

EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE – QUESTIONS ON NOTICE 2003-2004 SUPPLEMENTARY ESTIMATES HEARING

Outcome: CSIRO
Output Group: - CSIRO

DEST Question No. E591_04

Senator Carr asked on 5 November 2003.

Question:

- a) What was the reason for the \$215,000 foreign exchange loss?
- b) What made this different from last year? (A \$9,000 loss)
- c) Who manages foreign exchange matters within CSIRO?
- d) When you say a “Non-speculative” loss, what does that mean?

Answer:

CSIRO has provided the following response.

Foreign Exchange

- a) The foreign exchange loss was the result of the strengthening of the Australian dollar against other major foreign currencies, especially against the United States dollar.
- b) In 2001-02, CSIRO was permitted to take out external hedges for foreign currency receipts to protect against any adverse exchange rate fluctuations. In accordance with government policy, CSIRO has not taken out new external hedges for foreign currency receipts since June 2002.
- c) Foreign exchange matters are managed centrally within CSIRO’s Corporate Finance unit.
- d) CSIRO’s foreign exchange hedge contracts have not been taken out in anticipation of making speculative gains, but rather to protect against any adverse exchange rate fluctuations for contracted receipts and payments in a foreign currency. Therefore, CSIRO’s gains and losses are classified as “non-speculative”.