

EDUCATION, SCIENCE AND TRAINING

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

Outcome: CSIRO
Output Group: - CSIRO

DEST Question No. E598_04

Senator Carr asked on 5 November 2003.

Question:

- (a) What has gone wrong at Food Science Australia?
- (b) Why the turnaround of nearly \$3.5 million in its operating result?

Answer:

CSIRO has provided the following response.

Joint Ventures – Food Science Australia

- (a) CSIRO assumes that the issue referred to in this question is the financial result for 2002/03. See the following answer.
- (b) Four factors are responsible for the turnaround in operating performance in 2002/03:
 - External earnings were below expectations for several reasons. The adverse impact of the drought on some of Food Science Australia's larger clients caused a fall in external earnings. Continuing rationalisation within the food processing industry saw a contraction in the joint venture's client base.
 - The environment in which Food Science Australia operates is changing rapidly and there has been a need to reposition the organisation to meet emerging industry and stakeholder needs. This realignment and restructuring imposed additional costs in this financial year.
 - Operating costs have risen considerably more rapidly than income recently, including salary increases through the EBA.
 - The commissioning of major new laboratory and pilot plant facilities at North Ryde and Werribee caused disruption to business and additional cost pressures.