

EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE – QUESTIONS ON NOTICE 2005-2006 BUDGET ESTIMATES HEARING

Outcome: CSIRO
Output Group: CSIRO

DEST Question No. E206_06

Senator Carr provided in writing.

Question:

Have there been any changes to expectations of external income derived through the Flagships? If so why?

Answer:

CSIRO has provided the following response.

Flagships – changes to expectations of external income

While external revenue earnings to date have been below budget, it is important to note that earning external revenue for CSIRO is not a major driver of the Flagship initiative. Rather, the initiative seeks to maximise the contribution that CSIRO and its partners in the Flagships make to Australia by achieving major goals in areas of national importance.

When the Flagship initiative was initially announced, there were expectations that they would achieve greater levels of external revenue than they have achieved to date. The original projection for the Flagship initiative was that the Flagships would earn about \$450 million over the seven years 2004/5 – 2010/11. CSIRO's triennium funding agreement projected total external revenue from the Flagships (including funding from the private sector) at \$27.1m in 2004/5, \$61.8m in 2005/6 and \$81.8m in 2006/7. Experience to date suggests that the Flagships are unlikely to achieve the levels of industry input originally anticipated in the short to medium term.

In 2003/4, external revenue derived through the Flagships was \$6.4 million, compared with a budget of \$12.8 million. Although final 2004/5 figures are not yet available, it is unlikely that the external revenue budgets for 2004/5 will be achieved. The most recent projection suggests that external revenue will be closer to \$14 -15 million, against a budget of \$27.1 million. Despite this, the Flagships have managed to achieve desired levels of annual progress to date and remain on track to achieve their national goals.

The main reason for shortfalls is the slower than anticipated engagement with potential customers. This is due largely to an underestimation of the time required to implement the Flagships initiative in CSIRO.