

**COMMONWEALTH SCIENTIFIC AND INDUSTRIAL RESEARCH ORGANISATION**  
**Financial Statements**

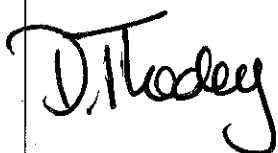
*for the period ended 30 June 2019*

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

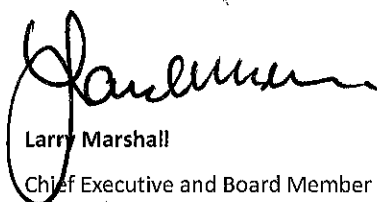
In our opinion, the attached financial statements for the period ended 30 June 2019 comply with subsection 42(2) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and its subsidiaries will be able to pay their debts as and when they fall due.

This statement is made in accordance with a resolution of the directors.



**David Thodey**  
Chairman of the Board  
30 August 2019



**Larry Marshall**  
Chief Executive and Board Member  
30 August 2019



**Tom Munyard**  
Chief Finance Officer  
30 August 2019

**CONSOLIDATED FINANCIAL STATEMENTS**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*For the period ended 30 June 2019*

|   | Notes | Consolidated     |                  | CSIRO            |                  |
|---|-------|------------------|------------------|------------------|------------------|
|   |       | 2019             | 2018             | 2019             | 2018             |
|   |       | \$'000           | \$'000           | \$'000           | \$'000           |
| <b>NET COST OF SERVICES</b>   |       |                  |                  |                  |                  |
| <b>Expenses</b>   |       |                  |                  |                  |                  |
| Employee benefits   | 1.1A  | 763,169          | 699,295          | 760,029          | 697,888          |
| Suppliers   | 1.1B  | 482,954          | 443,153          | 483,718          | 447,790          |
| Depreciation and amortisation   | 2.2A  | 148,019          | 181,609          | 147,861          | 181,455          |
| Finance leases  |       | 1,430            | 1,562            | 1,403            | 1,547            |
| Impairment allowance on financial instruments   | 1.1C  | 536              | 1,093            | 536              | 684              |
| Write-down and impairment of other assets   | 1.1D  | 13               | 5,910            | 13               | 5,910            |
| Losses from asset sales   |       | 2,847            | 15,087           | 2,847            | 15,087           |
| <b>Total expenses</b>   |       | <b>1,398,968</b> | <b>1,347,709</b> | <b>1,396,407</b> | <b>1,350,361</b> |
| <b>Own-Source Income</b>  |       |                  |                  |                  |                  |
| <b>Own-source revenue</b>   |       |                  |                  |                  |                  |
| Sale of goods and rendering of services   | 1.2   | 410,432          | 384,554          | 435,475          | 405,190          |
| Bank and term deposits interest   | 1.2   | 13,501           | 10,572           | 10,536           | 7,944            |
| Rental income   | 1.2   | 10,546           | 11,001           | 10,546           | 11,001           |
| Royalties and licence fees  | 1.2   | 34,427           | 43,175           | 34,427           | 43,175           |
| Other revenues  | 1.2   | 28,961           | 35,864           | 25,453           | 31,832           |
| Sale of investments and intellectual property   | 1.2   | 12,094           | 1,943            | 11,498           | -                |
| <b>Total own-source revenue</b>   |       | <b>509,961</b>   | <b>487,109</b>   | <b>527,935</b>   | <b>499,142</b>   |
| <b>Gains</b>  |       |                  |                  |                  |                  |
| Gain on recognition of assets   | 1.2   | -                | 66               | -                | 66               |
| Gain/(loss) on foreign exchange- non-speculative  | 1.2   | 117              | (828)            | 238              | (746)            |
| Gain/(loss) on revaluation of investment properties   | 1.2   | 2,375            | (1,413)          | 2,375            | (1,413)          |
| Gain/(loss) on valuation of equity investments  | 1.2   | 14,660           | -                | (1,497)          | -                |
| <b>Total gains</b>  |       | <b>17,152</b>    | <b>(2,175)</b>   | <b>1,116</b>     | <b>(2,093)</b>   |
| <b>Total own-source income</b>  |       | <b>527,113</b>   | <b>484,934</b>   | <b>529,051</b>   | <b>497,049</b>   |
| <b>Net cost of services</b>   |       | <b>(871,855)</b> | <b>(862,775)</b> | <b>(867,356)</b> | <b>(853,312)</b> |
| Revenue from Government   | 1.2   | 834,561          | 793,549          | 834,561          | 793,549          |
| <b>Surplus/(deficit)</b>  |       | <b>(37,294)</b>  | <b>(69,226)</b>  | <b>(32,795)</b>  | <b>(59,763)</b>  |
| <b>OTHER COMPREHENSIVE INCOME</b>   |       |                  |                  |                  |                  |
| Items not subject to subsequent reclassification to net cost of services - change in asset revaluation reserves | 1.3A  | 30,943           | 110,554          | 30,943           | 110,554          |
| Items subject to subsequent reclassification to net cost of services - change in other reserves                 | 1.3B  | (15,256)         | 9,853            | (5,982)          | 5,617            |
| <b>Total other comprehensive income</b>   |       | <b>15,687</b>    | <b>120,407</b>   | <b>24,961</b>    | <b>116,171</b>   |
| <b>Total comprehensive income/(loss)</b>  |       | <b>(21,607)</b>  | <b>51,181</b>    | <b>(7,834)</b>   | <b>56,408</b>    |
| Profit for the year is attributable to:   |       |                  |                  |                  |                  |
| Non-controlling interest  |       | 4,316            | -                | -                | -                |
| CSIRO   |       | (41,610)         | (69,226)         | (32,795)         | (59,763)         |
| <b>Total surplus/(deficit)</b>  |       | <b>(37,294)</b>  | <b>(69,226)</b>  | <b>(32,795)</b>  | <b>(59,763)</b>  |
| Total comprehensive income for the year is attributable to:   |       |                  |                  |                  |                  |
| Non-controlling interest  |       | 4,316            | -                | -                | -                |
| CSIRO   |       | (25,923)         | 51,181           | (7,834)          | 56,408           |
| <b>Total comprehensive income/(loss)</b>  |       | <b>(21,607)</b>  | <b>51,181</b>    | <b>(7,834)</b>   | <b>56,408</b>    |

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

**CONSOLIDATED FINANCIAL STATEMENTS**  
**STATEMENT OF FINANCIAL POSITION**  
*as at 30 June 2019*

|   | Notes | Consolidated     |           | CSIRO            |           |
|---|-------|------------------|-----------|------------------|-----------|
|   |       | 2019             | 2018      | 2019             | 2018      |
|   |       | \$'000           | \$'000    | \$'000           | \$'000    |
| <b>ASSETS</b>                             |       |                  |           |                  |           |
| <b>Financial Assets</b>                   |       |                  |           |                  |           |
| Cash and cash equivalents                 |       | <b>320,075</b>   | 321,647   | <b>198,829</b>   | 183,974   |
| Trade and other receivables               | 2.1A  | <b>76,295</b>    | 84,165    | <b>72,486</b>    | 80,801    |
| Other investments                         | 2.1B  | <b>145,805</b>   | 77,516    | <b>125,335</b>   | 98,714    |
| <b>Total financial assets</b>             |       | <b>542,175</b>   | 483,328   | <b>396,650</b>   | 363,489   |
| <b>Non-Financial Assets</b>               |       |                  |           |                  |           |
| Land and buildings                        | 2.2A  | <b>1,564,162</b> | 1,625,607 | <b>1,564,162</b> | 1,625,607 |
| Heritage and cultural                     | 2.2A  | <b>4,463</b>     | 4,463     | <b>4,463</b>     | 4,463     |
| Plant and equipment                       | 2.2A  | <b>563,342</b>   | 548,632   | <b>563,143</b>   | 548,296   |
| Intangibles                               | 2.2A  | <b>16,740</b>    | 16,573    | <b>16,740</b>    | 16,573    |
| Investment properties                     | 2.2B  | <b>52,072</b>    | 49,697    | <b>52,072</b>    | 49,697    |
| Inventories                               |       | <b>1,265</b>     | 1,440     | <b>1,265</b>     | 1,440     |
| Other non-financial assets                | 2.2C  | <b>50,060</b>    | 44,295    | <b>50,152</b>    | 44,271    |
| <b>Total non-financial assets</b>         |       | <b>2,252,104</b> | 2,290,707 | <b>2,251,997</b> | 2,290,347 |
| Properties held for sale                  |       | <b>59,200</b>    | 5,200     | <b>59,200</b>    | 5,200     |
| <b>Total assets</b>                       |       | <b>2,853,479</b> | 2,779,235 | <b>2,707,847</b> | 2,659,036 |
| <b>LIABILITIES</b>                        |       |                  |           |                  |           |
| <b>Payables</b>                           |       |                  |           |                  |           |
| Suppliers                                 | 2.3A  | <b>72,519</b>    | 83,844    | <b>72,695</b>    | 82,112    |
| Other payables                            | 2.3B  | <b>151,602</b>   | 142,332   | <b>145,239</b>   | 136,361   |
| <b>Total payables</b>                     |       | <b>224,121</b>   | 226,176   | <b>217,934</b>   | 218,473   |
| <b>Interest Bearing Liabilities</b>       |       |                  |           |                  |           |
| Finance leases                            | 2.4A  | <b>27,337</b>    | 31,968    | <b>27,337</b>    | 31,968    |
| Deposits                                  | 2.4B  | <b>23,310</b>    | 12,315    | <b>27,364</b>    | 12,336    |
| <b>Total Interest bearing liabilities</b> |       | <b>50,647</b>    | 44,283    | <b>54,701</b>    | 44,304    |
| <b>Provisions</b>                         |       |                  |           |                  |           |
| Employee provisions                       | 3.1A  | <b>238,498</b>   | 218,956   | <b>238,374</b>   | 218,774   |
| Provision for remediation                 |       | <b>41,020</b>    | 29,815    | <b>41,020</b>    | 29,815    |
| <b>Total provisions</b>                   |       | <b>279,518</b>   | 248,771   | <b>279,394</b>   | 248,589   |
| <b>Total liabilities</b>                  |       | <b>554,286</b>   | 519,230   | <b>552,029</b>   | 511,366   |
| <b>Net assets</b>                         |       | <b>2,299,193</b> | 2,260,005 | <b>2,155,818</b> | 2,147,670 |
| <b>EQUITY</b>                             |       |                  |           |                  |           |
| Contributed equity                        |       | <b>300,954</b>   | 290,954   | <b>300,646</b>   | 290,646   |
| Asset revaluation reserves                |       | <b>1,523,229</b> | 1,492,286 | <b>1,523,229</b> | 1,492,286 |
| Other reserves                            |       | <b>(27)</b>      | 15,229    | -                | 5,982     |
| Retained surplus                          |       | <b>435,198</b>   | 461,536   | <b>331,943</b>   | 358,756   |
| Non-controlling interest                  |       | <b>39,839</b>    | -         | -                | -         |
| <b>Total equity</b>                       |       | <b>2,299,193</b> | 2,260,005 | <b>2,155,818</b> | 2,147,670 |

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

**CONSOLIDATED FINANCIAL STATEMENTS**  
**STATEMENT OF CHANGES IN EQUITY – CONSOLIDATED**  
*For the period ended 30 June 2019*

|  | Retained earnings |                | Asset revaluation reserve |                | Other reserves  |                | Contributed equity/capital |                | Non-controlling interest |                | Total equity     |                |
|--|-------------------|----------------|---------------------------|----------------|-----------------|----------------|----------------------------|----------------|--------------------------|----------------|------------------|----------------|
|  | 2019<br>\$'000    | 2018<br>\$'000 | 2019<br>\$'000            | 2018<br>\$'000 | 2019<br>\$'000  | 2018<br>\$'000 | 2019<br>\$'000             | 2018<br>\$'000 | 2019<br>\$'000           | 2018<br>\$'000 | 2019<br>\$'000   | 2018<br>\$'000 |
| <b>Opening balance</b>                   | <b>461,536</b>    | 530,762        | <b>1,492,286</b>          | 1,381,732      | <b>15,229</b>   | 5,376          | <b>290,954</b>             | 280,954        | -                        | -              | <b>2,260,005</b> | 2,198,824      |
| <b>Comprehensive income</b>              |                   |                |                           |                |                 |                |                            |                |                          |                |                  |                |
| Other comprehensive income <sup>1</sup>  | <b>15,272</b>     | -              | <b>30,943</b>             | 110,554        | <b>(15,256)</b> | 9,853          | -                          | -              | -                        | -              | <b>30,959</b>    | 120,407        |
| Surplus/(deficit) for the period         | <b>(41,610)</b>   | (69,226)       | -                         | -              | -               | -              | -                          | -              | <b>4,316</b>             | -              | <b>(37,294)</b>  | (69,226)       |
| <b>Total comprehensive income/(loss)</b> | <b>(26,338)</b>   | (69,226)       | <b>30,943</b>             | 110,554        | <b>(15,256)</b> | 9,853          | -                          | -              | <b>4,316</b>             | -              | <b>(6,335)</b>   | 51,181         |
| Other movements                          |                   | -              | -                         | -              | -               | -              | -                          | -              | -                        | -              | -                | -              |
| <b>Contributions by owners</b>           |                   |                |                           |                |                 |                |                            |                |                          |                |                  |                |
| Equity injection                         | -                 | -              | -                         | -              | -               | -              | <b>10,000</b>              | 10,000         | <b>35,523</b>            | -              | <b>45,523</b>    | 10,000         |
| Contributions by owners – other          | -                 | -              | -                         | -              | -               | -              | -                          | -              | -                        | -              | -                | -              |
| <b>Closing balance</b>                   | <b>435,198</b>    | 461,536        | <b>1,523,229</b>          | 1,492,286      | <b>(27)</b>     | 15,229         | <b>300,954</b>             | 290,954        | <b>39,839</b>            | -              | <b>2,299,193</b> | 2,260,005      |

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

1. Refer to Note 1.3.

**Accounting Policy**

Equity Injections

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

Non-controlling interests

Non-controlling interests refer to equity in a subsidiary that is not attributable (directly or indirectly) to CSIRO as parent. CSIRO holds a non-controlling interest in the CSIRO Innovation Fund.

**CONSOLIDATED FINANCIAL STATEMENTS**  
**STATEMENT OF CHANGES IN EQUITY – CSIRO**  
*For the period ended 30 June 2019*

|  | Retained earnings |                | Asset revaluation reserve |                | Other reserves |                | Contributed equity/capital |                | Non-controlling interest |                | Total equity     |                |
|--|-------------------|----------------|---------------------------|----------------|----------------|----------------|----------------------------|----------------|--------------------------|----------------|------------------|----------------|
|  | 2019<br>\$'000    | 2018<br>\$'000 | 2019<br>\$'000            | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000             | 2018<br>\$'000 | 2019<br>\$'000           | 2018<br>\$'000 | 2019<br>\$'000   | 2018<br>\$'000 |
| <b>Opening balance</b>                   | <b>358,756</b>    | 418,519        | <b>1,492,286</b>          | 1,381,732      | <b>5,982</b>   | 365            | <b>290,646</b>             | 280,646        | -                        | -              | <b>2,147,670</b> | 2,081,262      |
| <b>Comprehensive income</b>              |                   |                |                           |                |                |                |                            |                |                          |                |                  |                |
| Other comprehensive income <sup>1</sup>  | <b>5,982</b>      | -              | <b>30,943</b>             | 110,554        | <b>(5,982)</b> | 5,617          | -                          | -              | -                        | -              | <b>30,943</b>    | 116,171        |
| Surplus/(deficit) for the period         | <b>(32,795)</b>   | (59,763)       | -                         | -              | -              | -              | -                          | -              | -                        | -              | <b>(32,795)</b>  | (59,763)       |
| <b>Total comprehensive income/(loss)</b> | <b>(26,813)</b>   | (59,763)       | <b>30,943</b>             | 110,554        | <b>(5,982)</b> | 5,617          | -                          | -              | -                        | -              | <b>(1,852)</b>   | 56,408         |
| <b>Contributions by owners</b>           |                   |                |                           |                |                |                |                            |                |                          |                |                  |                |
| Equity injection                         | -                 | -              | -                         | -              | -              | -              | <b>10,000</b>              | 10,000         | -                        | -              | <b>10,000</b>    | 10,000         |
| Contributions by owners – other          | -                 | -              | -                         | -              | -              | -              | -                          | -              | -                        | -              | -                | -              |
| <b>Closing balance</b>                   | <b>331,943</b>    | 358,756        | <b>1,523,229</b>          | 1,492,286      | -              | 5,982          | <b>300,646</b>             | 290,646        | -                        | -              | <b>2,155,818</b> | 2,147,670      |

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

1. Refer to Note 1.3.

**CONSOLIDATED FINANCIAL STATEMENTS**  
**CASH FLOW STATEMENT**  
*For the period ended 30 June 2019*

|   | Consolidated     |                  | CSIRO            |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2019             | 2018             | 2019             | 2018             |
|   | \$'000           | \$'000           | \$'000           | \$'000           |
| <b>OPERATING ACTIVITIES</b>   |                  |                  |                  |                  |
| <b>Cash received</b>  |                  |                  |                  |                  |
| Receipts from Government  | 832,641          | 793,549          | 832,641          | 793,549          |
| Sale of goods and rendering of services                             | 545,055          | 502,153          | 557,414          | 524,053          |
| Interest  | 13,841           | 9,833            | 10,967           | 7,468            |
| Net GST received  | 17,900           | 14,947           | 19,031           | 17,073           |
| Deposits  | 9,329            | 7,138            | 13,362           | 3,992            |
| <b>Total cash received</b>  | <b>1,418,766</b> | <b>1,327,620</b> | <b>1,433,415</b> | <b>1,346,135</b> |
| <b>Cash used</b>  |                  |                  |                  |                  |
| Employees   | 742,886          | 697,537          | 739,716          | 696,223          |
| Suppliers   | 552,049          | 486,039          | 552,034          | 497,370          |
| Finance costs   | 1,430            | 1,562            | 1,403            | 1,547            |
| <b>Total cash used</b>  | <b>1,296,365</b> | <b>1,185,138</b> | <b>1,293,153</b> | <b>1,195,140</b> |
| <b>Net cash from operating activities</b>                           | <b>122,401</b>   | <b>142,482</b>   | <b>140,262</b>   | <b>150,995</b>   |
| <b>INVESTING ACTIVITIES</b>   |                  |                  |                  |                  |
| <b>Cash received</b>  |                  |                  |                  |                  |
| Proceeds from sales of property, plant and equipment                | 967              | 5,090            | 988              | 5,074            |
| Proceeds from sales of equity investments and intellectual property | 6,147            | 5,391            | 425              | -                |
| <b>Total cash received</b>  | <b>7,114</b>     | <b>10,481</b>    | <b>1,413</b>     | <b>5,074</b>     |
| <b>Cash used</b>  |                  |                  |                  |                  |
| Purchase of property, plant and equipment                           | 119,647          | 116,631          | 119,647          | 116,510          |
| Equity investments  | 52,250           | 18,696           | 12,492           | 10,800           |
| Other selling costs   | 82               | 69               | 50               | 69               |
| <b>Total cash used</b>  | <b>171,979</b>   | <b>135,396</b>   | <b>132,189</b>   | <b>127,379</b>   |
| <b>Net cash used in investing activities</b>                        | <b>(164,865)</b> | <b>(124,915)</b> | <b>(130,776)</b> | <b>(122,305)</b> |
| <b>FINANCING ACTIVITIES</b>   |                  |                  |                  |                  |
| <b>Cash received</b>  |                  |                  |                  |                  |
| Contributed equity  | 45,523           | 10,000           | 10,000           | 10,000           |
| <b>Total cash received</b>  | <b>45,523</b>    | <b>10,000</b>    | <b>10,000</b>    | <b>10,000</b>    |
| <b>Cash used</b>  |                  |                  |                  |                  |
| Finance leases  | 4,631            | 5,787            | 4,631            | 5,787            |
| <b>Total cash used</b>  | <b>4,631</b>     | <b>5,787</b>     | <b>4,631</b>     | <b>5,787</b>     |
| <b>Net cash from financing activities</b>                           | <b>40,892</b>    | <b>4,213</b>     | <b>5,369</b>     | <b>4,213</b>     |
| <b>Net increase (decrease) in cash held</b>                         | <b>(1,572)</b>   | <b>21,780</b>    | <b>14,855</b>    | <b>32,903</b>    |
| Cash and cash equivalents at the beginning of the reporting period  | 321,647          | 299,867          | 183,974          | 151,071          |
| <b>Cash and cash equivalents at the end of the reporting period</b> | <b>320,075</b>   | <b>321,647</b>   | <b>198,829</b>   | <b>183,974</b>   |

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

**CONSOLIDATED FINANCIAL STATEMENTS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

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## CONSOLIDATED FINANCIAL STATEMENTS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Overview

#### Objectives of the CSIRO and its Subsidiaries (the Group)

CSIRO is an Australian Government controlled not-for-profit entity and is classified as a Corporate Commonwealth entity under the *Public Governance, Performance and Accountability Act 2013*. CSIRO 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:

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 continued funding by Parliament for CSIRO's administration and programs.

#### The Basis of Preparation

The financial statements are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* and are general purpose financial statements.

CSIRO and the Group's Consolidated Financial Statements have been prepared in accordance with:

- *Public Governance, Performance and Accountability (Financial Reporting Rule) 2015* (FRR) for reporting periods ending on or after 1 July 2015; and
- *Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements* 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.

#### Key Judgements and Estimates

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates and assumptions to future events. Information around judgements and estimates which are material to the financial statements are found in the following notes:

- Note 3.1 Employee Provisions
- Note 4.3 Fair Value Measurement

CSIRO has a provision (under provisions) for remediation costs required at a remote and other CSIRO locations, based on estimates provided by internal and external qualified experts. The provision is predominantly based on externally provided costings, with additional amounts derived from comparable remediation works. The provision is based on the scope of work as it currently stands as at 30 June 2019. As remediation works progress, the scope and costs may be subject to change. The work is expected to take several years to reach completion. Provisions for remediation also includes a provision for the makegood costs at leased CSIRO sites which is based on rates provided by an expert valuer.

#### Consolidation

The consolidated financial statements comprise the financial statements of the CSIRO and its subsidiaries (referred to as 'the Group'). The subsidiaries of CSIRO are the Science and Industry Endowment Fund (SIEF), the CSIRO Chile Research Fundación (Fundación), National ICT Australia (NICTA), the Innovation Fund (ten entities) and the US Office (2 entities). WLAN Services Pty Ltd (WLAN) was deregistered in 2019. Refer to Note 3.6 for further information.

## CONSOLIDATED FINANCIAL STATEMENTS

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by CSIRO as at 30 June 2019 and the results of the controlled entities for the year then ended. Subsidiaries are consolidated from the date on which control is obtained through to the date on which control ceases. The Group applies consistent accounting policies and the effects of all transactions and balances between the entities are eliminated in full.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated Group.

#### Foreign Currency Translation

The functional currency of CSIRO and its Australian subsidiaries is Australian dollars. The Group has three overseas subsidiary entities, the Fundación and the US Office entities. On consolidation, those entities:

- Assets and liabilities are translated into Australian dollars at the rate of exchange prevailing at the reporting date; and
- The statement of comprehensive income is translated at average exchange rate.

The exchange rate differences arising are recognised in the net cost of services.

#### New Australian Accounting Standards

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

AASB 9 Financial Instruments came into effect in 2018-19 (refer to notes 1.3 and 4.2 for further disclosure on the transition). 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 material financial impact.

##### Future Australian Accounting Standard requirements

No new or revised pronouncements that were issued by the Australian Accounting Standards Board prior to the finalisation of the financial statements are expected to have a material financial impact on the entity in future reporting periods. The following new or revised standards will be adopted and their implementation will require enhanced disclosure in future reporting periods:

| Standard                                      | Effective for reporting periods beginning on or after: | Nature of impending changes and likely impact on application  |
|---|--|---|
| AASB 15 Revenue from Contracts with Customers | 1 January 2019   | Specifies the accounting treatment of revenue arising from contracts with customers. CSIRO considers this will have minimal impact. |
| AASB 16 Leases                                | 1 January 2019   | Moderate impact as a new accounting standard which requires assessment of all operating and finance leases.                         |

#### Taxation

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

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

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

The SIEF is exempt from income tax in Australia. WLAN and the Innovation Fund entities are subject to all applicable taxes in Australia. The Fundación is subject to all applicable taxes in Chile. The US Office is subject to taxes in the United States. NICTA is exempt from income tax however NICTA's subsidiaries (including NICTA IPR Pty Ltd) are subject to applicable taxes in Australia.

#### Events after the Reporting Period

At the time of completion of these financial statements, the Group is not aware of any significant events occurring after the reporting date.

**CONSOLIDATED FINANCIAL STATEMENTS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Future Events**

CSIRO is exploring future commercial opportunities for the Ginninderra Field Station, a 701 hectare area of land which CSIRO owns in north Canberra. Due to rapid urban growth in the surrounding area, the site has become under-utilised and the field station requires relocation to a more rural setting. As part of its focus on exploring the future possibilities for this site, CSIRO has successfully requested the National Capital Authority (NCA) to include the site as 'Urban Area' on the General Policy Plan for Metropolitan Canberra in the National Capital Plan draft Amendment 86. The Amendment became effective in November 2016.

This initial step in rezoning the land has allowed CSIRO to commence a process to identify a suitable development partner to progress with the next steps in the planning for the future of the site which will involve ongoing significant community and stakeholder consultation. As this progresses, it is expected that there will be a material increase in the recorded value of the Ginninderra land.

**CONSOLIDATED FINANCIAL STATEMENTS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**1. Financial Performance**

This section analyses the financial performance of CSIRO for the year ended 30 June 2019.

**1.1. Expenses**

|  | Consolidated   |                | CSIRO          |                |
|--|----------------|----------------|----------------|----------------|
|  | 2019           | 2018           | 2019           | 2018           |
|  | \$'000         | \$'000         | \$'000         | \$'000         |
| <b>Note 1.1A: Employee Benefits</b>              |                |                |                |                |
| Wages and salaries                               | 563,969        | 528,356        | 561,042        | 527,117        |
| Superannuation                                   | 96,177         | 92,215         | 96,045         | 92,140         |
| Leave and other entitlements                     | 111,294        | 88,263         | 111,213        | 88,170         |
| Separation and redundancies                      | (4)            | (2,135)        | (4)            | (2,135)        |
| <b>Gross employee benefits</b>                   | <b>771,436</b> | <b>706,699</b> | <b>768,296</b> | <b>705,292</b> |
| Less   |                |                |                |                |
| Capitalised labour                               | (6,403)        | (7,014)        | (6,403)        | (7,014)        |
| Employee cost recovery from subsidiary companies | (1,864)        | (390)          | (1,864)        | (390)          |
| <b>Total employee benefits</b>                   | <b>763,169</b> | <b>699,295</b> | <b>760,029</b> | <b>697,888</b> |

**Accounting Policy**

Accounting policy for employee related expenses is contained in the People and Relationships section.

**Note 1.1B: Suppliers**

|  |                |                |                |                |
|--|----------------|----------------|----------------|----------------|
| Goods supplied                                       | 103,314        | 103,154        | 102,827        | 102,709        |
| Services rendered                                    | 336,828        | 299,249        | 338,568        | 304,726        |
| <b>Total goods and services supplied or rendered</b> | <b>440,142</b> | <b>402,403</b> | <b>441,395</b> | <b>407,435</b> |

**Other suppliers**

|                               |                |                |                |                |
|-------------------------------|----------------|----------------|----------------|----------------|
| Property lease rental         | 33,896         | 29,314         | 33,429         | 28,966         |
| Other operating lease rentals | 5,631          | 5,416          | 5,631          | 5,416          |
| Workers compensation expenses | 3,285          | 6,020          | 3,263          | 5,973          |
| <b>Total other suppliers</b>  | <b>42,812</b>  | <b>40,750</b>  | <b>42,323</b>  | <b>40,355</b>  |
| <b>Total Suppliers</b>        | <b>482,954</b> | <b>443,153</b> | <b>483,718</b> | <b>447,790</b> |

**Leasing commitments**

The CSIRO in its capacity as lessee has the following commitments that arise from effectively non-cancellable operating leases:

1. Office and Scientific Research Accommodation - Lease payments are subject to annual increases in accordance with the terms of the agreement (such as CPI increases). The accommodation leases are current and each may be renewed at the Group's option.
2. Motor Vehicles - No contingent rentals exist and there are no purchases options for vehicle leases.
3. Computer Equipment - Provision of computer equipment as designated necessary in the supply contract for a general period of 2-3 years.

Commitments below are stated inclusive of GST.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

|  |                |                |                |                |
|--|----------------|----------------|----------------|----------------|
| Within 1 year                            | 44,292         | 38,614         | 43,715         | 38,029         |
| Between 1 to 5 years                     | 76,587         | 100,152        | 75,972         | 99,300         |
| More than 5 years                        | 11,728         | 18,060         | 11,728         | 18,060         |
| <b>Total operating lease commitments</b> | <b>132,607</b> | <b>156,826</b> | <b>131,415</b> | <b>155,389</b> |

**CONSOLIDATED FINANCIAL STATEMENTS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Accounting Policy**

*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.

*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 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.

|  | <b>Consolidated</b> |        | <b>CSIRO</b>  |        |
|--|---------------------|--------|---------------|--------|
|  | <b>2019</b>         | 2018   | <b>2019</b>   | 2018   |
|  | <b>\$'000</b>       | \$'000 | <b>\$'000</b> | \$'000 |
| <b>Note 1.1C: Impairment loss on financial instruments</b>                   |                     |        |               |        |
| Asset write-downs and impairments from:                                      |                     |        |               |        |
| Bad debts written off  | <b>925</b>          | 52     | <b>925</b>    | 52     |
| Allowance for impairment of trade and other receivables                      | <b>(389)</b>        | 632    | <b>(389)</b>  | 632    |
| Net realisation of fair value loss reserve on available for sale investments | -                   | 409    | -             | -      |
| <b>Total write-downs and impairments on financial instruments</b>            | <b>536</b>          | 1,093  | <b>536</b>    | 684    |

**Note 1.1D: Write-down and impairment of other assets**

Asset write-downs and impairments from:

|  |           |       |           |       |
|--|-----------|-------|-----------|-------|
| Property, plant and equipment                          | <b>13</b> | 5,910 | <b>13</b> | 5,910 |
| <b>Total write-down and impairment of other assets</b> | <b>13</b> | 5,910 | <b>13</b> | 5,910 |

**CONSOLIDATED FINANCIAL STATEMENTS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**1.2. Revenue and Gains**

|   | Consolidated   |         | CSIRO          |         |
|---|----------------|---------|----------------|---------|
|   | 2019           | 2018    | 2019           | 2018    |
|   | \$'000         | \$'000  | \$'000         | \$'000  |
| <b>Revenues from Government</b>   | <b>834,561</b> | 793,549 | <b>834,561</b> | 793,549 |
| Sale of goods   | 12,741         | 10,593  | 12,741         | 10,593  |
| Rendering of services   | 397,691        | 373,961 | 422,734        | 394,597 |
| <b>Total sale of goods and rendering of services</b>  | <b>410,432</b> | 384,554 | <b>435,475</b> | 405,190 |
| Bank and term deposits interest   | 13,501         | 10,572  | 10,536         | 7,944   |
| Rental Income   | 10,546         | 11,001  | 10,546         | 11,001  |
| Royalties and licence fees  | 34,427         | 43,175  | 34,427         | 43,175  |
| Sale of investments and intellectual property   | 12,094         | 1,943   | 11,498         | -       |
| <b>Total interest, rental, royalties and licence income</b>   | <b>70,568</b>  | 66,691  | <b>67,007</b>  | 62,120  |
| Other revenues  |                |         |                |         |
| Sale of primary produce   | 1,989          | 1,916   | 1,989          | 1,916   |
| Donation  | 916            | 22      | 916            | 22      |
| Capital contributions   | 12,587         | 17,263  | 13,805         | 17,263  |
| Education programs and subscriptions  | 347            | 513     | 347            | 513     |
| Other   | 13,122         | 16,150  | 8,396          | 12,118  |
| <b>Total other revenues</b>   | <b>28,961</b>  | 35,864  | <b>25,453</b>  | 31,832  |
| <b>Total own-source revenue</b>   | <b>509,961</b> | 487,109 | <b>527,935</b> | 499,142 |
| Gain on recognition of assets   | -              | 66      | -              | 66      |
| Gain/(loss) on foreign exchange- non-speculative  | 117            | (828)   | 238            | (746)   |
| Gain/(loss) on revaluation of investment properties   | 2,375          | (1,413) | 2,375          | (1,413) |
| Gain/(loss) on revaluation of equity investments  | 14,660         | -       | (1,497)        | -       |
| <b>Total own-source revenue including gains</b>   | <b>527,113</b> | 484,934 | <b>529,051</b> | 497,049 |
| <b>Leasing - Rental Income Commitments</b>  |                |         |                |         |
| CSIRO has commitments receivable for the sub leasing areas of office and scientific research accommodation to external parties. The commitments below are shown at their GST inclusive amounts: |                |         |                |         |
| Within 1 year   | 3,660          | 3,549   | 3,660          | 3,549   |
| Between 1 to 5 years  | 5,663          | 5,401   | 5,663          | 5,401   |
| More than 5 years   | 4,030          | 3,846   | 4,030          | 3,846   |
| <b>Total lease commitments receivable</b>   | <b>13,353</b>  | 12,796  | <b>13,353</b>  | 12,796  |

**Accounting Policy**

Sale of Goods and Services 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; and it is probable that the economic benefits associated with the transaction will flow to CSIRO. 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; and it is probable that the economic benefits associated with the transaction will flow to CSIRO.

The stage of completion of contracts at the reporting date is determined by reference to the estimated progress of the contracted deliverables to date. The balances of contract research and development activities in progress are accounted as either contract research work in progress (Note 2.2C), being the gross unbilled amount expected to be collected from clients for contract research and services performed as at 30 June 2019, or contract research revenue received in advance (Note 2.3B), where revenue for contract research and services received and/or billed exceeded revenue earned.

**CONSOLIDATED FINANCIAL STATEMENTS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Interest Revenue

Interest revenue is recognised using the effective interest method as set out in *AASB 9 Financial Instruments*.

Royalties and License Fees

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 and Science (appropriated to CSIRO as a corporate Commonwealth entity payment item) is recognised as Revenue from Government unless it is in the nature of an equity injection or a loan.

Other Revenue

Other revenues includes sale of CSIRO publications and products, conferences and 'pass through' funding for costs of suppliers and external service providers.

Resources Received Free of Charge

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

**1.3. Other Comprehensive Income**

|   | Consolidated    |                | CSIRO          |                |
|---|-----------------|----------------|----------------|----------------|
|   | 2019            | 2018           | 2019           | 2018           |
|   | \$'000          | \$'000         | \$'000         | \$'000         |
| <b>Items that will not be classified to income or loss</b>                              |                 |                |                |                |
| <b>Note 1.3A: Changes in asset revaluation reserves</b>                                 |                 |                |                |                |
| Revaluation of land and buildings   | -               | 110,297        | -              | 110,297        |
| Revaluation of plant and equipment  | 30,943          | -              | 30,943         | -              |
| Revaluation of heritage and cultural assets   | -               | 257            | -              | 257            |
| <b>Net increase/(decrease) in asset revaluation reserves</b>                            | <b>30,943</b>   | <b>110,554</b> | <b>30,943</b>  | <b>110,554</b> |
| <b>Items that may be reclassified to income and loss</b>                                |                 |                |                |                |
| <b>Note 1.3B: Change in other reserve</b>   |                 |                |                |                |
| Net change in fair value of equity investments  | (15,272)        | 9,861          | (5,982)        | 5,617          |
| Net change arising from foreign exchange movements on conversion of subsidiary accounts | 16              | (8)            | -              | -              |
| <b>Net increase/(decrease) in other reserve</b>   | <b>(15,256)</b> | <b>9,853</b>   | <b>(5,982)</b> | <b>5,617</b>   |

**Accounting Policy**

Reserves for equity valuation

Under *AASB 139 Financial Instruments: Recognition and Measurement*, CSIRO's investment portfolio were classified as available for sale assets and fair value movements treated through other comprehensive income. Under the new standard, *AASB 9 Financial Instruments*, CSIRO's equity investment portfolio are treated as Fair Value through Profit and Loss and the Innovation Fund investment treated as Fair Value through Other Comprehensive Income (refer Note 4.2 and 4.3). On transition at 1 July 2018, the reserve relating to the CSIRO equity portfolio was moved to retained earnings.

**CONSOLIDATED FINANCIAL STATEMENTS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**2. Financial Position**

This section analyses CSIRO's assets used to generate financial performance and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

**2.1. Financial Assets**

|   | Consolidated  |               | CSIRO         |               |
|---|---------------|---------------|---------------|---------------|
|   | 2019          | 2018          | 2019          | 2018          |
|   | \$'000        | \$'000        | \$'000        | \$'000        |
| <b>Note 2.1A: Trade and other receivables</b>                   |               |               |               |               |
| Goods and services  | 65,729        | 74,406        | 65,269        | 73,951        |
| Statutory receivables   | 5,764         | 4,755         | 4,311         | 4,433         |
| Interest  | 1,282         | 1,622         | 488           | 919           |
| Other receivables   | 3,965         | 4,216         | 2,863         | 2,332         |
| <b>Total trade and other receivables (gross)</b>                | <b>76,740</b> | <b>84,999</b> | <b>72,931</b> | <b>81,635</b> |
| Less: impairment loss allowance for trade and other receivables | (445)         | (834)         | (445)         | (834)         |
| <b>Total trade and other receivables (net)</b>                  | <b>76,295</b> | <b>84,165</b> | <b>72,486</b> | <b>80,801</b> |
| <br>  |               |               |               |               |
| Trade and other receivables (gross) aged as follows             |               |               |               |               |
| Not overdue   | 61,763        | 73,154        | 57,954        | 73,159        |
| Overdue by  |               |               |               |               |
| 0 to 30 days  | 11,790        | 8,628         | 11,790        | 5,259         |
| 31 to 60 days   | 1,126         | 1,391         | 1,126         | 1,391         |
| 61 to 90 days   | 770           | 500           | 770           | 500           |
| More than 90 days   | 1,291         | 1,326         | 1,291         | 1,326         |
| <b>Total receivables (gross)</b>                                | <b>76,740</b> | <b>84,999</b> | <b>72,931</b> | <b>81,635</b> |
| <br>  |               |               |               |               |
| <b>Reconciliation of impairment loss allowance</b>              |               |               |               |               |
| Opening balance   | 834           | 202           | 834           | 202           |
| Increase /(decrease) recognised in net surplus                  | (389)         | 632           | (389)         | 632           |
| <b>Closing balance</b>  | <b>445</b>    | <b>834</b>    | <b>445</b>    | <b>834</b>    |

**Accounting Policy**

Loans and Receivables

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 on an ongoing basis and allowances are made when collectability of the debt is no longer probable. All trade and other receivables are expected to be recovered in no more than 12 months.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period. Where 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.

**Note 2.1B: Other Investments**

|                          |                |               |                |               |
|--------------------------|----------------|---------------|----------------|---------------|
| Listed companies         | 9,188          | 5,846         | 9,188          | 5,846         |
| Unlisted companies       | 57,236         | 42,258        | 46,735         | 32,677        |
| Innovation Fund          | 70,472         | 20,021        | 60,503         | 50,800        |
| Uniseed Investment       | 8,909          | 9,391         | 8,909          | 9,391         |
| <b>Total investments</b> | <b>145,805</b> | <b>77,516</b> | <b>125,335</b> | <b>98,714</b> |

**Accounting Policy**

CSIRO has investments in a number of unlisted start-up companies over which it does not have 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 been listed on the Australian Stock Exchange and in the Uniseed trust. CSIRO, as part of the National Innovation and Science Agenda, has also established and invested in an Innovation Fund to invest in the development of early stage technology opportunities. Refer to Note 3.6 Related Parties for more information.

CSIRO's other investments are accounted for in accordance with AASB 9 *Financial Instruments* and AASB 10 *Consolidated Financial Statements*. See note 4.2 and 4.3 for further information.



CONSOLIDATED FINANCIAL STATEMENTS  
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**2.2. Non-Financial Assets**

Note 2.2A: Reconciliation of the opening and closing balances of Land and Buildings, Plant and Equipment and Intangibles

**(a) Reconciliation of the opening and closing balances of Land and Buildings, Plant and Equipment and Intangibles for 2019 - Consolidated**

|  | Land           | Buildings        | Total land and buildings | Plant and equipment | Heritage and cultural | Intangibles   | Total            |
|--|----------------|------------------|--------------------------|---------------------|-----------------------|---------------|------------------|
|  | \$'000         | \$'000           | \$'000                   | \$'000              | \$'000                | \$'000        | \$'000           |
| <b>As at 1 July 2018</b>                                 |                |                  |                          |                     |                       |               |                  |
| Gross book value   | 440,600        | 2,613,649        | 3,054,249                | 1,149,408           | 13,997                | 53,585        | 4,271,239        |
| Accumulated depreciation and amortisation                | -              | (1,428,642)      | (1,428,642)              | (600,776)           | (9,534)               | (37,012)      | (2,075,964)      |
| <b>Net book value as at 1 July 2018</b>                  | <b>440,600</b> | <b>1,185,007</b> | <b>1,625,607</b>         | <b>548,632</b>      | <b>4,463</b>          | <b>16,573</b> | <b>2,195,275</b> |
| Additions  | -              | 61,959           | 61,959                   | 65,860              | -                     | 466           | 128,285          |
| Reclassification   | (54,000)       | (6)              | (54,006)                 | (2,308)             | -                     | 2,314         | (54,000)         |
| Revaluations recognised in other comprehensive income    | -              | -                | -                        | 30,943              | -                     | -             | 30,943           |
| Impairments recognised in net cost of services           | -              | -                | -                        | (13)                | -                     | -             | (13)             |
| Depreciation expense                                     | -              | (69,372)         | (69,372)                 | (76,034)            | -                     | (2,613)       | (148,019)        |
| Disposals  | -              | (26)             | (26)                     | (3,738)             | -                     | -             | (3,764)          |
| Other movements  | -              | -                | -                        | -                   | -                     | -             | -                |
| <b>Net book value as at 30 June 2019</b>                 | <b>386,600</b> | <b>1,177,562</b> | <b>1,564,162</b>         | <b>563,342</b>      | <b>4,463</b>          | <b>16,740</b> | <b>2,148,707</b> |
| <b>Net book value as at 30 June 2019 represented by:</b> |                |                  |                          |                     |                       |               |                  |
| Gross book value   | 386,600        | 2,674,812        | 3,061,412                | 1,294,098           | 13,997                | 56,366        | 4,425,873        |
| Accumulated depreciation and amortisation                | -              | (1,497,250)      | (1,497,250)              | (730,756)           | (9,534)               | (39,626)      | (2,277,166)      |
| <b>Total as at 30 June 2019</b>                          | <b>386,600</b> | <b>1,177,562</b> | <b>1,564,162</b>         | <b>563,342</b>      | <b>4,463</b>          | <b>16,740</b> | <b>2,148,707</b> |

**CONSOLIDATED FINANCIAL STATEMENTS**  
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**(b) Reconciliation of the opening and closing balances of Land and Buildings, Plant and Equipment and Intangibles for 2019 - CSIRO**

|  | Land           | Buildings        | Total land and buildings | Plant and equipment | Heritage and cultural | Intangibles   | Total            |
|--|----------------|------------------|--------------------------|---------------------|-----------------------|---------------|------------------|
|  | \$'000         | \$'000           | \$'000                   | \$'000              | \$'000                | \$'000        | \$'000           |
| <b>As at 1 July 2018</b>                                 |                |                  |                          |                     |                       |               |                  |
| Gross book value   | 440,600        | 2,613,649        | 3,054,249                | 1,148,590           | 13,997                | 53,585        | 4,270,421        |
| Accumulated depreciation and amortisation                | -              | (1,428,642)      | (1,428,642)              | (600,294)           | (9,534)               | (37,012)      | (2,075,482)      |
| <b>Net book value as at 1 July 2018</b>                  | <b>440,600</b> | <b>1,185,007</b> | <b>1,625,607</b>         | <b>548,296</b>      | <b>4,463</b>          | <b>16,573</b> | <b>2,194,939</b> |
| Additions  | -              | 61,959           | 61,959                   | 65,860              | -                     | 466           | 128,285          |
| Reclassification   | (54,000)       | (6)              | (54,006)                 | (2,308)             | -                     | 2,314         | (54,000)         |
| Revaluations recognised in other comprehensive income    | -              | -                | -                        | 30,943              | -                     | -             | 30,943           |
| Impairments recognised in net cost of services           | -              | -                | -                        | (13)                | -                     | -             | (13)             |
| Depreciation expense                                     | -              | (69,372)         | (69,372)                 | (75,876)            | -                     | (2,613)       | (147,861)        |
| Disposals  | -              | (26)             | (26)                     | (3,759)             | -                     | -             | (3,785)          |
| Other movements  | -              | -                | -                        | -                   | -                     | -             | -                |
| <b>Net book value as at 30 June 2019</b>                 | <b>386,600</b> | <b>1,177,562</b> | <b>1,564,162</b>         | <b>563,143</b>      | <b>4,463</b>          | <b>16,740</b> | <b>2,148,508</b> |
| <b>Net book value as at 30 June 2019 represented by:</b> |                |                  |                          |                     |                       |               |                  |
| Gross book value   | 386,600        | 2,674,812        | 3,061,412                | 1,293,251           | 13,997                | 56,366        | 4,425,026        |
| Accumulated depreciation and amortisation                | -              | (1,497,250)      | (1,497,250)              | (730,108)           | (9,534)               | (39,626)      | (2,276,518)      |
| <b>Total as at 30 June 2019</b>                          | <b>386,600</b> | <b>1,177,562</b> | <b>1,564,162</b>         | <b>563,143</b>      | <b>4,463</b>          | <b>16,740</b> | <b>2,148,508</b> |

**CONSOLIDATED FINANCIAL STATEMENTS**  
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|  | Consolidated  |               | CSIRO         |               |
|--|---------------|---------------|---------------|---------------|
|  | 2019          | 2018          | 2019          | 2018          |
|  | \$'000        | \$'000        | \$'000        | \$'000        |
| <b>Contractual commitments for fixed assets:</b>   |               |               |               |               |
| Capital commitments comprise outstanding payments for buildings under construction and commitments for purchase of plant and equipment. Commitments are reported inclusive of GST. |               |               |               |               |
| Land and buildings   | 15,797        | 28,141        | 15,797        | 28,141        |
| Plant and equipment  | 4,170         | 8,199         | 4,170         | 8,199         |
| <b>Total commitments payable</b>   | <b>19,967</b> | <b>36,340</b> | <b>19,967</b> | <b>36,340</b> |
| Within 1 year  | 18,535        | 36,166        | 18,535        | 36,166        |
| Between 1 to 5 years   | 1,432         | 174           | 1,432         | 174           |
| More than 5 years  | -             | -             | -             | -             |
| <b>Total commitments payable</b>   | <b>19,967</b> | <b>36,340</b> | <b>19,967</b> | <b>36,340</b> |

**Accounting Policy**

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. 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.

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$5,000, 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).

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 or deficit. Revaluation decrements for a class of assets are recognised directly through the statement of comprehensive income 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 fair value (highest and best use). Highest and best use is determined from the perspective of market participants. An entity's current use of a non-financial asset is presumed to be its highest and best use unless market or other factors suggest otherwise. Land underwent a full revaluation as at 30 June 2018 by Jones Lang LaSalle (JLL).
- Buildings and leasehold improvements, which will continue to be used for research activities, are valued by independent valuers at fair value (highest and best use). Building valuations include plant, fit-outs, fixtures and fittings, which form an integral part of buildings. Buildings underwent a full revaluation as at 30 June 2018 by JLL.
- Plant and equipment which will continue to be used for research activities are valued by independent valuers at fair value (highest and best use). Plant and equipment assets were revalued as at 30 June 2019 by JLL.
- Properties held for sale are valued at the lower of its carrying amount and fair value less costs to sell. An assessment is undertaken annually of any properties held for sale.
- Heritage and cultural assets are valued by independent valuers at their depreciated replacement cost. Heritage assets underwent a full revaluation as at 30 June 2018 by JLL.

**CONSOLIDATED FINANCIAL STATEMENTS**  
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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:

|                                      |                |
|--------------------------------------|----------------|
| Buildings on freehold land           | 40 to 80 years |
| Leasehold improvements               | Lease term     |
| Buildings under finance lease        | Lease term     |
| Passenger vehicles                   | 7 years        |
| Agricultural and transport equipment | 8 to 20 years  |
| Computing equipment                  | 2 to 5 years   |
| Scientific equipment                 | 5 to 20 years  |
| Furniture and office equipment       | 5 to 15 years  |
| Workshop equipment                   | 20 to 25 years |
| Research vessel                      | 25 years       |
| Australia telescope                  | 15 to 58 years |
| Heritage and cultural assets         | Indefinite     |

Impairment

All assets were assessed for impairment as at 30 June 2019. 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.

Heritage and Cultural Assets

Heritage and cultural items include buildings of historical or cultural significance. CSIRO has classified them as heritage and cultural assets as they are primarily used for purposes that relate to their cultural significance and original purpose. Heritage and cultural assets are stored and managed in ways to preserve their heritage and cultural value over time. Where conservation and preservation activities, specified in an asset's Heritage Management Plan, demonstrate that an asset will be maintained for an indefinite period, these items are considered to have indefinite useful lives and therefore, not subject to depreciation. Copies of the Heritage Management Plans may be obtained by contacting [enquiries@csiro.au](mailto:enquiries@csiro.au).

Intangibles

Intangibles are 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 are amortised on a straight-line basis over their anticipated useful lives. The useful lives are 2 to 10 years (2018: 2 to 10 years). All software assets were assessed for indications of impairment as at 30 June 2019.

CSIRO does not recognise its internally generated intellectual property as an asset on the Balance Sheet as it does not meet the recognition and measurement requirements under AASB 138 *Intangible Assets*. CSIRO's Intellectual property includes patents, inventions, trademarks, plant breeder's rights and registered designs.

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.

**CONSOLIDATED FINANCIAL STATEMENTS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

|  | Consolidated |        | CSIRO  |        |
|--|--------------|--------|--------|--------|
|  | 2019         | 2018   | 2019   | 2018   |
|  | \$'000       | \$'000 | \$'000 | \$'000 |

**Note 2.2B: Investment properties**

**Reconciliation of the opening and closing balances of investment properties**

|   |               |         |               |         |
|---|---------------|---------|---------------|---------|
| <b>As at 1 July</b>                         | <b>49,697</b> | 51,110  | <b>49,697</b> | 51,110  |
| Net gain/(loss) from fair value adjustments | <b>2,375</b>  | (1,413) | <b>2,375</b>  | (1,413) |
| <b>Total as at 30 June</b>                  | <b>52,072</b> | 49,697  | <b>52,072</b> | 49,697  |

**Commitments from investment properties:**

Commitments comprise rental income receivable from CSIRO's investment properties. The commitments below are shown at their GST inclusive amounts:

|                                    |              |       |              |       |
|------------------------------------|--------------|-------|--------------|-------|
| Within 1 year                      | <b>4,034</b> | 3,701 | <b>4,034</b> | 3,701 |
| Between 1 to 5 years               | <b>990</b>   | 825   | <b>990</b>   | 825   |
| More than 5 years                  | -            | -     | -            | -     |
| <b>Total commitment receivable</b> | <b>5,024</b> | 4,526 | <b>5,024</b> | 4,526 |

No indicators of impairment were identified for investment properties.

**Accounting Policy**

Investment properties are recorded at their fair value, which is assessed annually by independent valuers. Investment properties were valued as at 30 June 2019 by JLL. Revaluation increments are recorded as a gain or loss in the Statements of Comprehensive Income as disclosed in Note 1.2. Rental income from investment properties is included in the rental income disclosed in Note 1.2 and was \$3.6m for 2019 (2018:\$3.2m). Operating costs that are recoverable amounted to \$1.1m (2018: \$1.0m)

**Note 2.2C: Other non-financial assets**

|  |               |        |               |        |
|--|---------------|--------|---------------|--------|
| Contract research work in progress - at cost | <b>30,413</b> | 29,253 | <b>30,413</b> | 29,253 |
| Other prepayments                            | <b>19,647</b> | 15,042 | <b>19,739</b> | 15,018 |
| <b>Total other non-financial assets</b>      | <b>50,060</b> | 44,295 | <b>50,152</b> | 44,271 |

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

**Accounting Policy**

Accounting policy for contract research work in progress is contained in Note 1.2.

**CONSOLIDATED FINANCIAL STATEMENTS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**2.3. Payables**

|                             | Consolidated  |               | CSIRO         |               |
|-----------------------------|---------------|---------------|---------------|---------------|
|                             | 2019          | 2018          | 2019          | 2018          |
|                             | \$'000        | \$'000        | \$'000        | \$'000        |
| <b>Note 2.3A: Suppliers</b> |               |               |               |               |
| Suppliers payable           | 72,519        | 83,844        | 72,695        | 82,112        |
| <b>Total</b>                | <b>72,519</b> | <b>83,844</b> | <b>72,695</b> | <b>82,112</b> |

Settlement is usually made within 30 days, but all supplier payables are expected to be settled within 12 months.

**Note 2.3B: Other Payables**

|   |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
| Accrued salaries and wages                    | 7,195          | 6,380          | 7,167          | 6,380          |
| Contract research revenue received in advance | 131,008        | 118,268        | 131,008        | 118,268        |
| Other revenue received in advance             | 5,294          | 8,936          | 6,728          | 9,616          |
| Other creditors and accrued expenses          | 8,105          | 8,748          | 336            | 2,097          |
| <b>Total other payables</b>                   | <b>151,602</b> | <b>142,332</b> | <b>145,239</b> | <b>136,361</b> |

**Accounting Policy**

Accounting policy for contract revenue received in advance is contained in Note 1.2.

**2.4. Interest Bearing Liabilities**

|  | Consolidated  |               | CSIRO         |               |
|--|---------------|---------------|---------------|---------------|
|  | 2019          | 2018          | 2019          | 2018          |
|  | \$'000        | \$'000        | \$'000        | \$'000        |
| <b>Note 2.4A: Finance Leases</b>   |               |               |               |               |
| <b>Lease payments are expected to be settled:</b>                                      |               |               |               |               |
| Within one year  |               |               |               |               |
| Minimum lease payments   | 5,016         | 5,567         | 5,016         | 5,567         |
| Deduct: future finance charges   | (1,322)       | (1,566)       | (1,322)       | (1,566)       |
| <b>Total payable within one year (current)</b>   | <b>3,694</b>  | <b>4,001</b>  | <b>3,694</b>  | <b>4,001</b>  |
| In one to five years   |               |               |               |               |
| Minimum lease payments   | 21,902        | 24,680        | 21,902        | 24,680        |
| Deduct: future finance charges   | (2,837)       | (3,911)       | (2,837)       | (3,911)       |
| <b>Total payable within one to five years</b>  | <b>19,065</b> | <b>20,769</b> | <b>19,065</b> | <b>20,769</b> |
| In more than five years  |               |               |               |               |
| Minimum lease payments   | 5,120         | 8,177         | 5,120         | 8,177         |
| Deduct: future finance charges   | (542)         | (979)         | (542)         | (979)         |
| <b>Total payable in more than five years</b>   | <b>4,578</b>  | <b>7,198</b>  | <b>4,578</b>  | <b>7,198</b>  |
| <b>Total finance lease liability recognised on the Statement of Financial Position</b> | <b>27,337</b> | <b>31,968</b> | <b>27,337</b> | <b>31,968</b> |

**Accounting Policy**

Finance leases exist in relation to certain buildings and major equipment assets. The leases are non-cancellable and for fixed terms ranging from 17 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 (2018: 5% per annum). The lease liabilities are secured by the lease assets. Accounting policies for leases is contained in Note 1.1B.

**Note 2.4B: Deposits**

Deposits represent monies held on behalf of third parties. If the amounts are not spent for their specified purpose they will be returned to the third party.

|                          |        |        |        |        |
|--------------------------|--------|--------|--------|--------|
| Total deposits held are: | 23,310 | 12,315 | 27,364 | 12,336 |
|--------------------------|--------|--------|--------|--------|

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**3. People and Relationships**

This section describes a range of employment and post employment benefits provided to our people and our relationship with other key people.

**3.1. Employee Provisions**

|                                       | Consolidated   |                | CSIRO          |                |
|---------------------------------------|----------------|----------------|----------------|----------------|
|                                       | 2019           | 2018           | 2019           | 2018           |
|                                       | \$'000         | \$'000         | \$'000         | \$'000         |
| <b>Note 3.1A: Employee Provisions</b> |                |                |                |                |
| Annual leave                          | 61,274         | 58,639         | 61,150         | 58,457         |
| Long service leave                    | 167,810        | 141,990        | 167,810        | 141,990        |
| Severance pay                         | 7,419          | 6,523          | 7,419          | 6,523          |
| Redundancies                          | 1,995          | 11,804         | 1,995          | 11,804         |
| <b>Total employee provisions</b>      | <b>238,498</b> | <b>218,956</b> | <b>238,374</b> | <b>218,774</b> |

**Accounting Policy**

Liabilities for short-term employee benefits (as defined in *AASB 119 Employee Benefits*) 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 2019 for long service leave and annual 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. A CSIRO plan of termination is binding when the following criteria are met:

- actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made;
- the plan identifies the number of employees whose employment is to be terminated; and
- the plan established the termination benefits that employees will receive.

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 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 2019 represents outstanding contributions for the financial year.

CONSOLIDATED FINANCIAL STATEMENTS  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**3.2. Key Management Personnel Remuneration**

| CSIRO Key Management Personnel                                      | Position  | Short Term Benefits |                |                               | Post Employment Benefits      | Other Long Term Benefits |                          | Termination Benefits | Total Remuneration |
|---|---|---------------------|----------------|-------------------------------|-------------------------------|--------------------------|--------------------------|----------------------|--------------------|
|   |   | Base Salary         | Bonuses        | Other Benefits and Allowances | Super-annuation Contributions | Long Service Leave       | Other Long Term Benefits |                      |                    |
|   |   | \$                  | \$             | \$                            | \$                            | \$                       | \$                       | \$                   | \$                 |
| Marshall, Larry   | Chief Executive   | 720,133             | 185,544        | 24,920                        | 23,844                        | 24,855                   | 35,370                   | -                    | 1,014,666          |
| Zielke, Judi  | Chief Operating Officer   | 267,112             | 14,769         | -                             | 41,968                        | 2,260                    | 8,981                    | -                    | 335,090            |
| Mayfield, Peter   | Executive Director – Environment, Energy & Resources              | 394,146             | 24,000         | 17,314                        | 48,602                        | 52,939                   | 67,060                   | -                    | 604,061            |
| Hill, Anita   | Executive Director – Future Industries                            | 335,662             | 24,000         | 17,208                        | 59,512                        | 54,923                   | -                        | -                    | 491,305            |
| Williams, David   | Executive Director - Digital, National Facilities and Collections | 376,586             | 24,000         | 6,889                         | 23,039                        | 21,784                   | 25,311                   | -                    | 477,609            |
| <b>Total remuneration for CSIRO Key Management Personnel</b>        |   | <b>2,093,639</b>    | <b>272,313</b> | <b>66,331</b>                 | <b>196,965</b>                | <b>156,761</b>           | <b>136,722</b>           | <b>-</b>             | <b>2,922,731</b>   |
| <b>CSIRO Subsidiary Key Management Personnel</b>                    |   |                     |                |                               |                               |                          |                          |                      |                    |
| Jimenez, Orlando  | Fundacion CEO   | 295,128             | -              | 1,011                         | -                             | -                        | -                        | -                    | 296,139            |
| <b>Total remuneration for Fundacion</b>                             |   | <b>295,128</b>      | <b>-</b>       | <b>1,011</b>                  | <b>-</b>                      | <b>-</b>                 | <b>-</b>                 | <b>-</b>             | <b>296,139</b>     |
| <b>Total Consolidated Remuneration for Key Management Personnel</b> |   | <b>2,388,767</b>    | <b>272,313</b> | <b>67,342</b>                 | <b>196,965</b>                | <b>156,761</b>           | <b>136,722</b>           | <b>-</b>             | <b>3,218,870</b>   |

Bonus amounts represent estimated amounts based on the contract amount allowable. Actual bonuses are decided by the Board following the end of financial year.

During the reporting period ended 30 June 2019, CSIRO had five executives who meet the definition of key personnel personnel. All were employed for the full financial year, with the exception of Judi Zielke as COO (from 19 November 2018 to current). Consolidated figures include the remuneration of the Fundacion CEO Orlando Jimenez (7 March 2014 to current). This note has been prepared on an accrual basis for substantive and long term acting senior management personnel during the period.



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| Senior Executive Staff Remuneration |                                  | Short Term Benefits |                 |                                       | Post Employment Benefits              | Other Long Term Benefits   |                                  | Average Termination Benefits | Average Total Remuneration |
|-------------------------------------|----------------------------------|---------------------|-----------------|---------------------------------------|---------------------------------------|----------------------------|----------------------------------|------------------------------|----------------------------|
|                                     |                                  | Average Base Salary | Average Bonuses | Average Other Benefits and Allowances | Average Super-annuation Contributions | Average Long Service Leave | Average Other Long Term Benefits |                              |                            |
| Remuneration Band                   | Number of Senior Executive Staff | \$                  | \$              | \$                                    | \$                                    | \$                         | \$                               | \$                           | \$                         |
| \$0 - \$220,000                     | 5                                | 75,900              | 12,800          | 4,981                                 | 13,079                                | 20,169                     | -                                | -                            | 126,929                    |
| \$220,001 - \$245,000               | 1                                | 167,595             | 16,000          | 15,353                                | 24,135                                | 1,384                      | 5,501                            | -                            | 229,968                    |
| \$245,001 - \$270,000               | 1                                | 190,512             | 16,000          | 14,850                                | 39,181                                | (5,707)                    | -                                | -                            | 254,836                    |
| \$295,001 - \$320,000               | 3                                | 216,805             | 16,000          | 17,314                                | 39,576                                | 16,610                     | -                                | -                            | 306,305                    |
| \$320,001 - \$345,000               | 2                                | 258,972             | 20,000          | 15,250                                | 20,198                                | 15,041                     | 4,918                            | -                            | 334,379                    |
| \$345,001 - \$370,000               | 2                                | 249,939             | 20,000          | 6,992                                 | 38,951                                | 37,833                     | 5,436                            | -                            | 359,151                    |
| \$370,001 - \$395,000               | 4                                | 217,283             | 18,000          | 8,824                                 | 35,496                                | 19,416                     | 6,300                            | 73,188                       | 378,507                    |
| \$420,001 - \$445,000               | 1                                | 305,543             | 22,904          | 17,314                                | 54,362                                | 13,913                     | 14,273                           | -                            | 428,309                    |
| \$470,001 - \$495,000               | 1                                | 415,131             | 16,000          | -                                     | 24,836                                | 11,007                     | 16,587                           | -                            | 483,561                    |

During the reporting period ended 30 June 2019, CSIRO had twenty executives who meet the definition of senior executive staff. This note has been prepared on an accrual basis for substantive and long term acting senior management personnel during the period. Base Salary includes annual leave accrued in the period. Bonus amounts represent estimated amounts based on the contract amount allowable. Actual bonuses are decided by the Board following the end of financial year.

**CONSOLIDATED FINANCIAL STATEMENTS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**3.3. Remuneration of Auditors**

|   | Consolidated   |                | CSIRO          |                |
|---|----------------|----------------|----------------|----------------|
|   | 2019           | 2018           | 2019           | 2018           |
|   | \$             | \$             | \$             | \$             |
| Amounts received or due and receivable by the Group's auditors for: |                |                |                |                |
| Audit of the financial statements                                   | 327,759        | 331,970        | 215,000        | 215,000        |
| Audit of projects   | 10,709         | 9,980          | -              | -              |
|   | <b>338,468</b> | <b>341,950</b> | <b>215,000</b> | <b>215,000</b> |

The Group's auditor (except for the Fundacion) is the Australian National Audit Office (ANAO) who has appointed RSM to assist with the assignment since 2015-16. The Fundacion is audited by Ernst & Young Chile, who conduct both financial statement and project audits for the Fundacion.

**3.4. Remuneration of Board Members**

| Name   | Position        | Term  | Base Salary    | Other benefits and allowances | Post employment benefits | Total 2018-19 Remuneration |
|--|-----------------|---|----------------|-------------------------------|--------------------------|----------------------------|
|  |                 |   | \$             | \$                            | \$                       | \$                         |
| David Knox   | Board member    | 05/05/15 - 04/05/19;<br>05/05/19 - 04/05/24 | 68,801         | -                             | -                        | 68,801                     |
| Peter Riddles  | Board member    | 24/04/14 - 23/04/17;<br>24/04/17 - 23/04/22 | 68,801         | 7,973                         | 7,971                    | 84,745                     |
| Edwina Cornish   | Board member    | 26/11/15 - 25/11/20                         | 68,801         | 7,973                         | 7,295                    | 84,069                     |
| Tanya Monro  | Board member    | 25/02/16 - 11/03/19                         | 47,629         | -                             | 4,526                    | 52,155                     |
| Michele Allan  | Board member    | 05/05/16 - 04/05/19;<br>05/05/19 - 04/05/24 | 68,801         | 7,973                         | 7,914                    | 84,688                     |
| Drew Clarke  | Board member    | 24/08/17 - 23/08/22                         | 68,801         | 7,973                         | 7,354                    | 84,128                     |
| Kathryn Fagg   | Board member    | 02/08/18 - 01/08/23                         | 57,429         | -                             | 5,456                    | 62,885                     |
| Shirley In't Veld                                      | Deputy Chairman | 28/06/12 - 27/06/15;<br>28/06/15 - 27/06/20 | 103,197        | -                             | 9,805                    | 113,002                    |
| David Thodey   | Chairman        | 15/10/15 - 14/10/20                         | 137,592        | -                             | 13,073                   | 150,665                    |
| <b>Total remuneration for CSIRO Board Members</b>      |                 |   | <b>689,852</b> | <b>31,892</b>                 | <b>63,394</b>            | <b>785,138</b>             |
| <b>CSIRO Subsidiary Board Members</b>                  |                 |   |                |                               |                          |                            |
| Claudia Bobadilla                                      | Board Member    | 15/3/17-15/3/22                             | 34,090         | -                             | -                        | 34,090                     |
| Alejandro Foxley                                       | Board Member    | 11/6/14-31/12/18                            | 16,981         | -                             | -                        | 16,981                     |
| <b>Total remuneration for Fundacion</b>                |                 |   | <b>51,071</b>  | <b>-</b>                      | <b>-</b>                 | <b>51,071</b>              |
| <b>Total Consolidated Remuneration for CSIRO Group</b> |                 |   | <b>740,923</b> | <b>31,892</b>                 | <b>63,394</b>            | <b>836,209</b>             |

The remuneration of the Chief Executive Officer, who is also a CSIRO Board Member is reported under Note 3.2 Key Management Personnel Remuneration.

**CONSOLIDATED FINANCIAL STATEMENTS  
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**3.5. Meetings of the Board and Board Committees**

During the financial year 2018-19, 7 Board meetings (1 out of session), 5 Board Audit & Risk Committee meetings, 4 Board People, Health & Safety Committee meetings and 4 Board Science Excellence Committee meetings were held. The number of meetings attended by each of the Board members was as follows:

| Board member      | CSIRO Board                           |                 | CSIRO Board Audit & Risk Committee    |                 | CSIRO Board People, Health & Safety Committee |                 | CSIRO Board Science Excellence 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 |
| Michele Allan     | 7                                     | 5               | 5                                     | 3               | -   | 2               | 4  | 3               |
| Edwina Cornish    | 7                                     | 7               | 5                                     | 5               | -   | 3               | 4  | 4               |
| Shirley In't Veld | 7                                     | 6               | 5                                     | 5               | 4   | 3               | -  | 1               |
| David Knox        | 7                                     | 7               | -                                     | 1               | 4   | 4               | 4  | 4               |
| Tanya Monro       | 7                                     | 6               | -                                     | 2               | 4   | 2               | 4  | 4               |
| Kathryn Fagg      | 5                                     | 3               | -                                     | 1               | -   | 4               | -  | 1               |
| Peter Riddles     | 7                                     | 7               | 5                                     | 5               | -   | 3               | 4  | 4               |
| David Thodey      | 7                                     | 7               | -                                     | 5               | -   | 4               | -  | 4               |
| Drew Clarke       | 7                                     | 6               | 5                                     | 4               | 4   | 4               | -  | 3               |
| Larry Marshall    | 7                                     | 7               | -                                     | 5               | -   | 4               | -  | 4               |

**3.6. Related Party Disclosures**

**(a) Controlled Entities**

SIEF was established under the *Science and Industry Endowment Act 1926*. The principal activity of the SIEF Trust is to provide assistance to persons engaged in scientific research and in training of students in scientific research. The SIEF Trustee is the CSIRO Chief Executive and SIEF is a wholly controlled entity. The SIEF's separate financial statements are reported in the CSIRO Annual Report.

WLAN is a small proprietary company limited by shares, which are solely held by CSIRO. The principal activity of WLAN was to provide services to CSIRO. WLAN was established in 2005 and was wound up on 8 April 2019.

The Fundación was established in October 2013. The Fundación is a controlled entity governed by a Board in accordance with the Constitution of the Fundación. The Fundación is working with industry and leading Chilean Universities to develop cutting-edge technologies to reduce the environmental impact of mining and increase productivity.

NICTA is Australia's ICT Research Centre of Excellence and undertakes internationally recognised research in partnership with industry, government and researchers to create national benefit and wealth for Australia. NICTA is the parent entity of NICTA IPR Pty Ltd and a small number of minor proprietary limited companies that exist to hold intellectual property and commercialise research. CSIRO obtained full control of NICTA on 28 August 2015, when the members of the NICTA Board resolved to adopt a revised company constitution which provided CSIRO with effective control over NICTA.

CSIRO has established an Innovation Fund with Commonwealth funding support to invest in the development of early stage technology opportunities from the public research sector, to increase their translation into commercial opportunities to be taken up by Australian industry. The Fund has been established through a structure of ten entities whose purpose is to manage and operate the Fund. These entities are:

## **CONSOLIDATED FINANCIAL STATEMENTS**

### **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

- CSIRO Innovation Fund 1, LP is an incorporated limited partnership formed under the Partnership Act 1892 (NSW). It is registered by Innovation and Science Australia as an Early Stage Venture Capital Limited Partnership. It was established in January 2017.
- CSIRO Management Partnership Pty LP is an incorporated limited partnership formed under the Partnership Act 1892 (NSW). It was established in January 2017 as a Venture Capital Management Partnership and acts as the General Partner of the CSIRO Innovation Fund 1, LP.
- CSIRO General Partner 2 Pty Ltd was established in December 2016 and is a small proprietary company limited by shares, which are solely held by CSIRO. This company acts as the general partner of CSIRO Management Partnership Pty LP.
- CSIRO Fund of Funds, LP is an incorporated limited partnership formed under the Partnership Act 1892 (NSW) and is registered by Innovation and Science Australia as an Australian Venture Capital Fund of Funds. It was established in May 2016.
- CSIRO General Partner Pty Ltd was established in May 2016 and is a small proprietary company limited by shares, which are solely held by CSIRO. It acts as the general partner of CSIRO Fund of Funds LP. It also acts as the trustee of CSIRO Innovation Holding Trust that was established in July 2018.
- CSIRO Financial Services Pty Ltd was established in December 2015 and is a small proprietary company limited by shares, which are solely held by CSIRO. The company has been issued an Australian Financial Services License by ASIC and acts as Manager of CSIRO Innovation Fund 1, LP.
- CSIRO Innovation Services Pty Ltd was established in October 2016 and is a small proprietary company limited by shares, which are solely held by CSIRO. It acts as trustee of a discretionary trust established to distribute some returns from CSIRO Innovation Fund 1, LP, and as trustee of a unit trust established to distribute some returns from CSIRO Innovation Follow-on Fund 1.
- CSIRO Innovation Holding Trust is a trust established in July 2018 to distribute returns from CSIRO Innovation Fund 1, LP according to an agreed distribution policy administered by CSIRO Innovation Services Pty Ltd
- CSIRO Follow-on Services Pty Ltd was established in April 2018 and is a small proprietary company limited by shares, which are solely held by CSIRO.
- CSIRO Innovation Follow On Fund 1 was established October 2018 and is structured as a Managed Investment Trust, formed to provide follow-on investment to companies supported by CSIRO Innovation Fund 1, LP.

All of the above Innovation Fund related companies are under the sole control of the CSIRO as at 30 June 2019. The above entities (with the exception of CSIRO Financial Services Pty Ltd and CSIRO Innovation Services Pty Ltd) sit outside the General Government Sector.

CSIRO USA LLC and CSIRO Innovations LLC were established in February 2017 to support the establishment of a CSIRO presence in the United States. Both entities are incorporated within Delaware and are wholly controlled by the CSIRO.

#### **(b) Related party relationships**

The entity is an Australian Government controlled entity. Related parties to this entity are the Board, Key Management Personnel including the Portfolio Minister and Executive, and other Australian Government entities.

#### **Transactions with related parties:**

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

Significant transactions with related parties can include the payments of grants or loans; purchases of goods and services; asset purchases, sales transfers or leases; debts forgiven; and guarantees. Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the entity, it has been determined that there are no related party transactions to be separately disclosed.

**CONSOLIDATED FINANCIAL STATEMENTS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**4. Managing Uncertainties**

This section analyses how CSIRO manages financial risk within its operating environment.

**4.1. Contingent Assets and Liabilities**

|   | Consolidated |               | CSIRO        |               |
|---|--------------|---------------|--------------|---------------|
|   | 2019         | 2018          | 2019         | 2018          |
|   | \$'000       | \$'000        | \$'000       | \$'000        |
| <b>Quantifiable Contingencies</b>             |              |               |              |               |
| <b>Contingent assets</b>                      |              |               |              |               |
| Insurance claims                              | 2,123        | 1,417         | 2,123        | 1,417         |
| Bank guarantees received from suppliers       | 4,879        | 20,834        | 4,879        | 20,834        |
| Contingent revenue (equity instrument)        | 500          | -             | -            | -             |
| <b>Total contingent assets</b>                | <b>7,502</b> | <b>22,251</b> | <b>7,002</b> | <b>22,251</b> |
| <b>Contingent liabilities</b>                 |              |               |              |               |
| Estimated legal claims                        | 6,000        | -             | 6,000        | -             |
| <b>Total contingent liabilities</b>           | <b>-</b>     | <b>-</b>      | <b>-</b>     | <b>-</b>      |
| <b>Total net contingent asset/(liability)</b> | <b>1,502</b> | <b>22,251</b> | <b>1,002</b> | <b>22,251</b> |

Depending on the materiality of risks involved with certain commercial transactions, CSIRO has requested bank guarantees where necessary to mitigate risks, notably where substantial advance payments were made.

In June 2019, the Commonwealth Director of Public Prosecutions filed four charges in the Magistrates' Court of Victoria, alleging the Commonwealth Scientific and Industrial Research Organisation failed in its duties under the Work Health and Safety Act 2011 in relation to an incident that occurred in a Melbourne research facility in 2017. If found to be guilty, each charge carries a maximum penalty of \$1,500,000.

**Unquantifiable contingencies**

As disclosed in the Overview Note, a financial provision for the estimated costs in restoring and decontaminating land where a legal or constructive obligation has arisen has been recognised on the Statement of Financial Position. For cases where there is no legal or constructive obligation, the potential costs have not been assessed and are unquantifiable contingencies. CSIRO has no other identified unquantifiable contingencies to report.

**Accounting Policy**

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position. 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.

**CONSOLIDATED FINANCIAL STATEMENTS**  
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**4.2. Financial Instruments**

|  | Consolidated |                | CSIRO   |                |
|--|--------------|----------------|---------|----------------|
|  | 2019         | 2018           | 2019    | 2018           |
|  | \$'000       | \$'000         | \$'000  | \$'000         |
| <b>Note 4.2A: Categories of financial instruments</b>                          |              |                |         |                |
| <b>Financial Assets under AASB 139</b>   |              |                |         |                |
| <b>Available for sale financial assets</b>                                     |              |                |         |                |
| Investments  |              | 77,516         |         | 98,714         |
| <b>Total available for sale financial assets</b>                               |              | <u>77,516</u>  |         | <u>98,714</u>  |
| <b>Held to maturity</b>  |              |                |         |                |
| Cash at bank   |              | 94,769         |         | 13,974         |
| Term deposits  |              | 226,878        |         | 170,000        |
| <b>Total held to maturity</b>  |              | <u>321,647</u> |         | <u>183,974</u> |
| <b>Loans and receivables</b>   |              |                |         |                |
| Receivable for goods and services  |              | 74,406         |         | 73,951         |
| Other receivables  |              | 5,838          |         | 3,251          |
| <b>Total loans and receivables</b>   |              | <u>80,244</u>  |         | <u>77,202</u>  |
| <b>Financial Assets under AASB 9</b>   |              |                |         |                |
| <b>Financial assets at fair value through profit or loss</b>                   |              |                |         |                |
| Investments - CSIRO investment portfolio                                       |              | 75,333         |         | 64,832         |
| <b>Total financial assets at fair value through profit and loss</b>            |              | <u>75,333</u>  |         | <u>64,832</u>  |
| <b>Financial assets at fair value through other comprehensive income</b>       |              |                |         |                |
| Investments - CSIRO Innovation Fund  |              | 70,472         |         | 60,503         |
| <b>Total financial assets at fair value through other comprehensive income</b> |              | <u>70,472</u>  |         | <u>60,503</u>  |
| <b>Financial assets at amortised cost</b>                                      |              |                |         |                |
| Cash at bank   |              | 178,936        |         | 118,829        |
| Term deposits  |              | 141,139        |         | 80,000         |
| Receivable for goods and services  |              | 65,729         |         | 65,269         |
| Other receivables  |              | 5,247          |         | 3,351          |
| <b>Total financial assets at amortised cost</b>                                |              | <u>391,051</u> |         | <u>267,449</u> |
| <b>Total financial assets</b>  |              | <u>536,856</u> | 479,407 | <u>392,784</u> |
|  |              |                |         | 359,890        |
| <b>Financial Liabilities</b>   |              |                |         |                |
| <b>Financial liabilities measured at amortised cost</b>                        |              |                |         |                |
| Trade creditors  |              | 72,519         | 83,844  | 72,695         |
| Research revenue received in advance   |              | 131,008        | 118,268 | 131,008        |
| Other creditors  |              | 20,594         | 24,064  | 14,231         |
| Finance lease liabilities  |              | 27,337         | 31,968  | 27,337         |
| Deposits   |              | 23,310         | 12,315  | 27,364         |
| <b>Total financial liabilities at amortised cost</b>                           |              | <u>274,768</u> | 270,459 | <u>272,635</u> |
| <b>Total financial liabilities</b>   |              | <u>274,768</u> | 270,459 | <u>272,635</u> |
|  |              |                |         | 262,777        |

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**Classification of financial assets on the date of initial application of AASB 9.**

| Financial assets class            | Note | AASB 139 original classification | AASB 9 new classification | Consolidated                            |                                       | CSIRO                                   |                                       |
|-----------------------------------|------|----------------------------------|---------------------------|---|---------------------------------------|---|---------------------------------------|
|                                   |      |                                  |                           | AASB 139 carrying amount at 1 July 2018 | AASB 9 carrying amount at 1 July 2018 | AASB 139 carrying amount at 1 July 2018 | AASB 9 carrying amount at 1 July 2018 |
|                                   |      |                                  |                           | \$'000                                  | \$'000                                | \$'000                                  | \$'000                                |
| Investments                       | 2.1B | Available for sale               | FVOCI                     | 20,021                                  | 20,021                                | 50,800                                  | 50,800                                |
| Investments                       | 2.1B | Available for sale               | FVPL                      | 57,495                                  | 57,495                                | 47,914                                  | 47,914                                |
| Cash at bank and term deposits    |      | Held to maturity                 | Amortised cost            | 321,647                                 | 321,647                               | 183,974                                 | 183,974                               |
| Receivable for goods and services | 2.1A | Loans and receivables            | Amortised cost            | 74,406                                  | 74,406                                | 73,951                                  | 73,951                                |
| Other receivables                 | 2.1A | Loans and receivables            | Amortised cost            | 5,838                                   | 5,838                                 | 3,251                                   | 3,251                                 |
| <b>Total financial assets</b>     |      |                                  |                           | <b>479,407</b>                          | <b>479,407</b>                        | <b>359,890</b>                          | <b>359,890</b>                        |

**Reconciliation of carrying amounts of financial assets on the date of initial application of AASB 9.**

|  | Consolidated                            |                  |               | CSIRO                                 |   |                  |               |                                       |
|--|---|------------------|---------------|---------------------------------------|---|------------------|---------------|---------------------------------------|
|  | AASB 139 carrying amount at 1 July 2018 | Reclassification | Remeasurement | AASB 9 carrying amount at 1 July 2018 | AASB 139 carrying amount at 1 July 2018 | Reclassification | Remeasurement | AASB 9 carrying amount at 1 July 2018 |
|  | \$'000                                  | \$'000           | \$'000        | \$'000                                | \$'000                                  | \$'000           | \$'000        | \$'000                                |
| <b>Financial assets at amortised cost</b>                                      |   |                  |               |                                       |   |                  |               |                                       |
| Loans and receivables, Held to maturity  |   |                  |               |                                       |   |                  |               |                                       |
| Cash at bank   | 94,769                                  | -                | -             | 94,769                                | 13,974                                  | -                | -             | 13,974                                |
| Term deposits  | 226,878                                 | -                | -             | 226,878                               | 170,000                                 | -                | -             | 170,000                               |
| Receivable for goods and services  | 74,406                                  | -                | -             | 74,406                                | 73,951                                  | -                | -             | 73,951                                |
| Other receivables  | 5,838                                   | -                | -             | 5,838                                 | 3,251                                   | -                | -             | 3,251                                 |
| <b>Total amortised cost</b>  | <b>401,891</b>                          | <b>-</b>         | <b>-</b>      | <b>401,891</b>                        | <b>261,176</b>                          | <b>-</b>         | <b>-</b>      | <b>261,176</b>                        |
| <b>Financial assets at fair value through other comprehensive income</b>       |   |                  |               |                                       |   |                  |               |                                       |
| Available for sale - equity instruments  |   |                  |               |                                       |   |                  |               |                                       |
| Investments  | 20,021                                  | -                | -             | 20,021                                | 50,800                                  | -                | -             | 50,800                                |
| <b>Total financial assets at fair value through other comprehensive income</b> | <b>20,021</b>                           | <b>-</b>         | <b>-</b>      | <b>20,021</b>                         | <b>50,800</b>                           | <b>-</b>         | <b>-</b>      | <b>50,800</b>                         |
| <b>Financial assets at fair value through profit or loss</b>                   |   |                  |               |                                       |   |                  |               |                                       |
| Available for sale - equity instruments  |   |                  |               |                                       |   |                  |               |                                       |
| Investments  | 57,495                                  | -                | -             | 57,495                                | 47,914                                  | -                | -             | 47,914                                |
| <b>Total financial assets at fair value through profit or loss</b>             | <b>57,495</b>                           | <b>-</b>         | <b>-</b>      | <b>57,495</b>                         | <b>47,914</b>                           | <b>-</b>         | <b>-</b>      | <b>47,914</b>                         |

## Accounting Policy

### Financial Assets

With the implementation of *AASB 9 Financial Instruments* for the first time in 2019, the entity classifies its financial assets in the following categories:

- a) financial assets at fair value through profit or loss;
- b) financial assets at fair value through other comprehensive income; and
- c) financial assets measured at amortised cost.

The classification depends on both the entity's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date. Comparatives have not been restated on initial application.

#### Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

#### Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

#### Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)

Financial assets measured at fair value through other comprehensive income are held with the objective of both collecting contractual cash flows and selling the financial assets and the cash flows meet the SPPI test. Any gains or losses as a result of fair value measurement or the recognition of an impairment loss allowance is recognised in other comprehensive income. CSIRO values the investment in the CSIRO Innovation Fund as FVOCI.

#### Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets either doesn't meet the criteria of financial assets held at amortised cost or at FVOCI (i.e. mandatorily held at FVTPL) or may be designated. Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset. CSIRO values its equity investment portfolio in listed companies, unlisted companies and in Uniseed Trust as FVTPL.

#### Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses. A write-off constitutes a de-recognition event where the write off directly reduces the gross carrying amount of the financial asset.

#### Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

#### Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

#### Financial Liabilities at Amortised Cost

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

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).



|  | Consolidated  |              | CSIRO          |              |
|--|---------------|--------------|----------------|--------------|
|  | 2019          | 2018         | 2019           | 2018         |
|  | \$'000        | \$'000       | \$'000         | \$'000       |
| <b>Note 4.2B: Net income and expense from financial assets</b>                     |               |              |                |              |
| <b>Financial assets at amortised cost</b>  |               |              |                |              |
| Interest revenue   | 13,501        | 10,572       | 10,536         | 7,944        |
| Impairment expense   | (536)         | (1,093)      | (536)          | (684)        |
| <b>Net gain from financial assets at amortised cost</b>                            | <b>12,965</b> | <b>9,479</b> | <b>10,000</b>  | <b>7,260</b> |
| <b>Investments assets at fair value through profit or loss</b>                     |               |              |                |              |
| Fair value changes   | 14,660        | -            | (1,497)        | -            |
| <b>Net gain/(loss) from investment assets at fair value through profit or loss</b> | <b>14,660</b> | <b>-</b>     | <b>(1,497)</b> | <b>-</b>     |
| <b>Net gain/(loss) on financial assets</b>   | <b>27,625</b> | <b>9,479</b> | <b>8,503</b>   | <b>7,260</b> |
| <b>Note 4.2C: Net income and expense from financial liabilities</b>                |               |              |                |              |
| <b>Financial liabilities measured at amortised cost</b>                            |               |              |                |              |
| Interest expense   | 1,430         | 1,562        | 1,403          | 1,547        |
| <b>Net loss from financial liabilities</b>   | <b>1,430</b>  | <b>1,562</b> | <b>1,403</b>   | <b>1,547</b> |

### 4.3. Fair value measurement

#### 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:

- Properties classified as 'properties held for sale' are measured at the lower of the carrying amount and fair value less costs to sell (level 1 inputs), and for 'investment properties' has been taken to be the market value (level 2 inputs), 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 has been taken to be Fair Value- Highest and Best Use (level 3 inputs), as determined by an independent valuer;
- The fair value of plant and equipment has been taken to be Fair Value – Highest and Best Use (level 2 and 3 inputs) as they mainly comprise of specialised research equipment. Fair value is determined by an independent valuer; and
- The fair value of listed companies is assessed at market value (level 1 inputs); whereas unlisted companies and commercial vehicles are assessed at fair value using the best information available (level 1 and 3 inputs). For investments in unlisted companies where there is no readily available market pricing, 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 (IPEV).' 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 IPEV valuation techniques are used such as discounted cash flows and share of net assets. Investments in special purpose entities are either valued at cost of 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 not 'active market' for these equity investments.

No accounting assumptions and estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

#### Note 4.3A: Fair value measurement

|                                    | Fair value measurements at<br>the end of the reporting period |                  |
|------------------------------------|---|------------------|
|                                    | 2019  | 2018             |
|                                    | \$'000  | \$'000           |
| <b>Financial assets</b>            |   |                  |
| Other investments                  | 145,805   | 77,516           |
| <b>Total financial assets</b>      | <b>145,805</b>  | <b>77,516</b>    |
| <b>Non-financial assets</b>        |   |                  |
| Land                               | 386,600   | 440,600          |
| Buildings                          | 1,177,562   | 1,185,007        |
| Plant and equipment                | 563,342   | 548,632          |
| Investment properties              | 52,072  | 49,697           |
| Properties held for sale           | 59,200  | 5,200            |
| Heritage and cultural              | 4,463   | 4,463            |
| <b>Total non-financial assets</b>  | <b>2,243,239</b>  | <b>2,233,599</b> |
| <b>Financial liabilities</b>       |   |                  |
| Finance lease liabilities          | 27,337  | 31,968           |
| Deposits                           | 23,310  | 12,315           |
| <b>Total financial liabilities</b> | <b>50,647</b>   | <b>44,283</b>    |

The above disclosure represents the consolidated financial position of the Group.

## 5. Other information

### 5.1. Aggregate Assets and Liabilities

|  | Consolidated     |                  | CSIRO            |                  |
|--|------------------|------------------|------------------|------------------|
|  | 2019             | 2018             | 2019             | 2018             |
|  | \$'000           | \$'000           | \$'000           | \$'000           |
| <b>Note 5.1A: Aggregate Assets and Liabilities</b> |                  |                  |                  |                  |
| <b>Assets expected to be recovered in:</b>         |                  |                  |                  |                  |
| No more than 12 months                             | 505,630          | 455,307          | 380,667          | 314,246          |
| More than 12 months                                | 2,347,849        | 2,323,928        | 2,327,180        | 2,344,790        |
| <b>Total assets</b>                                | <b>2,853,479</b> | <b>2,779,235</b> | <b>2,707,847</b> | <b>2,659,036</b> |
| <b>Liabilities expected to be settled in:</b>      |                  |                  |                  |                  |
| No more than 12 months                             | 261,732          | 268,511          | 256,896          | 260,699          |
| More than 12 months                                | 292,554          | 250,719          | 295,133          | 250,667          |
| <b>Total liabilities</b>                           | <b>554,286</b>   | <b>519,230</b>   | <b>552,029</b>   | <b>511,366</b>   |

## 5.2. Cooperative Research Centres (CRCs)

All CRCs have been classified as joint 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 Statement of Financial Position as appropriate.

CRC grants provide successful applicants with access to grant funds for up to 10 years for collaborations from industry, research and community sectors to solve industry problems and improve the competitiveness, productivity and sustainability of the Australian industries. CRC-P grants support short term industry-led collaborations to develop important new technologies, products and services that deliver tangible outcomes.

CSIRO's total cash and in-kind contribution (e.g. staff and use of assets) to CRCs from its own resources was \$16.3 million and to CRC-P's \$2.7 million. Contributions made by CSIRO are expensed as incurred and these are included in the Statement of Comprehensive Income.

CSIRO was a participant in the following CRCs during 2018-19.

| <b>Name of CRC</b>  | <b><u>Scheduled Termination Date</u></b> |
|---|--|
| Alertness Safety & Productivity CRC                                       | 30/06/20                                 |
| Antarctic Climate and Ecosystems CRC                                      | 30/06/19                                 |
| Autism CRC  | 31/01/20                                 |
| Bushfire and Natural Hazards CRC  | 31/12/19                                 |
| Cancer Therapeutics CRC   | 30/06/20                                 |
| Contaminated Assessment and Remediation of the Environment (CRC for CARE) | 30/06/20                                 |
| Cyber Security CRC  | 31/12/24                                 |
| Developing Northern Australia CRC   | 30/06/21                                 |
| Innovative Manufacturing CRC  | 30/06/21                                 |
| Low Carbon Living CRC   | 30/06/19                                 |
| Optimising Resource Extraction CRC  | 30/06/21                                 |
| Rail Manufacturing CRC  | 30/06/21                                 |
| MinEx CRC   | 30/06/28                                 |
| Optimising Resource Extraction CRC  | 30/06/21                                 |

CSIRO is a participant in the following CRC-Ps during 2018-19.

| <b>Name of CRC-P</b>   | <b><u>Scheduled Termination Date</u></b> |
|--|--|
| Automating data collection and analytics in underground mines using drones and AI CRC-P                    | 31/12/21                                 |
| Developing sustainable cropping systems for cotton, grains and fodder CRC-P                                | 01/10/20                                 |
| New pastures to increase livestock productivity across the north CRC-P                                     | 30/06/20                                 |
| Implementing intelligent automated reporting in radiology practice CRC-P                                   | 30/06/21                                 |
| Kapunda In-Situ Copper and Gold Field Recovery Trial CRC-P   | 31/12/20                                 |
| Large Area Glass Perovskite CRC-P  | 01/11/18                                 |
| Long-life alloy components for efficient hydrometallurgical processing CRC-P                               | 31/12/20                                 |
| Optimal scheduling of air conditioning systems with renewable energy resources and thermal storage CRC     | 30/06/21                                 |
| Oventus CRC-P (targeted therapy for sleep apnoea)  | 20/12/19                                 |
| Printed Solar Films CRC-P  | 21/08/18                                 |
| Smart Sensor and deep Learning Behavioural Engine for Personalised Health Mentoring CRC-P                  | 31/03/22                                 |
| Smart tools for agronomic crop insights using Machine Learning (ML) and Artificial Intelligence (AI) CRC-P | 01/01/22                                 |
| Transforming joint surgery rehabilitation with artificial intelligence in telehealth CRC-P                 | 19/07/21                                 |

### **Accounting Policy**

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

The proportionate interests in CRCs regarded as joint 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 has been a participant in 14 CRCs and 13 CRC-P's during the financial year.

### 5.3. Monies Held in Trust

|               |        |
|---------------|--------|
| <b>2019</b>   | 2018   |
| <b>\$'000</b> | \$'000 |

Monies held in trust represented by cash, deposits and investments for the benefit of the Group which are not included in the Statement of Financial Position are:

|  |              |       |
|--|--------------|-------|
| The Sir Ian McLennan Achievement for Industry Award - established to award outstanding contributions by the Group's scientists and engineers to national development.                        | <b>422</b>   | 404   |
| The Elwood and Hannah Zimmerman Trust Fund - established to fund weevil research and the curation of the Australian National Insect Collection (ANIC) weevil collection.                     | <b>5,069</b> | 4,591 |
| The Schlinger Trust - established to research the taxonomy, biosystematics, general biology and biogeography of Australasian Diptera conducted by the Australian National Insect Collection. | <b>2,371</b> | 2,341 |
| <b>Total monies held in trust as at 30 June</b>  | <b>7,862</b> | 7,336 |

| <b>Summary of movements:</b>          | <b>McLennan<br/>\$'000</b> | <b>Zimmerman<br/>\$'000</b> | <b>Schlinger<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|---------------------------------------|----------------------------|-----------------------------|-----------------------------|-------------------------|
| Balance as at 1 July 2018             | 404                        | 4,591                       | 2,341                       | 7,336                   |
| Adjustments                           | -                          | 569                         | -                           | 569                     |
| Interest and distribution adjustments | 18                         | 129                         | 30                          | 177                     |
| Expenditure in the period             | -                          | (220)                       | -                           | (220)                   |
| <b>Balance as at 30 June 2019</b>     | <b>422</b>                 | <b>5,069</b>                | <b>2,371</b>                | <b>7,862</b>            |

## 5.4. Collections

CSIRO is the custodian of several collections used for scientific research. These collections have been established over time and document an extensive range of Australian flora and fauna 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) – With a focus on the Australian flora and that of neighbouring regions such as New Guinea and the Pacific, the ANH has over 1 million herbarium specimens, with additional holdings at the Australian Tropical Herbarium (ATH) in Cairns, Queensland. The ANH collections include the Dadswell Memorial Wood Collection and comprehensive holdings of a number of groups, including cryptogams, eucalypts and orchids.
- Australian National Insect Collection (ANIC) – Specialising in Australian terrestrial invertebrates, ANIC houses over 12 million specimens and is the world's largest collection of Australian insects, as well as groups such as mites, spiders, earthworms, nematodes and centipedes. ANIC is an important research collection used by CSIRO researchers, university staff, and students, and scientists from Australian and international research organisations.
- Australian National Wildlife Collection (ANWC) – Specialising in terrestrial vertebrates, ANWC contains specimens of most species of Australian mammals, birds, reptiles, and amphibians. It is particularly rich in specimens of birds from New Guinea. ANWC is a valuable asset for biologists engaged in biodiversity research. Its research library holds 60,000 recordings of wildlife sounds, more than a thousand tissue samples, and the egg collections from more than 300 bird species.
- Australian National Fish Collection (ANFC) – Specialising in marine fishes, the ANFC contains almost 150,000 specimens representing more than 3,000 species from the Indo-Pacific region. It is an invaluable resource for biodiversity and biogeographic research on Australian and Indo-Pacific fishes. Its major strengths are sharks, rays, and deep-water fishes. It also contains a large collection of images and radiographs of Australian fishes.
- Australian Tree Seed Centre (ATSC) – The ATSC is managed as a collection and research centre for Australian native tree species. For over 50 years the centre has been collecting, researching and supplying quality, fully documented tree seed to both domestic and overseas customers. Collections of seed are sourced from wild populations and genetically improved seed from our domestication and improvement programs.
- Australian National Algae Culture Collection (ANACC) – The ANACC consists of more than 300 microalgae species and is a resource for research on algal diversity, distribution, richness, and taxonomic relationships, including those of economic importance and environmental concern. Aligned with the collection is the National Algae Supply Service, which provides microalgae strains as starter cultures to industry, research, organisations and educational institutions in over 70 countries.

## 6. Budgetary Reports and Explanations of Major Variances

The following provides a comparison of the original budget as presented in the 2018-19 Portfolio Budget Statements to the actual outcome reported for 2018-19. The intention of this variance analysis is to provide the reader with information relevant to assessing the performance of CSIRO, including the accountability for the resources entrusted to it.

### Statement of Comprehensive Income for the period ended 30 June 2019

|   | Actual           | Consolidated<br>Original<br>Budget | Variance        |
|---|------------------|------------------------------------|-----------------|
|   | 2019             | 2019                               | 2019            |
|   | \$'000           | \$'000                             | \$'000          |
| <b>NET COST OF SERVICES</b>   |                  |                                    |                 |
| <b>Expenses</b>   |                  |                                    |                 |
| Employee benefits   | 763,169          | 754,282                            | (8,887)         |
| Suppliers   | 482,954          | 505,670                            | 22,716          |
| Depreciation and amortisation   | 148,019          | 175,423                            | 27,404          |
| Finance leases  | 1,430            | 2,518                              | 1,088           |
| Impairment allowance on financial instruments                                   | 536              | -                                  | (536)           |
| Write-down and impairment of other assets                                       | 13               | -                                  | (13)            |
| Losses from asset sales   | 2,847            | -                                  | (2,847)         |
| <b>Total expenses</b>   | <b>1,398,968</b> | <b>1,437,893</b>                   | <b>38,925</b>   |
| <b>Own-Source Income</b>  |                  |                                    |                 |
| <b>Own-source revenue</b>   |                  |                                    |                 |
| Sale of goods and rendering of services   | 410,432          | 453,338                            | (42,906)        |
| Interest - bank and term deposits   | 13,501           | 7,620                              | 5,881           |
| Rental income   | 10,546           | 6,000                              | 4,546           |
| Royalties and licence fees  | 34,427           | 47,700                             | (13,273)        |
| Other revenues  | 28,961           | 23,390                             | 5,571           |
| Sale of equity investments and intellectual property                            | 12,094           | -                                  | 12,094          |
| <b>Total own-source revenue</b>   | <b>509,961</b>   | <b>538,048</b>                     | <b>(28,087)</b> |
| <b>Gains</b>  |                  |                                    |                 |
| Net gain from sales of assets   | -                | 6,000                              | (6,000)         |
| Foreign exchange gains  | 117              | -                                  | 117             |
| Gain on revaluation of investment properties                                    | 2,375            | -                                  | 2,375           |
| Gain on valuation of equity investments   | 14,660           | -                                  | 14,660          |
| <b>Total gains</b>  | <b>17,152</b>    | <b>6,000</b>                       | <b>11,152</b>   |
| <b>Total own-source income</b>  | <b>527,113</b>   | <b>544,048</b>                     | <b>(16,935)</b> |
| <b>Net cost of services</b>   | <b>(871,855)</b> | <b>(893,845)</b>                   | <b>21,990</b>   |
| Revenue from Government   | 834,561          | 833,661                            | 900             |
| <b>Surplus/(Deficit)</b>  | <b>(37,294)</b>  | <b>(60,184)</b>                    | <b>22,890</b>   |
| <b>OTHER COMPREHENSIVE INCOME</b>   |                  |                                    |                 |
| <b>Items not subject to subsequent reclassification to net cost of services</b> |                  |                                    |                 |
| Changes in asset revaluation reserves   | 30,943           | -                                  | 30,943          |
| <b>Items subject to subsequent reclassification to net cost of services</b>     |                  |                                    |                 |
| Changes in other reserves   | (15,256)         | -                                  | (15,256)        |
| <b>Total other comprehensive income</b>   | <b>15,687</b>    | <b>-</b>                           | <b>15,687</b>   |
| <b>Total comprehensive income/(loss)</b>  | <b>(21,607)</b>  | <b>(60,184)</b>                    | <b>38,577</b>   |

**Statement of Financial Position**  
as at 30 June 2019

|   | Actual           | Consolidated<br>Original<br>Budget | Variance        |
|---|------------------|------------------------------------|-----------------|
|   | 2019             | 2019                               | 2019            |
|   | \$'000           | \$'000                             | \$'000          |
| <b>ASSETS</b>                             |                  |                                    |                 |
| <b>Financial Assets</b>                   |                  |                                    |                 |
| Cash and cash equivalents                 | 320,075          | 245,811                            | 74,264          |
| Trade and other receivables               | 76,295           | 64,142                             | 12,153          |
| Other investments                         | 145,805          | 96,212                             | 49,593          |
| <b>Total financial assets</b>             | <b>542,175</b>   | <b>406,165</b>                     | <b>136,010</b>  |
| <b>Non-Financial Assets</b>               |                  |                                    |                 |
| Land and buildings                        | 1,564,162        | 1,478,565                          | 85,597          |
| Plant and equipment                       | 563,342          | 535,186                            | 28,156          |
| Heritage and cultural                     | 4,463            | 4,206                              | 257             |
| Intangibles                               | 16,740           | 21,380                             | (4,640)         |
| Investment properties                     | 52,072           | 51,110                             | 962             |
| Inventories                               | 1,265            | 1,474                              | (209)           |
| Other non-financial assets                | 50,060           | 41,337                             | 8,723           |
| <b>Total non-financial assets</b>         | <b>2,252,104</b> | <b>2,133,258</b>                   | <b>118,846</b>  |
| Properties held for sale                  | 59,200           | -                                  | 59,200          |
| <b>Total assets</b>                       | <b>2,853,479</b> | <b>2,539,423</b>                   | <b>314,056</b>  |
| <b>LIABILITIES</b>                        |                  |                                    |                 |
| <b>Payables</b>                           |                  |                                    |                 |
| Suppliers                                 | 72,519           | 70,471                             | (2,048)         |
| Other payables                            | 151,602          | 128,831                            | (22,771)        |
| <b>Total payables</b>                     | <b>224,121</b>   | <b>199,302</b>                     | <b>(24,819)</b> |
| <b>Interest Bearing Liabilities</b>       |                  |                                    |                 |
| Finance leases                            | 27,337           | 34,963                             | 7,626           |
| Deposits                                  | 23,310           | -                                  | (23,310)        |
| <b>Total Interest bearing liabilities</b> | <b>50,647</b>    | <b>34,963</b>                      | <b>(15,684)</b> |
| <b>Provisions</b>                         |                  |                                    |                 |
| Employee provisions                       | 238,498          | 197,607                            | (40,891)        |
| Provision for remediation                 | 41,020           | 28,665                             | (12,355)        |
| <b>Total provisions</b>                   | <b>279,518</b>   | <b>226,272</b>                     | <b>(53,246)</b> |
| <b>Total liabilities</b>                  | <b>554,286</b>   | <b>460,537</b>                     | <b>(93,749)</b> |
| <b>Net assets</b>                         | <b>2,299,193</b> | <b>2,078,886</b>                   | <b>220,307</b>  |
| <b>EQUITY</b>                             |                  |                                    |                 |
| Contributed equity                        | 300,954          | 300,955                            | (1)             |
| Asset revaluation reserves                | 1,523,229        | 1,387,073                          | 136,156         |
| Other reserves                            | (27)             | -                                  | (27)            |
| Retained surplus                          | 435,198          | 390,858                            | 44,340          |
| Non-controlling interest                  | 39,839           | -                                  | 39,839          |
| <b>Total equity</b>                       | <b>2,299,193</b> | <b>2,078,886</b>                   | <b>220,307</b>  |

**Statement of Changes in Equity**  
for the period ended 30 June 2019

|                                   | Retained earnings |                 |          | Asset revaluation reserve |                  |          | Other reserves  |                 |          | Contributed equity/capital |                 |          | Non-controlling interest |                 |          | Total equity     |                  |          |
|-----------------------------------|-------------------|-----------------|----------|---------------------------|------------------|----------|-----------------|-----------------|----------|----------------------------|-----------------|----------|--------------------------|-----------------|----------|------------------|------------------|----------|
|                                   | Actual            | Original Budget | Variance | Actual                    | Original Budget  | Variance | Actual          | Original Budget | Variance | Actual                     | Original Budget | Variance | Actual                   | Original Budget | Variance | Actual           | Original Budget  | Variance |
|                                   | 2019              | 2019            | 2019     | 2019                      | 2019             | 2019     | 2019            | 2019            | 2019     | 2019                       | 2019            | 2019     | 2019                     | 2019            | 2019     | 2019             | 2019             | 2019     |
|                                   | \$'000            | \$'000          | \$'000   | \$'000                    | \$'000           | \$'000   | \$'000          | \$'000          | \$'000   | \$'000                     | \$'000          | \$'000   | \$'000                   | \$'000          | \$'000   | \$'000           | \$'000           | \$'000   |
| <b>Opening balance</b>            | 461,536           | 451,042         | 10,494   | 1,492,286                 | 1,381,697        | 110,589  | 15,229          | 5,376           | 9,853    | 290,954                    | 290,955         | (1)      | -                        | -               | -        | 2,260,005        | 2,129,070        | 130,935  |
| <b>Comprehensive income</b>       |                   |                 |          |                           |                  |          |                 |                 |          |                            |                 |          |                          |                 |          |                  |                  |          |
| Other comprehensive income        | 15,272            | -               | 15,272   | 30,943                    | -                | 30,943   | (15,256)        | -               | (15,256) | -                          | -               | -        | -                        | -               | -        | 30,959           | -                | 30,959   |
| Surplus/(deficit) for the period  | (41,610)          | (60,184)        | 18,574   | -                         | -                | -        | -               | -               | -        | -                          | -               | -        | 4,316                    | -               | 4,316    | (37,294)         | (60,184)         | 22,890   |
| <b>Total comprehensive income</b> | <b>(26,338)</b>   | <b>(60,184)</b> | 33,846   | <b>30,943</b>             | -                | 30,943   | <b>(15,256)</b> | -               | (15,256) | -                          | -               | -        | <b>4,316</b>             | -               | 4,316    | <b>(6,335)</b>   | <b>(60,184)</b>  | 53,849   |
| Other Movements                   | -                 | -               | -        | -                         | -                | -        | -               | -               | -        | -                          | -               | -        | -                        | -               | -        | -                | -                | -        |
| <b>Contributions by owners</b>    |                   |                 |          |                           |                  |          |                 |                 |          |                            |                 |          |                          |                 |          |                  |                  |          |
| Equity injection                  | -                 | -               | -        | -                         | -                | -        | -               | -               | -        | 10,000                     | 10,000          | -        | 35,523                   | -               | 35,523   | 45,523           | 10,000           | 35,523   |
| Contributions by owners – other   | -                 | -               | -        | -                         | -                | -        | -               | -               | -        | -                          | -               | -        | -                        | -               | -        | -                | -                | -        |
| <b>Closing balance</b>            | <b>435,198</b>    | <b>390,858</b>  | 44,340   | <b>1,523,229</b>          | <b>1,381,697</b> | 141,532  | <b>(27)</b>     | <b>5,376</b>    | (5,403)  | <b>300,954</b>             | <b>300,955</b>  | (1)      | <b>39,839</b>            | -               | 35,523   | <b>2,299,193</b> | <b>2,078,886</b> | 220,307  |



## Cash Flow Statement

for the period ended 30 June 2019

|   | Actual           | Consolidated<br>Original<br>Budget | Variance        |
|---|------------------|------------------------------------|-----------------|
|   | \$'000           | \$'000                             | \$'000          |
| <b>OPERATING ACTIVITIES</b>   |                  |                                    |                 |
| <b>Cash received</b>  |                  |                                    |                 |
| Receipts from Government  | 832,641          | 833,661                            | (1,020)         |
| Sale of goods and rendering of services                             | 545,055          | 502,304                            | 42,751          |
| Interest  | 13,841           | 7,695                              | 6,146           |
| Net GST received  | 17,900           | -                                  | 17,900          |
| Deposits  | 9,329            | -                                  | 9,329           |
| Other   | -                | 23,390                             | (23,390)        |
| <b>Total cash received</b>  | <b>1,418,766</b> | <b>1,367,050</b>                   | <b>51,716</b>   |
| <b>Cash used</b>  |                  |                                    |                 |
| Employees   | 742,886          | 750,407                            | 7,521           |
| Suppliers   | 552,049          | 499,361                            | (52,688)        |
| Finance costs   | 1,430            | 2,518                              | 1,088           |
| <b>Total cash used</b>  | <b>1,296,365</b> | <b>1,252,286</b>                   | <b>(44,079)</b> |
| <b>Net cash from operating activities</b>                           | <b>122,401</b>   | <b>114,764</b>                     | <b>7,637</b>    |
| <b>INVESTING ACTIVITIES</b>   |                  |                                    |                 |
| <b>Cash received</b>  |                  |                                    |                 |
| Proceeds from sales of property, plant and equipment                | 967              | 46,300                             | (45,333)        |
| Proceeds from sales of equity investments and intellectual property | 6,147            | -                                  | 6,147           |
| <b>Total cash received</b>  | <b>7,114</b>     | <b>46,300</b>                      | <b>(39,186)</b> |
| <b>Cash used</b>  |                  |                                    |                 |
| Purchase of property, plant and equipment                           | 119,647          | 131,100                            | 11,453          |
| Equity investments  | 52,250           | 10,000                             | (42,250)        |
| Other selling costs   | 82               | -                                  | (82)            |
| <b>Total cash used</b>  | <b>171,979</b>   | <b>141,100</b>                     | <b>(30,879)</b> |
| <b>Net cash used in investing activities</b>                        | <b>(164,865)</b> | <b>(94,800)</b>                    | <b>(70,065)</b> |
| <b>FINANCING ACTIVITIES</b>   |                  |                                    |                 |
| <b>Cash received</b>  |                  |                                    |                 |
| Contributed equity  | 45,523           | 10,000                             | 35,523          |
| <b>Total cash received</b>  | <b>45,523</b>    | <b>10,000</b>                      | <b>35,523</b>   |
| <b>Cash used</b>  |                  |                                    |                 |
| Finance leases  | 4,631            | 4,134                              | (497)           |
| <b>Total cash used</b>  | <b>4,631</b>     | <b>4,134</b>                       | <b>(497)</b>    |
| <b>Net cash from financing activities</b>                           | <b>40,892</b>    | <b>5,866</b>                       | <b>35,026</b>   |
| <b>Net increase in cash held</b>                                    | <b>(1,572)</b>   | <b>25,830</b>                      | <b>(27,402)</b> |
| Cash and cash equivalents at the beginning of the reporting period  | 321,647          | 219,981                            | 101,666         |
| <b>Cash and cash equivalents at the end of the reporting period</b> | <b>320,075</b>   | <b>245,811</b>                     | <b>74,264</b>   |

## Explanation of Major Variances

Australian Accounting Standard *AASB 1055 Budgetary Reporting* requires variance explanations of major variances between the original budget as presented in the 2018-19 Portfolio Budget Statements and the actual outcome as reported in these financial statements. CSIRO considers that major variances are those greater than 10% of the original estimate and that are relevant to an assessment of the discharge of accountability and to an analysis of the performance of the entity. Variances below this threshold are not included unless considered significant by their nature.

It should be noted that the original budget was prepared before the 2017-18 actual figures were known. As a consequence the opening balance of the 2018-19 Statement of Financial Position needed to be estimated and in some cases, variances between 2018-19 actuals and budget numbers can be, at least in part, attributed to unanticipated movements in the prior period figures. Variances attributable to factors which would not reasonably have been identifiable at the time of the budget preparation, such as the revaluation of plant and equipment and investment properties, sale of equity investments, and impairment of assets, have not been included as part of the explanation.

The Budget is not audited.

### Statement of Comprehensive Income

CSIRO's own source revenue is lower than budget due to the impact of the drought in Australia and some unforeseen project delays which have impacted CSIRO's ability to meet milestones.

*Net gain from sales of assets* is lower than budget due to the expected sale of the former site at Highett, Victoria not occurring in 2018-19.

### Statement of Financial Position

*Cash and cash equivalents* are higher than budget due to the Indigenous Girls STEM Academy being announced post budget and the difference in basis of preparation between the PBS and the financial statements relating to the Innovation Fund investment. The Portfolio Budget Statements are prepared on the basis of only including General Government Sector (GGS) entities, whereas the Financial Statements for CSIRO include the results of CSIRO and all controlled entities, regardless of whether they are within the GGS or not. Therefore, there is a difference in the accounting treatment between the two, resulting in the budget containing the Innovation Fund investment as an *Investment Accounted for using the Equity Method*, while the Financial Statements account for this investment in the consolidation as *Cash and cash equivalents* held by a controlled entity.

*Other investments* are higher than budget due to the acquisition of a number of shares not foreseen at the time of preparing the budget and difference in basis of preparation between the PBS and the financial statements relating to the Innovation Fund investment.

The former CSIRO site at Highett, Victoria has been recorded as a *Property held for sale* due to the impending finalisation of the sale of the land. At the time of developing the 2018-19 PBS, the land was expected to sell in 2018-19.

*Other Payables* are higher than budget due to higher amounts recognised as deferred revenue following resourcing constraints which resulted in projects not being finalised in the current year.

*Deposits* are higher than budget as it includes funding for the Indigenous Girls STEM Academy announced after budget.

The higher balance for *Employee Provisions* is due to the decrease in the long-term government bond rate used to discount expected future employee benefit payments.

*Provision for remediation* is higher than budget reflecting higher expected make-good, waste removal and site remediation costs.

*Retained Surplus* is higher than budgeted as the operating loss for 2018-19 was lower than in the budget and in accordance with *AASB 9 Financial Instruments*, equity was moved from Other reserves into Retained Surpluses during the year, which was unbudgeted.

The *Non-controlling interest* balance is higher than budget due to the difference in basis of preparation between the PBS and the financial statements relating to the Innovation Fund investment.

### Cash Flow Statement

Variances relating to cash flows occur because of the factors detailed under Income Statement and Balance Sheet.