

EDUCATION, SCIENCE AND TRAINING

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

Outcome: CSIRO
Output Group: CSIRO

DEST Question No. E748_05

Senator Carr provided in writing.

Question:

What does this figure translate into when described in terms of income per head of staff employed within CSIRO for business development or commercialisation purposes?

What are the equivalent figures for 2002/2003 and 2003/2004?

Answer:

CSIRO has provided the following response.

Business Development and Commercialisation - Revenue generated – income per head of staff

The answer to Question E747_05 describes the income from Co-investment, Consulting and Services revenues. It also separately describes the income from Intellectual Property – Royalty and Licence revenues and Gain/loss on sales. As described in that answer, in order to gain these different sources of income CSIRO is required to conduct quite different activities. It is required to provide further research and development and/or consulting services in the first case, whereas it provides a licence to CSIRO's intellectual property in the second case. Therefore, the costs for the two different technology transfer activities arise from different activities.

It is also the case that the business activities that CSIRO is required to conduct are different for these two different classes of income.

As a generalisation, CSIRO's business development activities are directed towards clients for the co-investment, consulting and services contracts activities. The staff efforts of approximately 81 staff (effective full time units, EFTs) were engaged in these business development activities in 2003/04, and total revenues arising from Co-investment, Consulting and Services were \$274.1 million in 2003/04. The revenues from non-governmental sectors were \$116.1 million.

A comparison of the non-governmental revenues earned by CSIRO from Co-investment, Consulting and Services (revenue figures in answer to Question E747_05) with business development effort would be of limited value unless the following additional factors are taken into account:

Firstly, a significant proportion of the business development and commercialisation activity is directed towards other sectors and activities, including gaining revenues from CSIRO's top accounts which are the non-private sources (Commonwealth and State Governments, Rural Industry R&D Corporations and Cooperative Research Centres);

Secondly, these activities also include performing necessary governance activities and to provide for effective technology transfer of the outcomes of CSIRO's research and development activities to commercial and public users; and

Thirdly, the revenues are not segmented as to whether the relevant activity was for solely a contract research service (e.g., with the client paying for all rights), or was in relation to a co-investment activity with CSIRO retaining commercial rights and so benefiting from the activities.

Activities directed towards commercialisation of CSIRO's intellectual property involved staff effort of approximately 31 staff (EFTs) in 2003/04 and the total IP revenues were up 60% as compared to the previous year to a record \$22 million. Dividing the values for the revenue generated from intellectual property by the staff effort on commercialisation activity produces a value of \$0.71 million/EFT. However, during the 2003/04 year, significant resources were directed towards planning for a future assertion of CSIRO's rights in relation to a significant intellectual property asset. Although this activity did not result in revenues to CSIRO during the 2003/04 year, it was a strategic investment in the longer-term future of the Organisation.

2004 was the first year for which CSIRO collected information from its Divisions that separately identified the level effort on business development activities from effort on commercialisation.