

**Economics Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
Industry Portfolio  
Supplementary Budget Estimates 2014-15  
23 October 2014

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**AGENCY/DEPARTMENT:** Australian Institute of Marine Science

**TOPIC:** Budget Cuts

**REFERENCE:** Written Question – Senator Waters

**QUESTION No.:** SI-125

1. AIMS lost \$7.8 million over the forward estimates from this year's Federal Budget, including \$1.8 million this FY. How many staff will you lose as a result of that?
2. What programs have you or will you discontinue or postpone?
3. Have you been able to attract private investment to cover what you lost?
  - a. Please detail the sources and amounts of any private funding
  - b. Please detail what the funding is being used for, and whether any conditions are attached to it.
  - c. Please give a summary of your work program before the budget cut, and your work program now – broken down by project area and funding levels, plus FTE commitment.
  - d. Overall, has the focus of AIMS work shifted towards industry priorities away from ecological research?
  - e. Please detail any projects which have been subject to a reduction in funding or FTE.
  - f. Please detail any projects which have gained funding or FTE

**ANSWER**

1. Refer to evidence provided at the hearing, Hansard page 31
2. Refer to evidence provided at the hearing, Hansard page 31. The following provides additional information:

AIMS currently conducts research within four thematic programs. Each program is comprised of numerous individual projects that contribute to achieving program objectives. AIMS is still able to conduct research within each of its four research programs, however, these cuts have reduced the level of investment that AIMS is able to make to each program.

Examples of where research investment has been reduced is provided below:

- I. The newly opened National Sea Simulator provides AIMS, and collaborators, a unique capability to examine the complex problems affecting the marine environment. AIMS conducts a range of experiments within this facility to investigate priority issues such as the impacts of sediment from dredging on a variety of tropical marine organisms and the cumulative impacts of increased sea temperatures, ocean acidity, sediments and nutrients on tropical marine organisms. While AIMS is delivering vital outcomes from these experiments, the size and scope of AIMS' experimental work within the National Sea Simulator is limited by its appropriation budget. For example, AIMS has scaled back (terminated) work examining the potential cumulative impacts of natural and anthropogenic pressures on fish physiology and behaviour. This decision leaves a gap in our understanding

of key elements of marine systems and our ability to forecast and effectively manage future climate change and coastal development scenarios.

- II. Strategic research designed to underpin the management of NW Australian marine reserves, and other marine biodiversity hotspots has been delayed in order to focus on delivering projects for industry stakeholders.
- III. A key priority for AIMS over the next 5 years is to replace existing manual diver-based monitoring programs with new automated monitoring technologies in order to meet increasingly stringent OH&S requirements and reduce operating costs. AIMS has allocated funding to the development of these technologies, but the amount is considerably less (1/3 less) than initially anticipated. As a consequence, the timeframe for developing and implementing these new technologies will be considerably longer.

As detailed during Senate Estimates, AIMS will seek to offset the reduced Appropriation funding with external revenue growth. If this can be achieved then it will assist in funding operating costs, however it will not replace the strategic research. Growth is most likely to occur in the industry sector. However, should this growth not occur, then AIMS will need to make capacity (i.e. staff) reductions. Under this scenario, there will be a compounding impact on research outputs, since AIMS will need to reduce its co-investment research portfolio in alignment with the reductions in capacity.

### 3. Preamble:

- Currently it is not possible to articulate specific private investment projects that will displace the lost appropriation revenue. As indicated in AIMS' response to SI-16, only a portion of the assumed externally funded research is contracted over the estimates period. Additionally, AIMS has not historically categorised externally funded research projects as they progress through the business development pipeline in such a way that it is feasible to differentiate those associated with meeting the original budget vs those meeting the increased need. Lead times on establishing contracted research can vary from weeks to several years, so even a simple assessment of work contracted towards the end of the financial year will not provide an accurate representation.
- Noting the above constraints, it has not been possible to provide specific details to all of the questions below.
  - a. See response to b.
  - b. As noted in the preamble above, it not feasible to identify specific projects contracted in response to the budget cuts.

Attachment A provides a current snapshot of AIMS' active research contracts, and can be utilised as a proxy for where future revenue might be contracted. For reference, the contracts with zero values in 2014/15 are still active, but generally are projects that have been completed and awaiting contractual closure.

Contract terms and conditions vary dependant on the specifics of the project. Within this variation there are several fundamental principles that are non-negotiable in order to ensure the proper utilisation of the public investment in AIMS, they include:

- AIMS retains the right to utilise IP generated for research purposes;
- AIMS does not invest public money into research that provides a commercial benefit to an individual company;
- AIMS retains the right to publish and represent all findings of the research.

- c. Attachment B provides the details of AIMS research program tasks for 2013/14 and 2014/15. Key points to note:
  - I. The 2013/14 values are actual budget outcomes, and the 2014/15 are forecast budgets. The numbers do not include overheads or operational functions in direct support of research such as the major research vessels.
  - II. There is a net increase in the budget from 2013/14 to 2014/15. As detailed in the response to SI-16, this is largely the result of externally funded research being delayed from 2013/14 into 2014/15, and not representative of a significant “growth” in research being undertaken.
- d. No it has not. The work AIMS undertakes with/for industry still has an ecological focus. AIMS is not an industry “consultant”. The research we do for/with industry is guided by the broad directions set within our environmental research strategies, and all of AIMS’ research is designed to meet national benefit criteria. Thus, in building partnerships with industry we look to gain their support for, and funding of, research addressing Australia’s “big picture” needs.
- e. Refer to the preamble and the response to part C.
- f. Refer to the preamble and the response to part C.