



PRIME MINISTER

11 May 1978

INDEPENDENT INQUIRY INTO CSIRO

Mr Speaker, I ask leave of the House to make a Statement concerning the Government's decisions on the recommendations of the Report of the Independent Inquiry into CSIRO.

In 1976 a comprehensive review was initiated to see whether government programs for the development and coordination of Australia's science and technology effort were as effective as they might be. One inquiry established at that time concerned the role of a permanent Australian Science and Technology Council, and as a result of that review, I introduced a Bill last month to establish ASTEC as a permanent and independent statutory authority.

Honourable Members will be aware that in 1976 an Independent Committee of Inquiry was also established to review the objectives, structure and programs of the Commonwealth Scientific and Industrial Research Organisation. The members of the Inquiry were :

Professor Arthur Birch, Professor of Organic Chemistry at the Australian National University,

Sir Cecil Looker, Former President of the Australian Associated Stock Exchanges, and

Mr Russell Madigan, O.B.E., Chairman of Hammersley Holdings Limited.

The Inquiry's Report was presented on 25 August last year and was tabled on 6 October 1977, (Hansard, P.1721).

The Inquiry's Report included 122 recommendations. In considering these, the Government has been mindful of the important contribution which CSIRO has made to science and technology in Australia over the past fifty years. The Committee of Inquiry observed that "the world reputation of CSIRO is a source of pride and morale to its scientists, and to Australia" (Page XI). If any reminder were needed of

the great contribution which CSIRO has made, it is sufficient to refer to the decision last month of the International Civil Aviation Organisation All Weather Operations Division to adopt internationally the INTERSCAN microwave aircraft landing system developed by CSIRO in collaboration with the Department of Transport.

The structure of CSIRO was last reviewed and reorganised in 1949. At that time CSIRO was employing 2500 persons in 12 Divisions. It now employs 7,000 persons in 37 Divisions. In the light of the findings of the Inquiry and other advice available to the Government, it has been decided that CSIRO should again be substantially reorganised.

CSIRO will remain a single multi-disciplinary research entity responsible to the Minister for Science but much of the day to day management of CSIRO activities at present undertaken by the Executive, will be devolved to Directors of new functional groupings of Divisions to be called Institutes. Under the new arrangements, the Executive will concentrate on policy issues including the determination of research strategy and priorities. The Executive will be assisted in this task through revitalised advisory and consultative arrangements which I will outline shortly.

The Executive of CSIRO will comprise a slightly smaller governing body than at present. There will be a Chairman, who will also be Chief Executive, and two other full-time members together with between three and five part-time members. The full-time members may or may not be drawn from within CSIRO. The part-time members will all be drawn from outside the Organisation.

The Government has agreed with the Committee of Inquiry that there be up to six Institutes created from within CSIRO, each headed by a very senior scientist as Director. Each Director will be appointed by the Executive for terms of up to five years, with provision for reappointment. Although the main role of the Institute Directors will be managerial, they will be actively consulted by the Executive in matters of policy.

The Committee of Inquiry favoured Institute Directors being appointed by the Executive and holding office on the Executive in an ex-officio capacity, thereby providing a direct link between the work points of the Organisation and the Executive. The Government, however, after fully considering all aspects of this matter including advice received from ASTEC on the issue, has decided that Institute Directors should not be members of the Executive but should only have an advisory role. For the information of Honourable Members I table the advice dated 28 September 1977 which I received from ASTEC.

The Committee of Inquiry recognised that much of the success of CSIRO in the past can be attributed to a policy of leaving scientific decisions in the hands of scientists. The Government agrees with the Inquiry that this policy should remain unchanged, and accordingly, the basic research unit in CSIRO will continue to be the Division headed by a Chief of Division.

The Inquiry drew attention in its Report to the importance of consultative machinery which could help the Executive to incorporate policy advice and the advice of users of research results in its determination of strategy and program priorities for CSIRO. Accordingly, the Advisory Council will be strengthened to enable it to act effectively as the major source of advice to the Executive. Its membership will be reorganised along the lines proposed by the Inquiry and will include representatives from a wide range of interests. It will be completely independent of the Executive of CSIRO, have its own Secretariat and members of the CSIRO Executive will not be members of the Council. It is envisaged that the Advisory Council will set up ad hoc work groups to investigate particular areas related to CSIRO activities. Advisory Council advice and initiatives will be incorporated in the CSIRO Annual Report.

The Advisory Council will be linked with reconstituted State Committees, which will be the main source of advice to the Advisory Council. The State Committees will provide grass roots contact with industry, centres of education, and the community generally. Each of them will maintain close contacts with CSIRO Divisions in its own State. The Chairmen of the State Committees will be members of the Advisory Council. The Government will also be looking to CSIRO to encourage its scientists to take initiatives in broadening their own contacts both within the outside CSIRO, so that their contribution in the formulation of policies at the Institute level can be strengthened.

I now turn to the research activities of CSIRO and its future role. The Government agrees with the Inquiry that the main role of CSIRO should be defined more clearly in CSIRO'S constituting legislation, The Science and Industry Research Act 1949. Amending legislation which will be introduced in the Budget Sittings will make it clear that the main role for CSIRO will be scientific and technological research in support of Australian industry, community interests, and other perceived national objectives and obligations.

CSIRO research for Australian industry will continue to include work in support of the rural and mining sectors, the manufacturing sector, the construction sector and the services sector, such as transport. CSIRO research will support such community interests as the better protection of our environment, flora and fauna, and consumer interests.

The Report of the Inquiry made a number of other recommendations on the scope and emphasis of CSIRO's research effort which the Government has accepted. The main concern of CSIRO research will continue to be the physical and biological sciences. The types of research to be undertaken will be longer term research for the community's benefit which industry and other research organisations are unable to carry out, and fundamental and short-term problem oriented research if it is related to the role of the Organisation.

Research into economics and the other social sciences will not be undertaken, but steps are to be taken to utilise the requisite expertise from these fields in program conduct, evaluation and planning. Research in human medicine will not be a direct objective of CSIRO but research results in biological and physical sciences will be assessed for their possible significance and application in human medicine.

Individual scientists will be encouraged to follow up their research as far as practical into the developmental stage.

CSIRO will have a major role in helping Australia meet its international obligations. For example, CSIRO will continue to undertake basic research, such as in astronomy, atmospheric physics and oceanography, to increase man's knowledge of the region in which we live.

CSIRO will also assist the Government in meeting Australia's international obligations to developing countries. The Government is most conscious of the vital role that developing countries will increasingly play in world affairs and of our need constantly to review government policies to take this factor fully into account. To this end, the Government recently established a Committee to review Australia's relations with the Third World. Consistent with this policy approach, CSIRO will contribute to the scientific and technical needs of these countries as part of Australia's foreign aid program through work carried out both in Australia and abroad. CSIRO will also have the opportunity to contribute through other arrangements such as the Consultative Group on Energy established at the recent Commonwealth Heads of Government Regional Meeting in Sydney.

In all its areas of research, CSIRO will have to ensure that it does not duplicate the research activities of other research institutions, undertaken or otherwise supported by the Commonwealth or State Governments.

CSIRO's autonomy in the setting of research project objectives will be maintained. Recognizing that CSIRO's activities must accord with the policies of the Government, the Birch Report has recommended ministerial discretion should also be maintained to be used as a last resort. The Government has accepted this recommendation and should ministerial discretion be employed it will be reported in CSIRO's Annual Report.

The Government has accepted the Inquiry's recommendation that, through the application of the revised advisory and consultative machinery, current programs should be terminated where they are judged to be inappropriate. It has also been agreed that CSIRO should present, at appropriate intervals, the main thrusts of its broad policies and more detailed objectives for Government, Parliamentary and Community scrutiny.

The Inquiry recommended that specific approval of the Minister should not be required for CSIRO to enter into arrangements for the implementation of research results. The Government has decided that the implementation of research results should continue to be a function of CSIRO subject to a general power of the Minister to provide the Executive with guidelines.

There are numerous further matters dealt with in the Report of the Committee of Inquiry. On many of these, the Government has reached a decision. On others, further examination is required and is currently being undertaken expeditiously. The Minister representing the Minister for Science will outline these matters in a separate Statement shortly.

It is the Government's intention to implement as soon as possible the new organisation and Executive structure of CSIRO to facilitate the detailed implementation of the Government's decisions on the Inquiry's Report.

I conclude by placing on record the Government's appreciation of the work done by the Members of the Inquiry, Professor Birch, Sir Cecil Looker and Mr Russell Madigan. Their contribution to the development of Australian science and technology policy in this Inquiry has been an outstanding one, made possible by their wide experience foresight and judgement.

The Committee of Inquiry could not of course have carried out its work without advice from Commonwealth and State Government Departments, the many private companies and individuals who made submissions to the Inquiry, and of course members of CSIRO at all levels, who, the Committee noted in its Report, assisted the Inquiry with "courtesy, patience and frankness".

AUSTRALIAN SCIENCE AND TECHNOLOGY COUNCIL (ASTEC)

Telephone: 72 5746

Post Office Box 52
Canberra, A.C.T. 2600


28 September, 1977.

My dear Prime Minister,

On 8 September 1977 you wrote to me requesting that the Australian Science and Technology Council comment to you by the end of September on the Report of the Independent Inquiry into the CSIRO. The Council's Report is attached.

ASTEC is in general agreement with the recommendations of the Independent Inquiry. We believe that implementation of the recommendations requires only minimal amendments to the CSIRO Act, and that the majority of the recommendations can be implemented by the CSIRO Executive. In this regard ASTEC considers that the legislation should provide substantial flexibility; in particular the composition of the Executive, and the duties of its members, should not be specified in detail in any new CSIRO legislation. In part, this is because ASTEC can see difficulties with the Executive structure proposed in the Independent Inquiry Report. ASTEC's recommendations on this and other matters are presented in the attached Report.

Yours sincerely,



G.M. Badger
Chairman

The Right Honourable Malcolm Fraser, CH, MP,
Prime Minister,
Parliament House,
CANBERRA, A.C.T. 2600.

Composition of the Executive (Inquiry Report, Recommendation 29)

1. ASTEC believes that the CSIRO should be allowed to make its own arrangements for its new executive structure, and not have detailed definition of the executive's structure and functions in the legislation. ASTEC therefore recommends that only the following should be specified in the legislation:-
 - . There shall be six statutory members of the CSIRO executive, three full-time and three part-time.
 - . The six statutory members will be appointed by the Minister.
 - . The three full-time members will be a Chairman, who is also Chief Executive of CSIRO, a Deputy Chairman, and one other member.
 - . Full-time members will serve up to a seven-year term, with eligibility for re-appointment. Part-time members will serve a three-year term, with eligibility for re-appointment.
 - . The Chairman shall have a deliberative vote at meetings and, in the event of equality of votes, a casting vote.
 - . The Executive may appoint up to six associate (non-voting) members of the Executive, from among the staff of CSIRO.
2. ASTEC believes that the duties of the full-time members of the Executive should not be defined in legislation, as such duties may not suit the most able people available for appointment. ASTEC would expect that Directors of Institutes would normally be associate members of the Executive, but believes that this should not be a requirement of the legislation. ASTEC believes that it is inappropriate for Directors to be voting members of the Executive because of possible conflict of loyalties, but that they should take part in all discussions.

Ministerial Responsibility for CSIRO (Inquiry Report, R.26)

3. ASTEC recommends that CSIRO report to the Minister for Science, not the Prime Minister.

CSIRO Advisory Council (Inquiry Report, R.35)

4. ASTEC recommends that the CSIRO Advisory Council be set up in such a way as to provide the fullest possible advice to the Executive. This co-operative approach can be promoted in two ways:-
 - . The Executive should be obliged to seek the advice of the Advisory Council.
 - . Two full-time members of the Executive should attend Advisory Council meetings on a regular basis, as non-voting members.
5. ASTEC believes that the composition of the Advisory Council should not be too closely defined in legislation. In particular, the Advisory Council structure suggested on page 69 of the Independent Inquiry's Report should not be specified. The Chairman of the Advisory Council should be appointed by the Minister (not elected by the members of the Advisory Council) and should not be a member of the CSIRO Executive. Other members of the Advisory Council should also be appointed by the Minister.

6. ASTECC recommends against an ASTEC member being an ex officio member of the Advisory Council, but believes that attendance of an ASTEC member from time to time at Advisory Council meetings is sufficient to maintain communication between the two bodies. The Chairman of the Advisory Council could also attend ASTEC meetings from time to time.

CSIRO and Industry

7. The role of CSIRO. (Inquiry Report, R.3) ASTEC believes that more emphasis on the application of research results, and of existing knowledge, especially to the problems of industry, would be desirable. ASTECC recommends that, in reshaping the powers and functions of the CSIRO, Section 9(1)(a) of the current Act should be amended to read:
- " . The initiation and carrying out of scientific researches and investigations
and
 . the development and application of science and technology

in connexion with, or for the promotion of Australian industry, community interests and other perceived national objectives and obligations, or in connexion with any other matter referred to the Organization by the Minister"
8. As a corollary, the title of the Act should be amended to reflect this.
9. Research Associations. (Inquiry Report R.14,67) ASTEC agrees that the legislation should be amended to restrict CSIRO funding of research associations to specific contracts. ASTEC does not necessarily concur with Recommendation 67 that the Department of Productivity may be the most appropriate agency for promotion of all research associations. The question of research associations needs further investigation, especially in the light of current inquiries into Industrial research and development by ASTEC and the Senate Standing Committee on Science and the Environment. ASTEC will report in more detail in the near future, and for the time being recommends that Departmental responsibility for research associations should not be assigned.
10. Selection of Industrial Partners for Development. (Inquiry Report R.109) ASTEC agrees that CSIRO should have power to select private firms for development of research results, and recommends that CSIRO should be able to enter into arrangements with a private firm for joint development of CSIRO's research results. If this recommendation is to be effective in practice, CSIRO must have power to enter into confidential contracts and this power should be provided by amendments to the Act.

CSIRO's Financial and Manpower Budgets

11. CSIRO's activities already represent a large proportion of Australian scientific activity. As any major growth in CSIRO's total manpower or expenditure could lead to distortion in Australia's research effort, CSIRO's total budget and manpower ceiling should be strictly controlled. The period of implementation of the Independent Inquiry's Report should be one of re-assessment of programs, and of the termination of inappropriate programs to make way for new initiatives (Inquiry Report R.23).