

# COMMONWEALTH SCIENTIFIC AND INDUSTRIAL RESEARCH ORGANISATION

|   |            |
|---|------------|
| <b>Section 1: Overview.....</b>   | <b>273</b> |
| <b>Section 2: Resources for 2006-07 .....</b>                               | <b>274</b> |
| 2.1 Appropriations and other resources .....                                | 274        |
| 2.2 2006-07 budget measures .....   | 275        |
| 2.3 Other resources available to be used .....                              | 275        |
| 2.4 Movement of administered funds from 2005-06 to 2006-07 .....            | 276        |
| 2.5 Special appropriations .....  | 276        |
| 2.6 Special accounts .....  | 276        |
| 2.7 Administered capital and departmental equity injections and loans ..... | 276        |
| <b>Section 3: Outcomes.....</b>   | <b>277</b> |
| 3.1 Summary of outcomes and contribution to outcomes .....                  | 277        |
| 3.2 Outcomes — departmental and administered .....                          | 278        |
| 3.3 Outcomes and performance .....  | 280        |
| <b>Section 4: Other reporting requirements .....</b>                        | <b>284</b> |
| 4.1 Purchaser-provider arrangements.....                                    | 284        |
| 4.2 Cost recovery arrangements .....  | 284        |
| <b>Section 5: Budgeted financial statements .....</b>                       | <b>285</b> |
| Analysis of budgeted financial statements .....                             | 285        |
| Budgeted financial statements tables .....                                  | 286        |
| Notes to the financial statements.....                                      | 294        |



# COMMONWEALTH SCIENTIFIC AND INDUSTRIAL RESEARCH ORGANISATION

## Section 1: Overview

The Commonwealth Scientific and Industrial Research Organisation's (CSIRO's) primary functions as identified in the Science and Industry Research Act 1949, Section 9 are:

- to carry out scientific research:
  - to assist Australian industry and to further the interests of the Australian community;
  - to contribute to national and international objectives and responsibilities of the Australian Government; and
- to encourage or facilitate the application and use of the results of its own or any other scientific research.

Secondary functions specified in the Act include international scientific liaison, training of research workers, publication of research results, and dissemination of science and technology.

**Table 1.1: Agency outcomes and output groups**

| <b>Outcome</b>   | <b>Description</b>  | <b>Output groups</b>  |
|------------------|---|---|
| <b>Outcome 1</b> | The application or utilisation of the results of scientific research delivers <ul style="list-style-type: none"> <li>- Innovative and competitive industries</li> <li>- Healthy environment and lifestyles</li> <li>- A technologically advanced society</li> </ul> | <b>Output Group 1.1</b><br>Information Technology, Manufacturing and Services<br><b>Output Group 1.2</b><br>Sustainable Minerals and Energy<br><b>Output Group 1.3</b><br>Environment and Natural Resources<br><b>Output Group 1.4</b><br>Agribusiness and Health |

## Section 2: Resources for 2006-07

### 2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the total resources from all origins for 2006-07, including appropriations. The table summarises how resources will be applied by outcome and departmental classification.

The total appropriation for CSIRO in the 2006-07 Budget is \$607.2 million. CSIRO receives no administered appropriations.

**Table 2.1: Appropriations and other resources 2006-07<sup>1</sup> ('000)**

| Outcome          | Appropriations       |                                   |                                | Revenue        | Total          |
|------------------|----------------------|-----------------------------------|--------------------------------|----------------|----------------|
|                  | Bill No. 1<br>\$'000 | Bill No. 2 <sup>2</sup><br>\$'000 | Special <sup>3</sup><br>\$'000 | (a)            | \$'000         |
| <b>Outcome 1</b> |                      |                                   |                                |                |                |
| Departmental     | 607,167              |                                   |                                | 362,833        | 970,000        |
| <b>Total</b>     | <b>607,167</b>       |                                   |                                | <b>362,833</b> | <b>970,000</b> |

<sup>1</sup> This table has been redesigned to correspond with Budget Paper No. 4 'Agency Resourcing'.

<sup>2</sup> Under the appropriation structure, Bill No. 2 includes Specific Purpose Payments (SPPs), new agency Outcomes (NAOs) and departmental capital via departmental injections and loans.

<sup>3</sup> Estimated expenses from individual Special Appropriations are shown at Section 3, Tables 3.1, etc.

(a) Departmental revenues from other sources (i.e. other than appropriation amounts) that are available to be used.

Note: Refer to Budgeted Income Statement for application of agency revenue.

## 2.2 2006-07 BUDGET MEASURES

### Table 2.2 Agency measures

CSIRO does not have any new budget measures in Budget Paper No.2 therefore Table 2.2 is not presented.

## 2.3 OTHER RESOURCES AVAILABLE TO BE USED

Table 2.3 provides details of resources obtained by CSIRO for provision of goods or services. These resources are approved for use by CSIRO and are included in Table 2.1.

**Table 2.3: Other resources available to be used<sup>1</sup>**

|  | <b>Estimated<br/>Receipts<br/>2005-06<br/>\$'000</b> | <b>Budget<br/>Estimate<br/>2006-07<br/>\$'000</b> |
|--|--|---|
| <b>Departmental other resources</b>                            |  |   |
| Revenue from sales of goods and services                       | 334,367  | <b>348,050</b>                                    |
| Interest   | 8,238  | <b>9,783</b>                                      |
| Proceeds from sale of assets                                   | 5,000  | <b>5,000</b>                                      |
| <b>Total departmental other resources available to be used</b> | <b>347,605</b>                                       | <b>362,833</b>                                    |

1. This table replaces the former table 'Receipts from other sources'. It represents own source receipts available for spending on departmental purposes.

## **2.4 MOVEMENT OF ADMINISTERED FUNDS FROM 2005-06 TO 2006-07**

### **Table 2.4: Movement of administered funds from 2005-06 to 2006-07**

CSIRO has no administered funds therefore Table 2.4 is not presented.

## **2.5 SPECIAL APPROPRIATIONS**

### **Table 2.5: Estimates of expenses from special appropriations**

CSIRO has no special appropriations therefore Table 2.5 is not presented.

## **2.6 SPECIAL ACCOUNTS**

### **Table 2.6: Estimates of special account flows and balances**

CSIRO has no special accounts therefore Table 2.6 is not presented.

## **2.7 ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS**

CSIRO has no administered capital, departmental equity injections or loans in 2006-07; therefore no information is provided.

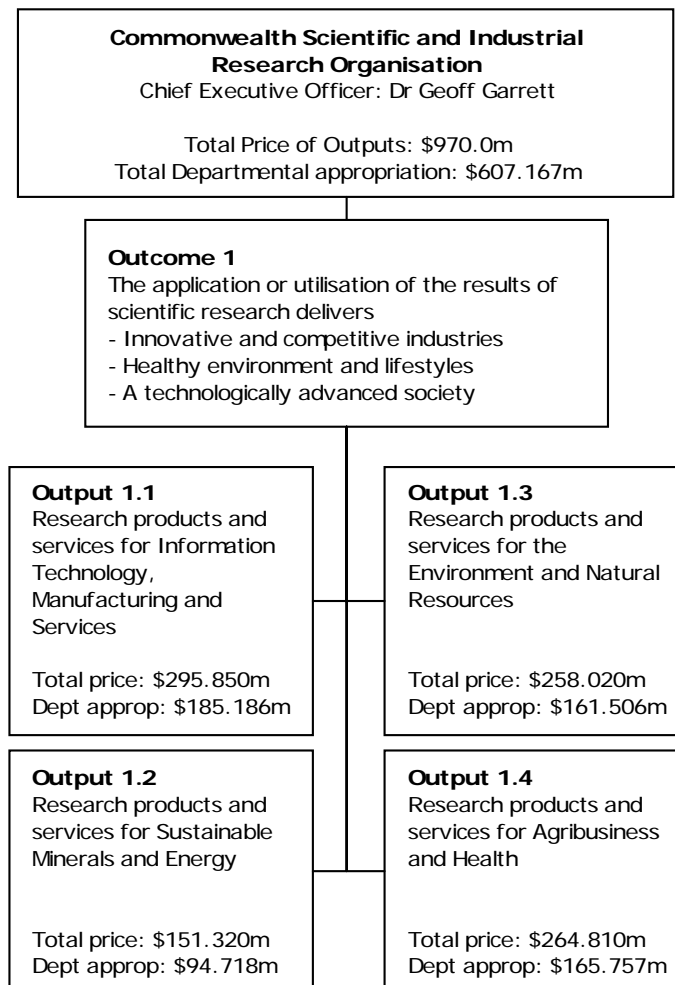
## Section 3: Outcomes

This section explains how the resources identified in Section 2 will be used to deliver outputs to contribute to the outcome for CSIRO.

### 3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES

The relationship between activities of CSIRO and its outcome is summarised in Figure 4. There has been no change in structure from the 2005-06 Portfolio Budget Statements.

**Figure 4: Contributions to outcomes**



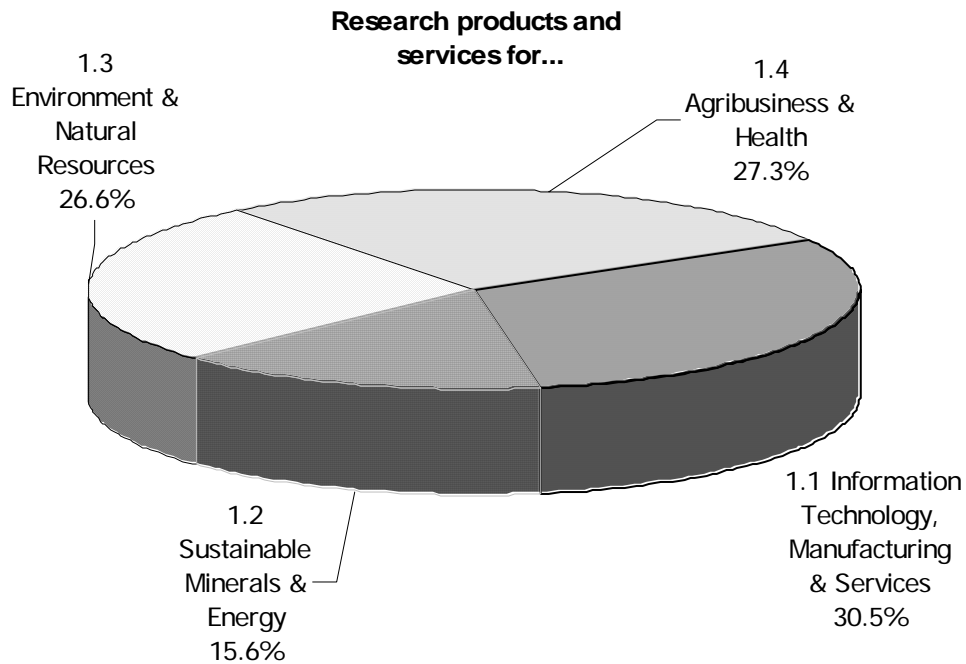
### Output Cost Attribution

CSIRO pricing of outputs is derived from the cost of operation of its research Divisions. Divisional overheads are allocated to research projects on the basis of the most appropriate cost driver (staffing, floor space, etc). The cost and revenues of corporate support activities and shared CSIRO-wide infrastructure are allocated to outputs based on various cost drivers.

## 3.2 OUTCOMES — DEPARTMENTAL AND ADMINISTERED

### Departmental appropriations by output

Figure 5: Departmental appropriations by output, 2006-07



CSIRO's Outcome Statement remains unchanged from last year.

CSIRO's four outputs that contribute to the CSIRO outcome are:

- Research products and services for Information Technology, Manufacturing and Services;
- Research products and services for Sustainable Minerals and Energy;
- Research products and services for the Environment and Natural Resources; and

- Research products and services for Agribusiness and Health.

Revenue from Government through appropriations contributes 62.6 per cent of the total output price for this outcome for 2006-07. The total price includes an estimate of CSIRO's external earnings. These are subject to factors outside CSIRO's control, including industry policy settings and economic conditions in particular industry sectors. Variations in external earnings will impact on the quantity and quality of outputs delivered.

Figure 5 shows the allocation of Departmental appropriation resources across CSIRO's outcome by outputs, in 2006-07.

### **External Revenues**

In accordance with accounting standards, external revenues earned by CSIRO and recorded in the financial statements do not include CSIRO's share of external revenues earned through two joint venture entities:

- Food Science Australia – a joint venture with the Victorian Department of Primary Industries; and
- Ensis – a joint venture with Scion (a New Zealand Government company).

The CSIRO share of revenue from two joint ventures in 2006-07 is estimated at \$27.7 million.

In addition to the external revenue earned through investment in the Flagship Initiative and recorded in the 2006-07 revenue estimates, there is a growing level of in-kind investment by Flagship partner organisations. These are funds invested directly by the partner organisations in the Flagships, rather than these funds passing through CSIRO's accounts. In 2006-07, it is estimated that in-kind Flagship investment will be \$29.7 million.

### **Administered appropriations by output**

#### **Figure 6: Administered appropriations by output, 2006-07**

CSIRO has no administered appropriations therefore Figure 6 is not presented.

### 3.3 OUTCOMES AND PERFORMANCE

#### Outcome 1 resourcing

Table 3.1 shows how the 2006-07 Budget appropriations translate to total resourcing for Outcome 1, including, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

**Table 3.1: Total resources for Outcome 1 (\$'000)**

|  | Estimated<br>Actual<br>2005-06<br>\$'000 | Budget<br>Estimate<br>2006-07<br>\$'000 |
|--|--|---|
| <b>Departmental appropriations</b>   |  |   |
| Output Group 1.1 – Research products and services for Information Technology, Manufacturing and Services | 181,148                                  | <b>185,186</b>                          |
| Output Group 1.2 – Research products and services for Sustainable Minerals and Energy                    | 92,653                                   | <b>94,718</b>                           |
| Output Group 1.3 – Research products and services for Environment and Natural Resources                  | 157,985                                  | <b>161,506</b>                          |
| Output Group 1.4 – Research products and services for Agribusiness and Health                            | 162,142                                  | <b>165,757</b>                          |
| <b>Total revenue from government (appropriations) contributing to price of departmental outputs</b>      | 593,928                                  | <b>607,167</b>                          |
| <b>Total revenue from other sources</b>  | 347,605                                  | <b>362,833</b>                          |
| <b>Total estimated resourcing for Outcome 1 (Total price of outputs)</b>                                 | 941,533                                  | <b>970,000</b>                          |
|  | 2005-06                                  | <b>2006-07</b>                          |
| <b>Average staffing level (number)</b>   | 6,030                                    | <b>5,860</b>                            |

#### Measures affecting Outcome 1

CSIRO does not have any new budget measures in Budget Paper No.2.

### **Internally Funded Capital Works Projects**

#### **CSIRO co-location with Queensland Government agencies on proposed Boggo Road (Eco-Science) and Coopers Plains (Health and Food Science) Precincts as part of a major Knowledge Based Research Business initiative.**

CSIRO intends to rationalise research activities on four existing CSIRO sites in the Brisbane region and co-locate with the research components of four State Government Departments and two Brisbane located Universities on State Government owned Brisbane sites at Boggo Road and Coopers Plains. The estimated total cost will be \$93 million over 4 years and will be partly funded from sales of currently occupied sites.

### **Performance information for Outcome 1**

CSIRO's performance reporting is structured around the strategic goals and objectives identified in CSIRO's Strategic Plan for 2003-07. Annual targets (as appropriate) are published in CSIRO's annual Operational Plan. In accordance with the Triennium Funding Agreement, CSIRO will report against these indicators in its Annual Report.

**Table 3.2: Performance information for Outcome 1**

---

|   |
|---|
| <b>Effectiveness (Achievement of Outcome)</b>   |
| (these indicators are relevant to each of CSIRO's four Output Groups)   |
| CSIRO conducts regular formal assessments of progress toward Theme Goals and Annual Performance Goals, and provides evidence of economic, social and environmental benefits (listed below) that are achieved through the adoption and impact of CSIRO's outputs.  |
| <ul style="list-style-type: none"><li>• Innovative and Competitive Industries<ul style="list-style-type: none"><li>◦ Lower/more competitive production costs</li><li>◦ Improved quality of goods and services</li><li>◦ New products, services and businesses</li></ul></li><br/><li>• Healthy Environment and Lifestyles<ul style="list-style-type: none"><li>◦ Improved human health, safety and wellbeing</li><li>◦ Reduced pollution</li><li>◦ Improved environmental health</li></ul></li><br/><li>• A Technologically Advanced Society<ul style="list-style-type: none"><li>◦ Reduced risk (economic, environmental or social)</li><li>◦ Development of skills (enhanced human capital)</li><li>◦ Informing policy (cost-effective public programmes)</li></ul></li></ul> |
| CSIRO also reports specifically on: alignment with the National Research Priority Goals; progress in establishing the Flagships Initiative; and the development of partnerships for community impact and industry innovation.   |

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**Table 3.2: Performance information for Outcome 1 (cont)**

| <b>Performance Indicator</b> |  |
|------------------------------|--|
| <i>Price</i>                 | <ul style="list-style-type: none"> <li>• Financial Performance                             <ul style="list-style-type: none"> <li>◦ Operating Result</li> <li>◦ Subsidy Elimination</li> <li>◦ Overhead Ratio</li> </ul> </li> <li>• External Revenue                             <ul style="list-style-type: none"> <li>◦ Revenue by Domain (Co-investment; Services and Consulting; Intellectual Property)</li> <li>◦ Revenue by Industry Category</li> </ul> </li> </ul>  |
| <i>Quantity</i>              | <ul style="list-style-type: none"> <li>• Scientific Output                             <ul style="list-style-type: none"> <li>◦ Number of Publications of various types</li> <li>◦ Number of Patents, Inventions etc</li> </ul> </li> <li>• Contribution to Research Training                             <ul style="list-style-type: none"> <li>◦ Number of Sponsored Post-Graduate Students</li> <li>◦ Number of Supervised Post-Graduate Students</li> <li>◦ Number of Post-Doctorates Employed</li> </ul> </li> </ul>  |
| <i>Quality</i>               | <ul style="list-style-type: none"> <li>• Customer Assessments                             <ul style="list-style-type: none"> <li>◦ Rating of CSIRO's Products/Services</li> <li>◦ Rating of CSIRO's People/Processes</li> <li>◦ Rating of Overall Value</li> </ul> </li> <li>• Internal Assessments                             <ul style="list-style-type: none"> <li>◦ Staff Engagement</li> <li>◦ Project Management Index</li> <li>◦ OHSE performance</li> </ul> </li> <li>• Scientific Performance                             <ul style="list-style-type: none"> <li>◦ Citation of publications</li> <li>◦ Findings of external Science Review Panels</li> </ul> </li> </ul> |

### **Evaluations for Outcome 1**

Ongoing, systematic evaluation in CSIRO includes:

- research performance assessments agreed in the context of the 2004-05 to 2006-07 Triennium Funding Agreement;
- periodic review of major areas of activity;
- the submission of scientific findings to regular critical appraisal by internal and external peers;
- the critical assessment of patent applications;
- the cycle of Staff Annual Performance Agreements (APAs); and
- Divisional reviews.

## Section 4: Other reporting requirements

### **4.1 PURCHASER-PROVIDER ARRANGEMENTS**

CSIRO does not have any purchaser-provider arrangements.

### **4.2 COST RECOVERY ARRANGEMENTS**

CSIRO does not have any cost recovery arrangements.

## Section 5: Budgeted financial statements

The budgeted financial statements for the Commonwealth Scientific and Industrial Research Organisation are presented in this section. The budgeted financial statements form the basis of the financial statements that appear in the Commonwealth Scientific and Industrial Research Organisation 2006-07 Annual Report, and form the basis for input into the Whole of Government Accounts.

### **ANALYSIS OF BUDGETED FINANCIAL STATEMENTS**

Analysis of the CSIRO's budgeted financial statements, as reflected in the Budgeted Agency Financial Statements for 2006-07 is provided below.

Revenue from Government (departmental appropriation) is estimated to be \$607.2 million.

#### **Budgeted Departmental Income Statement**

This statement provides a picture of the expected financial results for the Agency by identifying full accrual expenses and revenues, which highlights whether the Agency is operating at a sustainable level.

#### **Budgeted Departmental Balance Sheet**

This statement shows the financial position of the Agency. It helps decision-makers to track the management of the Agency's assets and liabilities.

#### **Budgeted Departmental Statement of Cash Flows**

Budgeted cash flows, as reflected in the statement of cash flows, provides information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

#### **Departmental Capital Budget Statement**

Shows all planned Agency departmental capital expenditure (capital expenditure on non-financial assets), whether funded either through capital appropriations for additional equity or borrowings, or from funds from internal sources.

#### **Departmental Non-Financial Assets – Summary of Movement**

Shows budgeted acquisitions and disposals of non-financial assets during the budget year.

## BUDGETED FINANCIAL STATEMENTS TABLES

**Table 5.1: Budgeted departmental income statement for the period ended 30 June**

|  | Estimated<br>Actual<br>2005-06<br>\$'000 | Budget<br>Estimate<br>2006-07<br>\$'000 | Forward<br>Estimate<br>2007-08<br>\$'000 | Forward<br>Estimate<br>2008-09<br>\$'000 | Forward<br>Estimate<br>2009-10<br>\$'000 |
|--|--|---|--|--|--|
| <b>INCOME</b>  |  |   |  |  |  |
| <b>Revenue</b>   |  |   |  |  |  |
| Revenues from Government   | 593,928                                  | <b>607,167</b>                          | 625,041                                  | 629,665                                  | 640,384                                  |
| Goods and services <sup>1</sup>  | 295,346                                  | <b>305,250</b>                          | 321,436                                  | 338,530                                  | 353,544                                  |
| Interest   | 8,238                                    | <b>9,783</b>                            | 9,588                                    | 9,388                                    | 10,104                                   |
| Rents  | 6,021                                    | <b>5,800</b>                            | 5,269                                    | 5,294                                    | 5,319                                    |
| Royalties  | 33,000                                   | <b>37,000</b>                           | 39,035                                   | 41,182                                   | 43,447                                   |
| <b>Total Revenue</b>   | <b>936,533</b>                           | <b>965,000</b>                          | <b>1,000,369</b>                         | <b>1,024,059</b>                         | <b>1,052,798</b>                         |
| <b>Gains</b>   |  |   |  |  |  |
| Revenue from sale of assets <sup>2</sup>                                     | 5,000                                    | <b>5,000</b>                            | 5,000                                    | 5,000                                    | 5,000                                    |
| <b>Total gains</b>   | <b>5,000</b>                             | <b>5,000</b>                            | <b>5,000</b>                             | <b>5,000</b>                             | <b>5,000</b>                             |
| <b>Total income</b>  | <b>941,533</b>                           | <b>970,000</b>                          | <b>1,005,369</b>                         | <b>1,029,059</b>                         | <b>1,057,798</b>                         |
| <b>EXPENSE</b>   |  |   |  |  |  |
| <b>Expenses from ordinary activities (excluding borrowing costs expense)</b> |  |   |  |  |  |
| Employees <sup>3</sup>   | 570,811                                  | <b>589,963</b>                          | 616,686                                  | 631,089                                  | 650,587                                  |
| Suppliers <sup>4</sup>   | 293,770                                  | <b>286,500</b>                          | 292,228                                  | 298,073                                  | 304,034                                  |
| Depreciation & amortisation  | 82,000                                   | <b>84,000</b>                           | 87,000                                   | 90,524                                   | 93,885                                   |
| Write-down assets & impairment of assets                                     | 1,170                                    | <b>1,170</b>                            | 1,170                                    | 1,170                                    | 1,170                                    |
| Value of assets sold   | 5,000                                    | <b>5,000</b>                            | 5,000                                    | 5,000                                    | 5,000                                    |
| <b>Expenses from ordinary activities (excluding borrowing costs expense)</b> | <b>952,751</b>                           | <b>966,633</b>                          | <b>1,002,084</b>                         | <b>1,025,856</b>                         | <b>1,054,676</b>                         |
| Borrowing costs expense <sup>5</sup>   | 3,447                                    | <b>3,367</b>                            | 3,285                                    | 3,203                                    | 3,122                                    |
| <b>Operating result from continuing operations</b>                           | <b>(14,665)</b>                          | <b>0</b>                                | <b>0</b>                                 | <b>0</b>                                 | <b>0</b>                                 |
| <b>Operating result</b>  | <b>(14,665)</b>                          | <b>0</b>                                | <b>0</b>                                 | <b>0</b>                                 | <b>0</b>                                 |
| <b>Net surplus or (deficit) attributable to the Australian Government</b>    | <b>(14,665)</b>                          | <b>0</b>                                | <b>0</b>                                 | <b>0</b>                                 | <b>0</b>                                 |

**Table 5.2: Budgeted departmental balance sheet  
as at 30 June**

|  | Estimated<br>Actual<br>2005-06<br>\$'000 | Budget<br>Estimate<br>2006-07<br>\$'000 | Forward<br>Estimate<br>2007-08<br>\$'000 | Forward<br>Estimate<br>2008-09<br>\$'000 | Forward<br>Estimate<br>2009-10<br>\$'000 |
|--|--|---|--|--|--|
| <b>ASSETS</b>  |  |   |  |  |  |
| <b>Financial assets</b>                              |  |   |  |  |  |
| Cash   | 139,629                                  | <b>172,384</b>                          | 169,419                                  | 189,149                                  | 203,636                                  |
| Receivables  | 65,269                                   | <b>68,052</b>                           | 71,225                                   | 74,671                                   | 77,944                                   |
| Investments accounted for under<br>the equity method | 516                                      | <b>516</b>                              | 516                                      | 516                                      | 516                                      |
| Other investments                                    | 14,817                                   | <b>14,817</b>                           | 14,817                                   | 14,817                                   | 14,817                                   |
| <b>Total financial assets</b>                        | <b>220,231</b>                           | <b>255,769</b>                          | <b>255,977</b>                           | <b>279,153</b>                           | <b>296,913</b>                           |
| <b>Non-financial assets</b>                          |  |   |  |  |  |
| Land and buildings <sup>6</sup>                      | 1,041,898                                | <b>1,065,130</b>                        | 1,104,605                                | 1,145,118                                | 1,187,943                                |
| Infrastructure, plant and<br>equipment <sup>7</sup>  | 214,130                                  | <b>197,468</b>                          | 192,933                                  | 187,721                                  | 183,444                                  |
| Investment properties                                | 5,699                                    | <b>5,699</b>                            | 5,699                                    | 5,699                                    | 5,699                                    |
| Inventories  | 966                                      | <b>966</b>                              | 966                                      | 966                                      | 966                                      |
| Intangibles <sup>8</sup>                             | 20,429                                   | <b>32,642</b>                           | 31,832                                   | 30,219                                   | 28,606                                   |
| Other  | 23,082                                   | <b>26,500</b>                           | 30,431                                   | 34,952                                   | 40,151                                   |
| <b>Total non-financial assets</b>                    | <b>1,306,204</b>                         | <b>1,328,405</b>                        | <b>1,366,466</b>                         | <b>1,404,675</b>                         | <b>1,446,809</b>                         |
| <b>Total assets</b>                                  | <b>1,526,435</b>                         | <b>1,584,174</b>                        | <b>1,622,443</b>                         | <b>1,683,828</b>                         | <b>1,743,722</b>                         |
| <b>LIABILITIES</b>                                   |  |   |  |  |  |
| <b>Interest bearing liabilities</b>                  |  |   |  |  |  |
| Leases <sup>9</sup>                                  | 77,907                                   | <b>75,997</b>                           | 74,087                                   | 72,177                                   | 70,267                                   |
| Deposits   | 15,118                                   | <b>15,118</b>                           | 15,118                                   | 15,118                                   | 15,118                                   |
| <b>Total interest bearing liabilities</b>            | <b>93,025</b>                            | <b>91,115</b>                           | <b>89,205</b>                            | <b>87,295</b>                            | <b>85,385</b>                            |
| <b>Provisions</b>                                    |  |   |  |  |  |
| Employees  | 189,656                                  | <b>210,177</b>                          | 207,213                                  | 224,753                                  | 238,042                                  |
| <b>Total provisions</b>                              | <b>189,656</b>                           | <b>210,177</b>                          | <b>207,213</b>                           | <b>224,753</b>                           | <b>238,042</b>                           |
| <b>Payables</b>                                      |  |   |  |  |  |
| Suppliers  | 38,307                                   | <b>37,359</b>                           | 38,106                                   | 38,868                                   | 39,645                                   |
| Other <sup>10</sup>                                  | 54,500                                   | <b>56,893</b>                           | 59,559                                   | 62,353                                   | 65,284                                   |
| <b>Total payables</b>                                | <b>92,807</b>                            | <b>94,252</b>                           | <b>97,665</b>                            | <b>101,221</b>                           | <b>104,929</b>                           |
| <b>Total liabilities</b>                             | <b>375,488</b>                           | <b>395,544</b>                          | <b>394,083</b>                           | <b>413,269</b>                           | <b>428,356</b>                           |
| <b>EQUITY*</b>                                       |  |   |  |  |  |
| <b>Parent entity interest</b>                        |  |   |  |  |  |
| Reserves   | 717,050                                  | <b>754,733</b>                          | 794,463                                  | 836,662                                  | 881,469                                  |
| Retained surpluses or<br>accumulated deficits        | 433,897                                  | <b>433,897</b>                          | 433,897                                  | 433,897                                  | 433,897                                  |
| <b>Total parent entity interest</b>                  | <b>1,150,947</b>                         | <b>1,188,630</b>                        | <b>1,228,360</b>                         | <b>1,270,559</b>                         | <b>1,315,366</b>                         |

**Table 5.2: Budgeted departmental balance sheet  
as at 30 June (cont)**

|                                | Estimated<br>Actual<br>2005-06<br>\$'000 | <b>Budget<br/>Estimate<br/>2006-07<br/>\$'000</b> | Forward<br>Estimate<br>2007-08<br>\$'000 | Forward<br>Estimate<br>2008-09<br>\$'000 | Forward<br>Estimate<br>2009-10<br>\$'000 |
|--------------------------------|--|---|--|--|--|
| <b>Minority interest</b>       |  |   |  |  |  |
| <i>Total minority interest</i> | <b>0</b>                                 | <b>0</b>  | <b>0</b>                                 | <b>0</b>                                 | <b>0</b>                                 |
| <b>Total equity</b>            | <b>1,150,947</b>                         | <b>1,188,630</b>                                  | <b>1,228,360</b>                         | <b>1,270,559</b>                         | <b>1,315,366</b>                         |
| <b>Current assets</b>          | 220,231                                  | <b>255,769</b>                                    | 255,977                                  | 279,153                                  | 296,913                                  |
| <b>Non-current assets</b>      | 1,306,204                                | <b>1,328,405</b>                                  | 1,366,466                                | 1,404,675                                | 1,446,809                                |
| <b>Current liabilities</b>     | 160,035                                  | <b>160,557</b>                                    | 164,141                                  | 168,400                                  | 172,953                                  |
| <b>Non-current liabilities</b> | 215,453                                  | <b>234,987</b>                                    | 229,942                                  | 244,869                                  | 255,403                                  |

\*Note: 'equity' is the residual interest in assets after deduction of liabilities.

**Table 5.3: Budgeted departmental statement of cash flows for the period ended 30 June**

|  | Estimated<br>Actual<br>2005-06<br>\$'000 | Budget<br>Estimate<br>2006-07<br>\$'000 | Forward<br>Estimate<br>2007-08<br>\$'000 | Forward<br>Estimate<br>2008-09<br>\$'000 | Forward<br>Estimate<br>2009-10<br>\$'000 |
|--|--|---|--|--|--|
| <b>OPERATING ACTIVITIES</b>                            |  |   |  |  |  |
| <b>Cash received</b>                                   |  |   |  |  |  |
| Goods and services                                     | 352,956                                  | <b>344,252</b>                          | 361,158                                  | 379,687                                  | 396,619                                  |
| Appropriations   | 593,928                                  | <b>607,167</b>                          | 625,041                                  | 629,665                                  | 640,384                                  |
| Interest   | 8,238                                    | <b>9,783</b>                            | 9,588                                    | 9,388                                    | 10,104                                   |
| Other  | 59,514                                   | <b>59,755</b>                           | 61,894                                   | 64,189                                   | 66,289                                   |
| <b>Total cash received</b>                             | <b>1,014,636</b>                         | <b>1,020,957</b>                        | <b>1,057,681</b>                         | <b>1,082,929</b>                         | <b>1,113,396</b>                         |
| <b>Cash used</b>                                       |  |   |  |  |  |
| Employees  | 559,572                                  | <b>569,442</b>                          | 619,650                                  | 613,549                                  | 637,298                                  |
| Suppliers  | 316,312                                  | <b>287,372</b>                          | 291,405                                  | 297,233                                  | 303,177                                  |
| Borrowing costs  | 3,447                                    | <b>3,367</b>                            | 3,285                                    | 3,203                                    | 3,122                                    |
| Other  | 58,336                                   | <b>61,011</b>                           | 62,996                                   | 65,291                                   | 67,389                                   |
| <b>Total cash used</b>                                 | <b>937,667</b>                           | <b>921,192</b>                          | <b>977,336</b>                           | <b>979,276</b>                           | <b>1,010,986</b>                         |
| <b>Net cash from or (used by) operating activities</b> | <b>76,969</b>                            | <b>99,765</b>                           | <b>80,345</b>                            | <b>103,653</b>                           | <b>102,410</b>                           |
| <b>INVESTING ACTIVITIES</b>                            |  |   |  |  |  |
| <b>Cash received</b>                                   |  |   |  |  |  |
| Proceeds from sales of property, plant and equipment   | 5,000                                    | <b>5,000</b>                            | 5,000                                    | 5,000                                    | 5,000                                    |
| <b>Total cash received</b>                             | <b>5,000</b>                             | <b>5,000</b>                            | <b>5,000</b>                             | <b>5,000</b>                             | <b>5,000</b>                             |
| <b>Cash used</b>                                       |  |   |  |  |  |
| Purchase of property, plant and equipment              | 84,916                                   | <b>55,500</b>                           | 84,000                                   | 86,000                                   | 90,000                                   |
| Purchase or replacement of intangibles                 | 14,189                                   | <b>14,600</b>                           | 2,400                                    | 1,013                                    | 1,013                                    |
| <b>Total cash used</b>                                 | <b>99,105</b>                            | <b>70,100</b>                           | <b>86,400</b>                            | <b>87,013</b>                            | <b>91,013</b>                            |
| <b>Net cash from or (used by) investing activities</b> | <b>(94,105)</b>                          | <b>(65,100)</b>                         | <b>(81,400)</b>                          | <b>(82,013)</b>                          | <b>(86,013)</b>                          |
| <b>FINANCING ACTIVITIES</b>                            |  |   |  |  |  |
| <b>Cash received</b>                                   |  |   |  |  |  |
| <b>Total cash received</b>                             | <b>0</b>                                 | <b>0</b>                                | <b>0</b>                                 | <b>0</b>                                 | <b>0</b>                                 |
| <b>Cash used</b>                                       |  |   |  |  |  |
| Repayments of debt                                     | 1,910                                    | <b>1,910</b>                            | 1,910                                    | 1,910                                    | 1,910                                    |
| <b>Total cash used</b>                                 | <b>1,910</b>                             | <b>1,910</b>                            | <b>1,910</b>                             | <b>1,910</b>                             | <b>1,910</b>                             |
| <b>Net cash from or (used by) financing activities</b> | <b>(1,910)</b>                           | <b>(1,910)</b>                          | <b>(1,910)</b>                           | <b>(1,910)</b>                           | <b>(1,910)</b>                           |
| <b>Net increase or (decrease) in cash held</b>         | <b>(19,046)</b>                          | <b>32,755</b>                           | <b>(2,965)</b>                           | <b>19,730</b>                            | <b>14,487</b>                            |
| Cash at the beginning of the reporting period          | 158,675                                  | <b>139,629</b>                          | 172,384                                  | 169,419                                  | 189,149                                  |
| <b>Cash at the end of the reporting period</b>         | <b>139,629</b>                           | <b>172,384</b>                          | <b>169,419</b>                           | <b>189,149</b>                           | <b>203,636</b>                           |

**Table 5.4: Departmental statement of changes in equity — summary of movement (Budget 2006-07)**

|  | Accumulated<br>results<br>\$'000 | Asset<br>revaluation<br>reserve<br>\$'000 | Other<br>reserves<br>\$'000 | Contributed<br>equity/<br>capital<br>\$'000 | Total<br>equity<br>\$'000 |
|--|----------------------------------|---|-----------------------------|---|---------------------------|
| <b>Opening balance as at<br/>1 July 2006</b>                       |                                  |   |                             |   |                           |
| Balance carried forward from<br>previous period                    | 433,897                          | 717,050                                   | 0                           | 0   | 1,150,947                 |
| Adjustment for changes in<br>accounting policies                   | 0                                | 0   | 0                           | 0   | 0                         |
| <b>Adjusted opening balance</b>                                    | <b>433,897</b>                   | <b>717,050</b>                            | <b>0</b>                    | <b>0</b>                                    | <b>1,150,947</b>          |
| <b>Income and expense</b>  |                                  |   |                             |   |                           |
| Income and expenses recognised<br>directly in equity:              |                                  |   |                             |   |                           |
| Gain/loss on revaluation of<br>property                            | 0                                | 37,683                                    | 0                           | 0   | 37,683                    |
| <b>Sub total income and expense</b>                                | <b>0</b>                         | <b>37,683</b>                             | <b>0</b>                    | <b>0</b>                                    | <b>37,683</b>             |
| Net operating result   | 0                                | 0   | 0                           | 0   | 0                         |
| <b>total income and expenses<br/>recognised directly in equity</b> | <b>0</b>                         | <b>37,683</b>                             | <b>0</b>                    | <b>0</b>                                    | <b>37,683</b>             |
| <b>Transactions with owners</b>                                    |                                  |   |                             |   |                           |
| <b>Sub total transaction with<br/>transactions with owners</b>     | <b>0</b>                         | <b>0</b>                                  | <b>0</b>                    | <b>0</b>                                    | <b>0</b>                  |
| <b>Estimated closing balance as<br/>at 30 June 2007</b>            | <b>433,897</b>                   | <b>754,733</b>                            | <b>0</b>                    | <b>0</b>                                    | <b>1,188,630</b>          |

Table 5.5: Departmental capital budget statement

|  | Estimated<br>Actual<br>2005-06<br>\$'000 | Budget<br>Estimate<br>2006-07<br>\$'000 | Forward<br>Estimate<br>2007-08<br>\$'000 | Forward<br>Estimate<br>2008-09<br>\$'000 | Forward<br>Estimate<br>2009-10<br>\$'000 |
|--|--|---|--|--|--|
| <b>CAPITAL APPROPRIATIONS<sup>11</sup></b> |  |   |  |  |  |
| <i>Total capital appropriations</i>        | 0  | 0                                       | 0  | 0  | 0  |
| <b>Represented by:</b>                     |  |   |  |  |  |
| <i>Total represented by</i>                | 0  | 0                                       | 0  | 0  | 0  |
| <b>PURCHASE OF NON-FINANCIAL ASSETS</b>    |  |   |  |  |  |
| Funded internally by                       |  |   |  |  |  |
| Departmental resources                     | 99,105                                   | <b>70,100</b>                           | 86,400                                   | 87,013                                   | 91,013                                   |
| <b>Total</b>                               | <b>99,105</b>                            | <b>70,100</b>                           | <b>86,400</b>                            | <b>87,013</b>                            | <b>91,013</b>                            |

**Table 5.6: Departmental property, plant, equipment and intangibles - summary of movement  
(Budget year 2006-07)**

|  | Land<br>\$'000 | Buildings<br>\$'000 | Other<br>infrastructure<br>plant and<br>equipment<br>\$'000 | Computer<br>software<br>\$'000 | Total<br>\$'000    |
|--|----------------|---------------------|---|--------------------------------|--------------------|
| <b>As at 1 July 2006</b>   |                |                     |   |                                |                    |
| Gross book value   | 189,400        | 1,884,138           | 582,819   | 21,966                         | <b>2,678,323</b>   |
| Accumulated depreciation   | 0              | (1,031,640)         | (368,689)   | (1,537)                        | <b>(1,401,866)</b> |
| <b>Opening net book value</b>  | <b>189,400</b> | <b>852,498</b>      | <b>214,130</b>  | <b>20,429</b>                  | <b>1,276,457</b>   |
| Additions:   |                |                     |   |                                |                    |
| by purchase  |                | 27,000              | 28,500  | 14,600                         | <b>70,100</b>      |
| Net revaluation adjustment   |                | 37,683              |   |                                | <b>37,683</b>      |
| Depreciation/amortisation expense                                    |                | (41,451)            | (40,162)  | (2,387)                        | <b>(84,000)</b>    |
| Disposals:   |                |                     |   |                                |                    |
| From disposal of entities or<br>operations (including restructuring) |                |                     | (5,000)   |                                | <b>(5,000)</b>     |
| <b>As at 30 June 2007</b>  |                |                     |   |                                |                    |
| Gross book value   | 189,400        | 1,948,821           | 606,319   | 36,566                         | <b>2,781,106</b>   |
| Accumulated depreciation   | 0              | (1,073,091)         | (408,851)   | (3,924)                        | <b>(1,485,866)</b> |
| <b>Estimated closing net book value</b>                              | <b>189,400</b> | <b>875,730</b>      | <b>197,468</b>  | <b>32,642</b>                  | <b>1,295,240</b>   |

**Table 5.7: Schedule of budgeted income and expenses administered on behalf of government for the period ended 30 June**

CSIRO has no administered income and expenses therefore Table 5.7 is not presented.

**Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of government as at 30 June**

CSIRO has no administered assets and liabilities therefore Table 5.8 is not presented.

**Table 5.9: Schedule of budgeted administered cash flows for the period ended 30 June**

CSIRO has no administered cash flows therefore Table 5.9 is not presented.

**Table 5.10: Schedule of administered capital budget**

CSIRO has no administered capital therefore Table 5.10 is not presented.

**Table 5.11: Schedule of administered property, plant, equipment and intangibles — summary of movement (Budget year 2006-07)**

CSIRO has no administered property, plant, equipment and intangibles therefore Table 5.11 is not presented.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Note 1: Sales of goods and services**

Growth in revenues is in line with latest estimates as outlined in the Science Investment Plan.

### **Note 2: Revenue from sale of assets**

Gross proceeds from the sale of assets have been disclosed in the Statement of Financial Performance consistent with Australian Accounting Standards. The value of assets sold is disclosed separately.

### **Note 3: Employee Expenses**

Employee expenses are based on projected staffing levels in 2006-07 and anticipated salary increases.

### **Note 4: Suppliers Expenses**

The decrease in supplier costs is in line with the planned reductions in travel and general procurement expenditure.

### **Note 5: Borrowing Costs Expense**

Reflects interest on finance leases.

### **Note 6: Land and Buildings**

Increase in land and buildings is the result of increase in property value and acquisition reported at fair values.

### **Note 7: Infrastructure Plant and Equipment**

Decrease in plant and equipment is the result of lower levels of acquisition in 2006-07.

### **Note 8: Intangibles**

The increase in intangibles is due to the initial phase of the new financial system becoming operational in 2006-07.

### **Note 9: Leases**

Includes finance leases for the Centre for Advanced Technologies (Queensland), the National Centre for Petroleum and Minerals Resources Research (Western Australia) and the Newcastle Energy Centre (New South Wales).

**Note 10: Payables**

This category includes contract revenue received in advance.

**Note 11: Capital Budget/Investment**

CSIRO intends to maintain the standard of its capital infrastructure at a level similar to the current level through repair, replacement and refurbishment of existing assets. CSIRO employs an internal leasing scheme to cover the cost of repairs, replacement and refurbishment of land and buildings, expenditure that is essential to maintain CSIRO's position as a world-class research organisation.

**Basis of Accounting**

The agency budget statements are prepared in compliance with Australian Accounting Standards, Accounting Guidance Releases and having regard to Statements of Accounting Concepts.

