



# **HOUSE OF REPRESENTATIVES**

## **STANDING COMMITTEE ON INDUSTRY, SCIENCE AND TECHNOLOGY**

Reference: Effects on research and development of certain public policy reforms

**CANBERRA**

Thursday, 25 June 1998

**OFFICIAL HANSARD REPORT**

**CANBERRA**

HOUSE OF REPRESENTATIVES  
STANDING COMMITTEE ON INDUSTRY, SCIENCE AND TECHNOLOGY

Members:

Mr Bruce Reid (Chair)

Mr Beddall (Deputy Chair)

Mrs Bailey	Mrs Johnston
Mr Martyn Evans	Miss Jackie Kelly
Mr Richard Evans	Mr Marek
Ms Gambaro	Mr Allan Morris
Mr Hardgrave	Mr Nugent
Mr Jenkins	Mr O'Connor

The committee will inquire into and report on the effect of public policy changes, over the last ten years, in the areas of corporatisation, privatisation, outsourcing and competition policy reform on the matters listed below:

the amount of R&D being carried out in Australia;

the nature of the R&D being undertaken (that is, basic or applied);

the relevance of the R&D to the commercial needs of industry;

the level of investment in research infrastructure and equipment;

the scientific and technological skills base and the demand for scientists, technologists and engineers; and

the education and training opportunities for future research staff.

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**TECHNOLOGY**

*Effects on research and development of certain public policy reforms*

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Present

Mr Reid (Chair)

Mr Martyn Evans

Mr Marek

Mr Richard Evans

Mr Allan Morris

Mrs Johnston

Mr Hardgrave

Miss Jackie Kelly

Committee met at 1.09 p.m.

Mr Reid took the chair.

**BIRCH, Mr Christopher, Acting Manager, Program Coordination Section, Department of Industry, Science and Tourism, GPO Box 9839, Canberra, Australian Capital Territory 2601**

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**WELLINGS, Dr Paul William, Head, Science and Technology Division, Department of Industry, Science and Tourism, GPO Box 9839, Canberra, Australian Capital Territory 2601**

**CHAIR**—I declare open this eighth public hearing of the inquiry into the effects on research and development of certain public policy reform and welcome the witnesses and others in attendance. The committee will be taking evidence today from the Department of Industry, Science and Tourism. Welcome, I remind you that the proceedings here today are legal proceedings of the parliament and warrant the same respect as proceedings in the House. The deliberate misleading of the committee may be regarded as a contempt of the parliament. The committee prefers that all evidence be given in public, but should you at any stage wish to give evidence in private you may ask to do so and the committee will give consideration to your request.

Considering the limitations on time today, it may be best if we proceed straight to questions, bearing in mind that you have already made an opening statement to the committee at your previous appearance at a public hearing here. I put a question to you, firstly, about the recent moves within the department to change the definition of R&D, or moves generally to change the definition of R&D, in relation to the R&D tax concession. I wonder if you could give us a report or an update on the review of the definition—whether it has been completed and, if so, what was the outcome of that review.

**Mr Holthuyzen**—Firstly, I foreshadow that I have a number of documents here that I would like to table that may be of some use for the committee in its further deliberations after this actual hearing. I will table those. They provide some statistics and information for you.

On your specific question: yes, there has been a public review undertaken on the

definitional issue of research and development for the purposes of the tax concession. That review has been finalised in terms of its external clients, but the minister has yet to finally consider the outcome of that review, so I am not in a position to indicate the final departmental, portfolio or ministerial position on that issue of definition. In other words, it is still in front of the minister.

**CHAIR**—As soon as that is available, will you be able to give that to the committee?

**Mr Holthuyzen**—I would imagine there would be no problem with that at all.

**CHAIR**—All right. If you would bear that in mind and make it available to the committee, I would appreciate it. You also said in your submission that your department is being reorganised. I wonder if you could just spell out how that is being carried out? Who is going to have the ultimate responsibility for the R&D part of the organisation?

**Mr Holthuyzen**—Again, that initiative to split the program delivery functions of the central department and the policy advising functions of the department was spelt out in the ‘Investing for growth’ statement by the Prime Minister late last year. That is something that the department is now acting upon. Although it has not been finalised, and the minister has not considered the final structure, essentially that means that the intention is to transfer program delivery components within the department to one single agency of the department, leaving the policy advising role to a separate arm of the department.

The final structure has not been finalised. An internal task force has been put in place within the department to assess how that structure might look and to identify the programs that will transfer over to the program delivery agency. It is envisaged that most of the research and development activities of a program kind—be it the implementation of the tax concession or be it the consideration of applications for R&D start grants, et cetera—would be in the program delivery agency. But the policy arm providing advice to government and to the minister on research and development would be in the policy part of the department. But, other than those broad issues, the actual details have not been finalised.

**CHAIR**—Have you got a time frame on how long it will be before that is finalised?

**Mr Holthuyzen**—Yes, the intention, as articulated in the Prime Minister’s statement, is for the new structure to be in place on 1 July. But, of course, that is a final decision for the minister to make.

**CHAIR**—In your comments about people in the service provision area being privatised or corporatised, you suggest that there should be a stocktake of their data collection and public good R&D activities. Who do you envisage would do that, how

would it be done, and who would become the owner of that material?

**Mr Holthuyzen**—I think the intention of the statement in our particular document was that, in actual fact, information is a bit lacking; we do not have a significant data bank of that kind. Again, that is something which certainly we would envisage the department being involved in, but we do not have a particularly strong view on the exact dynamics of that. Our main desire is to see some initiative so that the information is made readily available to decision makers in government and in parliament. It would need the cooperation, however, of state and territory governments as well, given that it is information of a national kind with a lot of information being held by state and territory governments as well as by the private sector. I do not think we have addressed the issue of how it would be undertaken other than, obviously, in a broad and cooperative way. As we have signalled in the report, this is something which we look forward to a recommendation on from this committee.

**CHAIR**—A view has been put forward by other witnesses to this committee that, in fact, some of the research that is done by state entities, universities, or whatever, for the overall public good should remain somehow or other in some sort of data collection facility and be available to other people, but the commercial confidentiality of some of that research may be a factor. Have you got any comment on that aspect of it?

**Mr Holthuyzen**—Not a great deal other than, instinctively, that it would not be envisaged. As a result of an exercise of that kind, I do not think that you would expect that all details or information relating to research and development would necessarily be publicly available as a result of that stocktake. We would want to see a greater transparency of where that information might be, who holds it, how it is held—including its classification—so that decisions regarding whether or not some people or others have access to that information can be made bilaterally or however. It is envisaged by us not that a stocktake would result in all information being necessarily publicly available but that we become aware that it exists in one form or another.

**CHAIR**—Are you suggesting that it could be transferred to other public bodies or are you saying that it could just be held somewhere?

**Mr Holthuyzen**—That might be a very interesting assessment to make as a result of a stocktake of that kind. Depending on what becomes available, what is found to be around by the stocktake, issues of that kind could be addressed. But I certainly do not have—and I do not think the department has—a firm view about that at this stage.

**CHAIR**—Do any of your colleagues have a view?

**Dr Wellings**—Only to make the point that, irrespective of the source of the R&D that is conducted, even at the moment, whether it is in a public entity or in a corporatised entity, commercial managers in those groups make decisions about whether data should be

released publicly. We expect, and indeed ask, those commercial managers to make those decisions. We say to the universities and to CSIRO, 'Do not publish your data freely without first examining the nature of the intellectual property to see whether there are more important commercial gains that could be made by maintaining either patents or know-how in and around certain technologies.' We do not at the moment disseminate all information freely, nor does any country.

**Mr MAREK**—We have been advised that the shortage of venture capital remains a chronic problem in Australia. To what extent do you think the innovation investment fund will address the problem? We have also been told there is a need for closer links between financial markets and high-tech firms, in particular, and increased capability for assessment of technical risk. What sort of schemes could be implemented to improve knowledge of R&D within the financial sector?

**Mr Holthuyzen**—It is the government's intention that the introduction of the new industry innovation fund will add considerably to activity by companies, and, in particular, attract high risk venture capital into Australia where, at the present time, that is missing. The broad motivation for introducing that measure through 'Investing for growth', and confirmed through the budgetary processes, was that if there was one area of research and development and one area of business activity which was lacking in Australia it was the high risk end. International practice, certainly in places such as the United States, indicates that a strong motivator for growth, a strong motivator for innovation, comes from people willing and able to access high risk capital—and that is missing in Australia. This is what this particular activity is aimed at addressing.

The measure has only just been introduced. It is obviously too early to indicate results, the extent of success or otherwise, other than to say the government, the department and, certainly, the minister have been extremely happy with the way the first round of applications for fund licences by the five companies concerned have gone ahead. We are now busily preparing for a second round, and we know that has been well received in the marketplace.

**Mr ALLAN MORRIS**—I actually think some of your stuff is very simplistic and I do not think it really addresses the issues, but I will not go into that. I want to ask you a question which is a bit different. There is, in my mind, a genuine problem with the way we handle R&D concessions and benefits and the long-term implications for Australia. There are a few examples, say, Memtec or Rio Tinto with Hi-Smelt, in which substantial amounts of Australian taxpayer investment have gone into technologies which may end up becoming destructive to the Australian economy, and which may be used by their owners, or their current owners, against Australia's international or commercial interests. How do we develop indigenous technology and indigenous research and ensure that the investment we, as a country, make in that research is eventually beneficial to the nation, rather than being bought by somebody else and then used against us.



**Mr Holthuyzen**—That is a difficult question to answer.

**Mr ALLAN MORRIS**—That is why I am asking it.

**Mr Holthuyzen**—Indeed. I am not at all aware of any research and development activity by Rio Tinto or other companies that could be regarded—

**Mr ALLAN MORRIS**—Hi-Smelt.

**Mr Holthuyzen**—as against the national interest.

**Mr ALLAN MORRIS**—Memtec now is owned by Americans; it will now be competing with indigenous Australian technology in international markets—that is one example. Rio Tinto, with Hi-Smelt, will almost certainly build its first smelting plant in some other country and will be competing against possible Australian producers who are trying to export DRI out of Australia. So, in both of those cases, we will have Australian companies competing against overseas companies with the overseas companies using the technology developed by Australian investment.

**Mr Spasojevic**—Can I make an observation or two? Firstly, in some schemes of government support, there are controls on the movement of technology. For example, out of the CRC program, final licensing controls vest in the Commonwealth of Australia. There is a mechanism to address that issue on a case by case basis. Secondly, if one were to move too dramatically in that direction, there is a question of the free flow of technology coming the other way.

**Mr ALLAN MORRIS**—That is right.

**Mr Spasojevic**—We are only two per cent of the world's R&D producers and we rely a hell of a lot on technology coming from others. Others might well make the same point that you are making—that it is used to their destructive advantage. It is a balancing point. I recognise the point you are making, but it is a balance.

**Mr ALLAN MORRIS**—Excellent. There are two things you might take on notice and perhaps think about. Firstly, access to R&D tax write-offs at concessional levels, above and beyond normal commercial expenses, should be subject to a clause that, if that technology is exported or sold offshore, that fund should be repaid—someone should not be able to cash that in for a personal benefit. Secondly, intellectual property rights should only be extended to those companies that provide Australian organisations with equal access to their property. In other words, we will protect your intellectual property rights so long as Australians can access it on the same terms as everyone else in the world. I will explain that further if you like.

**CHAIR**—You might wish to take those questions on notice and respond in writing

to the committee in due course.

**Mr Spasojevic**—Yes, we will take those on board. I think there are questions there in relation to TRIPS and TRIMS which may be a problem.

**Mr ALLAN MORRIS**—Did you say TRIPS?

**Mr Spasojevic**—Our agreements on intellectual property; I am not an expert in that area.

**Mr ALLAN MORRIS**—No, from talking to the Europeans about the same issues, they think they have underdeveloped it, but they are actually trying to work on some concepts that would, in fact, ensure equal access—in other words, the obligations of world trade, not simply the benefits.

**Mr Spasojevic**—I am sorry. I misunderstood the way you were taking that point.

**CHAIR**—Perhaps you could give us a considered response to those two matters?

**Dr Wellings**—Could I make some additional comments in response to Mr Morris's questions in relation to the handling of intellectual property? We know that some of the large organisations, like CSIRO, have made decisions at their board level over at least the last seven or eight years to try to ensure that intellectual property that is generated through moneys coming from Commonwealth appropriation is not sold to anyone at all but, in fact, is licensed across, rather than being sold. Very often, it is licensed in such a way as to have a rubber band on it. So, if an Australian SME then gets into a relationship with a major overseas company, the Commonwealth, through CSIRO, has the right to pull the IP back in, if that was a sensible thing to be doing. Those sorts of mechanisms are in place.

I know the board has—and, again, John Spasojevic talked about the CRCs being in a similar position—tried to write clauses into those commercial relationships to ensure that Australian users or industries are first, or equal first, to use any new technology emerging out of those patents or other intellectual properties or know-hows that have been licensed. That means that our industries are never running with a time delay on those technology streams. I think that is a very important principle.

**Mr ALLAN MORRIS**—Could they be applied to the R&D tax write-offs in the same way? That is the question I am asking.

**Dr Wellings**—I do not know. I think I will take the chairman's offer and take it on notice to see what the practice is.

**CHAIR**—Yes, if you would respond.

**Dr Wellings**—The other comment I make is in relation to your comments on Memtec. There will always be a point at which Australian companies, once they are successful, grow to a point where their market capitalisation is such that they become attractive overseas, and major overseas entities may well come in and buy them off. It may well be the fate of being a relatively small nation in the corner of the globe that the North Americans or the Japanese are always going to be in a position to come in and buy up new areas of technology wholesale like that.

**Mr ALLAN MORRIS**—My concern was that if incentives, like R&D tax write-offs, are seen to enrich an individual or a company to a personal benefit, that would seem to be unfair and that would discredit our investment in R&D. My concern is that we damage the whole field if somebody makes a squillion dollars on something like Memtec which was essentially based on an original taxpayer investment. So the rubber band is not going to work.

**CHAIR**—We will await your response. The issue has been raised.

**Mr MARTYN EVANS**—Has the department done any general work on the impact of R&D on GDP growth? You have made quite a few general scene setting comments and included tables and the like in your report, but I wonder if there is anything that you can point us to which shows the impact of domestic R&D on our actual GDP and future GDP growth?

**Mr Holthuyzen**—I will do a check to make quite sure—I will do a trawl through to make sure of what we have done—but, based on responses from my colleagues, I suspect we have not done an exhaustive assessment of that kind ourselves but have drawn from studies that have been undertaken elsewhere on that. So, it is secondary information rather direct. But I will do a check.

**Mr MARTYN EVANS**—But there is no real reference to that in your documents here, even to a secondary sort of impact. Although I can understand that it may not appear at first instance to be directly relevant to the narrower issue of competition policy and the impact on R&D, I think, to put that in context to see the relative significance of R&D, one would need to see how that works through the whole economy. After all, if it makes no impact at one end of the scale on GDP, you might say that it really does not matter if the public authorities have no role in that. On the other hand, if the impact is very substantial at the other end of the spectrum, you would perhaps rate this more highly. Whether it is research from elsewhere or adapted for the Australian economy, I think it would help to put the whole inquiry into the context as to the relative importance of R&D.

Moving on, most of your graphs seem to stop at 1994-95 or 1995-96, but that is just when R&D started to get interesting. Is there any follow on in relation to the very substantial changes in government policy in the tax concession area, in the introduction of new mechanisms through Start and the other grants that you have either seen happen or

you assume will happen as a result of those changes? While you provide a fair bit of information, the fact that it does stop just at the point where the whole scheme changed dramatically makes it hard to draw conclusions about what is going on now.

**Mr Holthuyzen**—We touched on that in our first session with you. The whole picture is not available because the information flows are not available in total. There is some information available to suggest some trends, but, in terms of the type of information that was made available to complete those graphs, we have not got that full picture yet.

**CHAIR**—Is that likely to occur in the near future?

**Mr Holthuyzen**—I suspect some information may be available, but I am not quite sure—

**CHAIR**—Perhaps, as that information comes in, you could give the committee an upgrade on your latest data, which would help the committee.

**Mr Holthuyzen**—We will certainly endeavour to do that

**Mr MARTYN EVANS**—There are numbers in the science and technology budget statement as well.

**Mr Holthuyzen**—Yes, as I indicated at the start—

**CHAIR**—I ask one of the members to move that the information and papers that you have been received as an exhibit. Thank you, Mr Marek. Motion carried. In calling on Mr Gary Hardgrave to ask his debut question, I welcome him to the committee.

**Mr HARDGRAVE**—Thank you, Chairman. I am honoured to be amongst such learned colleagues. Can the officials tell me what the department is aiming to achieve out of R&D? What sort of advice are you giving to government, and what are you trying to get as a result of R&D policy in Australia?

**Mr Holthuyzen**—That is a pretty broad, sweeping question, but I will certainly endeavour to answer it as succinctly as I can. Essentially, the major objective of government—which I think was articulated most recently in the ‘Investing for growth’ statement by the Prime Minister and through the budget processes—is that a major engine for growth in the Australian economy comes through innovation—that is, innovation by the private sector and innovation by the public sector and instrumentalities, GBEs, et cetera. A major grower of innovation, if you will, and a major capacity for companies to capture innovative activities is by way of undertaking research and development.

**Mr HARDGRAVE**—What are you trying to get out of it? Are you trying to get a new found benefit for mankind or are you trying to get commercial industry growth? Is

that what you are telling us?

**Mr Holthuyzen**—Certainly from our perspective, we would probably be more at the practical end of the street in ensuring that commercial objectives are enhanced from a national interest perspective for greater economic growth.

**Mr HARDGRAVE**—What sort of interest does your department therefore have in, say, the signals you send to research people, to scientists, to engineers and to education institutions with regard to opportunities for future research staff? What sort of signals do you send? Are you looking to try to provide some stability? In other words, how do recent public policy changes by this government and the different efforts of the previous elected government impact on the stability of overall opportunities for research and development?

**Mr Holthuyzen**—I am not at all certain whether stability is a factor at play there; I think the major factor at play, in the role that research and development plays in economic growth, is ensuring that government policy focuses a maximisation of effort on the quality of that research and development and on the productivity of that research and development.

**Mr HARDGRAVE**—We need a critical mass of people to be able to actually research and then develop.

**Mr Holthuyzen**—Indeed, as I said, a maximisation of that effort through available government policy has been an objective there.

**Mr HARDGRAVE**—Are you certain we are sending the right signals in the long term, as well as the short term, to people involved in the business end of research and development?

**Mr Holthuyzen**—Yes, that is certainly the government's objective.

**Mr HARDGRAVE**—That would be your advice to government?

**Mr Holthuyzen**—Indeed, it would be.

**CHAIR**—I want to come back to the question of the media attention that has been directed to syndication, and to whether it is a rort or not. Do you have a comment to make about syndication and about whether, in your view, that belief about the rorting of the system is justified? You might consider that.

**Mr Holthuyzen**—I do not have a huge amount of detail or exposition on that particular issue. The fairest thing to say is that it was certainly the government's belief that the more focused and productive way of directing scarce government resources to the research and development effort, to the innovation effort and, in turn, to economic growth

was to redirect funding away from syndication. I can certainly put that on notice and perhaps give you a more considered response in writing, but, at this stage, I do not have any further information.

**CHAIR**—I think that would be helpful. We want to know what DIST is doing to try to encourage and send some positive signals to both science and industry about the R&D effort and the application of whatever effort the government puts into it, to know that that message is being transmitted to industry and to the science area as well. If you would respond to that in a formal way, that would be accepted by the committee.

**Mr MARTYN EVANS**—Could I add one small subparagraph to that? I would like to know, in that context, are we reaching the same companies? Syndication clearly sought to transfer assets from those who were paying tax because they were making profits but were perhaps larger and less innovative to those who were not making any profit because they were a small start up company and, therefore, unable to get tax benefits. Are the current schemes reaching that same group? They have only been in operation for a short period, but is there any initial evidence that they are targeting the same people?

**Mr Holthuyzen**—We will certainly look into that.

**Mr MARTYN EVANS**—Would you answer that as part of the chairman's question.

**Mr Spasojevic**—Can I make an observation in response to that? If you think about syndications and the means of bringing together financing, which I think is the point you were making, you would probably have to include things like the new IIFs. It will be just far too early to be able to make any kinds of assessments because they are financing means to help start up companies, but we just do not know what their deal flow is going to be. I do not think we are going to be able to help you analytically in terms of answering that question at this point in time.

**Mr HARDGRAVE**—I just thought it might also be interesting to find out if the department could clarify the overall plans as far as whether there are particular key, missed areas of opportunity for research and development. My understanding is Australia's reputation for basic R&D is pretty darned good. We let it down a bit on the commercialisation of marketing and things we come up with. Are there core areas that we should be concentrating our efforts and our best opportunities in as seen by your overall overseer of this sector?

**Mr Holthuyzen**—We can certainly endeavour to answer that. In a broad sense, though, I can make the point that the way the government has applied its research and development program and its funding has, as much as possible, left it to the marketplace to determine where the effort for research and development takes place. That is obviously not the public research and development or strategic or basic type of research. It has

undertaken a program which really seeks to facilitate rather than to direct to particular areas funding.

**Mr HARDGRAVE**—The thing I am trying to drive at is that there are some elements of R&D that are not going to be, on first inspection, commercially viable outcomes down the track. In other words, you sometimes have to float an idea for a heck of a long time before you actually get a return on investment. I am interested to see where your range of possibilities is, and we can pursue it further from there.

**Dr Wellings**—The point that I make, Mr Chairman, is that the Australian science system is a pluralistic system for which funding comes from all sorts of places, and there are many players who conduct the R&D, both in the public sector and in the private sector. The department has never made the decision to fund technology X at the expense of technology Y. As Mr Holthuyzen suggested, it has left it to the marketplace. Rather, we have said to organisations like the CRCs, ‘Put forward a research program that can be considered by a CRC committee’, which is a group of experts rather than a group of officials who would make the decision about where the investments would be made for new CRCs, for example. So we see there a mixture of centres which are to do with agribusiness, mining, environment, et cetera.

Similarly, CSIRO receives their funding as single line funding, and the chief executive of CSIRO is then charged to put in place priority setting mechanisms to allocate those resources across all of the industry sectors that his organisation works with. At the moment they work to 22 sectors. They have industry advisory committees for each of those sectors, and the specific programs and projects that are conducted for those sectors are leavened by information that comes from the industry side of the table as well as the technical side of the table.

So, at the end of the day, you end up with this melange of projects, which is a hugely complex process. As officials, we never delve into whether project X was more appropriate than project Y. What we do expect, though, is that there is a portfolio of activity both in CRCs and in CSIRO, with this example that I am giving you, that deals with the long-term basic research and the strategic stuff, as well as having elements of experimental development. You would expect, as you look at the university sector, the CRCs or the CSIRO, that the portfolio spread will look slightly different in each of those sectors because the main business of universities is around basic research, of CSIRO is around strategic research, and CRCs have a slightly more fluid program which is really trying to pick the eyes out of a particular niche in order to get some delivery within seven or 14 years. So it is a very complex program of activities that actually sits in front of us when we look at the science system.

**CHAIR**—Just before I ask Mr Morris for his question, the committee today has put to you a number of requests for responses to particular issues. When do you think they might be available to the committee? I would like to put some sort of a time frame on that

so we know when that information will be provided to us.

**Mr Holthuyzen**—The first point is: we will do it as quickly as we possibly can. It depends where the information is and how quickly we can get it. Rather than tie us down to a particular time, can I come back to the secretariat and indicate that time to you to assure you that we will be doing it as quickly as we possibly can?

**CHAIR**—Yes. Thank you.

**Mr ALLAN MORRIS**—Unfortunately, I might add further to that burden. In recent weeks, as most of us will be aware, the pharmaceutical industry has been liaising with parliamentarians to try to explain their industries, and you would be aware that Pfizer, for example, has had on hold for quite some time a major investment in Australia. The question I want to try and get towards is the interaction of R&D, of pricing and of things like tax write-offs in terms of the blending of the different forces at work in commercial decision making.

What the pharmaceutical industry is saying to us—and I am sure we have all been approached but, from my experience in the past with factor F development and all that had to go into it beforehand to get an industry working in Australia—is that it is now on hold because of an uncertainty and a possible lack of complementarity, if you like, between pricing policy from the health system on the one hand, and the changes to R&D incentives and the actual functioning environment they work into. In your submission you obviously raise the pharmaceutical industry. Somewhere around, is there a bit of paper on which you have actually got some up-to-date analysis of where they are going to and how those forces interact and what we are doing about ensuring that they do not conflict?

**Mr Spasojevic**—I do not think there is a single bit of paper that we have. The government's decisions on the new pharmaceutical industry investment plan, PIIP, would be the most comprehensive bit of paper that we could currently refer you to. I am quite happy to provide you with that.

**Mr ALLAN MORRIS**—But the pricing policies affecting that?

**Mr Spasojevic**—That is not part of the PIIP program. All I could do would be to refer you to the Industry Commission report on the pharmaceutical industry.

**Mr ALLAN MORRIS**—What I am trying to raise is this: industry is saying to us that, when you take into account the different areas that are coming at them, they get the whole three, yet there are different parts of government so there is not a whole of government approach happening. I also hear there is an advisory committee being established across portfolios which you are involved in.

**Mr Spasojevic**—That is true. Correct. It has had its first meeting and it is kicking



off some work, but it is early days yet.

**CHAIR**—Thank you. I ask members of the committee to remain for just a moment because there is a little bit of business we have to conduct.

I thank you for attending today and for giving that information, and also for giving those undertakings to provide additional information to the committee. As you said, you will consult with the secretary from time to time on that.

Resolved (on motion by **Mr Martyn Evans**):

That this committee authorises publication, including publication on the parliamentary database, of the proof transcript of the evidence given before it at public hearing this day.

**Committee adjourned at 1.49 p.m.**