

Scientific agencies

Introduction

- 5.1 A number of agencies with specific scientific and/or technical functions fell under the parameters set down in this inquiry. The inquiry received submissions from the National Blood Authority, Food Standards Australia New Zealand, the Australian Institute of Health and Welfare (AIHW), the Australian Sports Anti-Doping Authority (ASADA), the National Measurement Institute (NMI), the Australian Research Council (ARC), and Questacon¹. Representatives from a number of these agencies also provided oral evidence to the Committee.
- 5.2 Although not a small agency according to the inquiry's terms of reference, the Commonwealth Science and Industrial Research Organisation (CSIRO) provided a submission and gave evidence to the inquiry on the following basis:
- ...there are unique, functional aspects of being a science agency that mean the impact of the efficiency dividend on the [CSIRO] has the potential to be greater than that of the effect of the same dividend on other Government agencies.²
- 5.3 The Committee notes that until recently the efficiency dividend had been applied to only 30% of the CSIRO's funding. This was on the basis that

¹ The Committee notes that Questacon falls into the category of a scientific, and a cultural institution.

² CSIRO, sub 57 (attachment A), p 1.

the remaining 70% funds the direct scientific research components and should therefore be exempt.³

- 5.4 The Australian Nuclear Science and Technology Organisation (ANSTO) also provided a submission and gave evidence to the inquiry on the basis of its unique status as an 'asset-intensive' agency.⁴
- 5.5 The Committee notes that until the 2008-09 Budget, ANSTO was exempt from the efficiency dividend, however, the efficiency dividend is now applied to its total appropriation.⁵
- 5.6 As with other small agencies, the scientific and/or technical agencies report a number of challenges as a result of the impact of the ongoing efficiency dividend. Of particular note were difficulties around what are perceived to be fixed costs related to staff salaries. More specifically, engaging and retaining retain staff with the appropriate expertise. Reports of a diminished capacity for useful research and innovation in a context where the demand for such work is greater and the costs of science are rising was also of concern to these agencies. This chapter reports on these issues.

The evidence

Non-discretionary and fixed costs

- 5.7 Like the cultural agencies described in chapter 3, the challenge of finding efficiencies when non-discretionary and/or fixed costs⁶ form a high proportion of appropriation funding was raised by a number of scientific agencies. However, it was not depreciation funding that created the primary difficulties (although depreciation was specifically raised by Questacon⁷, NMI⁸ and ANSTO⁹). For scientific agencies the challenges centred more on other non-discretionary costs related to running their operations, in particular, staff salaries.

³ Commonwealth Science and Industrial Research Organisation, sub 57 (attachment A), p 1.

⁴ ANSTO, sub 57 (attachment F), p 1.

⁵ Dr Ron Cameron, transcript, 22 October 2008, p 11.

⁶ The Committee again notes the difficulty in imposing a clear line between non-discretionary/fixed and discretionary costs.

⁷ Professor Graham Durant, transcript, 19 September 2008, p 79.

⁸ National Measurement Institute, sub 57 (attachment D), p 2.

⁹ Mr Douglas Cubbin, transcript, 22 October 2008, p 13.

5.8 Many of the scientific agencies consider salary costs as fixed. This is because these agencies rely heavily on the expertise and experience of highly-skilled staff to perform their mandated functions. For example, Food Standards Australia New Zealand (FSANZ) states that the bulk of its expenditure (70%) is tied up in staffing.¹⁰ Similarly, ANSTO said that around 50% of its costs are labour costs.¹¹ As the NMI claim:

Most of NMI's costs are not negotiable and are increasing. These comprise salaries, rent and increasingly electricity. IT, insurance and depreciation are steadily rising in cost and these are outside NMI's control.¹²

5.9 The Committee notes that one of the reasons agencies such as these see labour costs as fixed is because of the competitive recruitment context that exists for scientists and technically skilled staff. For example, the NMI argues that the agency's mandate can only be delivered by employing experienced measurement scientists. Scientists with this level of expertise are in short supply world wide and thus:

Failure to pay salary increases in line with the market would see the decline in the quality of staff and ultimately undermine NMI's capability...

5.10 Mr Gaukroger, Chief Finance Officer of the CSIRO makes a similar comment:

There is certainly pressure on our scientists, with an increasing scarcity of scientists and the costs associated with recruiting them.¹³

5.11 Moreover:

...shortages of scientific and engineering expertise has resulted in salaries for particular kinds of scientists and engineers increasing at rates faster than the general increase e.g. exploration and mining researchers.¹⁴

5.12 One consequence of meeting the efficiency dividend has been agencies having to cut back on staff numbers. This was particularly notable at ANSTO:

¹⁰ Food Standards Australia New Zealand, sub 28, p 2.

¹¹ Mr Douglas Cubbin, transcript, 22 October 2008, p 13.

¹² National Measurement Institute, sub 57 (attachment D), p 4.

¹³ Mr Allan Gaukroger, transcript, 19 September 2008, p 83.

¹⁴ CSIRO, sub 57 (attachment A), p 2.

We have worked very hard at efficiencies, and our operational costs have gone down over that period of time even though our activities have expanded. But this year we had to accept that we could not cover all of the deficit, so we have just completed a restructuring. We have had to let go 80 people from the organisation.¹⁵

- 5.13 The committee is also concerned about the secondary impact on regional centres given that closing regional facilities seems to be a way of reducing staffing costs. For example, to target further reductions in fixed costs the CSIRO made the decision to close four regional research facilities:

In order to mitigate the impact on our staffing, we took the decision to look at where we could reduce fixed costs. It was looking at a number of those regional centres where we could make some savings in those fixed costs and, where possible, redeploy the scientists that we had in those areas to other operations. It was a very difficult decision for us to make, but in the circumstances, one that we felt we needed to.¹⁶

- 5.14 The Committee notes that along with the closure of regional facilities comes the loss of skills that workers employed in these fields would otherwise have brought to the local community. Reducing the skills base of regional Australia diminishes the capacity for these areas to develop viable industries and limits job opportunities.

- 5.15 For some agencies the decision to cut staff is not a viable option. For example, as the NMI state:

NMI cannot dispense with staff and then rehire...many of the staff have expertise in acute shortage world wide and will not be available again.¹⁷

- 5.16 The NMI argue that reducing staff to save money is a false economy:

Staff reductions actually decrease the efficiency of research, since some of the time of research staff is diverted to activities not requiring their higher level skills and knowledge.¹⁸

- 5.17 More broadly, they state:

¹⁵ Dr Ron Cameron, transcript, 22 October 2008, p 14.

¹⁶ Mr Allan Gaukroger, transcript, 19 September 2008, p 84.

¹⁷ National Measurement Institute, sub 57 (attachment D), p 4.

¹⁸ National Measurement Institute, sub 57 (attachment D), p 4.

Cost reductions that undermine the effectiveness of an agency to deliver its responsibilities, either now or in the longer term, are false economies.¹⁹

- 5.18 The rising cost of utilities, in particular electricity, is another issue that is of particular concern to the scientific agencies. For example, both the NMI and ANSTO consider electricity costs as non-discretionary and fixed. This is illustrated in the following quotes:

NMI is a heavy user of electricity for air conditioning and running scientific equipment. Some equipment needs constant air conditioning and precise environmental control to operate properly. Electricity costs \$1m this year.²⁰

ANSTO's operational costs in the 2008/9 year are increasing substantially. Two of the key increases are:

- Electricity: up by 20% (\$600,000); and
- Insurance: we understand that the increase is likely to be around 33% (\$1 million).²¹

- 5.19 Costs associated with safety are also perceived as non-discretionary. As ANSTO submitted:

...applying safety, security and regulation are our top priorities...we would not in any respect seek to reduce those. They remain absolutely important to us and we will ensure that we maintain the highest standards of safety in the operation of our plant.²²

- 5.20 ANSTO were not the only agency that referred to the potential compromise of safety as a result of the efficiency dividend. For example, the Australian Meteorological and Oceanographic Society (AMOS) claims that the Bureau of Meteorology has reduced the number of daily radiosonde observations (used for forecast accuracy and monitoring climate change) it makes, and has been unable to properly maintain automatic weather stations in remote locations to a high standard. Therefore:

...the continuing imposition of efficiency dividends over many years has hindered improvements in the capacity of the

¹⁹ National Measurement Institute, sub 57 (attachment D), p 5.

²⁰ National Measurement Institute, sub 57 (attachment D), p 4.

²¹ Australian Nuclear Science and Technology Organisation, sub 57 (attachment F), p 1.

²² Dr Ron Cameron, transcript, 22 October 2008, p 12.

organisation to provide the warnings and services required to protect Australian lives and property.²³

5.21 Less directly, but no less significantly, the NMI expressed safety concerns:

Chemical measurement infrastructure is increasingly important to meet the needs of industry for their own processes and also to meet the health, safety and environmental regulation imposed in Australia and by export destinations.²⁴

5.22 The Australian Institute of Marine Science also state:

Research agencies must maintain a core capability in administrative and research support functions to provide safe and efficient research programs.²⁵

5.23 The Committee was keen to learn from agencies when the impact of the efficiency dividend had become the most noticeable. While most scientific agencies agreed that ten years prior was a reasonable estimate of when the dividend had really begun to bite²⁶, Mr Gaukroger echoed the sentiments of many agencies when he said:

There are only so many years that you continue salami slicing when something starts to give...²⁷

Increasing expectations

5.24 The Committee heard a great deal of evidence suggesting that community expectations about what science has to offer are on the rise. This was particularly so in the case of climate change. For example, AMOS submitted:

...efficiency dividends do not recognize the major demand for wider and more relevant climate change information that has occurred in recent years and is continuing.²⁸

5.25 More specifically:

Examples of the range and type of service upgrades requested by the community include severe weather warning services delivered

²³ Australian Meteorological and Oceanographic Society, sub 8, p 2.

²⁴ National Measurement Institute, sub 57 (attachment D), p 3.

²⁵ Australian Institute of Marine Science, sub 57 (attachment G), p 1.

²⁶ See transcript, 20 August 2008, p 73 and transcript, 19 September 2008, p 84.

²⁷ Mr Allan Gaukroger, transcript, 19 September 2008, p 85.

²⁸ Australian Meteorological and Oceanographic Society, sub 8, p 2.

using improved high-speed communications, radar images available over the Internet, improved water services particularly in times of drought, more targeted seasonal climate forecasts and regional climate change information.²⁹

- 5.26 Expectations for new (e.g., nanotechnology) and improved (e.g., more accurate) technologies are also high. The following quote from the NMI details some areas of particular interest:

The demands on NMI continue to increase. In physical measurement this tends to be for higher levels of accuracy and for new services. Meeting such demands is sometimes a matter of adapting existing methods; sometimes it requires radically different approaches to developing measurement standards. Nanotechnology is an example and there are pressing demands in other areas such as temperature and high voltage measurements.

- 5.27 The NMI also referred to newer areas of chemical and biological measurement as follows:

Chemical measurement infrastructure is increasingly important to meet the needs of industry for their own processes and also to meet the health, safety and environmental regulation imposed in Australia and by export destinations. Biological measurement is a new field in which most advanced nations are making significant investments. NMI has moved resources into these areas but activity is limited.³⁰

- 5.28 The Committee is reminded of the evidence it heard from a number of cultural agencies (see chapter 3) about the rising expectations of both the community and governments for digital records and the lack of capacity for agencies to meet that demand in the current funding climate.

- 5.29 The AIHW argue that it is improved technology itself that is driving an increasing demand:

Far from reducing costs, we are finding that further improvements in technology are generating increased demand rather than simplifying existing processes.³¹

²⁹ Australian Meteorological and Oceanographic Society, sub 8, p 1.

³⁰ National Measurement Institute, sub 57 (attachment D), p 3.

³¹ Australian Institute of Health and Welfare, sub 40, p 4.

5.30 Increasing expectations of science are not just limited to the community. The evidence suggests that in many areas, government expectations of what agencies can offer are also on the rise. As AMOS submit:

...there has been an enormous increase in demands from all levels of government...for wider, more accurate, more timely information products and forecasts and a huge new demand for information on and detailed monitoring of climate change.³²

5.31 The National Blood Authority also alludes to a reduced capacity to meet Government expectations in the following quote:

Governments have largely required the NBA to drive the research and analysis that will inform new policy proposals. Ongoing reductions in funding will impact on our capacity to develop new proposals or support other policy deliberations of governments...³³

5.32 Similarly, Food Standards Australia New Zealand submit:

...there is an increasing imperative for the development of our food regulatory measures to be based on evidence.³⁴

5.33 The outlook is the same for the AIHW:

Our business gets far more complex, the reporting on the health system gets more and more complex, and what... policymakers and politicians, want to know about the health system gets increasingly complex and increasingly detailed.³⁵

5.34 Although not restricted to small or even scientific agencies, the AIHW also refers to its increasing difficulty in simply meeting the ongoing routine Government requirements:

Our appropriation must be used to fund a wide range of Government accountability and reporting requirements such as:

- Annual reporting requirements
- Portfolio Budget Statements
- Answering parliamentary questions on notice
- Detailed centralised monthly financial reporting
- Requests from Ministers' offices.

³² Australian Meteorological and Oceanographic Society, sub 8, p 2.

³³ National Blood Authority, sub 22, p 2.

³⁴ Food Standards Australia New Zealand, sub 28, p 2.

³⁵ Dr Penny Allbon, transcript, 20 August 2008, p 69.

There has been no reduction in the time taken to complete these activities, and in some cases the volume of work required has increased.³⁶

Rising costs of science

- 5.35 The Committee notes that like many of the other agencies, a number of the scientific/technical agencies were concerned about the difference between parameter adjustments for inflation and increases in the 'costs of science'. For example, according to the CSIRO:

The cost of scientific equipment and infrastructure increases at a rate greater than what we would get under indexation.³⁷

- 5.36 The CSIRO further submit:

CSIRO has in the past estimated the underlying impact of the costs pressures to be between 4% and 6% p.a. The underlying drivers related to technological developments...leading-edge equipment is essential for cutting-edge science and to maintain the productivity of scientists. Basic infrastructure, including collections and data, continues to grow...The breadth of science is also increasing...³⁸

- 5.37 Dr Cameron, outlined this disadvantage to ANSTO as follows:

The calculation of the parameter adjustment for inflation is also a matter of considerable importance to us. For example, ANSTO's operational costs in the 2008-09 year are increasing by between six and eight per cent, while at the same time our parameter adjustment was 2.2 per cent. This is not a novel event.³⁹

- 5.38 Dr Allbon alluded to the fact that knowledge-based organisations were similarly affected by this difference:

We are a knowledge based organisation, and I think it is an absolute fallacy to say that, as the ongoing efficiency dividend implies, our business get simpler and cheaper over time. It does not...It does not become cheaper...⁴⁰

³⁶ Australian Institute of Health and Welfare, sub 40, p 4.

³⁷ Mr Allan Gaukroger, transcript, 19 September, p 83.

³⁸ CSIRO, sub 57 (attachment A), p 2.

³⁹ Dr Ron Cameron, transcript, 22 October 2008, p 11.

⁴⁰ Dr Penny Allbon, transcript, 20 August 2008, p 69.

External sources of revenue

5.39 The Committee notes that one feature of the scientific agencies is that many of them are able to raise funding from external sources. For example, the CSIRO stated that 37% of its total funding comes from external revenue sources⁴¹, ANSTO's capacity to irradiate isotopes for nuclear medicines results in a \$20 million business⁴², and in 2007-08m the NMI received approximately \$30 million in revenue from services delivered.⁴³

5.40 The ARC outlined that while limited, it also has some opportunities to benefit from external revenue sources:

...from time to time other departments and agencies come to us because of our expertise in grant administration to either assist them or run programs.⁴⁴

5.41 And, although not without its challenges, Questacon gains revenue from shop sales and is able to raise funds from a number of industry partners to support the cost of outreach programs and government agencies to conduct joint education initiatives.⁴⁵

5.42 The AIHW also has in place a range of fee-for-service arrangements primarily with government agencies. The AIHW does not usually seek opportunities for new revenue streams from private industry as this would compromise what it perceives to be its core function:

We are pretty much focused on the role that we play in terms of government, program policy and the community, so to go out and be a gun for hire with private sector organisations we do not see as core business.⁴⁶

5.43 The Committee notes that while helpful, the capacity to raise external revenue does not always offset the impost of the efficiency dividend. As Mr Gaukroger from the CSIRO states:

Over the past three years, there has been a slight gain in [external revenue sources] year on year, but certainly nothing of the

⁴¹ Mr Allan Gaukroger, transcript, 19 September 2008, p 91.

⁴² Dr Ron Cameron, transcript, 22 October 2008, p 13.

⁴³ National Measurement Institute, sub 57 (attachment D), p 1.

⁴⁴ Mr Len Marsden, transcript, 19 September 2008, p 91.

⁴⁵ Professor Graham Durant, transcript, 19 September 2008, p 91.

⁴⁶ Dr Penny Allbon, transcript, 20 August 2008, p 74.

magnitude that would help offset the cost pressures that we are experiencing elsewhere in the organisation.⁴⁷

- 5.44 The Committee also notes that external funding does not necessarily result in making a profit for the agency. For example, in ANSTO's case, assisting in the production of nuclear medicines is undertaken on a cost recovery minus basis in the national interest.⁴⁸ Moreover, as Dr Cameron states:

If you looked at it as a straight commercial case you would not do it. For instance, there is quite a need for iodine 123 for treatment of certain diseases in children. We only produce a few hundred doses but they are a very important few hundred doses. We do not make any money on that. We probably make a loss in each dose but, nevertheless, we think it is part of what the government funds us to do.⁴⁹

- 5.45 That said, the Committee notes that ANSTO are in a position to conduct contract research with the minerals industry and this contract research remains unaffected by the imposition of the efficiency dividend.⁵⁰

- 5.46 Attaining external funding sources is not always a straightforward proposition. Dr Besley from the NMI outlined some of the limitations his agency faces as a result of its public sector status:

We are restricted to some extent because we are subject to competitive neutrality provisions in those areas where we are competing with the private sector for the delivery of those services. In areas which are governed by regulation, which also cover part of our activities, our earning capacity again is limited by the provisions that apply to the services in that area which are sometimes specified in regulations of acts of parliament, et cetera.⁵¹

- 5.47 The Committee also notes that a potential 'knock-on effect' of the efficiency dividend is that it may well impact on the degree to which public sector agencies are willing to engage these agencies on a fee-for-service basis. As Dr Besley from NMI states:

This year we can expect that, because of the efficiency dividend situation, these other agencies will be forced to reduce their

⁴⁷ Mr Allan Gaukroger, transcript, 19 September 2008, p 91.

⁴⁸ Dr Ron Cameron, transcript, 22 October 2008, p 13.

⁴⁹ Dr Ron Cameron, transcript, 22 October 2008, p 14.

⁵⁰ Dr Ron Cameron, transcript, 22 October 2008, p 17.

⁵¹ Dr Laurence Besley, transcript 19 September 2008, p 91.

reliance on our services, and that the revenue we will get from these sources will be under severe pressure.⁵²

- 5.48 The CSIRO also claim that the efficiency dividend is impacting on the degree to which the agency is able to attract external funding:

A reduction in appropriation funding from the application of the efficiency dividend leads to a decreased ability to attract external funding. This is because many funding bodies require matching funding (or even high levels of leverage), and being able to provide this co-investment is a pre-condition for gaining access to these funds. CSIRO has assessed that the recent budget decision, the 'Responsible Economic Management' saving measure, will lead to a 1:1 reduction in external revenue.⁵³

- 5.49 Additionally, the Committee is reminded of the uncertain nature of external revenue. For example, Questacon relies on non-appropriation funding for 43% of its annual revenue yet fees for programs, travelling exhibitions and services as well as retail and sponsorships are 'significantly variable from year to year'.⁵⁴

Discretionary activities/innovation

- 5.50 Like other small agencies, the scientific/technical agencies reported finding it difficult to attract new funding through the new policy proposal (NPP) process. The Committee notes however, that this did vary from agency to agency. For example, while the AIHW reported that it has received no new funding through NPPs since before 1996,⁵⁵ the NMI indicated that they had been 'quite successful in recent years'.⁵⁶ The ARC had experienced mixed success with its NPP applications⁵⁷ and Questacon's last successful bid was in 2005-06. The CSIRO reported that there has been 'very little if anything by the way of NPPs over the years'.⁵⁸
- 5.51 As reported in chapter 6, smaller agencies, including those with a scientific and/or technical focus perceive that they are at a disadvantage when applying for new policy funding. The quotes below suggest that this

⁵² Dr Laurence Besley, transcript, 19 September 2008, p 82.

⁵³ CSIRO, sub 57 (attachment A), p 2.

⁵⁴ Questacon, sub 57 (attachment C), p 1.

⁵⁵ Australian Institute of Health and Welfare, sub 40, p 2.

⁵⁶ Dr Laurence Besley, transcript, 19 September 2008, p 81.

⁵⁷ See transcript, 19 September 2008, p 90.

⁵⁸ Mr Allan Gaukroger, 19 September 2008, p 90.

disadvantage is driven by the fact that the functions of some agencies are perceived as a low priority:

Our experience has been that it is not very easy to get new policy funding when, like us, you are not a very sexy organisation.⁵⁹

There are limited resources to support submissions for new policy proposal funding and the number of avenues for new policy funding is limited to the scope of Questacon's role (i.e. being a small organisation with a limited area of responsibility restricts the ability to draw new funding compared to larger agencies with a broader policy scope).⁶⁰

5.52 The submission from the Australian Institute of Marine Science also draws attention to how the size of an agency impacts on its ability to gain additional funding via the NPP path:

...within a small base the agency does not have the flexibility to find the 'saving', it is usually found by the agency's Department or not supported. Small agencies are also disadvantaged when putting forward major NPPs since these are often judged to be too large when considered as a proportion of existing appropriation funding.⁶¹

5.53 Despite reporting relative success with NPPs in recent years, the Committee notes that ANSTO were also recently required to absorb the cost of a successful NPP for which funding had been withdrawn:

We had a couple of new policy proposals put in. One was to have a graduate program. The second was for some nuclear collaboration research with universities. As a result of the change of government the new policy proposal for the graduate program was withdrawn, as was the nuclear collaboration fund. The latter was about \$12½ million and the former was about \$6 million. We are committed to the graduate program so we will fund it anyway.⁶²

5.54 To offset the negative impact of the recent imposition, as well as the cumulative effect, of the efficiency dividend, many of these agencies have substantially reduced their discretionary activities. One type of saving that appeared to be common amongst these agencies was a significant

⁵⁹ Dr Penny Allbon, transcript, 20 August 2008, p 69.

⁶⁰ Questacon, transcript 19 September 2008, p 1.

⁶¹ Australian Institute of Marine Science, sub 57 (attachment G), p 1.

⁶² Dr Ron Cameron, transcript, 22 October 2008, p 21.

reduction in the extent to which staff travel domestically and internationally as well as the type of travel undertaken (i.e., economy rather than business-class).⁶³

- 5.55 The Committee also notes the reduction in these agencies' research capabilities. In particular, the reduced funding for research that may have a significant positive impact. For example, ANSTO has reduced its research capabilities in programs related to atmospheric modelling (e.g., understanding past climate change) and radiopharmaceuticals. The latter have the potential to provide 'useful information'.⁶⁴ As Dr Cameron states:

We have been looking at some programs to understand better the diseases of ageing, in particular whether we can get diagnostic compounds that will help us to slow the progression of Parkinson's and Alzheimer's in patients.⁶⁵

- 5.56 Professor Durant of Questacon also reminded the Committee of the potentially disproportionate impact on rural, regional and remote Australia as a result of the efficiency dividend:

...50,000 fewer students in rural, regional and remote Australia will experience a Questacon Smart Moves program this year, and other programs have been affected.⁶⁶

- 5.57 The CSIRO also draws attention to the increasing scale of issues that may remain inadequately addressed in the following quote:

The scale of (and demands set) by problems that require local solutions are also growing – for example water management, climate change, energy issues, security, public health, and new, emerging challenges. Large scale challenges require a large scale response.⁶⁷

Conclusion

- 5.58 The Committee appreciates that the scientific and technical agencies that provided submissions to the inquiry are suffering from the impost of the

⁶³ See Dr Penny Allbon, transcript, 20 August 2008, p 69; Dr Laurence Besley, transcript, 19 September 2008, p 81.

⁶⁴ Dr Ron Cameron, transcript, 22 October 2008, p 15.

⁶⁵ Dr Ron Cameron, transcript, 22 October 2008, p 15.

⁶⁶ Professor Graham Durant, transcript, 19 September 2008, p 79.

⁶⁷ CSIRO, sub 57 (attachment A), p 2.

ongoing, and the recently imposed 'one-off', efficiency dividend. It is clear to the Committee, for example, that the challenges posed by the skills shortage evident in other areas of the public sector is exacerbated in the context of scientific recruitments. The Committee also notes that the cost of utilities and in particular, electricity is having a significant impact on the budgets of agencies such as ANSTO and the NMI.

- 5.59 Overall, however, the Committee is of the view that the science agencies are not so obviously different from other smaller public sector agencies that they warrant special consideration. Indeed, on balance it could be argued that the science agencies, who are often in a favourable position to raise external revenue, are potentially more advantaged than some of the other agencies for whom no such external revenue is possible.
- 5.60 The Committee does not propose to make any specific recommendation in relation to the scientific/technical agencies. The general recommendations proposed in chapter 6 apply.
- 5.61 The Committee did note the special case of the CSIRO. Previously, 70% of its appropriation was exempt because this proportion of its funding was for research and considered to be similar in nature to a grants program. However, the efficiency dividend was applied to all of its funding in 2008-09.⁶⁸
- 5.62 This represented a significant additional burden on the organisation, one that resulted in the closure of regional facilities. The committee would hope that such seemingly arbitrary and unfair decisions will not be imposed in the future. Furthermore, should any further 'one-off' efficiency dividend or an increase to the existing 1.25% efficiency dividend be imposed in the next financial year, we consider that special consideration should be given to CSIRO.

⁶⁸ CSIRO, sub 57 (attachment A), p 1.

