

# Government senators' dissenting report

## Questioning the basis for the inquiry

1.1 Government senators reject the committee majority report. The inquiry process on this issue has been a blatantly wasteful use of scarce Senate resources. Government senators question the validity of the inquiry given the CSIRO restructure has nothing to do with government budget measures but is the result of a strategic shift following the development of the CSIRO Strategy 2020: Australia's Innovation Catalyst.

## A process is underway, not completed

1.2 The development of the CSIRO Strategy 2020 is the CSIRO response to the Australian economy in transition and its role in Australia's innovation system. It has resulted in a redirection and realignment of its capability.<sup>1</sup> This is a normal process. In a constrained budgetary environment strategic direction and programs should be periodically evaluated and adjustments made.

1.3 The announcement on 4 February 2016 indicating people's jobs could be affected was just the start of the process. There is more work to be undertaken to ensure a smooth transition. Dr Marshall has explained that this process will be undertaken over two financial years and the result in overall staffing levels will be the same or slightly higher.<sup>2</sup> There will be no net job cuts. Some staff, up to 350, will be affected but there will be opportunities to reskill or redeploy within the organisation in the first instance. If they cannot or do so, or do not wish to, then staff may elect to leave.<sup>3</sup>

1.4 Dr Marshall explained the process underway at February estimates hearings:

Moving from setting the high-level strategic science priorities as a first phase, to working out the detail of how to execute this with our staff and stakeholders in its second phase, and then executing the changes. We are currently in the second phase of this process, consulting with our staff and our stakeholders in order to resolve the details, a process which we are committed to undertaking. Until this is complete and the precise information is known, speculating on potential outcomes is not fair to our staff.<sup>4</sup>

1.5 Dr Marshall confirmed:

This change is a refresh and a redirection of capability and of CSIRO, not cuts to staffing levels.<sup>5</sup>

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1 *Estimates Hansard*, 11 February 2016, p. 54.

2 *Estimates Hansard*, 11 February 2016, p. 54.

3 *Estimates Hansard*, 11 February 2016, p. 54.

4 *Estimates Hansard*, 11 February 2016, p. 54.

5 *Estimates Hansard*, 11 February 2016, p. 54.

1.6 At the 7 April 2016 hearing with the committee, Dr Marshall stressed that CSIRO is only half way through the process underway. Therefore much of the public discussion, including from the documents released through the Senate Order for the Production of Documents process, was based on incomplete information and misinformation. He emphasised the long-established process for CSIRO investment decisions.<sup>6</sup>

1.7 Mr Craig Roy, Deputy Chief Executive, CSIRO, explained the current processes underway, emphasising the awareness of the executive to address the uncertainty for staff and stakeholders as soon as possible:

There are multiple phases to it, and it is a well-worn track for us, unfortunately, but it is a well-worn track. The next thing is that we will get the feedback that we are getting at the moment. There will be a decision at high-level—executive team type level—as to whether we will change any of those parameters that are there, and they will be based on the feedback and the advice of the business unit leaders, as well. Then we move into a phase where teams, programs and individuals are advised if it impacts them directly. The feedback I am getting is that people are yearning for that advice at the moment, because there is a lot of uncertainty across people who have no need to have uncertainty over this.<sup>7</sup>

1.8 Dr Marshall indicated that CSIRO needed to provide early advice on the maximum numbers of staff who may be affected but assured the committee that CSIRO would be doing its best to make sure the actual number of staff affected is as small as possible.<sup>8</sup>

1.9 Dr Marshall told the committee that ultimately staffing numbers will be a combination of factors:

The final resting place for a number of people is governed, for example, by how many people we can afford to keep based on the external envelope, and by: 'What people do we have to keep in order to support national critical infrastructure?' So, if you like, they are the boundaries. And then it is: 'How many people can we shift to support the new directions that we want to invest in?'<sup>9</sup>

### ***Discussions underway with stakeholders***

1.10 The committee heard discussion is now underway with stakeholders and staff. Dr Alex Wonhas, Executive Director of Environment, Energy and Resources, CSIRO, described the interaction with stakeholders since the announcement on 4 February 2016:

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6 *Proof Committee Hansard*, 7 April 2016, p. 1.

7 *Proof Committee Hansard*, 7 April 2016, p. 21.

8 *Proof Committee Hansard*, 7 April 2016, p. 22.

9 *Proof Committee Hansard*, 7 April 2016, p. 23.

I am aware that this decision has occurred fairly quickly and that therefore people have a great need for information. I think—as we might outline in the further discussion—we are actually going through a formal process to answer all of these questions. That said, I think there have been a number of discussions since the announcement. We had very deep interactions, in particular, with the Bureau of Meteorology. They are, obviously, a key partner of ours in the climate-modelling space. We had all sorts of discussions with a range of different stakeholders. I had discussions with the ARC Centre of Excellence for Climate System Science. There were also discussions with the AAD and the ACE CRC, and I think that is probably contrary to the record that was given this morning.

I personally had a number of discussions with Dr Vertessy from the bureau and with his deputy, Graham Hawke. I spoke to Professor Pitman from the ARC centre of excellence. I understand that the director of the Oceans and Atmosphere Flagship, Dr Lee, had discussions with the ACE CRC and the AAD at a hearing committee meeting, probably a week ago. I actually spoke this morning with Dr Nick Gales. I can certainly provide you with a list of interactions that we had.

In those discussions, what we are trying to achieve—given the constraints which Ms Bennett also outlined—is to identify what the most appropriate capability is that we can maintain in Australia to conduct the vital work that we need to do in measuring and projecting our future climate.<sup>10</sup>

### ***Discussions underway with staff***

1.11 CSIRO acknowledged the effect this realignment will have on staff and have been attempting to manage it sensitively. The process is still underway and speculating on the potential outcomes is not helpful to staff.

1.12 Ms Hazel Bennett, Chief Finance Officer told the committee:

...we would like to acknowledge the impact of the CSIRO changes on our staff. It is a very difficult time for them. We are acutely aware of the need for us to continue with the process as swiftly as we can to give them and other stakeholders certainty.<sup>11</sup>

1.13 Ms Bennett also clarified the scope of the proposed changes, reporting that there are currently 420 staff in the Oceans and Atmosphere business unit:

At the moment the proposals are potentially to impact 100 staff. With 35 recruitments, that leaves a net 355. The impact will be across the whole of the Oceans and Atmosphere business unit, with the highest impact being felt across two programs in which there are 140 staff at present. That impact could be as much as 50 per cent, which would leave 70 staff in those two programs. We therefore have a continued commitment—albeit at a smaller

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10 *Proof Committee Hansard*, 8 March 2016, p. 39.

11 *Proof Committee Hansard*, 8 March 2016, p. 38.

scale—to climate activity. In terms of the locations impacted, they are primarily at Hobart, Aspendale, and Yarralumla in Canberra.<sup>12</sup>

1.14 The committee was aware that feedback about the implementation of the changes was being sought from staff and that it would be considered by the executive team.<sup>13</sup> Dr Wonhas emphasised that no final decisions about the exact allocation of staffing reductions have been taken.<sup>14</sup>

1.15 Dr Wonhas explained the current stage of the process:

Dr Lee and his leadership team are currently applying the criteria that Ms Bennett has referred to across the whole of his business unit. They are trying to identify the specific areas that will be impacted on. Once we understand that we will obviously have a discussion with staff in the first instance to make them aware of the specific areas that will be impacted on. At this point in time we believe it is going to happen soon—sometime this month. Following that, we will have more detailed discussions to identify the actual individuals who will sadly be impacted on by this change. That will be happening at the beginning of April. That is the current time line that we are working towards. Once individuals have been identified, we will make every endeavour to find redeployment opportunities within CSIRO. But I think in this particular case we are also exploring a number of different options, including maybe finding other institutional homes for this vital capability.<sup>15</sup>

1.16 Dr Marshall stressed to the committee that he appreciates change is not easy and his focus is on giving staff certainty about the changes as soon as possible.<sup>16</sup>

### ***Consultation with the board***

1.17 The committee majority appear to think that government should interfere in decisions made by an independent agency. The Board and management are responsible for the allocation of resources. The CSIRO indicated that the Board was appropriately consulted by the Chief Executive:

Under the Board Directions to the Chief Executive...the Chief Executive is required to consult with the Board on certain matters, including the structure of business units and submit more detailed strategies and investment proposals, preferably at the concept stage, to support delivery of the Corporate Plan.

The method of consultation is not specified. The Chief Executive works through the Chairman to determine the method of communication and an

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12 *Proof Committee Hansard*, 8 March 2016, p. 38.

13 Peter Hannam@p\_hannam 'Larry Marshall calls on #CSIRO staff to put needs of 'our organisation and nation ahead of personal need'#CSIROcuts', 16 March 2016.

14 Dr Wonhas, *Proof Committee Hansard*, 8 March 2016, p. 40.

15 Dr Wonhas, *Proof Committee Hansard*, 8 March 2016, pp 40-41.

16 *Proof Committee Hansard*, 7 April 2016, p. 1.

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appropriate time to respond. The normal timeframe is three working days or less in the case of an urgent matter.

In this instance, preliminary investment directions were shared with the Board at their formal Board meeting on 8 December 2015; and the Board were provided with further information by email on 2 February 2016 seeking support to announce the investment directions to staff. Board support was provided before the staff communication was made on 4 February 2016.<sup>17</sup>

1.18 That appropriate processes were followed was confirmed by CSIRO:

Had the message been seeking approval for the changes, a circular resolution process including three day time for response would have been applicable. However the message of 2 February was not seeking consideration or approval of any resolution and therefore did not require the circular resolution procedure to be invoked. In any case, responses from Board members were received on 3 February 2016.<sup>18</sup>

1.19 Responding to questions about whether the Chief Executive has complied with the requirements outlined by the Board in their directions to him CSIRO provided a list of all the actions undertaken by the Chief Executive:

- Paper for December 2015 Board Meeting - Investment Process for FY 2016/17 – 2019/20: informing the Board on the process and approach to investment decisions and next steps regarding the "deep dive" process;
- Paper for December 2015 Board Meeting – Science Health and Excellence Report;
- At December 2015 Board Meeting – Verbal update and discussion on "deep dive" process, including the preliminary investment directions emerging from these;
- Email on 2 February 2016 to Board members, seeking support to announce the investment directions to staff and including attached 5 page summary of the proposed changes;
- Paper for March 2016 Board Meeting - Investment & Deep Dive Process and Outcomes: FY2016/17 – 19/20: informing the Board of the outcomes of the Executive Team investment decisions and "deep dive" discussions (including summaries by Business Unit), as well as next steps regarding consultation and communication with key stakeholders;
- March 17th Board telephone discussion – providing a verbal update on feedback in relation to the changes;

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17 CSIRO Answer to question on notice number 10 from 8 March 2016 hearing ( received 17 March 2016).

18 CSIRO, answer to written question on notice number 2, 7 April 2016 (received on 15 April 2016).

- Ongoing fortnightly face-to-face conversations with the Chairman. These run for 2 hours each fortnight or longer if necessary. Additional phone and daily emails interactions also take place as necessary. These meetings address contemporaneous issues, including the science investment topic.<sup>19</sup>

### ***Consultation with the Minister***

1.20 CSIRO addressed contentions that the government was not advised of changes to CSIRO. The committee was informed that the minister's office was provided formal briefing on the proposed changes on 1 and 9 February, with a further update provided on 24 February 2016.<sup>20</sup>

1.21 In response to questions on notice Ms Bennett outlined that she has regular discussions with the minister's office, including a meeting with the minister's office and department representatives on 31 March 2015.<sup>21</sup>

1.22 Dr Marshall has communicated with government ministers regularly since the announcement and has:

...communicated by phone with Minister Pyne on 12 and 23 February 2016 and with either the Chief of Staff or Minister on March 30.

Dr Marshall also met with Assistant Minister Andrews on 9 February 2016 and 23 February 2016 and with Assistant Minister Roy on 23 February 2016.<sup>22</sup>

1.23 CSIRO confirmed that it has met the requirements of the statement of expectations from the minister.<sup>23</sup>

### **CSIRO funding**

1.24 The CFO addressed the assertion that government funding goes to overheads saying this is incorrect:

From the CSIRO appropriation we fund the majority of our work looking after the national facilities and collections. We also fund work, including our work in education. From the appropriation we also fund our building infrastructure and IT infrastructure.<sup>24</sup>

### ***External earnings***

1.25 Ms Bennett addressed the issue of external earnings:

In the last five years, up to and including the 2014-15 year, we have generated between 37 per cent and 41 per cent of our total revenue from non-appropriation sources, the so-called external earnings, excluding one-

19 CSIRO, answer to question 10 on notice, 7 April 2016 (received 16 April 2016).

20 Ms Bennett, *Proof Committee Hansard*, 7 April 2016, p. 20.

21 CSIRO, answer to question on notice 12, 7 April 2016 (received on 18 April 2016).

22 CSIRO, answer to written question on notice 12, 7 April 2016 (received on 18 April 2016).

23 CSIRO, answer to question on notice 16, 7 April 2016 (received on 20 April 2016).

24 *Proof Committee Hansard*, 8 March 2016, p. 38.

off WLAN licensing. So 37 per cent to 41 per cent is frankly very consistent. In absolute terms that is somewhere between \$460 million and \$500 million out of \$1.25 billion to \$1.29 billion.<sup>25</sup>

### ***Co-investment***

1.26 The CFO also addressed contentions about co-investment:

The business units do science with no or low coinvestment. Amongst other things, we run a postgraduate program and postdoctoral program of approximately \$22 million per annum and a transformational capability program of approximately \$10 million to \$14 million a year.

... at the end of the day approximately \$400 million or so of external revenue is matched, on average, one-for-one with CSIRO appropriation. The point made that we are, therefore, very much of a scale and size dictated by external revenue is also true. If that external revenue were not there we would do half as much science as we do today. However, it is a co-funded model. That coinvestment or co-funded model goes right across the Australian system. There are other players in the system who use grants and co-funding models to do their science, and CSIRO is no different.

The point...about whether coinvestment is the right model for climate science is one that we acknowledge. We think it is a very good discussion to be having. We note that we run the national facilities and collections on behalf of the nation. We have endeavoured in the last few years to move that away from a coinvestment model to a more sustainable model for funding with long-term partners, underpinned by a memorandum of understanding and with firm financial commitments. That is not always successful, and it is certainly not easy.<sup>26</sup>

1.27 Ms Bennett then detailed funding from co-investment, a subset of total external earnings:

...co-investment raised a new sort of co-funding model—if you like \$1 from CSIRO and \$1 from someone else—as a percentage of total revenue over the same five-year period. It has been 34 per cent, 33 per cent, 34 per cent, 32 per cent and 31 per cent. In the four-year forward estimates, it is running at 33 per cent to 34 per cent.<sup>27</sup>

1.28 The CFO rejected the assertion that the CSIRO is driving an increase in external revenue:

It is incorrect to assert that we have been driving—which I think is a very strong word—an increase in external revenue and external earnings. It is a really important part for us to maintain the scale and the quantity of our research...and we certainly acknowledge that fact. But I think to try and

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25 *Proof Committee Hansard*, 8 March 2016, p. 43.

26 *Proof Committee Hansard*, 8 March 2016, p. 38.

27 *Proof Committee Hansard*, 8 March 2016, p. 43.

indicate that our decisions are based on a drive for external revenue, the history does not bear it out and nor do our forward budgets.<sup>28</sup>

1.29 Dr Marshall also spoke to the committee on this issue:

I want to address the market and revenues, as it is a key part of understanding this issue. In addition to indicating market demand, the co-investment financial support is also an important factor for us in a very practical way. You will understand from previous evidence that CSIRO's financial ability to conduct research activities requires co-investment funding.<sup>29</sup>

1.30 Dr Marshall provided the following figures which have been factored into the staffing decisions:

In 2014-15, CSIRO conducted roughly \$1¼ billion in research, of which about a quarter of a billion was dedicated to national research infrastructure which we share on the basis of merit with the entire university system. The remaining \$1 billion is split, roughly: \$435 million from external revenue and the remainder from appropriations. In other words, a roughly 50/50 co-investment model, although this varies across our portfolio.

There has been no change in the current year's budget in CSIRO's block appropriation funding. However, the financial reality is that for CSIRO to continue to conduct its current level of research, external revenue has been, and will continue to be, a very practical factor. CSIRO's investment decision options include this critical factor. This is also the case in the climate science area, as you have heard evidence from other witnesses. An immediate issue is that CSIRO is not in a financial position from its appropriation funding to make up a shortfall in external funding, whether it is a decrease in funding from the private sector sources or from other external collaborators. The decisions in relation to the oceans and atmosphere unit and its climate science programs have therefore been made taking into account not only funding support for our research in this area but also the strategic shift—that we wish increasingly to focus on mitigation and adaption.<sup>30</sup>

### **Addressing alarmist concerns**

1.31 A number of fanciful and alarmist assertions have been put forward during the inquiry which were clearly addressed by CSIRO.

#### ***Climate measurement***

1.32 The Chief Executive Dr Marshall has made clear that climate measurement will continue:

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28 *Proof Committee Hansard*, 8 March 2016, pp. 43-44

29 *Proof Committee Hansard*, 7 April 2016, pp 1-2.

30 *Proof Committee Hansard*, 7 April 2016, p. 2.



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For the record: we are not planning to withdraw from measuring or modelling, but we are reducing our effort in that area in an effort to redirect our attentions to mitigation.<sup>31</sup>

1.33 Dr Marshall made this point several times:

As I have said, we are continuing our measurements. It is not that we are stopping measuring. We are not the only people doing measurement. You are quite right: in order to know the impact of what we do in mitigation we need measurement, but there are also some things that we can do that we know will improve outcomes.<sup>32</sup>

1.34 Dr Marshall added:

We are not saying that modelling and measurement are not important. We are saying that modelling and measurement is not more important than mitigation, and we have chosen to shift our emphasis to mitigation...<sup>33</sup>

1.35 At the 7 April hearing Dr Marshall again clarified this point:

...my intent was simply to say there is no question that the climate is changing. There is no question. It is changing, and we have to do something about it. It absolutely was not saying that we do not need to continue doing modelling and measurement but, given the fact that it absolutely is changing, we need to start thinking about what we do to try and mitigate—ideally mitigate or, if we cannot mitigate, adapt.<sup>34</sup>

1.36 Contrary to assertions that climate modelling may be outsourced to the UK Met Office, the CSIRO indicated:

There are no plans by CSIRO to outsource the provision of climate modelling to another country. CSIRO is involved in ongoing discussions with a number of partners and collaborators, including the US Met Office, about creating synergies climate science.<sup>35</sup>

1.37 On 26 April 2016, CSIRO announced the establishment of a National Climate Research Centre, employing 40 full time CSIRO scientists in Hobart.<sup>36</sup> The centre will:

...focus on climate modelling and projections for Australia, drawing on both national and international research expertise.

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31 *Estimates Hansard*, 11 February 2016, p. 55.

32 *Estimates Hansard*, 11 February 2016, p. 59.

33 *Estimates Hansard*, 11 February 2016, p. 55.

34 *Proof Committee Hansard*, 7 April 2016, p. 23.

35 CSIRO, answer to written question on notice 19, 7 April 2016 (received on 18 April 2016).

36 CSIRO Media release, 'CSIRO Climate Science Centre a win for Australia's future', 26 April 2016, available at: <http://www.csiro.au/en/News/News-releases/2016/CSIRO-Climate-Science-Centre-a-win-for-Australias-future?featured=27F6622E2C954B819F5E36ECE881FA68>

"Our Strategy 2020 is focussed on collaboration, global connection, excellent science and innovation – all four of these pillars are at work in this Centre," Dr Marshall said.

"As I indicated at the start of CSIRO's current broader change process, it is critical that we retain the capability that underpins our national climate research effort."

"The announcement today is a culmination of the ongoing consultation and feedback we've had from our staff and stakeholders, and this new Centre is a reflection of the strong collaboration and support right across our system and the global community."

Operating as part of CSIRO Oceans and Atmosphere, the new CSIRO Climate Science Centre has a guaranteed research capability for 10 years and will focus CSIRO's climate measurement and modelling researchers and resources.

Collaboration and partnership will be a cornerstone of this decadal commitment for Australia. In recognition of this, the Minister for Industry, Innovation and Science has agreed that an independent National Climate Science Advisory Committee will be established.

The Committee will have representation from CSIRO, the Bureau of Meteorology and other experts from Australia and overseas.<sup>37</sup>

### ***Public good research***

1.38 It was also made abundantly clear to the committee that the CSIRO is not withdrawing from public good research:

I think, in this debate, it can appear that CSIRO is pulling out of public-good research. I really want to categorically say, 'This is not our intent.' I think public-good research has been absolutely the foundation of what CSIRO has been doing over its very long history. I and I would say several thousand of our employees are committed to continuing to do public-good research. It is probably a fair criticism that we maybe have not articulated that position sufficiently well, especially in the last couple of weeks. But I can assure you that that is something that we are working on and that we endeavour to rectify.<sup>38</sup>

1.39 Dr Marshall emphasised this to the committee again:

Reports in the media that we are moving away from public-good research are very disturbing and confusing for our people, not least because it is not true. Our people believe that what they do is for the benefit of the Australian public. This is true whether their research is purely government funded, helping industry be more productive or contributing more broadly to solving national priorities.<sup>39</sup>

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37 CSIRO Media release, 'CSIRO Climate Science Centre a win for Australia's future', 26 April 2016.

38 *Proof Committee Hansard*, 8 March 2016, p. 40.

39 *Proof Committee Hansard*, 7 April 2016, p. 1.

1.40 He summarised:

Turning to some of the issues that have been speculated upon in your hearings today: does this decision result from CSIRO prioritising CSIRO's own commercial returns above a more appropriate use of appropriation for public research? The answer is no, but, as I have explained, the ability to fund the research with the necessary contribution from external revenues is a very practical reality. This research area has been funded with external revenues over at least the past five-year period. What is happening now is a shift in market support.<sup>40</sup>

### ***Cape Grim***

1.41 Dr Wonhas has also clarified that activities at Cape Grim will continue:

It is obviously clear that the reason we are having the discussion is that there is a reduction in activity. With regard to the Cape Grim activities, may I say that I am cautiously optimistic that we are progressing with a solution that stakeholders believe will provide adequate measurements.<sup>41</sup>

1.42 In response to questions on notice, the CSIRO made it clear to the committee that they intend to fund 'the same direct contribution to Cape Grim in 2016-17 as in 2015-16'.<sup>42</sup>

### ***International commitments***

1.43 Dr Wonhas addressed the statements that the changes will weaken international commitments:

We certainly had discussions with the minister and the Department of the Environment, which I understand is ultimately the custodian of Australia's commitment. From a climate modelling point of view, obviously part of the Paris accord is another round of IPCC projections that we obviously endeavour in an appropriate way to be part of into the future. As you know, the other very strong breakthrough at Paris is that there is a at least global aspiration to limit temperature increases ideally to 1.5 degrees Celsius. To achieve those outcomes we obviously need a lot of mitigation technologies and approaches. That is certainly an area in which the CSIRO is continuing to make, I would hope, a very strong contribution.

There is also a strong focus on adaptation, given that there is probably some impact from climate change that at this point is now unavoidable. As we have also said, that is an area that we are very actively pursuing. In fact, given all of the discussions and the feedback we have got—both internal and external discussions—we are actually very actively considering establishing a dedicated group that looks at both climate services as well as adaptation work. All in all, as one of the many contributors to Australia's

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40 *Proof Committee Hansard*, 7 April 2016, p. 2.

41 *Proof Committee Hansard*, 8 March 2016, p. 43.

42 CSIRO, answer to written question on notice 20, 7 April 2016 (received on 18 April 2016).

response I hope that we can make a very meaningful contribution to what is the Paris accord.<sup>43</sup>

1.44 Dr Wonhas summarised:

...I do understand that the reduction of investment in the climate science space will reduce, but certainly not eliminate, our capability to contribute to things like the IPCC process. So that is maybe a down-tick. However, I very firmly believe that we can do a very meaningful contribution in the adaptation and mitigation space, and that is what we are driving towards. That is kind of like the up-tick. It is hard to distinguish what the net result is...<sup>44</sup>

### ***International concerns***

1.45 Dr Marshall indicated that he had seen a number of sensational media articles regarding the level of international concern. However, he reported to the committee that this has not been reflected in his interactions with organisations in the US.<sup>45</sup>

### ***Role of the government***

1.46 The role of government in these changes was addressed comprehensively by Dr Marshall:

In the February estimates session and in your hearings, the question raised has been about the role of government in the decisions. CSIRO is guided by the ministerial statement of expectations and the response from our chair in the statement of intent. CSIRO's strategy has been to become an innovation catalyst for Australia—launched in July 2015. It is absolutely aligned with that statement of intent, and we now see that CSIRO's strategy is well-aligned with the National Innovation and Science Agenda that the government announced in December last year.

In relation to the operational decisions, the investment intention decisions made by CSIRO were advised to the minister's office in December and February, as described previously in estimates. This was not a situation of there being any instruction to CSIRO from the minister, either formal or informal. These decisions were made by CSIRO's executive team with input from our leadership teams across the organisation and then endorsed by our board. The decisions were made in the context of our new strategy, of our analysis as to the application of the strategy across the organisation, of the science health report, of SICOM and of the deep dive planning process by the executive team, with a discussion at the CSIRO board.<sup>46</sup>

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43 *Proof Committee Hansard*, 8 March 2016, p. 44.

44 *Proof Committee Hansard*, 8 March 2016, p. 45.

45 *Proof Committee Hansard*, 7 April 2016, p. 27.

46 *Proof Committee Hansard*, 7 April 2016, p. 2.

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## The use of private emails

1.47 The committee was reassured that relevant private emails have been transferred into the corporate system and are available.<sup>47</sup> This was confirmed by the Cabinet Secretary and Minister Assisting the Prime Minister for the Public Service, Senator the Hon Arthur Sinodinos:

In relation to CSIRO's record-keeping obligations, the Archives Act and the Freedom of Information Act apply to emails where personal email addresses are used. The CSIRO are ensuring that any emails falling within this scope are collected and incorporated appropriately into the CSIRO's record-keeping system so that they can be accessed by CSIRO. An initial assessment by CSIRO's legal function indicates use of personal emails would not breach the Crimes Act as no information was disclosed to any third parties.<sup>48</sup>

1.48 The process by which this occurred was outlined by CSIRO:

Fundamentally, it started with requests to seek verbal assurance from the officers. The first request went out in an email from Dr Wonhas to his leadership team. Essentially, that enabled us to identify the number of officers who had potentially used private emails. The next level of request was in writing for them to provide those emails to an executive officer. The next level of detail was to ask those officers to confirm to us, in writing, the fact that they had provided any or all emails that were sent or received via private email in connection with the deep-dive process, the date on which they placed the emails into the CSIRO official record keeping system, and that emails were not disclosed to any external parties.

In regard to the risk that there was potential retrieval of emails that had been deleted from private systems, we also asked the officers to ask their private email provider, if the emails could be retrieved, to advise, as far as they could recall, the nature and distribution of those emails that had been deleted and to see if they could be captured through the emails provided, essentially, through the recipients' end. That process, as I said, which is a written confirmation from 17 officers, is substantially complete—fully complete verbally—with one written confirmation outstanding as at current date.<sup>49</sup>

## Conclusion

1.49 Returning to our first point, government senators believe this committee has initiated an inquiry which does not fall within its terms of reference and has overstepped its remit. In doing so it has created additional uncertainty, confusion and stress for staff and stakeholders. The CSIRO is working through a process where it is consulting with staff and stakeholders and final decisions are yet to be made. Decisions around staffing will be handled in a sensitive and respectful way.

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47 Dr Wonhas, *Proof Committee Hansard*, 8 March 2016, pp 48-49.

48 *Senate Hansard*, 15 March 2016, p. 28.

49 Ms Bennett, *Proof Committee Hansard*, 7 April 2016, p. 4.

1.50 Government senators note that Dr Marshall rightly rejected the offensive assertions that the restructure was a done deal before the deep dive process began, that the areas affected were already identified and that these decisions were based on commercial considerations.<sup>50</sup> The CSIRO is an independent agency with the board and management responsible for allocating resources. The organisation has been through a comprehensive process with the development of the Strategy 2020 and these changes in direction are an outcome of that process.

1.51 This dissenting report has addressed the alarmist assertions in the evidence put forward in the committee majority report. These have been comprehensively addressed by CSIRO at estimates hearings and through the committee inquiry. However, the committee majority seem intent on ignoring the explanations and reassurances to instead provoke further speculation.

1.52 Government senators believe this committee set up by the ALP and the Australian Greens, which does not require a government member as part of its quorum, deliberations or hearings, has not been representative and should not continue.

Senator Dean Smith

Senator Sean Edwards

Senator James Paterson

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50 *Proof Committee Hansard*, 7 April 2016, p. 21.