

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

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**AGENCY/DEPARTMENT:** CSIRO

**TOPIC:** Social and Economic Science

**REFERENCE:** Question on Notice (Hansard, page 74)

**QUESTION No.:** AI-9

Senator KIM CARR: How do you determine the priorities if in one period, when the government has a particular view, these areas are expanded and this capacity is developed, yet when a new government comes along there is a reduction in these quite specific areas? Explain to me why that has nothing to do with the government. Is it just a coincidence?

Mr Roy : Across the nine national research priorities—I might have the terminology slightly wrong there but we both know what we mean—CSIRO plays considerably across food, soil and water, cybersecurity, growing. You know the story there. Part of our response was about the financial viability of these business units. When we see a change in the market, when we see a signal that funding is actually reducing, whether that signal is from industry customers, government customers—I put government as a customer—domestic customers or international customers, we need to respond and find alternative funding if we are to stay viable.

Senator KIM CARR: Then explain to me how it is reduced from those particular sources, particularly from government. If you now regard government as a customer—and given that you are public enterprise, a public statutory corporation, I find regarding government as a customer unusual—what have been the factors that have led to these changes in priority, particularly given your customer base?

Mr Roy : Let me clarify—and I will hand over to the Chief Finance Officer or Dr Wonhas to give the specifics of the answer.

Senator KIM CARR: Take it on notice; we are short of time. I presume you will have some detailed statistics to provide on that.

Mr Roy : To clarify 'customer', there are two separate relationships that we have with the government. One is, as you spoke of, around block funding. But government also come to us to say, 'We've got particular problems to solve and we've a cheque to write to help you solve them.' I was referring to that capacity.

**ANSWER**

CSIRO is notified of any appropriation adjustments from Government through the normal Budget processes.

CSIRO becomes aware of any external revenue adjustments or constraints, from government sources or the private sector, in the course of CSIRO 'business as usual' practices relating to scientific and commercial relationships and discussions.

CSIRO can't comment on the reasons for changes in the priority of the Government and CSIRO's other customers.

CSIRO's priorities in regard to investment in its science areas are determined by reference to its function under the Science and Industry Research Act, its Statement of Expectations and corresponding Statement of Intent, and its 2020 Strategy.

When informed of changes in its customers' priorities which may impact CSIRO's investment decisions, the CSIRO Executive team has used the following criteria to inform its decision-making:

| Investment Criteria                      |   |
|--|---|
| 1. Impact value                          | <ul style="list-style-type: none"> <li>• The measurable outcomes sought will deliver clear and significant <b>value</b> to Australia's economy, society and/or environment</li> <li>• The activity is consistent with CSIRO's <b>mandate and strategy</b></li> </ul>  |
| 2. Customer need / market attractiveness | <ul style="list-style-type: none"> <li>• There is a clear and feasible path to impact for the research including a receptive, attractive market and <b>demonstrated customer and end user application, demand &amp; value</b></li> <li>• We can demonstrate the ability to form <b>commercial relationships with</b> customers to support the research, development and extension activities required for impact</li> <li>• We have compelling evidence that we have identified <b>the right science and technical challenges to achieve the impact</b> that are both ambitious and plausibly achievable given available resources</li> </ul> |
| 3. Competitiveness                       | <ul style="list-style-type: none"> <li>• The research area has access to science &amp; technology capability and outputs globally differentiated and competitive in its field</li> <li>• <b>CSIRO is the most appropriate organisation</b> to deliver the goal, and no other organisations are better placed</li> </ul>   |
| 4. Performance                           | <ul style="list-style-type: none"> <li>• An evaluation of the current performance of the Business Unit against agreed key performance indicators</li> </ul>   |
| 5. Financial attractiveness              | <ul style="list-style-type: none"> <li>• An assessment of the prospective financial value return to CSIRO to be created by the research activities, outputs and pathways</li> </ul>   |
| 6. Financial investment required         | <ul style="list-style-type: none"> <li>• The retrospective and prospective <b>whole of life cost</b> to CSIRO of the research, development and extension activities</li> </ul>  |