23 FEB 2015

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

Dear Mr McKeon

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.

Phone: (02) 6277 7070 Fax: (02) 6273 3662
• 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).
  o 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.
  o 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.
  o 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

[Signature]

Ian Macfarlane