

EDUCATION, SCIENCE AND TRAINING

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

Outcome: CSIRO
Output Group: - CSIRO

DEST Question No. E542_04

Senator Carr asked on 5 November 2003.

Question:

- a) I refer to the table on page 101 of the plan, entitled "Target financial scenario." This shows a total anticipated revenue in 2006-07 of \$1.076 billion. Why have you reduced this figure from the \$1.3 billion target that we have discussed at previous estimates?
- b) What are the reasons for abandoning about \$120 million of this earlier target, after the Capital Use Charge is deleted? Is it just that the earlier figure was not scientifically based at all- just a nice number plucked out of thin air for government consumption?

Answer:

CSIRO has provided the following response.

Budget targets – Revenue Target

- a) No specific revenue targets or budgets by market segment, external revenue type, Division or sector were developed for the \$1.3B target in the organisation's Strategic Action Plan (SAP). In essence it was a high level target designed to motivate behaviour rather than the product of detailed financial analysis.

Work associated with development of the 2003-2007 Strategic Plan re-affirmed CSIRO's strategic commitment to growth. However, the analysis and outcomes targeted were broader than just growth of total revenue.

Forward projections of revenue were re-calibrated based on the latest Divisional analysis, and adjusted for the expected impact of strategic initiatives (see page 100 of the Plan) and other known changes ie. withdrawal of the Capital Use Charge and receipt of funding in 2003/04 for the Flagship Initiative.

- b) In 2001/02 CSIRO made statements in its Strategic Action Plan (SAP) that it would grow its total revenue base by approximately 50% to \$1.3B by June 2006. The philosophical and strategic underpinning of setting such a target was to awaken the Organisation from a state of potential incremental decline of relatively low growth in overall funding over the previous 7 years and to increase its focus on generating a positive impact on Australia's future.

The "Go for Growth" theme was identified by the Executive as catalytic in re-invigorating the Organisation's external focus on impact and packaged in the \$1.3B macro revenue target. In effect total revenue was adopted as a coarse lead metric or measure of demand for CSIRO's research capability and the objective was to increase that demand.

As noted in answer (a) above, the process for developing the financial scenarios associated with the 2003-2007 Strategic Plan were more detailed than those associated with the development of the 2001/02 SAP.