

Statement of Expectations and Intent



The Hon Julie Bishop MP
 Minister for Education, Science and Training
 Minister Assisting the Prime Minister for Women's Issues

Dr Terry Cutler
 Acting Chairman
 CSIRO
 PO Box 225
 DICKSON ACT 2602

14 JUN 2007

Dear *Terry* Cutler

Statement of Expectations for CSIRO Board

I am pleased to provide you with my Statement of Expectations for the Board of CSIRO with regard to its role in setting the strategic direction of CSIRO, the governance of CSIRO and the provision of information to me as the responsible Minister. The issue of my Statement of Expectations is in accordance with the recommendations of the *Review of the Corporate Governance of Statutory Authorities and Office Holders* prepared by Mr John Uhrig (the Uhrig Review) and accepted by the Australian Government.

The Board is responsible for the operations of CSIRO and is accountable to me and, more broadly, the Australian Government. The aim of my Statement of Expectations is to ensure transparency and accountability for the Board and CSIRO generally, while also ensuring that I am kept informed of both current and planned CSIRO activities that are considered significant.

This Statement of Expectations covers the period from 1 July 2007 until 30 June 2008, after which I will review and update it as required. However, this does not preclude an earlier update if circumstances suggest there is a need to do so.

I look forward to receiving the Board's response via a Statement of Intent, and to working with you over the coming year.

Yours sincerely

Julie Bishop
 JULIE BISHOP

Encl.

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STATEMENT OF EXPECTATIONS FOR THE COMMONWEALTH SCIENTIFIC AND INDUSTRIAL RESEARCH ORGANISATION

The vision for my portfolio is "Education, science and training creating Australia's future".

To support this vision I expect my portfolio to work towards ensuring that Australia has a strong science, research and innovation capacity including human capital. Therefore I expect it to be engaged both in Australia and internationally on science, education and training to advance Australia's social development and economic growth.

I expect the Board to position CSIRO to continue to make a major contribution to the fulfilment of this vision through effective strategic direction and by implementing and maintaining a high standard of corporate governance.

Strategic Direction

I expect the Board to ensure that CSIRO pursues excellence in the performance of its functions as stated in the *Science and Industry Research Act 1949* (SIR Act) and, in particular, to conduct world-class scientific research and actively encourage the application and adoption of scientific research. In doing so, I expect CSIRO to concentrate on strategic research and knowledge and technology transfer with the potential to deliver major long term social, economic and environmental benefits to Australia.

I expect CSIRO to deliver these benefits to Australia by:

- i. focusing on delivering outcomes relevant to the National Research Priorities through, among other initiatives, its National Research Flagships programme;
- ii. working with industry to improve Australia's competitiveness and economic performance;
- iii. conducting high quality research to solve major environmental and community issues confronting Australia;
- iv. collaborating with other public sector research organisations, universities and end users of research;
- v. maintaining and developing a pool of world class scientific capability in terms of skills and knowledge to enable Australia to respond to national and international challenges, including through development of early career researchers; and
- vi. building and maintaining relevant research infrastructure, including national scientific facilities and collections, and enabling access to such facilities on an appropriate basis.

The application and adoption of research results should include:

- i. various forms of technology transfer to industry, including strategic partnerships, licensing and commercialisation of research results;
- ii. science and technology transfer to the community;
- iii. the publication of quality scientific information in papers, reports and otherwise;
- iv. the provision of independent, expert, technical advice to the Government as appropriate to inform relevant policy processes and programme activities; and
- v. raising community awareness about science and technology and its implications.

CSIRO-IN-CONFIDENCE

I expect CSIRO to foster effective national partnerships and collaboration in order to advance the national interest, ensuring its activities are complementary to those of the Australian private sector and other research organisations in the Australian Innovation System. CSIRO should also pursue international partnerships and collaboration as appropriate, taking national interest into account in determining its involvement in such activities.

In developing CSIRO's strategic direction and approving its operational planning, I expect the Board to take into account relevant government policies as they arise including those relating to:

- research quality and impact;
- the national research priorities;
- science, engineering and technology support for Australia's counter terrorism effort; and
- commercialisation of research and technology diffusion.

I also expect that effective working relationships will be maintained with my Department, other relevant Departments and their agencies, in order that policy drivers for sectoral research efforts are properly taken into account in determining CSIRO's strategic direction.

Governance

Corporate oversight

I expect the Board to be accountable to the Government for the overall strategy and performance of CSIRO. The Board should ensure that CSIRO effectively implements and maintains high standards of corporate governance, including through appropriate Board Committees. This includes providing clear strategic directions for management; establishing effective science investment, risk and performance management processes; and ensuring that CSIRO's financial affairs are appropriately managed in accordance with all legislative and other Government requirements.

I expect the Chairman and other Board members to work closely with the Chief Executive and CSIRO's senior management team to ensure its strategic directions are given effect within the organisation.

Formal reporting requirements

I expect the Board to observe its reporting requirements under the SIR Act, the *Commonwealth Authorities and Companies Act 1997* and the Minister for Finance's orders, in particular through preparation and submission of an annual report.

I expect the Board to ensure that CSIRO meets its reporting requirements as set out in its 2007-08 to 2010-11 Quadrennium Funding Agreement (QFA).

Skills, responsibilities and performance of the Board

As I expect the Board to provide high quality governance of CSIRO, it should have orientation programmes for directors, who should also have the opportunity for ongoing professional development that ensures that they are aware and capable of carrying out their duties as Board members. All new Board members should receive formal induction to inform them of their duties, obligations and rights. The Chairman should monitor Board performance and coordinate a review of the Board's performance at least every 18 months, and I should be informed of the outcome of any assessments.

Communication

As the responsible portfolio Minister, it is important that I am informed in a timely manner of significant matters relating to CSIRO. I expect the Chairman to meet with me at least twice yearly and more frequently if required to brief me on significant developments and matters related to the direction and performance of CSIRO.

I expect the Board to ensure that I am consulted in a timely and appropriate manner over key activities in 2007-08 including: implementation of CSIRO's 2007-10 Strategic Plan; CSIRO's annual Science Investment Process; its property consolidation strategy; and the outcomes of the Research Support Services Review. In this respect I also expect to be informed in advance of CSIRO: entering into significant contracts; or acquiring or divesting property; or releasing reports or papers relating to Australian Government policies or programmes.

Apart from these key activities, I expect the Board to ensure that CSIRO has appropriate procedures to alert me to significant events, matters or issues that may arise from time to time including those which may give rise to concern for members of the public or staff of CSIRO.

I should be informed of impending vacancies on the Board in a timely manner where possible. I expect the Board to inform me of its views regarding potential candidates, including assessments as to gaps in the Board's skills set, that might inform the selection process.

I also expect to be consulted in relation to the appointment and (possible) termination, remuneration and performance of (and performance pay for) the CEO.

I emphasise the role of the Secretary of my Department in supporting and advising me on matters related to CSIRO. In order to effectively undertake this task, through provision of accurate and timely advice, my Department needs to maintain an appropriate level of awareness and understanding of CSIRO's operations. Accordingly, I expect the Board to ensure that CSIRO works in close collaboration with my Department, particularly through the development and implementation of an appropriate communication protocol, to facilitate this.

Monitoring and Review

This Statement of Expectations should be read alongside the 2007-08 to 2010-11 Quadrennium Funding Agreement between CSIRO and the Government and will remain in place for one year. I would expect the Board to monitor and periodically review the performance of CSIRO against my expectations and the Board's Statement of Intent.