

EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE – QUESTIONS ON NOTICE 2003-2004 BUDGET ESTIMATES HEARING

Outcome: CSIRO
Output Group: CSIRO

DEST Question No. E223_04

Senator Carr asked on 4 June 2003.

Question:

Refers to DEST Questions E773_03, E771_03, E764_03 and E765_03

- (a) Based on answers to February estimates questions (E773, E771, E764, E765), can you now confirm CSIRO expenditure on Corporate Business and Commercialisation has increased by more than 78% in the past year, centrally delivered corporate services by more than 18%, while budgets for research activities increased by barely six percent?
- (b) This increased expenditure coincides with your decision to downgrade expected returns from non-appropriation sources over the next three years.
- (i) What targets - or benchmarks - of expenditure to in relation to financial return have you set for the Corporate Business and Commercialisation unit?
- (ii) Do you have such targets at all?
- (iii) If so, have these been reduced in light of your downgrading of expected revenue from these sources?
- (iv) If NO, why not? Isn't that normal commercial practice for such business operations?

Answer:

CSIRO has provided the following response.

Expenditure on CSIRO Corporate BD&C

- (a) In 2001/02, CSIRO expenditure on Corporate Business and Commercialisation (including salary and non-salary components) was \$5.747m and is estimated to be \$10.419m in 2002/03, which would be an increase of 81.3%, in line with the objectives defined in the May 2001 Strategic Action Plan.

Centrally delivered corporate services increased from \$37.8m in 2001/02 to \$45.5m in 2002/03 an increase of 20.4%. (Between 2000/01 and 2001/02, these corresponding expenses decreased by 13.5%, having been \$43.7m in 2000/01; the two-year averaged change was therefore 4.3% p.a.) Again, the budget increase in 2002/03 was in line with the implementation requirements of the Strategic Action Plan, primarily associated with the costs associated with Business Development and Commercialisation activities as well as Communications.

The Budgets for research activities, which includes Allocations to Divisions, Flagships & ESA's, Postdocs/Federation Fellows and Outreach Programs - Publishing, Education & Discovery, increased between 2001/02 and 2002/03 from \$468.7 to \$487.9 – an increase of 4.1%.

- (b)(i) The current level of resources provided to the Business Development and Commercialisation group has been set at a level that has been judged to be appropriate to implement the strategic objective to increase the effectiveness of CSIRO's engagement with clients and collaborative partners, and to continue to grow our impact and relevance.

Certain functions of the Corporate Business Development and Commercialisation group are directed towards working closely with Divisions to seek finance from non-appropriation sources (eg the business development activities, and the management of CSIRO's company equity portfolio) and the revenue from these activities will be recognised at a Divisional level. Some of these activities (eg business development) are targeted towards an increased financial return that may occur in a time course of a year or so, whereas the return on other activities of the group (eg in relation to commercialisation activities) is expected to be realised in the mid- to long-term (eg. 3-5 years).

Other activities of the Corporate Business Development and Commercialisation group are necessary functions (corporate governance and legal support; and work towards improving internal business processes), and the performance targets for these activities are not described in terms of financial return.

- (ii) The expenditure budgets for the Corporate Business Development and Commercialisation group are set as part of the Organisation's normal accounting practices. Revenue targets and receipt of revenues are recognised at a Divisional level.
- (iii) The Corporate Business Development and Commercialisation group has an expenditure budget in 2003/04 of \$12.2M.
- (iv) See answers to (i) – (iii) above.