



8 SEP 2016

The Hon Greg Hunt MP
Minister for Industry, Innovation and Science

Dr Michael Borgas
President
CSIRO Staff Association
Level 10, 440 Collins Street
MELBOURNE VIC 3000

Dear Dr Borgas

One of my priorities as the new Minister for Industry, Innovation and Science is to commit to the long-term future of the Commonwealth Scientific and Industrial Research Organisation (CSIRO) as a global scientific research leader. Science and research are central to driving innovation, enhancing productivity and ensuring a strong future for the benefit of all Australians.

To give effect to the Government's vision for a world-leading CSIRO, I am revising the Government's Statement of Expectations for CSIRO. I am writing to you as I have announced that I will consult with industry, university, research and community representatives during the process to develop the new Statement of Expectations.

I have included a copy of the current Statement of Expectations and the Statement of Intent provided to the former Minister for Industry by the CSIRO Board in response to his Statement. I invite you to provide comments on the current Statement of Expectation and on areas which the future Statement for CSIRO might address.

In particular, I seek your response to the following questions:

1. How should CSIRO benefit Australia through applied and public good research?
2. Do you have any comments or suggestions regarding CSIRO's external relationships and engagement with target groups? Should CSIRO engage in different ways?
3. What do you consider CSIRO's future role should be in addressing the big issues Australia will be facing in the next ten to twenty years? How should these issues be identified and/or progressed?
4. What do you consider CSIRO's expected role should be in addressing industry problems and/or increasing industry's productivity? How should these issues be identified and/or progressed?

Please provide your comments by 22 September 2016 by email to csirosoc@industry.gov.au.

I expect to launch the revised Statement after it has been presented to the CSIRO Board.

Thank you for your support for Australian science and research. I look forward to receiving your feedback.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Greg Hunt', with a stylized flourish at the end.

Greg Hunt MP



THE HON IAN MACFARLANE MP
MINISTER FOR INDUSTRY AND SCIENCE

23 FEB 2015

PO BOX 6022
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CANBERRA ACT 2600

MS15-000005

Mr Simon McKeon AO
Chairman
Commonwealth Scientific and Industrial Research Organisation
PO Box 225
DICKSON ACT 2601

Dear Mr McKeon *Simon*

I am writing to outline my expectations of the Commonwealth Scientific and Industrial Research Organisation (CSIRO) to assist with the Government's commitment to the effective governance and performance of its agencies, guided by the *Public Governance, Performance and Accountability Act 2013* (the PGPA Act).

In writing this Statement of Expectations, I acknowledge the functions of CSIRO as set out under the *Science and Industry Research Act 1949* (the SIR Act). It is imperative that, in exercising its functions and meeting its legislated requirements, CSIRO take into account the Government's broad policy framework and what I see as key priorities.

As you are aware, the Government is committed to fostering a strong science and research base as a foundation for a competitive Australia. Science and research are central to driving innovation and technology development and for enhancing productivity and ensuring a strong future for Australian industry. Indeed, the functions of CSIRO include, inter alia, carrying out scientific research to assist Australian industry.

It is timely, given your recent appointment of Dr Larry Marshall as Chief Executive, to outline my key priorities for CSIRO reflecting the Government's broader Economic Action Strategy. The Economic Action Strategy is refocussing governance, revitalising Australian business and entrepreneurial drive and equipping our economy for the challenges ahead. Key priorities are listed below.

Policy priorities

- I expect the Board to ensure that CSIRO takes an active role in advancing the Industry Innovation and Competitiveness Agenda. This Agenda aims to achieve: a lower cost, business friendly environment; a more skilled labour force; better economic infrastructure; and an industry policy that fosters entrepreneurship. As part of this Agenda, I am establishing industry growth centres to lift competitiveness, reduce regulatory burden, improve collaboration between industry and researchers and to improve our supply chains and SME involvement in key industry sectors, initially covering:
 - food and agribusiness;
 - mining equipment, technology and services;
 - medical technologies and pharmaceuticals;
 - oil, gas and energy resources; and
 - advanced manufacturing.

- As part of our policy priorities, a key focus will be ensuring the Commonwealth's \$9.2 billion per year investment in research furthers the interests of the Australian community and maximises our commercial return.
- With these priorities in mind, I expect CSIRO to deliver world class research, both to focus its scientific research on areas where it has a competitive edge, in terms of excellence and scale, and to encourage the application and adoption of this research, especially where it can drive improvements in Australia's economic competitiveness.

Partnerships and collaboration

- I look forward to CSIRO continuing to provide input and information to Government and ensuring that advice to Government supports the development of evidence-based policy. I particularly look forward to CSIRO supporting me in my role as Deputy Chair to the Prime Minister of the Commonwealth Science Council (CSC).
- I also expect CSIRO to engage with the Chief Scientist of Australia, including through its membership of the National Science, Technology and Research Committee (NSTRC).
 - This will be important as we finalise our strategic priorities for science and research and how the CSIRO is best placed to contribute to these areas of national priority.
- In advancing the Government's agenda, I expect CSIRO to collaborate with universities, other publicly funded research agencies, medical research institutes and industry, to achieve common objectives.
 - In particular, CSIRO should not rely entirely on its own resources but should also use national and international collaboration to increase the capacity and responsiveness of the nation's overall ability to translate research into outcomes.
- I expect CSIRO to work in partnership with business to identify and develop the science to address industry problems and to underpin Australia's aim of increased competitiveness. The knowledge and ideas of its researchers can substantially improve the productivity of industry and businesses. CSIRO and business should therefore work together to continue growth in the knowledge-based sectors, with a particular emphasis on translating research into commercial outcomes. I expect CSIRO to engage with those industries where CSIRO's capability and intellectual property can help them to become globally competitive and in particular, create new businesses.

Science assets and staff

- I expect CSIRO to comply with the principles of the Commonwealth Resource Management Framework as specified in the PGPA Act and to give effect to the governance, performance and accountability requirements covered by the Act applicable to a corporate entity.
- Consistent with the SIR Act, CSIRO should prevent unnecessary overlap and promote the most effective use of available facilities and staff.
- CSIRO should maximise use of its national scientific facilities and collections by Australian and international researchers, including by encouraging industry access to relevant facilities.
 - In encouraging such access, CSIRO has a role to play in communicating and educating business about the benefits such infrastructure can provide.
- Consistent with your legislative functions, I expect CSIRO to promote careers in science and provide a career path for research and technical staff. In particular, CSIRO should invest in industry relevant research training. I also expect CSIRO to encourage engagement between researchers and business, including by facilitating mobility between CSIRO and

other research organisations and industry. I expect CSIRO to encourage its researchers to be entrepreneurial by providing training and appropriate incentives, together with an intellectual property and research translation framework to support realisation of commercialisation outcomes. I expect CSIRO to support risk-taking, as part of resilient strategies to solve the big problems facing Australia, within the context of maintaining good governance and learning from failure.

- In particular, I expect that CSIRO will identify and take, where practicable, opportunities to create and support new companies to commercialise CSIRO discoveries and expertise.

Communication with my Office and the Department

I look forward to CSIRO working closely with the department. Aside from regular meetings between you and me, I expect there to be regular meetings between the senior executives of CSIRO and the department. I am keen to promote the scientific work of CSIRO and encourage you to work with my department in meeting this objective.

I expect CSIRO to keep me and my department informed, in a timely and accurate way, of significant issues relating to the health and work of the organisation. I also expect CSIRO to provide input and information to the department as required to ensure that advice to my office and the Government canvasses relevant issues and sensitivities and reflects a portfolio response. I expect CSIRO to provide copies of ministerial briefings and correspondence to the relevant areas of my office and my department, in parallel. Further, I expect CSIRO to provide prior notice, to my office and my department, of significant announcements and events that are likely to attract media attention.

In accordance with the PGPA Act, I expect CSIRO to develop an annual corporate plan and to provide that plan to me, as the responsible portfolio Minister, and the Minister for Finance. In developing the corporate plan, I expect the Board to consult with me and my department, and to take into account the priorities and policies of the Government, especially as articulated in this Statement of Expectations.

I look forward to receiving your response outlining how the Board proposes to deliver on these priorities.

Yours sincerely



Ian Macfarlane

STATEMENT OF INTENT FOR CSIRO

The CSIRO Board welcomes the Minister's Statement of Expectations of 23 February 2015.

The Statement of Expectations reflects our shared commitment to supporting world class research in order to achieve impacts from the application of the research outcomes, including for the benefit of Australian industry, national economic competitiveness and Australian wellbeing.

CSIRO developed its 2015-20 Strategy in concurrence with your Statement. The Strategy responds to national and global trends that require the nation to accelerate the pace of innovation driven by science and technology. The Strategy provides an integrated plan for CSIRO to conduct its functions under the *Science and Industry Act 1949* to respond to the imperative that science and technology is used in the Australian economy to lift innovation, productivity and competitiveness.

In conducting its functions CSIRO will ensure that its practices and processes comply with the *Public Governance, Performance and Accountability Act 2013* and that internal processes to support governance accountability and performance obligations under the Act are in place.

Policy priorities including Partnerships and Collaboration

The Vision for the Strategy is that CSIRO acts as Australia's innovation catalyst to significantly boost Australia's innovation performance.

Focusing the Strategy upon innovation is a key element of CSIRO's response to the Australian Government's *Industry Innovation and Competitiveness Agenda*, including to use science and technology to achieve commercial outcomes that lift innovation, help successful Australian businesses grow, and boost Australia's productivity and exports.

CSIRO will focus its efforts on *creating value for our customers through innovation which delivers positive impact for Australia*. CSIRO will work to encourage the application and adoption of its research output to improve Australia's competitiveness, both by working directly with business to translate research into commercial outcomes as well as indirectly, through informing policy formation. CSIRO will continue to ensure that our brand is a guarantee of the highest quality scientific standards and trusted advice.

The Strategy articulates actions to ensure that CSIRO creates deeper innovation relationships with its customers and collaborates with partners to provide the best solutions for CSIRO's customers; and to take a global outlook to national benefit through connection to global science and new customers and markets for Australian innovation. CSIRO will continue to conduct large scale applied programs that address national challenges but will increasingly source and integrate capability from outside CSIRO. For the purpose of delivering value to customers and creating innovation, CSIRO will collaborate with our partners including universities to bring the best capability to bear and to build global connections and market vision. In this process CSIRO will continue to grow its activity as a national collaborator, connector and trusted advisor, through collaborating more intensively both externally and internally. CSIRO will strive to increase the mobility and exchange of people and knowledge between universities, industry and publicly-funded bodies. The Strategy also outlines that as a contribution to the development of an innovation capable workforce, CSIRO will increase its direct engagement in education from school programs through to Post-Doctoral level. This will include activities aimed at closing the gap in Aboriginal and Torres Strait Islander achievement and employment in science, technology, engineering and mathematics (STEM).

The accelerated program of translation of research into the market will require CSIRO to embrace measured commercial risks, striving to act more entrepreneurially and with greater agility, to retain its standing and reputation in the fast paced global environment. As one avenue of delivering national benefit, CSIRO will increase its activity towards supporting the establishment and early-stage development of new spin-off companies from appropriate technology opportunities. CSIRO will work to put into place funding mechanisms

to support this avenue of commercialisation, which requires a more advanced level of technology readiness. CSIRO is initiating an innovation program to identify ideas with high potential commercial value, to develop entrepreneurial skills and provide a range of new opportunities for collaboration in building new ventures.

CSIRO will continue to work closely with the Chairs of the Industry Growth Centres and the Department in support of the formation of these Centres, including through membership of CSIRO's advisory committees and hosting Centre activities at CSIRO facilities. With CSIRO's current research investment profile being predominantly aligned to these industry sectors, the Strategy actions to accelerate delivery of research-based technology products and services will support increased competitiveness and productivity in these sectors.

CSIRO will continue to provide specialist knowledge and advice for the purpose of the development of evidence based policy, across a broad range of science and policy domains. It will be a privilege for CSIRO to continue to provide support for the Commonwealth Science Council; as well as to engage with the Chief Scientist of Australia through the National Science, Technology and Research Committee.

The Strategy recognises the need for CSIRO to expand its global presence and linkages in overseas markets, including to build connections with emerging markets of national importance as well as to maintain relevance and competitiveness.

An important function that CSIRO contributes to the Australian R&D system is to manage the National Facilities and Collections. CSIRO will manage this infrastructure and biological collections to support delivery of impact to the Australian people, environment, research and industry. CSIRO will also develop, through the merger with the National ICT Australia, a digital innovation hub focused on data that will be critical for industry, government and research transformation across multiple sectors.

Planning and Reporting and Communication

CSIRO's performance expectations and progress in delivery of the Strategy will be published annually in the Corporate Plan and Annual Report. CSIRO will measure its performance through the metrics of the impact return on its investment in research, customer satisfaction, revenue supporting CSIRO's research from industry and international sources; collaboration levels, and licensing of its intellectual property; people (diversity and inclusion, and health and safety); and investment in future science and technology.

CSIRO will ensure that you and your office are kept informed of significant activities in a timely manner, including through regular briefings on major issues considered by the Board and regular meetings with the Chief Executive. CSIRO will comply with the requirements under the *Public Governance, Performance and Accountability Act 2013* for an annual Corporate Plan. The Chief Executive will continue to ensure appropriate and timely communication arrangements with your Portfolio Secretary and Department are in place.

The Board and management of CSIRO will continue to fulfil their duties to the Organisation and the Australian Government responsibly and to act at all times in the national interest. CSIRO aspires to the science that we do, working with our partners and collaborators, being translated to impact for the future of Australia, supporting the Australian community and delivering a national benefit.



Eileen Doyle
Deputy Chairman, CSIRO Board
24 August 2015