

## EDUCATION, SCIENCE AND TRAINING

### SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2004-2005 BUDGET ESTIMATES HEARING

**Outcome:** 3

**Output Group:** 3.2 – Assistance for science collaboration and innovation.

#### DEST Question No. E138\_06

Senator Carr provided in writing.

#### Question:

CRC: 2005-06 DEST PBS shows that funding to CRCs will drop from \$212,081,000 in 2007-08 to \$182,247,000 in 2008-09, a reduction of **\$29,500,000**. There is also an \$18,444,000 drop between 2005-06 and 2006-07. **This is a net reduction in CRCs allocations of \$25,616,000 over the Forward Estimates.** *Backing Australia's Ability 2* shows that CRC funding is scheduled to be around \$196.1 million in 2009-10 and \$151.6 million in 2010-11.

- a) Please explain this net drop in funds to CRCs, specifically including the 2005-07 reduction of 18.4 million and the \$29 million drop in 2007-09.
- b) Does this represent a change in policy for DEST of reducing the funding to CRCs or **reducing** the CRCs funded?
- c) How many CRCs does the Department expect to fund in each of the agreement negotiation rounds until 2010-11?
- d) Which research areas does the Department expect to prioritise CRC funding for until 2010-11?
- e) Given the next round of CRC agreements is coming up, what is the Department doing to promote commercialisation of research within the CRC system? Are there any particular measures the Department is trialling or introducing in the CRCs agreements or elsewhere? If so, what are they?
- f) Will the CRC funding agreements retain the Department's condition of being able to withdraw government funding or insist on repayment of government funding if the Department of the Minister believed a CRC had underperformed in commercialising research?
- g) How would the Department determine if a CRC had underperformed in commercialising? How would any penalties like insisting on repayment of funds be measured?

#### Answer:

##### *CRC funding*

- a) CRCs are usually funded for a period of up to seven years. A selection round is held every two years, which results in funding being generally higher in alternate years when new CRCs are being established and some CRCs are receiving their final year of funding.

- b) Funding for 2005-06 is higher than for 2006-07 because CRCs from the 2004 selection round will begin to receive funding and those from the 1998 round may be receiving their final year of funding. Likewise, in 2007-08 the successful applicants in the 2006 selection round will begin to receive funding and those from the 2000 selection round may be receiving their final year of funding. The 2006-07 and 2008-09 financial years are between selection rounds and reflect the effect of some CRCs having received their final year of funding in the previous financial year.
- c) No. Under *Backing Australia's Ability* (BAA), a substantial 'step' increase in funding is being provided for the ongoing CRC Programme over the period 2003-04 to 2009-10 inclusive. CRC Programme funding in both 2006-07 and 2008-09 is still significantly higher than the pre-BAA levels. The Government has made a commitment to CRC selection rounds in 2006 and 2008.
- d) It is not possible to say. The number of CRCs funded and the amount of funding received by each CRC depends, in part, on the number and quality of applications received and the amount of funding sought by each successful applicant. The 2004 CRC Programme Selection Round Guidelines did not place an upper or lower limit on funding available for each applicant under the CRC Programme. The Minister for Education, Science and Training is responsible for making final decisions about which CRCs will be funded and the level of funding offered, taking into account the advice of the CRC Committee in his decision.
- e) Applications in the 2004 selection round could be for any field of research, but had to involve some research in the natural sciences and engineering. Applicants also had to demonstrate how the CRC's outcomes would address National Research Priority goals. The CRC Committee has indicated that it supports similar priorities for the 2006 selection round.
- f) The Selection Guidelines for the 2004 Selection Round required detailed consideration of commercialisation and utilisation strategies as part of applicants' responses to the selection criteria, and the CRC Committee has indicated that it supports similar selection criteria for the 2006 selection round. A Commercialisation and Utilisation Plan outlining the CRC's commercialisation and utilisation strategies has been required since the 2002 selection round. This Plan is included as part of the description of the Activities of the CRC in Schedule 1 of the Commonwealth Agreement for CRCs establishing from the 2004 selection round.
- g) The provisions in the Commonwealth Agreement are intended to provide an incentive for CRCs to undertake commercialisation and utilisation activities in accordance with the CRC Programme objective and as specified in the full business case in their application for funding. The Commonwealth Agreement will include clauses which allow for reduction or withholding of Commonwealth Funds, or repayment by the CRC Company of Commonwealth Funds if i) commercialisation is not undertaken to maximise the national benefit accruing to Australia (as defined in the Agreement), or ii) if undertaken contrary to the agreed Commercialisation and Utilisation Plan specified in the Agreement.
- h) The CRC's commercialisation performance as reported in its Annual Report will be assessed against the parameters (or milestones) set out in the Commercialisation and Utilisation Plan specified in the Commonwealth Agreement. In the event that i) commercialisation is not undertaken to maximise the national benefit accruing to Australia (as defined in the Agreement), or ii) commercialisation is undertaken contrary to the agreed Commercialisation and Utilisation Plan specified in the Agreement, the

Department will consider what, if any, action should be taken on a case by case basis, seeking the advice of the CRC Committee.