

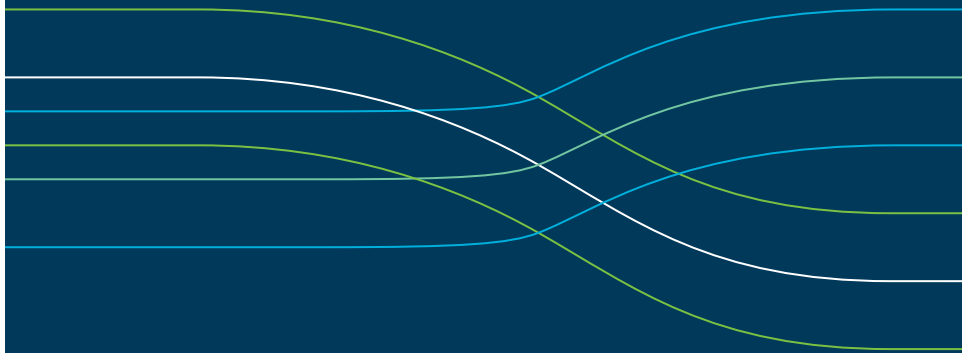




# Part four

## financial statements

96 Independent auditor's report





## INDEPENDENT AUDITOR'S REPORT

To the Minister for Tertiary Education, Skills, Science and Research

### Report on the Financial Statements

I have audited the accompanying financial statements of the Commonwealth Scientific and Industrial Research Organisation and the consolidated entity for the year ended 30 June 2012, which comprise: a Statement by the Chairman of the Board, Chief Executive and Chief Finance Officer; the Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; and Notes to and Forming Part of the Financial Statements, including a Summary of Significant Accounting Policies and other explanatory information. The consolidated entity comprises the Commonwealth Scientific and Industrial Research Organisation and the entities it controlled at the year's end, or from time to time during the financial year.

### *Directors' Responsibility for the Financial Statements*

The directors of the Commonwealth Scientific and Industrial Research Organisation are responsible for the preparation of the financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commonwealth Scientific and Industrial

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Research Organisation's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commonwealth Scientific and Industrial Research Organisation's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### ***Independence***

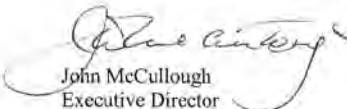
In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

#### ***Opinion***

In my opinion, the financial statements of the Commonwealth Scientific and Industrial Research Organisation and the consolidated entity:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Commonwealth Scientific and Industrial Research Organisation's and the consolidated entity's financial positions as at 30 June 2012 and of their financial performance and cash flows for the year then ended.

Australian National Audit Office

  
John McCullough  
Executive Director  
Delegate of the Auditor-General


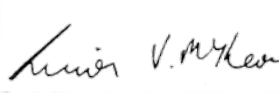
Canberra  
23 August 2012

**COMMONWEALTH SCIENTIFIC AND INDUSTRIAL RESEARCH ORGANISATION  
STATEMENT BY THE CHAIRMAN OF THE BOARD, CHIEF EXECUTIVE AND CHIEF FINANCE OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2012 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, as amended.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This Statement is made in accordance with a resolution of the Board Members.



**Simon McKeon AO**  
Chairman of the Board  
23 August 2012

**Megan Clark**  
Chief Executive and Board Member  
23 August 2012



**Hazel Bennett**  
Chief Finance Officer  
23 August 2012



**CONSOLIDATED FINANCIAL STATEMENTS**  
**STATEMENT OF COMPREHENSIVE INCOME**  
For the period ended 30 June 2012

	Notes	Consolidated		CSIRO	
		2012	2011	2012	2011
		\$'000	\$'000	\$'000	\$'000
<b>EXPENSES</b>					
Employee benefits	3.1	739,908	718,251	738,477	718,047
Supplier expenses	3.2	397,358	380,382	395,722	380,026
Depreciation and amortisation	3.3	118,684	101,728	118,684	101,728
Finance costs	3.4	3,271	3,266	3,271	3,266
Write-down and impairment of assets	3.5	19,357	25,601	19,357	25,601
Net foreign exchange losses	3.6	-	2,448	-	2,448
<b>Total expenses</b>		<b>1,278,578</b>	<b>1,231,676</b>	<b>1,275,511</b>	<b>1,231,116</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own source revenue</b>					
Sale of goods and rendering of services	4.1	398,784	409,676	410,818	418,077
Interest	4.2	17,890	15,174	9,195	8,729
Rental income		8,253	7,826	8,253	7,826
Royalties and licence fees	4.3	278,516	29,237	278,516	29,237
Other revenues	4.4	38,215	30,766	38,714	31,457
<b>Total own source revenues</b>		<b>741,658</b>	<b>492,679</b>	<b>745,496</b>	<b>495,326</b>
<b>Gains</b>					
Net gain from sale of assets	4.5	409	4,940	409	4,940
Net foreign exchange gains	4.6	5,127	-	5,127	-
Realisation of fair value gain reserve	4.7	-	140	-	140
<b>Total gains</b>		<b>5,536</b>	<b>5,080</b>	<b>5,536</b>	<b>5,080</b>
<b>Total own-source income</b>		<b>747,194</b>	<b>497,759</b>	<b>751,032</b>	<b>500,406</b>
<b>Net cost of service</b>		<b>(531,384)</b>	<b>(733,917)</b>	<b>(524,479)</b>	<b>(730,710)</b>
<b>Revenues from Government</b>	4.8	<b>724,939</b>	<b>720,415</b>	<b>724,939</b>	<b>720,415</b>
Share of net operating surplus/(deficit) of joint venture accounted for using the equity method	8	10	(184)	10	(184)
<b>Surplus on continuing operation</b>		<b>724,949</b>	<b>720,231</b>	<b>724,949</b>	<b>720,231</b>
<b>Surplus/(Deficit) attributable to the Australian Government</b>		<b>193,565</b>	<b>(13,686)</b>	<b>200,470</b>	<b>(10,479)</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Increase/(decrease) in asset revaluation reserves	5.1	1,414	227,503	1,414	227,503
Increase/(decrease) in other reserves	5.2	(140)	14,352	(140)	14,352
<b>Total other comprehensive income</b>		<b>1,274</b>	<b>241,855</b>	<b>1,274</b>	<b>241,855</b>
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>		<b>194,839</b>	<b>228,169</b>	<b>201,744</b>	<b>231,376</b>

The above Statement should be read in conjunction with the accompanying notes.

**CONSOLIDATED FINANCIAL STATEMENTS**  
**BALANCE SHEET**  
As at 30 June 2012

	Notes	Consolidated		CSIRO	
		2012	2011	2012	2011
		\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	6	381,687	308,478	240,976	161,490
Trade and other receivables	7	247,884	88,988	247,692	88,488
Investments accounted for using the equity method	8	399	389	399	389
Other investments	9	17,142	31,969	17,142	31,969
<b>Total financial assets</b>		<b>647,112</b>	<b>429,824</b>	<b>506,209</b>	<b>282,336</b>
<b>Non-Financial Assets</b>					
Land and buildings	10	1,581,745	1,598,603	1,581,745	1,598,603
Plant and equipment	11	446,851	381,145	446,851	381,145
Investment properties	12	52,000	50,950	52,000	50,950
Intangibles	13	28,711	28,346	28,711	28,346
Inventories	14	1,163	1,010	1,163	1,010
Other non-financial assets	15	42,096	40,862	42,094	40,862
<b>Total non-financial assets</b>		<b>2,152,566</b>	<b>2,100,916</b>	<b>2,152,564</b>	<b>2,100,916</b>
Properties held for sale	16	14,319	11,865	14,319	11,865
<b>TOTAL ASSETS</b>		<b>2,813,997</b>	<b>2,542,605</b>	<b>2,673,092</b>	<b>2,395,117</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	17	72,152	84,195	70,438	83,750
Other payables	18	171,065	153,148	172,395	153,531
<b>Total payables</b>		<b>243,217</b>	<b>237,343</b>	<b>242,833</b>	<b>237,281</b>
<b>Interest Bearing Liabilities</b>					
Leases	19	61,033	65,200	61,033	65,200
Deposits	20	7,130	6,472	7,130	6,472
<b>Total interest bearing liabilities</b>		<b>68,163</b>	<b>71,672</b>	<b>68,163</b>	<b>71,672</b>
<b>Provisions</b>					
Employee provisions	21	246,854	205,564	246,854	205,564
<b>Total provisions</b>		<b>246,854</b>	<b>205,564</b>	<b>246,854</b>	<b>205,564</b>
<b>TOTAL LIABILITIES</b>		<b>558,234</b>	<b>514,579</b>	<b>557,850</b>	<b>514,517</b>
<b>NET ASSETS</b>		<b>2,255,763</b>	<b>2,028,026</b>	<b>2,115,242</b>	<b>1,880,600</b>
<b>EQUITY</b>					
Contributed equity		149,588	116,690	149,388	116,490
Assets revaluation reserves		1,322,629	1,321,215	1,322,629	1,321,215
Other reserves		635	775	635	775
Retained surplus		782,911	589,346	642,590	442,120
<b>TOTAL EQUITY</b>		<b>2,255,763</b>	<b>2,028,026</b>	<b>2,115,242</b>	<b>1,880,600</b>

The above Balance Sheet should be read in conjunction with the accompanying notes.

**CONSOLIDATED FINANCIAL STATEMENTS**  
**STATEMENT OF CHANGES IN EQUITY – CONSOLIDATED**  
For the period ended 30 June 2012

	Retained Surplus		Asset Revaluation Reserves		Other Reserves		Contributed Equity/Capital		Total Equity	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	589,346	603,032	1,321,215	1,093,712	775	(13,577)	116,690	36,790	2,028,026	1,719,957
Comprehensive income										
Other comprehensive income	-	-	1,414	227,503	(140)	14,352	-	-	1,274	241,855
Surplus/(deficit) for the period	193,565	(13,686)	-	-	-	-	-	-	193,565	(13,686)
Total comprehensive income	193,565	(13,686)	1,414	227,503	(140)	14,352	-	-	194,839	228,169
Transactions with owners										
Contributions by owners										
Equity injection	-	-	-	-	-	-	32,898	79,900	32,898	79,900
Closing balance	782,911	589,346	1,322,629	1,321,215	635	775	149,588	116,690	2,255,763	2,028,026

The above Statement should be read in conjunction with the accompanying notes.



**CONSOLIDATED FINANCIAL STATEMENTS**  
**STATEMENT OF CHANGES IN EQUITY – CSIRO**  
For the period ended 30 June 2012

	Retained Surplus		Asset Revaluation Reserves		Other Reserves		Contributed Equity/Capital		Total Equity	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Opening balance	442,120	452,599	1,321,215	1,093,712	775	(13,577)	116,490	36,590	1,880,600	1,569,324
Comprehensive income	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	1,414	227,503	(140)	14,352	-	-	1,274	241,855
Surplus/(deficit) for the period	200,470	(10,479)	-	-	-	-	-	-	200,470	(10,479)
Total comprehensive income	200,470	(10,479)	1,414	227,503	(140)	14,352	-	-	201,744	231,376
Transactions with owners	-	-	-	-	-	-	-	-	-	-
Contributions by owners	-	-	-	-	-	-	32,898	79,900	32,898	79,900
Equity injection	-	-	-	-	-	-	-	-	-	-
Closing balance	642,590	442,120	1,322,629	1,321,215	635	775	149,388	116,490	2,115,242	1,880,600

The above Statement should be read in conjunction with the accompanying notes.

**CONSOLIDATED FINANCIAL STATEMENTS**  
**CASH FLOW STATEMENT**  
For the period ended 30 June 2012

	Notes	Consolidated		CSIRO	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Receipts from Government		724,939	720,415	724,939	720,415
Goods and services		617,498	568,704	627,151	527,574
Interest		15,865	16,463	7,965	8,946
Net GST received		1,659	10,579	810	9,802
Deposits		9,104	3,794	9,104	3,794
<b>Total cash received</b>		<b>1,369,065</b>	<b>1,319,955</b>	<b>1,369,969</b>	<b>1,270,531</b>
<b>Cash used</b>					
Employees		692,436	698,595	692,203	698,193
Suppliers		454,800	488,926	449,660	488,322
Finance costs		3,093	3,094	3,093	3,093
<b>Total cash used</b>		<b>1,150,329</b>	<b>1,190,615</b>	<b>1,144,956</b>	<b>1,189,608</b>
<b>Net cash from operating activities</b>	22	<b>218,736</b>	<b>129,340</b>	<b>225,013</b>	<b>80,923</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sale of property, plant and equipment		12,543	46,407	12,543	46,407
Proceeds from sale of equity investments and intellectual property		30	6,690	30	6,690
<b>Total cash received</b>		<b>12,573</b>	<b>53,097</b>	<b>12,573</b>	<b>53,097</b>
<b>Cash used</b>					
Purchase of property, plant and equipment		183,465	168,477	183,465	168,477
Purchase of equity investments		3,264	7,745	3,264	7,745
Other selling costs		102	4,874	102	4,874
<b>Total cash used</b>		<b>186,831</b>	<b>181,096</b>	<b>186,831</b>	<b>181,096</b>
<b>Net cash used by investing activities</b>		<b>(174,258)</b>	<b>(127,999)</b>	<b>(174,258)</b>	<b>(127,999)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity		32,898	79,900	32,898	79,900
<b>Total cash received</b>		<b>32,898</b>	<b>79,900</b>	<b>32,898</b>	<b>79,900</b>
<b>Cash used</b>					
Other cash used		4,167	4,056	4,167	4,056
<b>Total cash used</b>		<b>4,167</b>	<b>4,056</b>	<b>4,167</b>	<b>4,056</b>
<b>Net cash from financing activities</b>		<b>28,731</b>	<b>75,844</b>	<b>28,731</b>	<b>75,844</b>
<b>Net increase/(decrease) in cash held</b>		<b>73,209</b>	<b>77,185</b>	<b>79,486</b>	<b>28,768</b>
Cash and cash equivalents at the beginning of the reporting period		308,478	231,293	161,490	132,722
<b>Cash and cash equivalents at end of the reporting period</b>	6	<b>381,687</b>	<b>308,478</b>	<b>240,976</b>	<b>161,490</b>

The above Statement should be read in conjunction with the accompanying notes.

**CONSOLIDATED FINANCIAL STATEMENTS**  
**SCHEDULE OF COMMITMENTS**  
As at 30 June 2012

	Consolidated		CSIRO	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
<b>BY TYPE</b>				
<b>Capital commitments payable</b>				
Land and buildings <sup>1</sup>	13,970	12,010	13,970	12,010
Plant and equipment <sup>2</sup>	65,433	108,560	65,433	108,560
Investments <sup>3</sup>	2,834	5,471	2,834	5,471
<b>Total capital commitments payable</b>	<b>82,237</b>	<b>126,041</b>	<b>82,237</b>	<b>126,041</b>
<b>Other commitments payable</b>				
Operating leases <sup>4</sup>	268,367	277,994	268,367	277,994
Research and development commitments <sup>5</sup>	668,694	663,405	656,581	663,405
Other commitments <sup>5</sup>	27,560	38,597	27,560	38,597
<b>Total other commitments payable</b>	<b>964,621</b>	<b>979,996</b>	<b>952,508</b>	<b>979,996</b>
<b>Commitments receivable</b>				
Research and development commitments <sup>5</sup>	(397,541)	(411,454)	(397,541)	(411,454)
Other receivables <sup>6</sup>	(16,098)	(15,823)	(16,098)	(15,823)
<b>Total commitments receivable</b>	<b>(413,639)</b>	<b>(427,277)</b>	<b>(413,639)</b>	<b>(427,277)</b>
<b>Net commitments by type</b>	<b>633,219</b>	<b>678,760</b>	<b>621,106</b>	<b>678,760</b>
<b>BY MATURITY</b>				
<b>Capital commitments payable</b>				
One year or less	80,594	64,254	80,594	64,254
From one to five years	1,643	61,787	1,643	61,787
<b>Total capital commitments payable</b>	<b>82,237</b>	<b>126,041</b>	<b>82,237</b>	<b>126,041</b>
<b>Operating lease commitments payable</b>				
One year or less	33,981	32,655	33,981	32,655
From one to five years	131,641	123,309	131,641	123,309
Over five years	102,745	122,030	102,745	122,030
<b>Total operating lease commitments payable</b>	<b>268,367</b>	<b>277,994</b>	<b>268,367</b>	<b>277,994</b>
<b>Other commitments payable</b>				
One year or less	464,393	397,739	460,315	397,739
From one to five years	229,485	304,263	221,450	304,263
Over five years	2,376	-	2,376	-
<b>Total other commitments payable</b>	<b>696,254</b>	<b>702,002</b>	<b>684,141</b>	<b>702,002</b>
<b>Commitments receivable</b>				
One year or less	(272,890)	(267,087)	(272,890)	(267,087)
From one to five years	(139,308)	(159,224)	(139,308)	(159,224)
Over five years	(1,441)	(966)	(1,441)	(966)
<b>Total commitments receivable</b>	<b>(413,639)</b>	<b>(427,277)</b>	<b>(413,639)</b>	<b>(427,277)</b>
<b>Net commitments by maturity</b>	<b>633,219</b>	<b>678,760</b>	<b>621,106</b>	<b>678,760</b>

## SCHEDULE OF COMMITMENTS (cont)

1. Land and building commitments are outstanding contractual payments for buildings under construction.
2. Plant and equipment commitments are for the purchase of plant and equipment.
3. Investment commitments are for additional contributions to equity investments.
4. Operating leases are effectively non-cancellable and comprise:

Nature of lease	General description of leasing arrangement
Leases for office and scientific research accommodation	Lease payments are subject to an annual increase in accordance with the terms of agreement, e.g. upward movements in the Consumer Price Index. The accommodation leases are still current and each may be renewed at the Group's option, following a once-off adjustment of rentals to current market levels.
Leases for motor vehicles	No contingent rentals exist. There are no purchase options available to the Group.
Leases for computer equipment	The lessor provides computer equipment designated as necessary in the supply contract for a general period of 2-3 years.

5. Research and development commitments payable and receivable are Agreements Equally Proportionately Unperformed for research and development contracts.
6. Other commitments payable and receivable are for services and property leases respectively.
7. Commitments are GST inclusive where relevant.

## SCHEDULE OF CONTINGENCIES

As at 30 June 2012

	Consolidated		CSIRO	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
<b>Contingent assets</b>				
Claims for damages or costs and bank guarantees	7,660	-	7,660	-
<b>Total contingent assets</b>	<b>7,660</b>	<b>-</b>	<b>7,660</b>	<b>-</b>
<b>Contingent liabilities</b>				
Claims for damages or costs	300	300	300	300
Financial guarantees	45	17	45	17
<b>Total contingent liabilities</b>	<b>345</b>	<b>317</b>	<b>345</b>	<b>317</b>
<b>Net contingent assets/(liabilities)</b>	<b>7,315</b>	<b>(317)</b>	<b>7,315</b>	<b>(317)</b>

Details of each class of contingent liabilities and contingent assets listed above are disclosed in Note 23: Contingent Liabilities and Assets, along with information on contingencies that cannot be quantified.

No contingent liabilities were reported by the CRCs in which the Group is a participant.

The above Schedule should be read in conjunction with the accompanying notes.

**CONSOLIDATED FINANCIAL STATEMENTS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the period ended 30 June 2012**

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**CONSOLIDATED FINANCIAL STATEMENTS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2012**

**Note 1 Summary of significant accounting policies**

**1.1 Objective of the Organisation and its Subsidiaries (the Group)**

CSIRO is an Australian Government controlled not-for-profit entity. It is a research enterprise that aims to deliver great science and innovative solutions for industry, society and the environment.

CSIRO is structured to meet the following outcome:

Outcome: Innovative scientific and technology solutions to national challenges and opportunities to benefit industry, the environment and the community, through scientific research and capability development, services and advice.

The continued existence of CSIRO in its present form and with its present programs is dependent on Government policy and on continuing funding by Parliament for CSIRO's administration and programs.

For the purposes of AASB 127 *Consolidated and Separate Financial Statements*, consolidated accounts are prepared to include subsidiaries (refer Note 1.5).

**1.2 Basis of Preparation of the Financial Statements**

The financial statements are required by Clause 1(b) of Schedule 1 to the *Commonwealth Authorities and Companies Act 1997* and are general purpose financial statements.

The Commonwealth Scientific and Industrial Research Organisation and the Group's Consolidated Financial Statements have been prepared in accordance with:

- Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2011;
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an Accounting Standard or the FMOs, assets and liabilities are recognised in the Balance Sheet when, and only when, it is probable that future economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under Agreements Equally Proportionately Unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments or the Schedule of Contingencies.

Unless alternative treatment is specifically required by an Accounting Standard, income and expenses are recognised in the Statement of Comprehensive Income when, and only when, the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

**1.3 Significant Accounting Judgements and Estimates**

In the process of applying the accounting policies listed in this note, CSIRO has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

- The fair value of properties classified as 'properties held for sale' and 'investment properties' has been taken to be the market value of similar properties as determined by an independent valuer.
- The fair value of land which will continue to be used for research activities, and buildings held for specialised purposes and where there is no readily available market price, fair value has

been taken to be 'existing use value' and 'depreciated replacement cost' respectively, as determined by an independent valuer and CSIRO's registered valuer.

- The fair value of plant and equipment has been taken to be the 'depreciated replacement cost' as determined by an independent valuer.
- The fair value of investments in unlisted companies is based on the generally accepted valuation guidelines 'International Private Equity and Venture Capital Valuation Guidelines'.
- Gains or losses arising from changes in fair value are recognised in reserves or equity with the exception of impairment. Investments in listed companies have been assessed for impairment and the decline in fair value does not represent impairment. Hence, the total decline in fair value is recognised directly in reserves or equity.

#### 1.4 New Australian Accounting Standards

##### Adoption of new Australian Accounting Standard requirements

No Accounting Standard has been adopted earlier than the application date as stated in the standard.

CSIRO has reviewed new standards, revised standards and interpretations/amending standards issued prior to the signing of the financial statements and considers that none of these have had a financial impact.

##### Future Australian Accounting Standard requirements

No new or revised pronouncements were issued by the Australian Accounting Standards Board prior to the finalisation of the financial statements which are expected to have a material financial impact on the entity in future reporting periods.

#### 1.5 Consolidation

AASB 127 (*Consolidated and Separate Financial Statements*) requires a parent entity that is in a group to present consolidated financial statements that consolidate its investments in controlled entities in accordance with AASB 127. The parent and controlled entities apply consistent accounting policies and the effects of all transactions and balances between the entities are eliminated in full. The financial statements of the controlled entities are prepared for the same reporting period as the parent entity.

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by CSIRO as at 30 June 2012 and the results of the controlled entities for the year then ended.

#### 1.6 Revenue

Revenue from sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer
- the entity retains no managerial involvement or effective control over the goods
- the revenue and transaction costs incurred can be reliably measured
- it is probable that the economic benefits associated with the transaction will flow to the entity.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured
- it is probable that the economic benefits associated with the transaction will flow to the entity.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the total costs of the transaction. The balances of contract research and development activities in progress are accounted as either contract research work in progress (Note 15), being the gross unbilled amount expected to be collected from clients for contract research and services performed as at 30 June 2012, or contract research revenue received in advance (Note 18), where revenue for contract research and services received and/or billed exceeded revenue earned.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance. Collectability of debts is reviewed as at the end of reporting period. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government agency or authority as a consequence of a restructuring of administrative arrangements.

Royalties and licence revenue are recognised on an accrual basis in accordance with the substance of the relevant royalty agreements.

Revenue from legal settlements related to intellectual property is recognised on an accrual basis in accordance with the substance of the relevant licensing agreements.

#### Revenues from Government

Funding received from the Australian Government Department of Industry, Innovation, Science, Research and Tertiary Education (appropriated to CSIRO as a CAC Act body payment item) is recognised as Revenue from Government unless they are in the nature of an equity injection or a loan.

### **1.7 Gains**

#### Resources Received Free of Charge

Resources received free of charge are recognised as revenue when, and only when, the fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government agency or authority as a consequence of a restructuring of administrative arrangements.

#### Sale of Assets

Gains from disposal of non-current assets are recognised when control of the asset has passed to the buyer.

### **1.8 Transactions with the Government as Owners**

#### Equity Injections

Amounts that are designated as equity injections for a year are recognised directly in contributed equity in that year.

### **1.9 Research and Development Expenditure and Intellectual Property**

All research and development costs, including costs associated with protecting intellectual property (e.g. patents and trademarks), are expensed as incurred.



#### **1.10 Employee Benefits**

Liabilities for short-term employee benefits (as defined in AASB 119) and termination benefits due within twelve months of the end of the reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rate expected to be paid on settlement of the liability.

Other long-term employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

##### Leave

The liability for employee benefits includes provisions for annual leave, long service leave and severance payments. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will apply at the time the leave is taken, including the employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability at 30 June 2012 for long service leave has been determined by the short hand method and reference to the work of the Australian Government Actuary (AGA). The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

##### Separation and Redundancy

Provision is made for separation and redundancy benefit payments. CSIRO recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

##### Superannuation

Employees of CSIRO are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), or the PSS accumulation plan (PSSap). The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance and Deregulation as an administered item.

CSIRO makes employer contributions to the employee superannuation schemes at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of the Group's employees. CSIRO accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June 2012 represents outstanding contributions for the final fortnight of the year.

#### **1.11 Workers' Compensation**

CSIRO's workers' compensation liability is covered by the premium paid to the Commission for the Safety, Rehabilitation and Compensation of Commonwealth Employees 'Comcare' and no additional provision for liability is required.

#### **1.12 Insurance**

As part of its risk management strategy, CSIRO has insured for risks through the Australian Government's insurable risk managed fund 'Comcover'.

#### **1.13 Cash**

Cash and cash equivalents includes cash on hand and demand deposits in bank accounts with an original maturity of six months or less that are readily convertible to known amounts of cash and subject to insignificant risk of change in value. Cash is recognised at its nominal amount.

## 1.14 Financial Assets

CSIRO classifies its financial assets in the following categories:

- available for sale financial assets
- loans and receivables.

The classification depends on the nature and the purpose of financial assets and is determined at the time of initial recognition.

Financial assets are recognised and derecognised upon trade date.

### Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis.

### Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Available-for-sale financial assets are recorded at fair value. Gains and losses arising from changes in fair value are recognised directly in the reserves (equity) with the exception of impairment losses. Interest is calculated using the effective interest method and foreign exchange gains and losses on monetary assets are recognised directly in profit or loss. Where the asset is disposed of or is determined to be impaired, part (or all) of the cumulative gain or loss previously recognised in the reserve is included in the operating result for the period.

CSIRO has investments in a number of unlisted start-up companies over which it has significant influence or control. These companies have been established for the purpose of commercialisation of CSIRO's intellectual property.

CSIRO also has some investments in companies which have, since initial start-up, been sold to third parties and subsequently listed on the Australian Stock Exchange.

CSIRO's investments in listed and unlisted companies are accounted for in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*, and have been designated as 'available-for-sale' financial assets.

### Fair value of Investments in Listed Companies

The fair value of investments in listed companies has been determined by reference to their closing bid price at the reporting date.

### Fair value of Investments in Unlisted Companies

For investments in unlisted companies where there is no readily available market pricing for the equity instruments, the fair value has been determined by applying valuation techniques in line with the generally accepted valuation guidelines 'International Private Equity and Venture Capital Valuation Guidelines (AVCAL)'.

Where recent transactions for the unlisted companies' equity have taken place, these equity transaction prices are used to value CSIRO's investment.

For unlisted companies that have not had any recent equity transactions, other AVCAL valuation techniques are used such as discounted cash flows and share of net assets.

In addition, independent valuations are performed as at reporting date for unlisted companies that are considered to have a material impact on CSIRO's investment portfolio.

Investments in special purpose entities are either valued at cost or share of net realisable assets since a reliable estimate of fair value cannot be established. These entities have been set up primarily to gain access to research facilities/networks, or to provide services to owners. Hence, there is no 'active



market' for these equity investments. CSIRO is a long-term shareholder and is unlikely to dispose of its interest in these investments.

#### Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market, are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

#### Impairment of Financial Assets

Financial assets are assessed for impairment at each balance sheet date.

*Financial assets held at amortised cost* – if there is objective evidence that an impairment loss has been incurred for loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

*Available-for-sale financial assets* – if there is objective evidence that an impairment loss on an available-for-sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to the Statement of Comprehensive Income.

*Available-for-sale financial assets (held at cost)* – if there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

### **1.15 Financial liabilities**

Financial liabilities are recognised and derecognised upon trade date.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

### **1.16 Acquisition of Assets**

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost or for nominal considerations are initially recognised as assets and revenues at their fair value at the date of acquisition.

### **1.17 Property, Plant and Equipment**

#### Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than \$3,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

#### Revaluations

Following initial recognition at cost, property, plant and equipment, including assets under finance leases are carried at fair value less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure the carrying amount of assets do not differ materially from the assets' fair value as at reporting date. The regularity of valuation depends upon the volatility of movements in the market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under asset revaluation reserve, except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements

for a class of assets are recognised directly through surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Fair value for each class of asset is determined as follows:

- Land, which will continue to be used for research activity, is valued by independent valuers at 'existing use value'. Existing use contemplates the continued use of the asset for the same application as at the date of valuation.
- Buildings and leasehold improvements, which will continue to be used for research activities, are valued by CSIRO's registered valuer at their depreciated replacement cost using current building prices to arrive at current gross replacement cost less accumulated depreciation having regard to the age, condition and suitability for research and development activities. Building valuations include plant, fit-outs, fixtures and fittings, which form an integral part of buildings.
- Plant and equipment which will continue to be used for research activities are valued by independent valuers, at fair value being the lesser of the depreciated replacement or reproduction cost.
- Properties held or identified for sale and investment properties are valued by independent valuers as at reporting date.
- Property, plant and equipment which are purchased from contract research funds and where the control and subsequent sale proceeds are refunded to contributors under the terms of the agreements, are expensed during the year of purchase. Separate records for these assets are maintained and disclosed in Note 25.

#### Depreciation and Amortisation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives using, in all cases, the straight-line method of depreciation. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease. Land is not depreciated.

Depreciation/amortisation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2012	2011
Buildings on freehold land	30 to 50 years	30 to 50 years
Leasehold improvements	Lease term	Lease term
Passenger vehicles	7 years	7 years
Agricultural and transport equipment	3 to 20 years	3 to 20 years
Computing equipment	2 to 5 years	2 to 5 years
Scientific equipment	5 to 20 years	5 to 20 years
Furniture and office equipment	5 to 15 years	5 to 15 years
Workshop equipment	20 to 25 years	20 to 25 years
Research vessel	25 years	25 years
Australia Telescope	15 to 58 years	15 to 58 years

#### Impairment

All assets were assessed for impairment at 30 June 2012. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate

future cash flows, and the asset would be replaced if the entity were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

#### Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

### **1.18 Investment Properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which is based on active market price, adjusted if necessary, for any difference in nature, location or condition of the specific asset at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are recognised in the profit or loss in the year in which they arise.

Investment properties are derecognised either when they have been disposed or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on disposal of an investment property are recognised in profit or loss in the year of disposal.

### **1.19 Intangibles**

Intangibles comprise internally developed and acquired software for internal use. These assets are carried at cost, less accumulated amortisation and impairment losses, except where the estimated cost of software is less than the \$250,000 threshold and expensed in the year of acquisition.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of software are 2 to 10 years (2010–11 2 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2012.

### **1.20 Inventories**

Inventories held for sale represent books, CD-ROMs and videos of publishing and media products. They are valued at the lower of cost and net realisable value.

### **1.21 Consumable Stores**

Stocks of consumable stores, which are not held for resale, are expensed in the year of purchase. These stores mainly consist of fuel and lubricants, chemical supplies, maintenance materials and stationery. The total value is not considered material in terms of total expenditures or total assets.

### **1.22 Leases**

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains all such risks and benefits.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.



### 1.23 Foreign Currency Transactions

Transactions denominated in a foreign currency are translated at the exchange rate prevailing at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates prevailing at reporting date. Foreign currency translation gains and losses are recognised in the operating result. The Group has not entered into specific forward exchange contracts during the reporting period.

### 1.24 Taxation/Competitive Neutrality

#### Taxation

In accordance with Section 53 of the *Science and Industry Research Act 1949*, CSIRO is exempt from all forms of Australian taxation except fringe benefits tax (FBT) and the goods and services tax (GST). The Organisation pays applicable taxes in overseas countries.

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office
- for receivables and payables.

The Science Industry Endowment Fund is exempt from income tax in Australia. WLAN Services Pty Ltd is subject to all applicable taxes in Australia.

#### Competitive Neutrality

The Australian Government *Competitive Neutrality Guidelines for Managers* require government bodies to operate with no net competitive advantages over private sector competitors. CSIRO's competitive neutrality policy is applied to consulting and services. Neutrality is achieved by incorporating tax equivalence and rate of return components in pricing of these services.

### 1.25 Joint Ventures

#### Joint Venture Operations – Cooperative Research Centres (CRCs)

The proportionate interests in CRCs regarded as joint venture operations are disclosed in the financial statements under appropriate headings. Their primary source of funding is from the Australian Government and funding is progressively drawn down over the life of the CRCs and distributed to participants, including CSIRO and universities, for research and development purposes. CSIRO's contributions to the CRCs are expensed as incurred and funds received from CRCs are recognised as revenue to the extent that work has been performed in the Statement of Comprehensive Income. CSIRO is a participant in 24 CRCs and the names of these CRCs are disclosed in Note 24.

#### Joint Venture Entities – Unincorporated (Refer Note 8)

*Murray-Darling Freshwater Research Centre (MDFRC)* – CSIRO's 33.3% interest in the MDFRC is accounted for using the equity method.

### 1.26 Borrowing Costs

All borrowing costs are expensed as incurred.

### 1.27 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Balance Sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent a liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

### 1.28 Properties Held for Sale

Properties which are expected to be recovered primarily through sale rather than through continuing use are classified as 'properties held for sale'. Immediately before classification, the properties are remeasured in accordance with the Group's accounting policies. Thereafter, at reporting date the properties are measured at the lower of their carrying amount and fair value less cost to sell.

Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in the Statement of Comprehensive Income.

**1.29 Presentation of Financial Statements**

CSIRO presents in the consolidated Statement of Changes in Equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated Statement of Comprehensive Income.

**1.30 Related Party Disclosure**

Related entity values disclosed in Notes 4.1 – Sale of goods and rendering of services; Note 7 – Trade and other receivables, Note 17 – Trade creditors and accruals; and Note 35 – Reporting of outcome, reflect business transactions between CSIRO and other FMA and CAC Act agencies.

**Note 2 Events after the Balance Sheet Date**

At the time of completion of this note, the Group is not aware of any significant events occurring after the reporting date.



Note 3 Expenses	Notes	Consolidated		CSIRO	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>3.1 Employee benefits</b>					
Wages and salaries		538,705	534,725	537,285	534,534
Superannuation – defined contribution plans		83,940	82,559	83,929	82,546
Leave and other entitlements		118,047	97,827	118,047	97,827
Separation and redundancies		9,418	13,763	9,418	13,763
<b>Gross employee benefits</b>		<b>750,110</b>	<b>728,874</b>	<b>748,679</b>	<b>728,670</b>
Less					
Capitalised labour		(9,976)	(10,623)	(9,976)	(10,623)
Employee cost recovery from subsidiary companies		(226)	-	(226)	-
<b>Total employee benefits</b>		<b>739,908</b>	<b>718,251</b>	<b>738,477</b>	<b>718,047</b>
<b>3.2 Suppliers</b>					
<b>Goods and services</b>					
Goods		135,283	118,737	135,283	118,737
Services		247,741	245,612	246,105	245,258
<b>Total goods and services</b>		<b>383,024</b>	<b>364,349</b>	<b>381,388</b>	<b>363,995</b>
<b>Goods and services are made up of:</b>					
Provision of goods – related entities		-	-	-	-
Provision of goods – external entities		135,283	129,360	135,283	129,360
Rendering of services – related entities		31,197	24,488	31,197	24,488
Rendering of services – external entities		216,544	210,501	214,908	210,147
<b>Total goods and services</b>		<b>383,024</b>	<b>364,349</b>	<b>381,388</b>	<b>363,995</b>
<b>Other supplier expenses</b>					
Operating lease rentals:					
Minimum lease payments		12,302	14,264	12,302	14,264
Workers compensation expenses		2,032	1,769	2,032	1,767
<b>Total other supplier expenses</b>		<b>14,334</b>	<b>16,033</b>	<b>14,334</b>	<b>16,031</b>
<b>Total supplier expenses</b>		<b>397,358</b>	<b>380,382</b>	<b>395,722</b>	<b>380,026</b>
<b>3.3 Depreciation and amortisation</b>					
<b>Depreciation</b>					
Plant and equipment		45,029	41,706	45,029	41,706
Buildings and leasehold improvements		69,413	56,588	69,413	56,588
<b>Total depreciation</b>		<b>114,442</b>	<b>98,294</b>	<b>114,442</b>	<b>98,294</b>
<b>Amortisation</b>					
Intangibles – computer software		4,242	3,434	4,242	3,434
<b>Total depreciation and amortisation</b>		<b>118,684</b>	<b>101,728</b>	<b>118,684</b>	<b>101,728</b>
<b>3.4 Finance costs</b>					
Finance leases		3,271	3,266	3,271	3,266

Note 3 Expenses (cont)	Notes	Consolidated		CSIRO	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>3.5 Write-down and impairment of assets</b>					
Assets write downs and impairments from:					
Bad debts		279	87	279	87
Increase/(decrease) in allowance for impairment of receivable		540	(34)	540	(34)
Impairment of available for sale investments		17,699	7,825	17,699	7,825
Net impairment loss on revaluation of properties held for sale and investment properties		578	4,683	578	4,683
Net realisation of fair value loss reserve on available for sale investments		261	13,040	261	13,040
<b>Total write-down and impairment of assets</b>		<b>19,357</b>	<b>25,601</b>	<b>19,357</b>	<b>25,601</b>
<b>3.6 Net foreign exchange losses</b>					
Non-speculative		-	2,448	-	2,448

	Notes	Consolidated		CSIRO	
		2012	2011	2012	2011
		\$'000	\$'000	\$'000	\$'000
<b>Note 4 Income</b>					
<b>4.1 Sale of goods and rendering of services</b>					
Provision of goods – related entities		-	-	-	-
Provision of goods – external entities		13,165	13,379	13,165	13,379
<b>Total sale of goods</b>		<b>13,165</b>	<b>13,379</b>	<b>13,165</b>	<b>13,379</b>
Rendering of services – related entities		145,840	141,221	145,840	141,221
Rendering of services – external entities		239,779	255,076	251,813	263,477
<b>Total rendering of services</b>		<b>385,619</b>	<b>396,297</b>	<b>397,653</b>	<b>404,698</b>
<b>Total sale of goods and rendering of services</b>		<b>398,784</b>	<b>409,676</b>	<b>410,818</b>	<b>418,077</b>
<b>4.2 Interest</b>					
Bank and term deposits		17,890	15,174	9,195	8,729
<b>4.3 Royalties and licence fees</b>					
Royalties and licence fees <sup>1</sup>		278,516	29,237	278,516	29,237
<b>4.4 Other revenues</b>					
Sale of primary produce		1,404	1,333	1,404	1,333
Donation		29	524	29	524
Capital contributions		14,301	2,149	14,301	2,149
Education programs and subscriptions		3,471	3,400	3,471	3,400
Other		19,010	23,360	19,509	24,051
<b>Total other revenues</b>		<b>38,215</b>	<b>30,766</b>	<b>38,714</b>	<b>31,457</b>

<sup>1</sup>In April 2012, CSIRO concluded a number of licence agreements related to the wireless networking technology patent with licensing proceeds to be received by CSIRO across the 2011-12 to 2013-14 financial years. CSIRO and the Commonwealth Government are discussing how to share the cash proceeds as they are received which may result in a reduction of Net Assets of up to \$80 million over 2012-13 and 2013-14.

Note 4 Income (cont)	Notes	Consolidated		CSIRO	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>4.5 Net gain/(loss) from sale of assets</b>					
<b>Equity investment and intellectual property</b>					
Proceeds from sale of equity investments		-	3,775	-	3,775
Proceeds from sale of intellectual property	30	30	2,915	30	2,915
Total proceeds	30	30	6,690	30	6,690
Carrying value of assets sold	-	-	(1,860)	-	(1,860)
Selling expenses	-	-	(8)	-	(8)
<b>Net gain/(loss) from equity investment and intellectual property</b>	30	30	4,822	30	4,822
<b>Land and buildings</b>					
Proceeds from sale	11,102	11,102	40,204	11,102	40,204
Carrying value of assets sold	(9,751)	(9,751)	(34,140)	(9,751)	(34,140)
Selling expenses	(89)	(89)	(4,854)	(89)	(4,854)
<b>Net gain/(loss) from sale of land and buildings</b>	1,262	1,262	1,210	1,262	1,210
<b>Plant and equipment</b>					
Proceeds from sale	594	594	692	594	692
Carrying value of assets sold	(1,463)	(1,463)	(1,772)	(1,463)	(1,772)
Selling expenses	(14)	(14)	(12)	(14)	(12)
<b>Net gain/(loss) from sale of plant and equipment</b>	(883)	(883)	(1,092)	(883)	(1,092)
<b>Total net gain/(loss) from sale of assets</b>	409	409	4,940	409	4,940
<b>4.6 Net foreign exchange gains</b>					
Non-speculative	5,127	5,127	-	5,127	-
<b>4.7 Other gains</b>					
Net realisation of fair value gain reserve on available for sale investments	-	-	140	-	140
<b>4.8 Revenue from Government</b>					
Department of Industry, Innovation, Science, Research and Tertiary Education					
CAC Act body payment item	724,939	724,939	720,415	724,939	720,415

Notes	Consolidated		CSIRO	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
<b>Note 5 Other comprehensive income</b>				
<b>5.1 Changes in asset revaluation reserves</b>				
Revaluation of plant and equipment	695	-	695	-
Revaluation of land and buildings	719	227,503	719	227,503
<b>Net decrease in asset revaluation reserves</b>	<b>1,414</b>	<b>227,503</b>	<b>1,414</b>	<b>227,503</b>
<b>5.2 Change in other reserve</b>				
Net change in fair value gain/(loss) of available for sale investments	(401)	1,452	(401)	1,452
Realisation of fair value loss on sale and impairment of available for sale investment	261	12,900	261	12,900
<b>Net increase/(decrease) in other reserve</b>	<b>(140)</b>	<b>14,352</b>	<b>(140)</b>	<b>14,352</b>
<b>Note 6 Cash and cash equivalents</b>				
Cash at bank and on hand	35,755	36,874	35,713	36,490
Term deposits	345,932	271,604	205,263	125,000
<b>Total cash and cash equivalents</b>	<b>381,687</b>	<b>308,478</b>	<b>240,976</b>	<b>161,490</b>

Total cash includes deposits held on behalf of third parties totalling \$7.1 million (2011 \$6.5 million).

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#### Note 7 Trade and other receivables

##### Goods and services:

Goods and services – related entities	13,232	17,504	13,232	23,017
Goods and services – external entities	62,915	63,287	62,915	57,774
<b>Total receivable for goods and services</b>	<b>76,147</b>	<b>80,791</b>	<b>76,147</b>	<b>80,791</b>

##### Other receivables:

GST receivable from the ATO	1,103	-	771	-
Interest	3,376	1,351	1,799	569
Other receivables	168,785	7,833	170,502	8,115
<b>Total other receivables (gross)</b>	<b>173,264</b>	<b>9,184</b>	<b>173,072</b>	<b>8,684</b>
<b>Total trade and other receivables (gross)</b>	<b>249,411</b>	<b>89,975</b>	<b>249,219</b>	<b>89,475</b>
Less impairment allowance:				
Goods and services	(1,527)	(987)	(1,527)	(987)
<b>Total trade and other receivables (net)</b>	<b>247,884</b>	<b>88,988</b>	<b>247,692</b>	<b>88,488</b>

Receivables are expected to be recovered in:

No more than 12 months	178,546	88,988	178,354	88,488
More than 12 months	69,338	-	69,338	-
<b>Total trade and other receivables (net)</b>	<b>247,884</b>	<b>88,988</b>	<b>247,692</b>	<b>88,488</b>



Notes	Consolidated		CSIRO	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Note 7 Trade and other receivables (cont)</b>				
Receivables are aged as follows:				
Not overdue	238,224	77,029	238,032	76,529
Overdue by:				
0 to 30 days	7,736	10,435	7,736	10,435
31 to 60 days	1,647	901	1,647	901
61 to 90 days	311	553	311	553
More than 90 days	1,493	1,057	1,493	1,057
<b>Total receivables (gross)</b>	<b>249,411</b>	<b>89,975</b>	<b>249,219</b>	<b>89,475</b>
The impairment allowance is aged as follows:				
Not overdue	68	-	68	-
Overdue by:				
0 to 30 days	27	-	27	-
31 to 60 days	27	-	27	-
61 to 90 days	29	-	29	-
More than 90 days	1,376	987	1,376	987
<b>Total impairment allowance</b>	<b>1,527</b>	<b>987</b>	<b>1,527</b>	<b>987</b>
<b>Reconciliation of impairment allowance:</b>				
	Consolidated		CSIRO	
	Goods and		Goods and	
	services		services	
	\$'000		\$'000	
<b>Movements in relation to 2012</b>				
Opening balance		987		987
Increase recognised in net surplus		540		540
<b>Closing balance</b>		<b>1,527</b>		<b>1,527</b>
<b>Movements in relation to 2011</b>				
Opening balance		1,021		1,021
Decrease recognised in net deficit		(34)		(34)
<b>Closing balance</b>		<b>987</b>		<b>987</b>

**Note 8 Investments accounted for using the equity method**

**Murray-Darling Fresh Water Research Centre**

Consolidated		CSIRO	
2012	2011	2012	2011
\$'000	\$'000	\$'000	\$'000
399	389	399	389

Movements of the carrying amount of investment in the MDFRC joint venture entity are as follows:

Carrying amount at beginning of the financial year	389	573	389	573
Share of MDFRC's net operating surplus/(deficit) for the year	3	(85)	3	(85)
Adjustment based on audited accounts	7	(99)	7	(99)
Adjusted share of MDFRC's net operating surplus/(deficit) for the year	10	(184)	10	(184)
<b>Carrying amount of investment in MDFRC as at 30 June</b>	<b>399</b>	<b>389</b>	<b>399</b>	<b>389</b>

**Murray-Darling Fresh Water Research Centre (MDFRC)**

The Murray-Darling Fresh Water Research Centre is a collaborative joint venture for the purpose of Murray-Darling Basin Freshwater Research to support the generation of knowledge required to ensure the sustainable management of water and associated environmental resources of the Murray-Darling Basin.

CSIRO's 33.3% (2011 33.3%) investment in MDFRC is accounted for using the equity method. In accordance with the joint venture agreement, the operating surplus/(deficit) was shared by participants in the joint venture. CSIRO's share of MDFRC's operating surplus was \$2,300 (2011 \$77,300 deficit).

# **Note 8 Investments accounted for using the equity method (cont)**

The following is a summary of the financial performance and position of MDFRC:

	Total Revenues	Net Operating deficit	Total Assets	Total Liabilities	Net Assets
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2012</b>					
MDFRC (unaudited)	5,347	7	3,151	1,967	1,184
<b>2011</b>					
MDFRC (audited)	6,270	(232)	3,374	2,183	1,191

No indicators of impairment were found for investments accounted for using the equity method.

No investments accounted for using the equity method are expected to be sold within the next 12 months.

	Notes	Consolidated		CSIRO	
		2012	2011	2012	2011
		\$'000	\$'000	\$'000	\$'000
<b>Note 9 Other investments</b>					
At fair value classified as available for sale investments.	1.14				
<b>Shares (or equity investments)</b>					
Listed companies		5,166	10,461	5,166	10,461
Unlisted companies		11,676	21,508	11,676	21,508
Other investment		300	-	300	-
<b>Total investments</b>		<b>17,142</b>	<b>31,969</b>	<b>17,142</b>	<b>31,969</b>

All other investments are expected to be recovered in more than 12 months.

Notes	Consolidated		CSIRO	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
<b>Note 10 Land and buildings</b>				
<b>Freehold land – fair value</b>	<b>378,593</b>	<b>386,572</b>	<b>378,593</b>	<b>386,572</b>
<b>Buildings on freehold land</b>				
– fair value	1,683,384	1,666,384	1,683,384	1,666,384
– accumulated depreciation	(934,376)	(887,366)	(934,376)	(887,366)
	749,008	779,018	749,008	779,018
– work in progress	25,396	14,336	25,396	14,336
<b>Total buildings on freehold land</b>	<b>774,404</b>	<b>793,354</b>	<b>774,404</b>	<b>793,354</b>
<b>Leasehold improvements</b>				
– fair value	354,515	351,503	354,515	351,503
– accumulated depreciation	(107,348)	(93,638)	(107,348)	(93,638)
	247,167	257,865	247,167	257,865
– work in progress	56,420	28,789	56,420	28,789
<b>Total leasehold improvements</b>	<b>303,587</b>	<b>286,654</b>	<b>303,587</b>	<b>286,654</b>
<b>Buildings under finance lease</b>				
– fair value	188,689	188,890	188,689	188,890
– accumulated depreciation	(63,528)	(56,867)	(63,528)	(56,867)
<b>Total buildings under finance lease</b>	<b>125,161</b>	<b>132,023</b>	<b>125,161</b>	<b>132,023</b>
<b>Total land and buildings</b>	<b>1,581,745</b>	<b>1,598,603</b>	<b>1,581,745</b>	<b>1,598,603</b>

All revaluations are conducted in accordance with the revaluation policy stated in Note 1.17. Land and buildings were revalued as at 30 June 2011 by a panel of independent valuers. The primary valuer was CB Richard Ellis. No indicators of impairment were identified for land and buildings.

No land or buildings are expected to be sold or disposed of within the next 12 months.



	Notes	Consolidated		CSIRO	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Note 11 Plant and equipment</b>					
<b>Plant and equipment</b>					
– fair value		760,519	766,377	760,519	766,377
– accumulated depreciation		(463,677)	(463,739)	(463,677)	(463,739)
		296,842	302,638	296,842	302,638
– work in progress		102,310	61,263	102,310	61,263
<b>Total plant and equipment</b>		<b>399,152</b>	<b>363,901</b>	<b>399,152</b>	<b>363,901</b>
<b>Research vessel</b>					
– fair value		80,453	15,178	80,453	15,178
– accumulated depreciation		(75,012)	(11,458)	(75,012)	(11,458)
		5,441	3,720	5,441	3,720
– work in progress		42,233	13,320	42,233	13,320
<b>Total research vessel</b>		<b>47,674</b>	<b>17,040</b>	<b>47,674</b>	<b>17,040</b>
<b>Plant and equipment under finance lease</b>					
– fair value		90	1,890	90	1,890
– accumulated depreciation		(65)	(1,686)	(65)	(1,686)
<b>Total plant and equipment under finance lease</b>		<b>25</b>	<b>204</b>	<b>25</b>	<b>204</b>
<b>Total plant and equipment</b>		<b>446,851</b>	<b>381,145</b>	<b>446,851</b>	<b>381,145</b>

All revaluations are conducted in accordance with the revaluation policy stated in Note 1.17. Plant and equipment were revalued as at 30 June 2012 by the Australian Valuation Office.

No indicators of impairment were identified for plant and equipment.

Notes 10 – 11 Land and buildings and plant and equipment (cont)

(a) Reconciliation of the opening and closing balances of Land and Buildings, Plant and Equipment (2011–12) – Consolidated

	Land	Buildings	Total Land and Buildings	Plant and Equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2011</b>					
Gross book value	386,572	2,249,902	2,636,474	858,028	3,494,502
Accumulated depreciation and impairment	-	(1,037,871)	(1,037,871)	(476,883)	(1,514,754)
<b>Net book value as at 1 July 2011</b>	<b>386,572</b>	<b>1,212,031</b>	<b>1,598,603</b>	<b>381,145</b>	<b>1,979,748</b>
<b>Additions:</b>					
By purchase	-	65,669	65,669	111,503	177,172
Reclassification	(8,177)	(5,654)	(13,831)	-	(13,831)
Revaluation and impairments	200	519	719	695	1,414
Depreciation expense	-	(69,413)	(69,413)	(45,029)	(114,442)
Disposals	(2)	-	(2)	(1,463)	(1,465)
<b>Net book value as at 30 June 2012</b>	<b>378,593</b>	<b>1,203,152</b>	<b>1,581,745</b>	<b>446,851</b>	<b>2,028,596</b>

Net book value as at 30 June 2012 represented by:

Gross book value	378,593	2,308,404	2,686,997	985,605	3,672,602
Accumulated depreciation and impairment	-	(1,105,252)	(1,105,252)	(538,754)	(1,644,006)
<b>Net book value as at 30 June 2012</b>	<b>378,593</b>	<b>1,203,152</b>	<b>1,581,745</b>	<b>446,851</b>	<b>2,028,596</b>

Notes 10 – 11 Land and buildings and plant and equipment (cont)

(a) Reconciliation of the opening and closing balances of Land and Buildings, Plant and Equipment (2010–11) – Consolidated

	Land	Buildings	Total Land and Buildings	Plant and Equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2010</b>					
Gross book value	369,587	2,253,523	2,623,110	791,947	3,415,057
Accumulated depreciation and impairment	-	(1,256,363)	(1,256,363)	(461,630)	(1,717,993)
<b>Net book value as at 1 July 2010</b>	<b>369,587</b>	<b>997,160</b>	<b>1,366,747</b>	<b>330,317</b>	<b>1,697,064</b>
<b>Additions:</b>					
By purchase	-	64,001	64,001	94,622	158,623
Reclassification	-	-	-	(318)	(318)
Revaluation and impairments	18,085	209,418	227,503	-	227,503
Depreciation expense	-	(56,588)	(56,588)	(41,706)	(98,294)
Disposals	(1,100)	(1,960)	(3,060)	(1,770)	(4,830)
<b>Net book value as at 30 June 2011</b>	<b>386,572</b>	<b>1,212,031</b>	<b>1,598,603</b>	<b>381,145</b>	<b>1,979,748</b>
<b>Net book value as at 30 June 2011 represented by:</b>					
Gross book value	386,572	2,249,902	2,636,474	858,028	3,494,502
Accumulated depreciation and impairment	-	(1,037,871)	(1,037,871)	(476,883)	(1,514,754)
<b>Net book value as at 30 June 2011</b>	<b>386,572</b>	<b>1,212,031</b>	<b>1,598,603</b>	<b>381,145</b>	<b>1,979,748</b>

	Notes	Consolidated		CSIRO	
		2012	2011	2012	2011
		\$'000	\$'000	\$'000	\$'000
Note 12 Investment properties					
Investment properties – fair value	1.18	52,000	50,950	52,000	50,950
Reconciliation of the opening and closing balances of investment properties					
As at 1 July		50,950	50,665	50,950	50,665
Net gain from fair value adjustments		1,050	285	1,050	285
Net book value as at 30 June		52,000	50,950	52,000	50,950

As at 30 June 2012 investment properties comprise properties that are leased to third parties. The lease contains an initial non-cancellable period of ten years. No contingent rents are charged. Rental income from investment properties was \$2.8 million (2011 \$2.1 million). No separate record was maintained on direct operating expenses including repairs and maintenance for those investment properties. Fair value gain on investment properties for the year was \$1.1 million (2011 \$285,000).

No indicators of impairment were identified for investment properties.

#### Note 13 Intangibles

Computer software	1.19				
Internally developed – in use		40,410	35,337	40,410	35,337
Internally developed – in progress		2,549	3,015	2,549	3,015
		42,959	38,352	42,959	38,352
Accumulated amortisation		(14,248)	(10,006)	(14,248)	(10,006)
<b>Total intangibles</b>		<b>28,711</b>	<b>28,346</b>	<b>28,711</b>	<b>28,346</b>

No indicators of impairment were identified for intangible assets.

No intangibles are expected to be sold or disposed of within the next 12 months.



**Note 13 Intangibles (cont)**

**(a) Reconciliation of opening and closing balances of Intangibles (2011–12) – Consolidated**

	Internally developed software \$'000	Total \$'000
<b>As at 1 July 2011</b>		
Gross book value	38,352	38,352
Accumulated amortisation and impairment	(10,006)	(10,006)
<b>Net book value as at 1 July 2011</b>	<b>28,346</b>	<b>28,346</b>
Additions by purchase or internally developed	4,607	4,607
Amortisation	(4,242)	(4,242)
<b>Net book value as at 30 June 2012</b>	<b>28,711</b>	<b>28,711</b>
<b>Net book value as at 30 June 2012 represented by:</b>		
Gross book value	42,959	42,959
Accumulated amortisation and impairment	(14,248)	(14,248)
<b>Net book value as at 30 June 2012</b>	<b>28,711</b>	<b>28,711</b>

**(b) Reconciliation of opening and closing balances of Intangibles (2010–11) – Consolidated**

	Internally developed software \$'000	Total \$'000
<b>As at 1 July 2010</b>		
Gross book value	33,481	33,481
Accumulated amortisation and impairment	(6,675)	(6,675)
<b>Net book value as at 1 July 2010</b>	<b>26,806</b>	<b>26,806</b>
Additions by purchase or internally developed	4,656	4,656
Reclassification	318	318
Amortisation	(3,434)	(3,434)
<b>Net book value as at 30 June 2011</b>	<b>28,346</b>	<b>28,346</b>
<b>Net book value as at 30 June 2011 represented by:</b>		
Gross book value	38,352	38,352
Accumulated amortisation and impairment	(10,006)	(10,006)
<b>Net book value as at 30 June 2011</b>	<b>28,346</b>	<b>28,346</b>

	Notes	Consolidated		CSIRO	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Note 14 Inventories held for sale</b>					
Books and media products – at lower of cost and net realisable value	1.20	1,163	1,010	1,163	1,010

No items of inventory were recognised at fair value less cost to sell.

All inventory is expected to be sold in the next 12 months.

**Note 15 Other non-financial assets**

Contract research work in progress – at cost	1.6	34,199	32,272	34,199	32,272
Other prepayments		7,897	8,590	7,895	8,590
<b>Total other non-financial assets</b>		<b>42,096</b>	<b>40,862</b>	<b>42,094</b>	<b>40,862</b>

No indicators of impairment were identified for other non-financial assets.

All other non-financial assets are expected to be recovered in no more than 12 months.

**Note 16 Properties held for sale**

<b>Properties held for sale</b>	1.28	<b>14,319</b>	<b>11,865</b>	<b>14,319</b>	<b>11,865</b>
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**Reconciliation of the opening and closing balances of properties held for sale**

<b>As at 1 July</b>		11,865	47,913	11,865	47,913
Additions		-	-	-	-
Reclassification		13,831	-	13,831	-
Disposals		(9,749)	(31,080)	(9,749)	(31,080)
Impairment loss on revaluation		(1,628)	(4,968)	(1,628)	(4,968)
<b>Net book value as at 30 June</b>		<b>14,319</b>	<b>11,865</b>	<b>14,319</b>	<b>11,865</b>

Balance as at 30 June 2012 represents properties identified as surplus to CSIRO and classified as 'held for sale'. These properties have been valued by independent valuers. They are expected to be sold in the market and settled within the next 12 months. An impairment loss of \$1.6 million on the re-measurement of properties held for sale to the lower of their carrying amount and fair value cost to sell, has been recognised in the Statement of Comprehensive Income (2011 impairment loss \$4.9 million).

	Notes	Consolidated		CSIRO	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Note 17 Suppliers</b>					
<b>Trade creditors and accruals</b>		<b>72,152</b>	<b>84,195</b>	<b>70,438</b>	<b>83,750</b>
Supplier payable expected to be settled within 12 months.					
Related entities		1,241	1,170	1,241	1,170
External entities		70,911	83,025	69,197	82,580
		<b>72,152</b>	<b>84,195</b>	<b>70,438</b>	<b>83,750</b>
Settlement is usually made within 30 days.					
<b>Note 18 Other payables</b>					
Accrued salaries and wages		23,749	20,273	22,310	20,032
Redundancies		5,836	3,349	5,836	3,349
Contract research revenue received in advance	1.6	106,370	96,648	106,370	96,648
Other revenue received in advance		19,869	26,105	19,869	26,105
Other creditors and accrued expenses		15,241	5,574	18,010	5,828
GST payable to ATO		-	1,199	-	1,569
<b>Total other payables</b>		<b>171,065</b>	<b>153,148</b>	<b>172,395</b>	<b>153,531</b>
All other payables are expected to be settled within 12 months.					
<b>Note 19 Leases</b>					
Finance leases		61,033	65,200	61,033	65,200
<b>Total finance leases</b>		<b>61,033</b>	<b>65,200</b>	<b>61,033</b>	<b>65,200</b>
Payable:					
Within one year					
Minimum lease payments		7,034	7,082	7,034	7,082
Deduct: future finance charges		(2,756)	(2,915)	(2,756)	(2,915)
<b>Total payable within one year (current)</b>		<b>4,278</b>	<b>4,167</b>	<b>4,278</b>	<b>4,167</b>
In one to five years					
Minimum lease payments		28,062	28,449	28,062	28,449
Deduct: future finance charges		(9,195)	(9,961)	(9,195)	(9,961)
<b>Total payable in one to five years</b>		<b>18,867</b>	<b>18,488</b>	<b>18,867</b>	<b>18,488</b>
In more than five years					
Minimum lease payments		45,089	51,737	45,089	51,737
Deduct: future finance charges		(7,201)	(9,192)	(7,201)	(9,192)
<b>Total payable in more than five years</b>		<b>37,888</b>	<b>42,545</b>	<b>37,888</b>	<b>42,545</b>
<b>Total finance leases recognised on the Balance Sheet</b>		<b>61,033</b>	<b>65,200</b>	<b>61,033</b>	<b>65,200</b>

Finance leases exist in relation to certain buildings and major equipment assets. The leases are non-cancellable and for fixed terms ranging from 2 to 25 years. CSIRO guarantees the residual values of all assets leased. There are no contingent rentals. The interest rate implicit in the leases averaged 5% per annum (2011 5% per annum). The lease liabilities are secured by the lease assets.

	Notes	Consolidated		CSIRO	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Note 20 Deposits</b>					
<b>Deposits</b>		<b>7,130</b>	<b>6,472</b>	<b>7,130</b>	<b>6,472</b>
Deposits represent monies held on behalf of the following third parties:					
Cooperative Research Centres		-	250	-	250
Goyder Trust		5,566	4,820	5,566	4,820
Others		1,564	1,402	1,564	1,402
<b>Total deposits</b>		<b>7,130</b>	<b>6,472</b>	<b>7,130</b>	<b>6,472</b>
All deposits are expected to be settled within the next 12 months.					
<b>Note 21 Employee provisions</b>					
Annual leave		63,816	59,922	63,816	59,922
Long service leave		176,532	139,494	176,532	139,494
Severance pay		6,506	6,148	6,506	6,148
<b>Total employee provisions</b>		<b>246,854</b>	<b>205,564</b>	<b>246,854</b>	<b>205,564</b>
Employee provisions are expected to be settled in:					
No more than 12 months		223,391	187,635	223,391	187,635
More than 12 months		23,463	17,929	23,463	17,929
<b>Total employee provisions</b>		<b>246,854</b>	<b>205,564</b>	<b>246,854</b>	<b>205,564</b>



	Notes	Consolidated		CSIRO	
		2012	2011	2012	2011
		\$'000	\$'000	\$'000	\$'000
Note 22 Cash flow reconciliation					
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement					
Cash and cash equivalents as per:					
Cash Flow Statement		381,687	308,478	240,976	161,490
Balance Sheet	6	381,687	308,478	240,976	161,490
Difference		-	-	-	-
Reconciliation of net cost of services to net cash from operating activities:					
Net cost of service		(531,384)	(733,917)	(524,479)	(730,710)
Add revenue from Government		724,939	720,415	724,939	720,415
Share of net operating surplus/(deficit) of joint venture accounted for using the equity method		10	(184)	10	(184)
Adjustments for non-cash items					
Depreciation and amortisation		118,684	101,728	118,684	101,728
Net write-down and impairment of assets		19,357	25,601	19,357	25,601
(Gains)/loss from sale of property, plant and equipment		(379)	(118)	(379)	(118)
(Gains)/loss from sale of equity investments and intellectual property		(30)	(4,822)	(30)	(4,822)
Realisation of fair value gain reserve on available for sale investments		-	(140)	-	(140)
Changes in assets/liabilities					
(Increase)/decrease in trade and other receivables		(157,793)	12,424	(158,433)	11,629
(Increase)/decrease in inventories		(153)	143	(153)	143
(Increase)/decrease in other non-financial assets		(1,234)	1,175	(1,232)	1,175
(Increase)/decrease in GST receivable		(1,103)	726	(771)	429
Increase/(decrease) in GST payable		(1,199)	1,199	(1,569)	1,569
Increase/(decrease) in employee liabilities		41,290	16,453	41,290	16,453
Increase/(decrease) in supplier payables		(12,043)	(10,746)	(13,312)	(11,561)
Increase/(decrease) in other payables		19,116	(4,607)	20,433	(54,694)
Increase/(decrease) in deposits-liabilities		658	4,010	658	4,010
Net cash from operating activities		218,736	129,340	225,013	80,923

Notes	Consolidated		CSIRO	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Note 23 Contingent liabilities and assets</b>				
<b>Quantifiable Contingencies</b>				
<b>Contingent assets</b>				
Under a number of commercial agreements, the Group has receivable assets, to be received at a future date upon the conditions of the agreements being met. At this stage, it is too early to determine whether the conditions of the agreements will be met and predict when the amounts will be received.				
Bank guarantees received from suppliers.	4,597	-	4,597	-
Bank guarantees received against a convertible note.	1,200	-	1,200	-
Anticipated net insurance claims.	1,863	-	1,863	-
<b>Total contingent assets</b>	<b>7,660</b>	<b>-</b>	<b>7,660</b>	<b>-</b>
<b>Contingent liabilities</b>				
Estimated legal claims arising from employment, motor vehicle accidents, commercial and patent disputes. The Group has denied liability and is defending the claims. The estimate is based on precedent in such cases.	(300)	(300)	(300)	(300)
Financial guarantee for a bank loan.	-	(17)	-	(17)
Financial guarantee for an export agreement.	(45)	-	(45)	-
<b>Total contingent liabilities</b>	<b>(345)</b>	<b>(317)</b>	<b>(345)</b>	<b>(317)</b>
<b>Total net contingent asset/(liability)</b>	<b>7,315</b>	<b>(317)</b>	<b>7,315</b>	<b>(317)</b>

#### Unquantifiable contingencies

CSIRO is currently involved in a legal proceeding in the USA related to a wireless local area network (WLAN) patent which it owns and has licensed broadly. The proceeding is additional to proceedings settled by CSIRO in 2009 and in March/April 2012. It involves claims and counterclaims related to patent infringement, patent validity and related matters. Trial is set for January 2014. If successful, CSIRO expects to receive significant revenue which would exceed the associated legal cost. At this stage, the revenue and costs are considered unquantifiable.

## 24 Joint ventures – Cooperative Research Centres (CRCs)

CSIRO was a party to 24 CRCs during 2011–12.

All CRCs have been classified as joint venture operations as the purpose is for the pursuit of collaborative scientific research where participants share in the scientific outcomes and outputs of the CRCs. In the event that CRC research results in a move to commercialisation, a separate legal entity is established and the CSIRO's share of the new entity is treated either as subsidiary, joint venture or associate in the Balance Sheet as appropriate.

CSIRO's total cash and in-kind contribution (e.g. staff and use of assets) to CRCs from its own resources was \$26.8 million for the year (2011 \$33.8 million). Contributions made by CSIRO are expensed as incurred and these are included in the Statement of Comprehensive Income.

No contingent liabilities were reported by the CRCs in which CSIRO is a participant.

CSIRO is a participant in the following CRCs as at 30 June 2012

<b>Name of CRC</b>	<b><u>Expected Termination date</u></b>
Advanced Automotive Technology CRC	30/06/12
Advanced Manufacturing CRC	30/06/14
Antarctic Climate and Ecosystems CRC	30/06/17
Australasian Invasive Animals CRC	30/06/12
Australian Poultry CRC	30/06/17
Australian Seafood CRC	30/06/14
Beef Genetic Technologies CRC	30/06/12
Bushfire CRC	30/06/13
CRC for Cancer Therapeutics	30/06/14
CAST CRC	30/06/12
Cotton Catchment Communities CRC	30/06/12
CRC for Contaminated Assessment and Remediation of the Environment (CRC for CARE)	30/06/20
CRC for Forestry	30/06/12
CRC for Mental Health	30/06/18
Deep Exploration Technologies CRC	30/06/16
e-Water CRC	30/06/12
Future Farm Industries CRC	30/06/14
Greenhouse Gas Technologies CRC	30/06/15
National Plant Biosecurity CRC	30/06/12
Parker CRC for Integrated Hydrometallurgy Solutions	30/06/12
Polymers CRC	30/06/12
Remote Economic Participation CRC	30/06/17
Sheep Industry Innovation CRC	30/06/14
Vision CRC	30/06/17

**Note 25 Resources made available to the Group and not included in the Balance Sheet**

	Land \$'000	Buildings \$'000	Plant and Equipment \$'000	Total \$'000
At cost or fair value	4,615	153	38,497	43,265
Accumulated depreciation	-	-	(27,230)	(27,230)
<b>Net value as at 30 June 2012</b>	<b>4,615</b>	<b>153</b>	<b>11,267</b>	<b>16,035</b>
<b>Net value as at 30 June 2011</b>	<b>4,615</b>	<b>159</b>	<b>9,227</b>	<b>14,001</b>

The above assets are made available to CSIRO at little or no cost in accordance with formal agreements with contributors. They have either been purchased out of contract research monies and expensed in the year of purchase, in accordance with accounting policy Note 1.7, or made available to CSIRO at little or no cost. The assets include vehicles, computers and scientific equipment.

These assets are controlled and accounted for in the contributors' books and any proceeds from their disposal are refundable to the contributors in accordance with formal agreements on equity share. There are some restrictions on how these assets are operated. The fair value of the continuing use of these assets could not be reliably determined and therefore are not brought to account in the Statement of Comprehensive Income.

**Note 26 Monies held in trust**

	2012 \$'000	2011 \$'000
Monies held in trust represented by cash, deposits and investments for the benefit of the Group which are not included in the Balance Sheet are:		
The Sir Ian McLennan Achievement for Industry Award – established to award outstanding contributions by the Group's scientists and engineers to national development.	264	265
The Elwood and Hannah Zimmerman Trust Fund – established to fund weevil research and the curation of the Australian National Insect Collection (ANIC) weevil collection.	4,729	4,574
The Schlinger Trust – established to research the taxonomy, biosystematics, general biology and biogeography of Australasian Diptera conducted by the Australian National Insect Collection.	2,421	2,285
<b>Total monies held in trust as at 30 June</b>	<b>7,414</b>	<b>7,124</b>

Movement summary of monies held in trust:

	McLennan \$'000	Zimmerman \$'000	Schlinger \$'000	Total \$'000
Balance as at 1 July 2011	265	4,574	2,285	7,124
Receipts during the year	-	74	-	74
Interest and distribution	14	138	136	288
Expenditure	(15)	(57)		(72)
<b>Balance as at 30 June 2012</b>	<b>264</b>	<b>4,729</b>	<b>2,421</b>	<b>7,414</b>

**Note 27****Collections**

CSIRO has a number of collections used for scientific research. These collections have been established over time and cover an extensive range of evolution and change in species. The collections are irreplaceable, bear scientific and historical value and are not reliably measurable in monetary terms. Therefore, CSIRO has not recognised them as an asset in its financial statements.

The main collections held by CSIRO are:

- Australian National Herbarium (ANH) – The ANH is one of the largest plant collections in Australia with approximately one million preserved plant specimens. It is unique among the Australian Herbaria in having a national focus for its collections, acquisition and research programs.
- Australian National Insect Collection (ANIC) – The ANIC has over 11 million specimens and is the largest research collection of Australian insects and related organisms in the world.
- Australian National Wildlife Collection (ANWC) – The ANWC, with over 80,000 specimens, holds land vertebrate collections, including the most comprehensively documented collections of Australian-New Guinean birds in the world.
- CSIRO National Fish Collection (ANFC) – The ANFC, also known as the 'ISR Munro Ichthyological Collection', houses more than 80,000 registered adult and 40,000 registered larval specimens of almost 3,000 species from Australasia, Asia, Antarctica, and the Sub Antarctic Islands. It is among Australia's most diverse ichthyological collections and contains one of the largest collections of sharks, rays and deepwater fishes in the Southern Hemisphere.

Other Collections include, but are not limited to, the Australian Tree Seed Collection, the Dadswell Memorial Wood Collection, CSIRO collection of living microalgae and the Wood-Inhabiting fungi collection.



Notes	Consolidated		CSIRO	
	2012	2011	2012	2011
	\$	\$	\$	\$
<b>Note 28 Remuneration of auditors</b>				
Financial statement audit services are provided to the Group by the Auditor-General				
The fee for auditing services provided was:	<b>221,900</b>	<b>222,000</b>	<b>210,000</b>	<b>210,000</b>

No other services were provided by the Auditor-General.

#### Note 29 Remuneration of Board Members

Remuneration and superannuation benefits received or due and receivable by full-time and part-time Board Members, excluding the Chief Executive Officer were:

Board Members' remuneration	411,527	470,775	411,527	470,775
Payments to superannuation funds for Board Members	35,763	54,455	35,763	54,455
<b>Total remuneration</b>	<b>447,290</b>	<b>525,230</b>	<b>447,290</b>	<b>525,230</b>

The remuneration of the Chief Executive Officer, who is also a Board Member of the Group is reported under Note 30 Senior Executives Remuneration.

The number of Board Members whose total remuneration fell within the following bands were:

\$	Number	Number	Number	Number
0 – 29,999	4	3	4	3
30,000 – 59,999	4	5	4	5
60,000 – 89,999	2	2	2	2
90,000 – 119,999	1	1	1	1
<b>Total</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>

Notes	Consolidated		CSIRO	
	2012	2011	2012	2011
	\$	\$	\$	\$
<b>Note 30 Senior Executive Remuneration</b>				
<b>(a) Senior Executive remuneration expense for the reporting period<sup>1&amp;2</sup></b>				
Short-term employee benefits:				
Salary	6,861,967	7,320,423	6,861,967	7,320,423
Annual leave accrued	614,281	679,565	614,281	679,565
Performance bonuses	1,703,006	1,687,027	1,703,006	1,687,027
Additonal Allowances	486,559	497,045	486,559	497,045
<b>Total short-term employee benefits</b>	<b>9,665,813</b>	<b>10,184,060</b>	<b>9,665,813</b>	<b>10,184,060</b>
Post-employment benefits:				
Superannuation	1,000,704	1,011,139	1,000,704	1,011,139
<b>Total post-employment benefits</b>	<b>1,000,704</b>	<b>1,011,139</b>	<b>1,000,704</b>	<b>1,011,139</b>
Other long-term benefits:				
Long-service leave <sup>3</sup>	795,515	423,594	795,515	423,594
<b>Total other long-term benefits</b>	<b>795,515</b>	<b>423,594</b>	<b>795,515</b>	<b>423,594</b>
Termination benefits	41,878	58,316	41,878	58,316
<b>Total termination benefits</b>	<b>41,878</b>	<b>58,316</b>	<b>41,878</b>	<b>58,316</b>
<b>Total</b>	<b>11,503,910</b>	<b>11,677,109</b>	<b>11,503,910</b>	<b>11,677,109</b>

**Notes:**

2011 comparatives have been updated to represent the changes in 2012 FMOs.

<sup>1</sup> Note 30 (a) is prepared on an accrual basis (therefore the performance bonus expenses disclosed above may differ from the cash 'bonus paid' in Note 30 (b)).

<sup>2</sup> Note 30 (a) excludes acting arrangements and part-year service where total remuneration expensed for a senior executive was less than \$150,000.

<sup>3</sup> The movement in long service leave includes the impact of the increased discounting factor for employee provisions as at 30 June 2012.

Note 30 Senior Executive Remuneration (cont)

Note 30 (b) Average annual reportable remuneration paid to substantive senior executives during the reporting period

Average annual reportable remuneration <sup>1</sup>	Senior executives number	2012					Total
		Reportable salary <sup>2a</sup>	Contributed superannuation <sup>3a</sup>	Reportable allowances <sup>4</sup>	Bonus paid <sup>5</sup>		
		\$	\$	\$	\$	\$	\$
Total remuneration (including part-time arrangements):							
\$150,000 to \$179,999	1	144,390	20,218	-	-	-	164,608
\$240,000 to \$269,999	3	204,425	24,798	-	29,609	-	258,832
\$270,000 to \$299,999	8	199,589	36,467	-	48,550	-	284,606
\$300,000 to \$329,999	6	211,270	49,316	-	54,073	-	314,659
\$330,000 to \$359,999	5	212,578	51,746	-	80,331	-	344,655
\$360,000 to \$389,999	3	266,449	50,412	-	59,607	-	376,468
\$390,000 to \$419,999	2	265,038	68,254	-	70,060	-	403,352
\$420,000 to \$449,999	1	313,118	39,639	-	75,495	-	428,252
\$450,000 to \$479,999	1	339,679	40,890	-	82,457	-	463,026
\$480,000 to \$509,999	1	342,538	59,063	-	88,040	-	489,641
\$720,000 to \$749,999	1	523,520	64,478	-	149,523	-	737,521
<b>Total</b>	<b>32</b>						

**Note 30 Senior Executive Remuneration (cont)**

**Note 30 (b) Average annual reportable remuneration paid to substantive senior executives during the reporting period**

Average annual reportable remuneration <sup>1</sup>	Senior executives number	2011					Total
		Reportable salary <sup>2</sup>	Contributed superannuation <sup>3,6</sup>	Reportable allowances <sup>4</sup>	Bonus paid <sup>5</sup>		
		\$	\$	\$	\$	\$	
Total remuneration (including part-time arrangements):							
less than \$150,000	3	40,385	6,895	-	11,093	58,373	
\$180,000 to \$209,999	2	170,238	22,346	-	-	192,584	
\$210,000 to \$239,999	2	193,689	25,167	-	12,744	231,600	
\$240,000 to \$269,999	3	176,952	28,587	-	47,515	253,054	
\$270,000 to \$299,999	6	208,959	35,423	-	44,067	288,449	
\$300,000 to \$329,999	8	216,376	42,996	-	53,551	312,923	
\$330,000 to \$359,999	7	241,858	45,448	-	54,361	341,667	
\$360,000 to \$389,999	2	241,858	32,959	-	64,122	338,939	
\$390,000 to \$419,999	1	248,373	86,895	-	65,543	400,811	
\$420,000 to \$449,999	1	330,992	37,613	-	66,655	435,260	
\$450,000 to \$479,999	1	335,434	56,356	-	81,733	473,523	
\$690,000 to \$719,999	1	510,207	62,600	-	141,831	714,638	
<b>Total</b>	<b>37</b>						

**Note 30 Senior Executive Remuneration (cont)**

**Note 30 (b) Average annual reportable remuneration paid to substantive senior executives during the reporting period (cont)**

**Notes:**

- 1 This table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.
- 2 Reportable salary<sup>2</sup> includes the following:
  - (a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column)
  - (b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits)
  - (c) exempt foreign employment income.
- 3 The 'contributed superannuation' amount is the average actual superannuation contributions paid to senior executives in that reportable remuneration band during the reporting period, including any salary sacrificed amounts, as per e.g. the individuals' payslips.
- 4 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.
- 5 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.
- 6 Various salary sacrifice arrangements were available to senior executives including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column, excluding salary sacrificed superannuation, which is reported in the 'contributed superannuation' column.



Note 30 Senior Executive Remuneration (cont)

Note 30 (c) Other highly paid staff – Consolidated

Average annual reportable remuneration <sup>1</sup>	Staff number	2012				Total
		Reportable salary <sup>2</sup>	Contributed superannuation <sup>3&amp;6</sup>	Reportable allowances <sup>4</sup>	Bonus paid <sup>5</sup>	
		\$	\$	\$	\$	\$
Total remuneration (including part-time arrangements):						
\$150,000 to \$179,999	465	132,300	28,006	-	1,784	162,090
\$180,000 to \$209,999	164	154,280	35,032	-	4,129	193,441
\$210,000 to \$239,999	74	173,531	38,255	-	12,217	224,003
\$240,000 to \$269,999	19	191,200	37,318	-	19,941	248,459
\$270,000 to \$299,999	4	179,738	52,577	-	50,258	282,573
\$300,000 to \$329,999	7	215,270	51,652	-	43,800	310,722
\$330,000 to \$359,999	3	231,622	64,308	-	48,549	344,479
\$360,000 to \$389,999	1	281,013	15,775	-	65,485	362,273
\$420,000 to \$449,999	1	307,133	47,550	-	74,240	428,923
<b>Total</b>	<b>738</b>					

Note 30 Senior Executive Remuneration (cont)

Note 30 (c) Other highly paid staff – Consolidated

Average annual reportable remuneration <sup>1</sup>	Staff number	2011					Total
		Reportable salary <sup>2,3,5</sup>	Contributed superannuation <sup>2,3,6</sup>	Reportable allowances <sup>4</sup>	Bonus paid <sup>5</sup>		
		\$	\$	\$	\$	\$	\$
Total remuneration (including part-time arrangements):							
\$150,000 to \$179,999	338	131,393	28,751	-	3,111		163,255
\$180,000 to \$209,999	156	152,096	34,784	-	6,271		193,151
\$210,000 to \$239,999	71	169,459	39,813	-	13,882		223,154
\$240,000 to \$269,999	8	183,355	31,954	-	31,736		247,045
\$270,000 to \$299,999	5	199,258	46,317	-	40,113		285,688
\$300,000 to \$329,999	2	227,048	40,450	-	35,338		302,836
\$330,000 to \$359,999	3	174,262	70,239	-	98,975		343,476
\$360,000 to \$389,999	2	219,821	82,994	-	59,798		362,613
\$390,000 to \$419,999	1	292,352	48,486	-	68,109		408,947
<b>Total</b>	<b>586</b>						

**Note 30 Senior Executive Remuneration (cont)**

**Note 30 (c) Other highly paid staff (cont)**

**Notes:**

- 1 This table reports staff:
  - (a) who were employed by the Group during the reporting period
  - (b) whose reportable remuneration was \$150,000 or more for the financial period
  - (c) were not required to be disclosed in Tables A, B or Director disclosures.

Each row is an averaged figure based on headcount for individuals in the band.
- 2 'Reportable salary' includes the following:
  - (a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column)
  - (b) reportable fringe benefits (at the net amount prior to 'grossing-up' to account for tax benefits);
  - (c) exempt foreign employment income.
- 3 The 'contributed superannuation' amount is the average actual superannuation contributions paid to staff in that reportable remuneration band during the reporting period, including any salary sacrificed amounts, as per e.g. the individuals' payslips.
- 4 Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.
- 5 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.
- 6 Various salary sacrifice arrangements were available to other highly paid staff including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column, excluding salary sacrificed superannuation, which is reported in the 'contributed superannuation' column.

Note - Consolidated table includes one WLAN employee disclosed in 2011-12 in the salary band \$210,000 to \$239,999 (2010 -11 \$330,000 to \$359,999).

### Note 31 Meetings of the Board and Board Committees – CSIRO

During the 2011–12 financial year seven Board meetings, five Board Audit Committee meetings, five Board Nominations and Remuneration Committee meetings and five Board Commercial Committee meetings were held. The number of meetings attended by each of the eligible Board members was as follows:

Board Member	CSIRO Board		CSIRO Board Audit Committee		CSIRO Board Commercial Committee		CSIRO Board Nominations and Remuneration Committee	
	Number eligible to attend as a member	Number attended	Number eligible to attend as a member	Number attended	Number eligible to attend as a member	Number attended	Number eligible to attend as a member	Number attended
M S Boydell	7	6	5	5	-	4	-	1
I Chubb	3	2	-	-	-	-	2	1
M Clark	7	7	-	4	-	5	-	4
T A Cutler	7	5	5	4	5	4	-	1
E J Doyle	7	6	3	3	2	4	5	5
P Hej	4	2	1	1	-	-	-	1
S Int' Veld	-	-	-	-	-	-	-	-
J Kerin	1	1	2	2	-	1	-	1
S McKeon	7	7	-	1	5	4	5	3
J H Ranck	7	7	-	3	5	5	5	5
D Russell*	5	6	-	-	-	1	-	-
T H Spurling*	5	7	-	-	4	5	4	5

Notes:

\*Professor Spurling's term expired on 30 April 2012. He was reappointed on 28 June 2012. He attended two Board meetings, one Board Commercial Committee Meeting and one Board Nominations and Remuneration Committee as an observer.

\*Dr Russell was appointed on 19 October 2011. He attended one Board Meeting as an observer.

### Note 31 Meetings of the Board and Board Committees – Consolidated

During the 2010–11 financial year, eight Board meetings, six Board Audit Committee meetings, twelve Board Remuneration Committee meetings, three Board Endowment Committee meetings and nine Board Commercial Committee meetings were held. The number of meetings attended by each of the eligible Board members was as follows:

Board Member	CSIRO Board		CSIRO Board Audit Committee		CSIRO Board Nominations and Remuneration Committee		CSIRO Board Commercial Committee		SIEF Board Endowment Committee	
	Number eligible to attend as a member	Number attended	Number eligible to attend as a member	Number attended	Number eligible to attend as a member	Number attended	Number eligible to attend as a member	Number attended	Number eligible to attend as a member	Number attended
M S Boydell	8	8	6	6	-	-	-	-	2	3
I Chubb	8	5	-	-	12	7	-	-	-	-
M Clark*	8	8	-	-	-	-	-	-	-	-
T A Cutler	8	8	6	5	-	-	9	9	3	3
E J Doyle	8	7	-	-	12	12	9	9	-	-
J Kerin	8	8	6	5	-	-	-	-	-	-
S McKeon	8	8	-	-	12	12	8	8	3	3
D M O'Toole	7	4	5	4	-	-	-	-	1	-
M Paterson	1	1	-	-	-	-	-	-	-	-
J H Ranck	1	1	-	-	1	1	1	1	-	-
D J Rathbone	1	1	3	-	-	-	-	-	-	-
T H Spurling	8	8	-	-	12	11	9	8	-	-

\*CEO attended as an observer – 4 Board Audit Committee meetings, 12 Board Nominations and Remuneration Committee meetings, 9 Board Commercial Committee meetings and 3 SIEF Board Endowment Committee meetings.



## Note 32 Related party disclosures

### (a) Controlled Entities

Science and Industry Endowment Fund was established under the *Science and Industry Endowment Act 1926*. The Fund is deemed to be a CSIRO controlled entity in accordance with AASB 127 *Consolidated and Separate Financial Statements* and UIG 112. The Science and Industry Endowment Fund's separate financial statements are reported in the CSIRO Annual Report.

The principal activity of the Science and Industry Endowment Fund is to provide assistance to persons engaged in scientific research and in training of students in scientific research.

WLAN Services Pty Ltd was established in 2005. The company is a CSIRO controlled entity in accordance with AASB 127 *Consolidated and Separate Financial Statements* and UIG 112. The principal activity is to provide services to CSIRO.

Hydropem Pty Ltd was wound up in 2011–12 and has not been included in the consolidated financial statements.

Names	CSIRO Investment Amount		% Equity Interest Held	
	2012 \$	2011 \$	2012 \$	2011 \$
Science and Industry Endowment Fund (SIEF)	-	-	100%	100%
WLAN Services Pty Ltd	1	1	100%	100%
Hydropem Pty Ltd	-	1	-	100%
<b>Total</b>	<b>1</b>	<b>2</b>		

### (b) Board Members

The Board Members of the Group during the financial year were:

S McKeon AO (Chairman)  
T A Cutler (Deputy Chairman)  
M E Clark (Chief Executive)  
M S Boydell  
I Chubb (resigned 8 December 2011)  
E J Doyle  
P Høj (commenced 7 December 2011)  
S In't Veld (commenced 28 June 2012)  
The Honourable J Kerin AM (term completed 2 October 2011)  
J H Ranck  
D Russell (commenced 19 October 2011)  
T H Spurling AM

Remuneration – the aggregate remuneration of Board Members is disclosed in Note 29.

### (c) Board Members' interest in contracts

Since 1 July 2011 no Board Member of CSIRO has received or become entitled to receive a benefit, other than a benefit included in the aggregate amount of remuneration received or due and receivable shown in Note 29 by reason of a contract made by CSIRO with the Board Member or with a firm of which the Board Member is a member or with a company in which the Board Member has a substantial financial interest.

This information relates to the period 1 July 2011 to 30 June 2012.

**Note 32 Related party disclosures (cont)**

**(d) Other transactions of Board Members – related entities**

Mr S McKeon is the Executive Chairman of Macquarie Group's Melbourne Office, Chairman of Business for Millennium Development and Global Poverty Project Australia and is a member of the AusAid Business Engagement Steering Committee. He is a Director of Global Poverty Project, the Red Dust Role Models and Vision Fund International. He is also a member of the Federal Government's Human Rights Grants Scheme Advisory Panel, the Victorian Government's National Disability Insurance Scheme Implementation Taskforce and Chair of the 2012 Federal Government Review into Medical and Health Research. All contracts and transactions between these entities and CSIRO are based on normal commercial terms and conditions and there is no personal benefit to the CSIRO Board Member.

Dr T A Cutler is the Principal of Cutler & Company, a technology and strategy consultancy. He is also a Director of The Conversation Ltd and MHM Higher Education Pty Ltd. He is Chairman of the Advisory Board of the Centre of Excellence for Creative Industries and Innovation and is a member of the Design Research Institute Advisory Board RMIT and RMIT College of Business Industry Advisory Board. Dr Cutler is Chair of the Open Technology Foundation and Chairman of The Centre for the Study of Choice Advisory Board, UTS. In May 2012 CSIRO appointed Dr Cutler as Chair and Director of the Chilean Centre of Excellence in Mining and Mineral Processing and nominated Dr Cutler as Chairman and Director of the legal entity to be established to govern the Centre. During 2011-12 Dr Cutler ceased as Director of the Multimedia University (Malaysia) and The National Health Call Centre Network Ltd. All contracts and transactions between these entities and CSIRO are based on normal commercial terms and conditions and there is no personal benefit to the CSIRO Board Member.

Dr M Clark is a member of the Prime Minister's Science, Engineering and Innovation Council. Dr Clark became a member of the World Economic Forum, Global Advisory Council for Measuring Sustainability in July 2012. Dr Clark is also a Director of a family company, registered 27 June 2011: Cradle Mountain Carbon Pty Ltd. ACN 151 512 220, the business purpose of which is as a vehicle to hold land for conservation. Dr Clark is a Director of a family company, registered 27 February 2007: Ballantyne Holdings Pty Ltd. ACN 008 729 002 the business purpose of which is commercial property. She is also trustee of the Science and Industry Endowment Fund, a member of the Australia Advisory Board of Bank of America Merrill Lynch and a member of the Chairman's panel of the Great Barrier Reef Foundation. Dr Clark is also Commissioner of The Commission on Sustainable Agriculture and Climate Change and Chair of the Mining for Development Advisory Board for AusAID. Dr Clark ceased as to be a member of the Automotive Industry Innovation Council in 2012. The National Research Infrastructure Council and Prime Minister's Taskforce on Manufacturing concluded in 2012. All contracts and transactions between these entities and CSIRO are based on normal commercial terms and conditions and there is no personal benefit to the CSIRO Board Member.

Ms M S Boydell is the Chairperson of the Gladstone Area Water Board and Acting Commissioner of the Queensland Water Commission. Ms Boydell is a Director of Uniquist Pty Limited and UATC Pty Ltd. During 2011-12 Ms Boydell resigned as a Director of Energex Limited and ceased to be a Member of the Surat Basin Coal Seam Gas Engagement Group. All contracts and transactions between these entities and CSIRO are based on normal commercial terms and conditions and there is no personal benefit to the CSIRO Board Member.

Professor I Chubb was appointed Chief Scientist for Australia on 23 May 2011. Professor Chubb was Vice-Chancellor of the Australian National University till March 2011. All contracts and transactions between these entities and CSIRO are based on normal commercial terms and conditions and there is no personal benefit to the CSIRO Board Member.

Dr E J Doyle is Chair of the Hunter Valley Research Foundation. She is also Chair of the Hunter Founders Forum and a Director of GPT Ltd and Boral Ltd. Dr Doyle is also a non-Executive Director of Bradken Limited, a member of the Enterprise Connect Advisory Council and a Conjoint Professor at the University of Newcastle Graduate School of Business. All contracts and transactions between these entities and CSIRO are based on normal commercial terms and conditions and there is no personal benefit to the CSIRO Board Member.

**Note 32 Related party disclosures (cont)**

**(d) Other transactions of Board Members – related entities (cont)**

Professor P Høj is Vice Chancellor and President of the University of South Australia until 7 September 2012. In April 2012 he was appointed Vice Chancellor and President of the University of Queensland and will take up that role on 8 October 2012. He is also Deputy Chair of Universities Australia, and a member of the Australian Qualifications Framework Council. He is a Fellow of the Australian Academy of Technological Sciences and Engineering, a Director of the South Australian Health and Medical Research Institute (SAHMRI) and a foreign member of the Danish Academy of Sciences and Letters. During 2011-12 Professor Høj ceased as a Member of the Higher Education Research Reference Group and Board Member of Business South Australia. He also ceased as a Member of the National Research Infrastructure Council upon its conclusion on 30 June 2012. All contracts and transactions between these entities and CSIRO are based on normal commercial terms and conditions and there is no personal benefit to the CSIRO Board Member.

Ms S In't Veld is a Director of Asclano Limited. She is also an Advisory Council Member of SMART Infrastructure and a council member of AICD (WA). All contracts and transactions between these entities and CSIRO are based on normal commercial terms and conditions and there is no personal benefit to the CSIRO Board Member.

The Honourable Mr J Kerin is Chair of the Poultry CRC, the National Weeds and Productivity Research Program Advisory R&D Committee and the Board of Governors of The Crawford Fund. He is a member of the Board of the Clunies Ross Foundation and Governor of the World Wildlife Fund. All contracts and transactions between these entities and CSIRO are based on normal commercial terms and conditions and there is no personal benefit to the CSIRO Board Member.

Mr J H Ranck is a Director of Elders and Innotegic Pty Ltd and a member of the Board of the Bush Heritage Foundation. All contracts and transactions between these entities and CSIRO are based on normal commercial terms and conditions and there is no personal benefit to the CSIRO Board Member.

Dr D Russell is Secretary of the Commonwealth Department of Industry, Innovation, Science, Research and Tertiary Education. He is also a Member of the Australian National Institute of Public Policy - ANU Board, Education Investment Fund (EIF) Advisory Board, Melbourne Institute Advisory Board - Melbourne University and Standard Business Reporting Board (SBR) - Treasury. All contracts and transactions between these entities and CSIRO are based on normal commercial terms and conditions and there is no personal benefit to the CSIRO Board Member.

Professor T H Spurling is a Research Professor in the Faculty of Life and Social Sciences, Swinburne University of Technology, Victoria. He is also a member of the Board of the International Centre for Radio Astronomy Research; and Chairman of the Board of Advanced Molecular Technologies Pty Ltd. All contracts and transactions between these entities and CSIRO are based on normal commercial terms and conditions and there is no personal benefit to the CSIRO Board Member.



Note 33 Financial instruments	Notes	Consolidated		CSIRO	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>(a) Categories of financial instruments</b>					
<b>Financial assets</b>					
<b>Available for sale financial assets</b>					
Investments	9	17,142	31,969	17,142	31,969
<b>Loans and receivables</b>					
Cash at bank	6	35,755	36,874	35,713	36,490
Term deposits	6	345,932	271,604	205,263	125,000
Receivables for goods and services	7	76,147	80,791	76,147	80,791
Other receivables	7	172,161	9,184	172,301	8,684
<b>Carrying amount of financial assets</b>		<b>647,137</b>	<b>430,422</b>	<b>506,566</b>	<b>282,934</b>
<b>Financial liabilities</b>					
Finance lease liabilities	19	61,033	65,200	61,033	65,200
Trade creditors	17	72,152	84,195	70,438	83,750
Research revenue received in advance	18	106,370	96,648	106,370	96,648
Deposits	20	7,130	6,472	7,130	6,472
Other creditors	18	64,695	55,301	66,025	55,314
<b>Carrying amount of financial liabilities</b>		<b>311,380</b>	<b>307,816</b>	<b>310,996</b>	<b>307,384</b>
<b>(b) Net income and expense from financial assets</b>					
Cash at bank and term deposits					
Interest revenue	4.2	17,890	15,174	9,195	8,729
<b>Net gain from financial assets</b>		<b>17,890</b>	<b>15,174</b>	<b>9,195</b>	<b>8,729</b>
<b>(c) Net income and expense from financial liabilities</b>					
Finance Leases					
Interest expense	3.4	3,271	3,266	3,271	3,266
<b>Net loss from financial liabilities</b>		<b>3,271</b>	<b>3,266</b>	<b>3,271</b>	<b>3,266</b>

**(d) Fair value of financial instruments**

A comparison between the fair value and carrying amount of the Group's financial assets and liabilities is not disclosed because the Group considers that the carrying amounts reported in the balance sheet are a reasonable approximation of the fair value of these financial assets and liabilities.

**(e) Fair value hierarchy**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers to or from Level 1 and Level 3 during the year ended 30 June 2012 (2011 no transfers in either direction).

Note 33	Financial instruments (cont)	Notes	Consolidated		CSIRO	
			2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
(e)	Fair value hierarchy (cont)					
	Fair value measurements categorised by fair value hierarchy					
	Level 1	9	5,166	10,461	5,166	10,461
	Level 2		-	-	-	-
	Level 3	9	11,976	21,508	11,976	21,508
	Total		17,142	31,969	17,142	31,969
	Reconciliation of Level 3 fair value hierarchy					
	As at 1 July		21,508	19,706	21,508	19,706
	Total losses for the period recognised in statement of comprehensive income <sup>1</sup>	3.5	(12,832)	(4,140)	(12,832)	(4,140)
	Total gains recognised in other comprehensive income <sup>2</sup>	5.2	26	190	26	190
	Purchases		1,668	4,194	1,668	4,194
	Sales		-	(194)	-	(194)
	Issues		1,606	1,752	1,606	1,752
	Closing balance		11,976	21,508	11,976	21,508

<sup>1</sup> These losses are presented in the Statement of Comprehensive Income Note 3.5.

<sup>2</sup> Gains for the period included in other comprehensive income that are attributable to gains relating to those assets held at the end of the reporting period is \$26,000. Those gains are presented in the Statement of Comprehensive Income in Note 5.2.

#### **Fair value of investments in unlisted companies**

For investments in unlisted companies where there is no readily available market pricing for the equity instruments, the fair value has been determined by applying valuation techniques in line with the generally accepted valuation guidelines 'International Private Equity and Venture Capital Valuation Guidelines (AVCAL)'.

Where recent transactions for the unlisted companies' equity have taken place, these equity transaction prices are used to value CSIRO's investment.

For unlisted companies that have not had any recent equity transactions, other AVCAL valuation techniques are used such as discounted cash flows and share of net assets.

In addition, independent valuations are performed as at reporting date for unlisted companies that are considered to have a material impact on CSIRO's investment portfolio.

Investments in special purpose entities are either valued at cost or share of net realisable assets since a reliable estimate of fair value cannot be established. These entities have been set up primarily to gain access to research facilities/networks, or to provide services to owners. Hence, there is no 'active market' for these equity investments. CSIRO is a long-term shareholder and is unlikely to dispose of its interest in these investments.



# **Note 33 Financial instruments (cont)**

## **(f) Credit risk**

The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of trade and other receivables of \$249.2 million (2011 \$88.5 million). The Group has assessed the risk of the default on payment and has allocated \$1.5 million (2011 \$0.9 million) to an allowance for impairment account.

The Group manages its credit risk by undertaking background and credit checks prior to allowing a debtor relationship. In addition, the Group has policies and procedures that guide employees to apply debt recovery techniques. The Group holds no collateral to mitigate against credit risk.

## **Credit risk of financial instruments not past due or individually determined as impaired – Consolidated**

	Notes	Not past due nor impaired 2012 \$'000	Not past due nor impaired 2011 \$'000	Past due or impaired 2012 \$'000	Past due or impaired 2011 \$'000
Cash at bank	6	35,755	36,874	-	-
Term deposits	6	345,932	271,604	-	-
Receivables for goods and services	7	64,960	67,845	11,187	12,946
Other receivables	7	172,161	9,184	-	-
Investments	9	17,142	31,969	-	-
<b>Total</b>		<b>635,950</b>	<b>417,476</b>	<b>11,187</b>	<b>12,946</b>

## **Credit risk of financial instruments not past due or individually determined as impaired – CSIRO**

	Notes	Not past due nor impaired 2012 \$'000	Not past due nor impaired 2011 \$'000	Past due or impaired 2012 \$'000	Past due or impaired 2011 \$'000
Cash at bank	6	35,713	36,490	-	-
Term deposits	6	205,263	125,000	-	-
Receivables for goods and services	7	64,960	67,845	11,187	12,946
Other receivables	7	172,301	8,684	-	-
Investments	9	17,142	31,969	-	-
<b>Total</b>		<b>495,379</b>	<b>269,988</b>	<b>11,187</b>	<b>12,946</b>

**Note 33 Financial instruments (cont)**

**(f) Credit risk (cont)**

**Ageing of financial assets that are past due but not impaired for 2012 – Consolidated**

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Receivables for goods and services	7,736	1,647	311	1,493	11,187
<b>Total</b>	<b>7,736</b>	<b>1,647</b>	<b>311</b>	<b>1,493</b>	<b>11,187</b>

**Ageing of financial assets that are past due but not impaired for 2011 – Consolidated**

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Receivables for goods and services	10,435	901	553	1,057	12,946
<b>Total</b>	<b>10,435</b>	<b>901</b>	<b>553</b>	<b>1,057</b>	<b>12,946</b>

**Ageing of financial assets that are past due but not impaired for 2012 – CSIRO**

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Receivables for goods and services	7,736	1,647	311	1,493	11,187
<b>Total</b>	<b>7,736</b>	<b>1,647</b>	<b>311</b>	<b>1,493</b>	<b>11,187</b>

**Ageing of financial assets that are past due but not impaired for 2011 – CSIRO**

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Receivables for goods and services	10,435	901	553	1,057	12,946
<b>Total</b>	<b>10,435</b>	<b>901</b>	<b>553</b>	<b>1,057</b>	<b>12,946</b>

**(g) Liquidity risk**

The Group's financial liabilities are payables, finance leases and other interest bearing liabilities. The exposure to liquidity risk is based on the notion that the Group will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to Australian Government funding and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

The Group manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the Group has policies in place to ensure timely payments are made when due and has no past experience of defaults.

**Note 33 Financial instruments (cont)****(g) Liquidity risk (cont)**

The following table illustrates the maturities for financial liabilities for 2012 – Consolidated

	On demand	Within 1 year	1 to 5 years	> 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Finance lease liabilities	-	7,034	28,062	45,089	80,185
Trade creditors	-	72,152	-	-	72,152
Research revenue received in advance	-	106,370	-	-	106,370
Deposits	7,130	-	-	-	7,130
Other creditors	-	64,695	-	-	64,695
<b>Total</b>	<b>7,130</b>	<b>250,251</b>	<b>28,062</b>	<b>45,089</b>	<b>330,532</b>

The following table illustrates the maturities for financial liabilities for 2011 – Consolidated

	On demand	Within 1 year	1 to 5 years	> 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Finance lease liabilities	-	7,082	28,449	51,737	87,268
Trade creditors	-	84,195	-	-	84,195
Research revenue received in advance	-	96,648	-	-	96,648
Deposits	6,472	-	-	-	6,472
Other creditors	-	55,301	-	-	55,301
<b>Total</b>	<b>6,472</b>	<b>243,226</b>	<b>28,449</b>	<b>51,737</b>	<b>329,884</b>

The Group has no derivative financial liabilities in both the current and prior years.

**Note 33 Financial instruments (cont)****(g) Liquidity risk (cont)**

The following table illustrates the maturities for financial liabilities for 2012 – CSIRO

	On demand \$'000	Within 1 year \$'000	1 to 5 years \$'000	> 5 years \$'000	Total \$'000
Finance lease liabilities	-	7,034	28,062	45,089	80,185
Trade creditors	-	70,438	-	-	70,438
Research revenue received in advance	-	106,370	-	-	106,370
Deposits	7,130	-	-	-	7,130
Other creditors	-	66,025	-	-	66,025
<b>Total</b>	<b>7,130</b>	<b>249,867</b>	<b>28,062</b>	<b>45,089</b>	<b>330,148</b>

The following table illustrates the maturities for financial liabilities for 2011 – CSIRO

	On demand \$'000	Within 1 year \$'000	1 to 5 years \$'000	> 5 years \$'000	Total \$'000
Finance lease liabilities	-	7,082	28,449	51,737	87,268
Trade creditors	-	83,750	-	-	83,750
Research revenue received in advance	-	96,648	-	-	96,648
Deposits	6,472	-	-	-	6,472
Other creditors	-	55,314	-	-	55,314
<b>Total</b>	<b>6,472</b>	<b>242,794</b>	<b>28,449</b>	<b>51,737</b>	<b>329,452</b>

**(h) Market risk**

The Group holds basic financial instruments that do not expose the Group to certain market risks except for equity price risk for its 'available for sale' equity investments. See Note 9.

**Interest rate risk**

The only interest-bearing items on the balance sheet are finance leases. They all bear interest at a fixed interest rate and will not fluctuate due to changes in the market interest rate.

**Equity price risk**

Equity price risk arises from changes in market prices of listed equity investments that the Group has designated as 'available for sale' financial instruments. See Note 9.

**Sensitivity analysis**

The Group's listed equity investments are listed on the Australian Securities Exchange (ASX). For such instruments classified as 'available for sale', a 10% increase in the ASX All Ordinary Index at the reporting date would have increased equity by \$0.5 million (2011 an increase of \$1.1 million). An equal change in the opposite direction would have decreased equity by \$0.5 million (2011 a decrease of \$1.1 million). The analysis is performed on the same basis for 2011.

# **Note 33 Financial instruments (cont)**

## **(h) Market risk (cont)**

### **Currency risk**

In accordance with Australian Government policy, the Group is prohibited from entering into foreign currency hedges.

The Group's exposure to foreign exchange risk on sales and purchases that are denominated in currencies other than the Australian dollar is not considered material. At any point in time the Group's foreign currency risk exposure is not material.

	Notes	Consolidated		CSIRO	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Note 34 Financial assets and liabilities reconciliation</b>					
<b>(a) Financial assets</b>					
Total financial assets as per Balance Sheet		647,112	429,824	506,209	282,336
Add: non-financial instrument components					
Impairment allowanc for goods and services	7	1,527	987	1,527	987
Less: non-financial instrument components					
GST receivable from the ATO		1,103	-	771	-
Investments accounted for using the equity method	8	399	389	399	389
<b>Total financial instrument components</b>		<b>25</b>	<b>598</b>	<b>357</b>	<b>598</b>
<b>Total financial assets as per financial instruments note</b>	<b>33 (a)</b>	<b>647,137</b>	<b>430,422</b>	<b>506,566</b>	<b>282,934</b>
<b>(b) Financial liabilities</b>					
Total financial liabilities as per Balance Sheet		558,234	514,579	557,850	514,517
Less: non-financial instrument components					
GST payable to the ATO	18	-	1,199	-	1,569
Employee provisions	21	246,854	205,564	246,854	205,564
<b>Total non-financial instrument components</b>		<b>246,854</b>	<b>206,763</b>	<b>246,854</b>	<b>207,133</b>
<b>Total financial liabilities as per financial instruments note</b>	<b>33 (a)</b>	<b>311,380</b>	<b>307,816</b>	<b>310,996</b>	<b>307,384</b>



## Note 35 Reporting of Outcome

### (a) Reporting of outcome

The Organisation's outputs contribute to a single outcome:

Innovative scientific and technology solutions to national challenges and opportunities to benefit industry, the environment and the community, through scientific research and capability development, services and advice.

### (b) Net cost of outcome delivery

	Consolidated		CSIRO	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
<b>Total expenses<sup>1</sup></b>	<b>1,278,568</b>	<b>1,231,860</b>	<b>1,275,501</b>	<b>1,231,300</b>
<b>Income from non-government sector</b>				
Other external revenues:				
Sale of goods and rendering of services – to related entities	145,840	141,221	145,840	141,221
Sale of goods and rendering of services – to external entities	252,944	268,455	264,978	276,856
Interest	17,890	15,174	9,195	8,729
Net gains from sale of assets	379	118	379	118
Net foreign exchange gains	5,127	-	5,127	-
Donations	29	524	29	524
Rents	8,253	7,826	8,253	7,826
Royalties	278,516	29,237	278,516	29,237
Net gains from sale of investments	30	4,822	30	4,822
Realisation of fair value gain reserve	-	140	-	140
Sale of primary produce	1,404	1,333	1,404	1,333
Other	36,782	28,909	37,281	29,600
Total other own-source income	747,194	497,759	751,032	500,406
<b>Net cost of outcome delivery</b>	<b>531,374</b>	<b>734,101</b>	<b>524,469</b>	<b>730,894</b>

<sup>1</sup>Total expenses adjusted for movement in equity investment.