

EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2004-2005 ADDITIONAL ESTIMATES HEARING

Outcome: CSIRO
Output Group: CSIRO

DEST Question No. E559_05

Senator Carr provided in writing.

Question:

What is the average time for BD&C to approve such contracts?

Answer:

CSIRO has provided the following response.

Business Development and Commercialisation - Contracts – Approval Time

The answer to Question E558_05 describes the approval processes for three different categories of contract.

In relation to the “FastTrack™” standard contracts system, the contract completion turnaround time period has been reduced significantly – from approximately 70 days prior to introduction of the system, to less than a week in most cases with FastTrack contracts. As most contracts negotiated by CSIRO scientists can be handled by the FastTrack system, development of this system has resulted in a 90% reduction in the contract negotiation turnaround time for most routine contracts with clients.

For the second category of contracts, those submitted for consideration (recommendation for approval) by the Commercial Executive (ComEx) Committee, 13 such transactions were submitted for during the last quarter of calendar year 2004. Generally, Divisions were advised of the approval recommendation by the ComEx committee within 2 weeks of submitting the final proposal. During 2003/04, the frequency of ComEx Committee meetings was increased to twice/month to enable transactions to be considered rapidly. With some transactions, these were considered by the Committee at two meetings (due to a request by ComEx for some aspect of the transaction to be enhanced, or a request from CSIRO’s partner seeking modifications to the transaction) and for this reason the ComEx approval process extended for a further 3 - 6 week period before the Committee recommended approval for the transaction. As a result of doubling the frequency of ComEx Committee meetings, transaction times for the consideration of these transactions by the ComEx Committee has been reduced, in an environment of strengthening governance.

Depending upon the specific detail of the transactions considered by the ComEx Committee, a transaction may also require approval by the Board (Board Commercial Committee or full Board) and approval by the Minister under s50 of the *Science and Industry Research Act 1949*, or notification to the Minister under s15 of the *Commonwealth Authorities and Companies Act 1997*. The time period for conducting these post-ComEx steps varies, depending upon the Board meeting schedule (in the case where Board or Board Commercial Committee approval is required) and the time to complete Ministerial approval processes.

Not infrequently with complex transactions, CSIRO’s approval processes are completed prior to the approval processes of our partners. For example, for two of the transactions submitted to ComEx during the last quarter of calendar year 2004, at the end of February

2005 CSIRO was awaiting advice from its partners that they had completed their internal approval processes (with these expected to be completed during March and April), the transactions having already completed CSIRO's ComEx, Board and Ministerial processes. CSIRO's approval steps (ComEx Committee recommendation decision, Board and Ministerial and Chief Executive approvals) are conducted in parallel with, and are generally completed prior to, settlement of the transaction documents with the other contractual parties and their legal advisors.

For the third category of contracts, which are referred to BD&C due to there being an indemnity and warranty issue with the client's contract, the time required for the renegotiation with the other contractual party for a variation of the contract to bring these into compliance with *Financial Management Guidance No. 6* varies from client to client and, due to the technical complexity of this issue, generally takes not less than 4 weeks. In the cases of contracts with some clients, the renegotiation may take a number of months.