>50</i>	<i>11.4</i>

<sup>2</sup> This small negative amount has resulted from an over accrual of expenditure at 30 June 2009.

**Table 4: Estimated change in variable costs between 2009-10 and 2013-14 - continued**

Variable costs (continued)	2009-10 Estimated Actual \$	2013-14 Budget \$	Variance \$	Variance %
Other supplies and services (ext)				
<b>Telephones</b>	<b>1 200</b>	<b>2 500</b>	<b>1 300</b>	<b>108.3</b>
<b>Library journals and subscriptions</b>	<b>10 000</b>	<b>20 000</b>	<b>10 000</b>	<b>100.0</b>
<b>Postage</b>	<b>150</b>	<b>100</b>	<b>(50)</b>	<b>(33.3)</b>
<b>Stationery</b>	<b>4 000</b>	<b>9 000</b>	<b>5 000</b>	<b>125.0</b>
<b>Bank tax</b>	<b>181</b>	<b>500</b>	<b>319</b>	<b>176.2</b>
<b>Indoor plant hire</b>	<b>2 210</b>	<b>2 500</b>	<b>290</b>	<b>13.1</b>
<b>Security and recycling</b>	<b>1 000</b>	<b>2 000</b>	<b>1 000</b>	<b>100.0</b>
<b>Paper</b>	<b>1 600</b>	<b>5 000</b>	<b>3 400</b>	<b>212.5</b>
<b>Other administrative</b>	<b>2 325</b>	<b>2 000</b>	<b>(325)</b>	<b>(14.0)</b>
<b>Photocopy meterage</b>	<b>8 500</b>	<b>8 000</b>	<b>(500)</b>	<b>(5.9)</b>
<b>Hospitality</b>	<b>42</b>	<b>1 000</b>	<b>958</b>	<b>2 281.0</b>
<b>Venue and equipment hire</b>	<b>-</b>	<b>1 000</b>	<b>1 000</b>	<b>N/A</b>
<b>Records management</b>	<b>280</b>	<b>-</b>	<b>(280)</b>	<b>(100.0)</b>
<b>Offsite storage</b>	<b>4 000</b>	<b>5 000</b>	<b>1 000</b>	<b>25.0</b>
Total other supplies and services (external)	35 488	58 600	23 112	65.1
<i>Average other supplies and services cost per full-time equivalent staff for 35 staff</i>	<i>1 014</i>	<i>1 674</i>	<i>660</i>	<i>65.1</i>
Minor plant and equipment, consumables, repairs and maintenance				
<b>Office equipment (&lt;\$2 000)</b>	<b>1 000</b>	<b>3 000</b>	<b>2 000</b>	<b>200.0</b>
<b>Computer consumables</b>	<b>4 000</b>	<b>3 000</b>	<b>(1 000)</b>	<b>(25.0)</b>
<b>Computer software (&lt;\$2 000)</b>	<b>-</b>	<b>3 000</b>	<b>3 000</b>	<b>N/A</b>
<b>Minor furniture and fittings</b>	<b>-</b>	<b>1 000</b>	<b>1 000</b>	<b>N/A</b>
<b>Repairs and maintenance</b>	<b>1 000</b>	<b>2 000</b>	<b>1 000</b>	<b>100.0</b>
Total minor plant and equipment, consumables, repairs and maintenance	6 000	12 000	6 000	100.0
<i>Average minor plant and equipment cost per full-time equivalent staff for 35 staff</i>	<i>171</i>	<i>343</i>	<i>171</i>	<i>100.0</i>
<b>Total variable costs</b>	<b>5 189 420</b>	<b>5 629 569</b>	<b>440 149</b>	<b>8.5</b>
<i>Average variable cost per full-time equivalent staff for 35 staff</i>	<i>148 269</i>	<i>160 845</i>	<i>12 576</i>	<i>8.5</i>