

Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Industry, Innovation and Science Portfolio
2015-16 Additional Budget Estimates
11 February 2016

AGENCY: DEPARTMENT OF INDUSTRY, INNOVATION AND SCIENCE

TOPIC: Entrepreneurs in Residence (EIR) program

REFERENCE: Written question – Senator Carr

QUESTION No.: AI-144

1. Has CSIRO established an Entrepreneurs in Residence (EIR) program? If so:
 - a. When will information about this program be available on the CSIRO website?
 - b. Is this a continuation of the previous NICTA program?
 - c. Is this program focused on digital innovation?
 - d. How many EIRs have been appointed to date?
 - e. What is the process for identifying and appointing EIRs? Please provide details.
 - f. Was this the process used to appoint all current EIRs?
 - g. Is it true that a former CSIRO employee, who helped to develop the EIR program, has recently been appointed as an EIR? If so:
 - i. Please provide a detailed description of the process for appointing this person, including the date on which their previous substantive appointment with CSIRO finished and the dates of key stages of the recruitment process.
 - ii. What consideration was given to a potential conflict of interest?
 - iii. Were any other steps taken to ensure that this person had no unwarranted advantage in the application process as a result of their former role?
 - h. What are the intellectual property arrangements for the EIR program? How will any commercial returns from the IP generated by EIRs be distributed between the EIR and CSIRO?

ANSWER

1. Yes. The Entrepreneurs in Residence program was initiated in 2015 as a network and collaboration aspect of CSIRO's accelerator program under CSIRO's Strategy 2020. It has the purpose of engaging entrepreneurs with appropriate skills to share their insights and experience, in order to help CSIRO staff to more deeply understand the processes of innovation and venture building whilst encouraging and mentoring project groups.
 - a. The Entrepreneurs in Residence program is part of the ON program (see <http://www.csiro.au/en/Do-business/ON-Program>) and the accelerator (see <http://www.csiro.au/en/Do-business/ON-Program/AcceleratiON>).
 - b. No, the Entrepreneurs in Residence is not a NICTA program but is a CSIRO corporate program.
 - c. No, see (a).
 - d. To date, five Entrepreneurs in Residence.
 - e. Entrepreneur candidates were identified and engaged through a reference-driven process, involving senior CSIRO staff. Candidates were invited to be considered for engagement by CSIRO through a Request for Quotation engagement. Key factors for Entrepreneur selection were :

- i. Demonstrated relevant experience and expertise;
- ii. Prospective ability to add value to CSIRO's strategic objectives under the "innovation catalyst";
- iii. Alignment with CSIRO's culture & values; and value for money of proposed arrangements.

In all but one case CSIRO's Contractor contract including standard terms was used for engaging Entrepreneurs in Residence. One Entrepreneur was engaged as an employee.

- f. No. In the case of one appointment, the person to be appointed as an Entrepreneur in Residence was a staff member who had indicated an intention to resign from their substantive position. Senior CSIRO executives involved in the recruitment process were well aware of that person's abilities to perform as an Entrepreneur in Residence, hence a Request for Quotation was not used.
- g. Yes.
 - i. A former staff member who was part of the strategy team and involved in the development of the Entrepreneur in Residence program resigned from CSIRO and was contracted as an Entrepreneur in Residence on a part time basis from 16 October 2015, coinciding with their resignation from their substantive appointment.
 - ii. The ability of CSIRO and of the appointee to manage conflicts of interest, if those arose, has been considered by CSIRO during the appointment and contracting process. Monitoring for potential conflicts has been ongoing during the appointment.
 - iii. The appointment as Entrepreneur in Residence followed a decision that the former staff member was well credentialed to deliver to CSIRO strong performance as an Entrepreneur in Residence.
- h. Entrepreneurs in Residence are contractors under CSIRO's standard conditions in relation to intellectual property. These include a clause requiring that information (including that of CSIRO) is kept confidential unless disclosure is approved by the owner of that information. In relation to intellectual property, the contract clauses can be summarised as:
 - CSIRO's intellectual property remains CSIRO's;
 - New intellectual property ("Contract Material") is owned by CSIRO;
 - The Contractor continues to own their pre-existing IP.
 The Contracts contemplate a commercial upside for the Entrepreneur, described as follows:
 - The stated intention that the Entrepreneur in Residence will conduct activities that may result in a proposal that a new commercial venture be developed.
 - It is anticipated, but not required, that the proposal might include an arrangement for the Entrepreneur to have an involvement and commercial interest in the new venture, and an equity interest could be such a commercial interest.
 - The contract further specifies that there is no obligation upon CSIRO to enter into such subsequent commercial arrangement with the Entrepreneur in Residence.
 - Under CSIRO's commercial governance arrangements, any such transaction or commercial arrangement would be considered through CSIRO's Major Transactions Committee process.