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FOI Number: FOI2016/20

Date: 21 March 2016

Request: All documents that Dr Alex Wonhas prepared for the "internal documenting unit" in order to comply with any Senate order for the production of documents made in 2016. Any other documents prepared by CSIRO staff that were delivered to CSIRO's internal documenting unit in relation to any Senate Order for the production of documents made in 2016.

Document(s): Category B

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Anevski, Pam (C&G, Parkville)

From: Nguyen, Tracee (O&A, Kensington)
Sent: Wednesday, 11 November 2015 11:09 PM
To: Burns, Lisa (O&A, Hobart); Harper, Rod (HSE, Aspendale); Lee, Ken (O&A, Kensington); Schiller, Andreas (O&A, Hobart); Ormandy, Phillipa (C&G, Hobart); Oke, Peter (O&A, Hobart); Cai, Wenju (O&A, Aspendale); Malthus, Tim (O&A, Dutton Park); Underwood, Mark (O&A, Hobart); Creagh, Ben (Comms, Dutton Park); Wong, Tim (Finance, Kensington); Lau, Bonnie (Finance, Kensington); Whittle, Michael (HR, Hobart); Smith, David (O&A, Hobart)
Cc: Steven, Andy (O&A, Dutton Park)
Subject: Collated Papers for BUET Monthly Meeting - 12 Nov 2015
Attachments: BUET Papers 12Nov15.pdf Attachments not relevant to category (b) - removed

Hi Team,

Attached are the submitted papers for the meeting tomorrow.
Note due to the meeting changes and tight time frames, not all papers are present.

As per David's email, the day will now run as follows (those not required for Deep Dive, as per original Session 2, are welcome to depart from 2:30pm):

Session 1 Review - 9 - 12

s 22

Session 2 BUET - 12-2.30 (including 30 mins working lunch)

s 22

Session 3 Deep Dive - 2.30 -5.00pm

Items to include:

- Timelines and templates
- Budget implications and response
- Key messages

Kind Regards

Tracee

Tracee Nguyen

Executive Assistant to Director – Kenneth Lee
Oceans and Atmosphere
CSIRO

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<http://www.csiro.au>

Anevski, Pam (C&G, Parkville)

From: Schiller, Andreas (O&A, Hobart)
Sent: Friday, 13 November 2015 10:57 AM
To: Archer, Annie (HR, Hobart); Burns, Lisa (O&A, Hobart); Cai, Wenju (O&A, Aspendale); Harper, Rod (HSE, Aspendale); Lee, Ken (O&A, Kensington); MacMillan, Sandra (O&A, Hobart); Nguyen, Tracee (O&A, Kensington); Ormandy, Phillipa (C&G, Hobart); Smith, David (O&A, Hobart); Steven, Andy (O&A, Dutton Park); Trend, Alice (O&A, Kensington); Underwood, Mark (O&A, Hobart); Whittle, Michael (HR, Hobart); Wong, Tim (Finance, Kensington); Oke, Peter (O&A, Hobart)
Subject: Deep Dive
Importance: High

IN CONFIDENCE

All,

Ken and I received some additional information from Alex Wonhas about the "Deep Dive". Below I summarise the key action items arising from this information. Some of these we discussed yesterday, others are new (at least to me)...

Comments/action items:

- For each of the upside opportunities we are presenting, Alex would love to see a **very high level external revenue, appropriation, labour and opex projection by year**. If we decide to go ahead with that opportunity that would then be added onto O&A's baseline budget that we are submitting for the deep dives (this is very difficult to estimate; we are expected to take the best guess and to be explicit with any key uncertainties we face).
- We have to make sure that we have our **opportunity pipeline in O2D up to date**.
- Alex will present a summary of upside cases from Environment, Energy and Resources group at the 14 Dec ET meeting. ET will then make decisions on the overall areas CSIRO will invest in across the organisation and what might be areas we decide to get out of to pay for these. There are likely implications of these decisions both on external revenues and net staff numbers. Finance will then pull an organisation wide implication view together over Christmas, which will be refined and endorsed at the ET meeting at the end of Jan. While this recommendation then will formally have to go to the Board, BUs get visibility straight after the meeting to give them as much time as possible to prepare for the implementing the decisions.

Andreas

Anevski, Pam (C&G, Parkville)

From: Ormandy, Phillipa (C&G, Hobart)
Sent: Saturday, 14 November 2015 11:27 AM
To: Lee, Ken (O&A, Kensington)
Cc: Schiller, Andreas (O&A, Hobart); Smith, David (O&A, Hobart)
Subject: in- confidence - Deep Dive preparation

Importance: High

Dear Ken

Just a quick note before I hop on the plane.....

As mentioned briefly yesterday, I spent a few hours with my team and the finance people (with intelligence from the RD's) to drill down as much as we can into the potential for revenue increases in the next 18 month period. As you will gather from the brief time we spent on finances on Thursday, we are not going to meet either this year's increased target nor next year's increased target.

While we may just have made this year's target, and were on track to get to our old target next year, the quantum of the new increases coupled with the cuts mean we won't make it.

We will try to close the gap for this year, by making cuts in spending- but we will still be shy.

In relation to 16/17, we may with effort get to our previous target of ~\$43.5M, but there isn't any work we could commence (even now) that would get us the earned revenue to meet that new target of \$47+M.

Because of this, we clearly need to have a convincing story about our projected revenue growth for future years as a result of deploying concentrated effort into the chosen "three areas". The whiteboard list, while good is still really identifying things we do now, but David and I (while we are on the plane) can make the first cut of collapsing that list down into three succinct areas, to circulate to get BU agreement (so we can all speak with one voice), and then we can start to put some figures around them.

As also mentioned, I am concerned that without a narrative that explicitly says what we won't do (with numbers and consequences) our story won't be convincing. I am not sure that all of us understand how the BU will look if we are thinking of collapsing RP1 and RP2, but still having 5 programs. The concept of a "China" focussed program will resonate with Larry but will need to pass ET (Hazel) scrutiny, and have realistic financial targets we think we can deliver on. We know that working up things in other countries takes time, so we need to ensure the up curve of the J, is directed gently so that we can be saying we could hope to reach \$50M by the end of that projected period.

Ken, can you please scribble some notes back to us with your concept for that program (ie your idea of FTE's and \$targets), so I can start putting that into the mix.

I am aware you are all thinking about this, but I just want to ensure I can provide as much assistance as possible to ensure we acquit ourselves well on the day.

Over and out – and up and away!

Phillipa Ormandy

Business Director

CSIRO Oceans & Atmosphere

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www.csiro.au | www.csiro.au/en/Outcomes/Oceans.aspx

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Please consider the environment before printing this email.

Anevski, Pam (C&G, Parkville)

From: Schiller, Andreas (O&A, Hobart)
Sent: Monday, 16 November 2015 5:23 PM
To: Lee, Ken (O&A, Kensington); Oke, Peter (O&A, Hobart); Cai, Wenju (O&A, Aspendale); Steven, Andy (O&A, Dutton Park); Smith, David (O&A, Hobart); Underwood, Mark (O&A, Hobart); Nguyen, Tracee (O&A, Kensington); Ormandy, Phillipa (C&G, Hobart)
Subject: RE: Priority - Deep Dive meeting
Attachments: RE: For Action by COB 15 November: Growth Areas for Review; Oke_Ocean Intelligence.docx; Schiller_Growth Areas_12Nov15_v2.xlsx
Importance: High

IN CONFIDENCE

Dear All,

I talked to Ken about the contents of this telecon and we agreed that we would not prepare a formal agenda. However, we need to reach agreement on a number of critical issues before we can involve Finance, PMSO, HR etc. in preparing and finalising details of our submission (level of external revenue, appropriation, labour and opex projection by year by Programs, taking into account growth and contraction areas). The clock is ticking as the information has to be submitted by Friday 27 November 2015.

Decisions we have to be make by Wednesday (there might be more than those below):

- Reshape:
 - Soft-touch (within programs) or high-level restructure (programs)?
 - Areas of growth and contraction? I have attached the three growth proposals I am aware of.
 - How will we redistribute approp?
 - ...
- International: Chile, EU and China pipeline/big ticket items with likelihood of and timeline for funding. As previously mentioned, please also update O2D asap!

From my perspective it is important to stress that once decisions have been made by the O&A leadership team all of us will have to present these with one voice to the CEO.

Thank you.

Kind regards,
Andreas

P.S.: Tracee has kindly agreed to take minutes and record decisions with a start at 6am Perth time. Thank you for getting up early!

-----Original Appointment-----

From: McBride, Robyn (O&A, Yarralumla)
Sent: Monday, 16 November 2015 10:26 AM
To: McBride, Robyn (O&A, Yarralumla); Lee, Ken (O&A, Kensington); Schiller, Andreas (O&A, Hobart); Oke, Peter (O&A, Hobart); Cai, Wenju (O&A, Aspendale); Steven, Andy (O&A, Dutton Park); Smith, David (O&A, Hobart);

Underwood, Mark (O&A, Hobart); Nguyen, Tracee (O&A, Kensington); Ormandy, Phillipa (C&G, Hobart)

Subject: Priority - Deep Dive meeting

When: Wednesday, 18 November 2015 9:00 AM-10:30 AM (UTC+10:00) Canberra, Melbourne, Sydney.

Where: Details below

Dear All

This is a placeholder. I will discuss further details and agenda with Ken and circulate asap. Please make yourself available for this important discussion which is a follow-on from the Deep Dive discussion we had last Friday afternoon in Hobart.

Please note time variance below (thanks to Sandra):

Deep Dive Meeting

9:00 AM | 1 hr 30 min
18/11/2015 - 18/11/2015
(UTC+10:00) Canberra, Melbourne, Sydney

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Anevski, Pam (C&G, Parkville)

From: Underwood, Mark (O&A, Hobart)
Sent: Saturday, 14 November 2015 4:55 PM
To: Nguyen, Tracee (O&A, Kensington); Oke, Peter (O&A, Hobart); Cai, Wenju (O&A, Aspendale); Malthus, Tim (O&A, Dutton Park); Smith, David (O&A, Hobart)
Cc: Ormandy, Phillipa (C&G, Hobart); Schiller, Andreas (O&A, Hobart); Lee, Ken (O&A, Kensington); Steven, Andy (O&A, Dutton Park)
Subject: RE: For Action by COB 15 November: Growth Areas for Review
Sensitivity: Confidential

Hello all,

Trying to do a first pass at this – As this is the first strawman I expect it to be torn apart and rebuilt by others!

Looking across collected information from Thursday's meeting, some growth groupings stand out to me.

1. "Fisheries and Aquaculture"

- Fisheries Management (International – Europe, Chile, New Zealand)
- Fisheries Technology
 - Precision harvesting tools, extension of our AOS and pAOS work. Links to NZDWG
 - Technology, links to Manufacturing (cold spray metal for biofouling prevention)
- Aquaculture - impacts and technology (Domestic and International)
 - Technology, with links to Data61 (data analytics) and AgBU (biology)
 - Modelling and mitigation of environmental impacts (Northern Australia, China, Brazil)
 - Aquaculture technology for developing countries (Potential links to WorldFish, other international aid bodies)

Selling points: Connection with our broader international engagement areas, building on a number of different capabilities across O&A in at least RP3, RP4 and RP5. Builds on areas of strength in areas where there is expected growth opportunities. Note: Need to be mindful that AgBU owns aquaculture space, we would be more in the 'aquaculture tech' and 'aquaculture impacts space'. However, could use this as a demonstrated cross BU engagement. Highlight the link to Data61 as well. (See below)

2. "China Environmental" (Coastal Intelligence feeds in here strongly)

- Air quality (outside my domain – input from Cai)
- Coastal zone management (Input from Andy)
- Coastal sensorisation, human impact modelling and development of decision making tools.
- Potential for sensor development (less progressed and more blue sky. May tick boxes in ET discussions however.)

Selling points: Strong connection to our China engagement. Houses coastal and atmospheric capability. Strong capability areas in O&A

3. "Oil and Gas"

- SLO
- Infrastructure decommissioning
 - Alternatives to full decommission – risk assessments, biological assessments
- Kens areas (so please forgive my 'stabs in the dark' here):
 - Disaster modelling and mitigation (Ocean Intelligence)
 - Spill dispersant assessment and development(?)
 - Spill modelling and risk assessments
 - Policy development

Selling points: Strong domain knowledge in O&A, and connection with domestic commercial and regulatory players (while acknowledging the issues in that space). Capability in RP1, RP2 RP3 and RP4? Large upside potential, with the organisational link from domestic to international via multinational company structure. Note that industry is

currently in a low period with depressed energy prices. This will improve in coming years, allowing us to position now and be ready for an upswing. (Please – happy to have this robustly corrected)

Missing from these growth areas:

- Blue economy is not mentioned explicitly.
- Carbon sequestration and blue carbon
- Ocean Intelligence is only mentioned peripherally
- Tourism (Limited connection to area 2)
- Plastics
- Defence
- Fugitive Gas (Fit into Oil and Gas?)
- Climate change and variability
- Ocean acidification

Overarching factors.

- I have provided most detail for area 1, as that is where I have some domain knowledge. I am sure others could do better with areas 2 and 3.
- There is obvious overlap in the three areas above, and synergies.
- Note: There was a report in the Fin Review today (and you may already be aware of this) saying the imminent Innovation Statement will ‘reinstate some government funding to NICTA’. Strengthening our connections to Data61 where it makes sense might be strategically important.

Finally, considering areas across O&A to consolidate. In my mind this is straightforward (in theory) –consolidate teams or areas of capability where the level of income generation to the O&A business unit is currently low or zero and is expected to be this way in future. Even so, I accept that we need to be mindful that some of those areas may be strategically important to O&A for a variety of reasons, and would require ongoing support.

Regards,
Mark

Mark Underwood

Research Program Director, Engineering and Technology
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From: Nguyen, Tracee (O&A, Kensington)
Sent: Thursday, 12 November 2015 4:07 PM
To: Oke, Peter (O&A, Hobart) <Peter.Oke@csiro.au>; Cai, Wenju (O&A, Aspendale) <Wenju.Cai@csiro.au>; Malthus, Tim (O&A, Dutton Park) <Tim.Malthus@csiro.au>; Smith, David (O&A, Hobart) <David.C.Smith@csiro.au>; Underwood, Mark (O&A, Hobart) <Mark.Underwood@csiro.au>

Cc: Ormandy, Phillipa (C&G, Hobart) <Phillipa.Ormandy@csiro.au>; Schiller, Andreas (O&A, Hobart) <Andreas.Schiller@csiro.au>; Lee, Ken (O&A, Kensington) <Ken.Lee@csiro.au>; Steven, Andy (O&A, Dutton Park) <Andy.Steven@csiro.au>

Subject: For Action by COB 15 November: Growth Areas for Review

Sensitivity: Confidential

Hi Team,

For action as discussed:

- If we decide to concentrate on the areas attached, what areas currently exist that we can cut/consolidate?
- Changes due for collation to Andreas/Phillipa by COB Sunday 15 November, for discussion next Monday

Regards

Tracee

Tracee Nguyen

Executive Assistant to Director | Oceans and Atmosphere
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Anevski, Pam (C&G, Parkville)

From: Underwood, Mark (O&A, Hobart)
Sent: Thursday, 19 November 2015 10:15 AM
To: Lee, Ken (O&A, Kensington)
Cc: Ormandy, Phillipa (C&G, Hobart); Schiller, Andreas (O&A, Hobart); Smith, David (O&A, Hobart); Steven, Andy (O&A, Dutton Park); Cai, Wenju (O&A, Aspendale); Oke, Peter (O&A, Hobart); Underwood, Mark (O&A, Hobart)
Subject: Science Review, Deep Dive and Strategy re RP5

Follow Up Flag: Follow up
Flag Status: Completed

Hello Ken,

[REDACTED] regarding the breakup of RP5 [REDACTED] I understand the strategic pressures on RP5 in particular as we head into the Science Review. Although my program has been (and is) a strong financial performer, and is a key area of capability for the marine side of O&A business unit, the KPI's as they are currently framed within the 'Impact Science' LoB are a challenge for programs such as mine through the Science Review process.

You have asked me to start looking into how this rearrangement might work, and how the teams might fit across O&A. I am working on that as a priority, and will be in touch.

Of course, give me a call if you would like to discuss further immediately, or you have more information.

Cheers,
Mark

Mark Underwood
Research Program Director, Engineering and Technology
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Please consider the environment before printing this email.

Anevski, Pam (C&G, Parkville)

From: Schiller, Andreas (O&A, Hobart)
Sent: Saturday, 21 November 2015 9:14 AM
To: Lee, Ken (O&A, Kensington); Ormandy, Phillipa (C&G, Hobart); Underwood, Mark (O&A, Hobart); Smith, David (O&A, Hobart); Steven, Andy (O&A, Dutton Park); Cai, Wenju (O&A, Aspendale); Oke, Peter (O&A, Hobart); Whittle, Michael (HR, Hobart); Burns, Lisa (O&A, Hobart); Wong, Tim (Finance, Kensington); Lau, Bonnie (Finance, Kensington); Nguyen, Tracee (O&A, Kensington)
Subject: IMPORTANT: UPDATE ON DEEP DIVE
Attachments: s 22
[REDACTED] Business Unit deep dive discussions - Oceans and Atmosphere.docx

Importance: High Attachments irrelevant to Category B - removed

Dear All,

This email contains important information which will assist us in preparing the documentation for our upcoming "Deep Dive", i.e. for our appropriation investment proposal.

[REDACTED]
[REDACTED]. Some of you might want to start thinking about how to gather relevant information and how to organise next week.

- (1) Most importantly, Ken has decided that our investment proposal will be based on the following (proposed) new program structure:
- Reshape of RP1 and RP2:
 - RP1 with enhanced application focus (e.g. climate services), new RPD to be recruited externally.
 - RP2 with climate focus and expectation of strong financial support from China (e.g., ocean and atmosphere observations), Cai to continue as RPD.
 - Dissolve RP5 based on lack of alignment with current KPIs; staff to be assigned to O&A research programs 1-4 and MNF.

We discussed this structure at the last BUET.

Given the time constraints we can't afford to have detailed discussions about the future program structure prior to the Deep Dive (and according to the template this isn't required for the Deep Dive). However, RPDs might want to exchange and agree on some high-level principles in case Larry and Co. are interested in a bit more detail than just "we will reshape".

- (2) Some (obvious) comments from yesterday's meeting of Directors and Deputies in the EE&R Group and Alex Wonhas:
- Deep Dives are about redistribution of approp dollars across BUs;
 - focus: maximise impact on nation;
 - science: not doing science for science sake, Nature papers alone don't cut it ...;
 - public good is not good enough, needs to be linked to jobs and growth, but science that leads to SLO is o.k.;
 - ET needs "investible propositions/growth cases".
 - the importance of information entered into O2D has been highlighted again as it will be a tool to inform ET decisions;

- crucial for BUET members participating in Deep Dive to be seen as a cohesive team.

(3) Where from here?

[REDACTED]

Re engagement with China: comments were made that we need some tax advice before entering into any agreement with our proposed Chinese partners. This could be a question at the Deep Dive. Phillipa: I suggest that you get in touch with Rob Lorimer and discuss issue with him.

I will work closely with all of you to ensure we can submit our information packet by Friday 27 November 2015.

To assist our preparations I would be willing to organise a brief telecon on Monday but will be guided by your responses.

Comments welcome.

Finally, you should have received an invitation to join a test run/preparation meeting with Alex on Tuesday 1 December. Please make yourself available for this important precursor to the Deep Dive.

Thank you.

Best,
Andreas

[REDACTED]

Anevski, Pam (C&G, Parkville)

From: Smith, David (O&A, Hobart)
Sent: Friday, 20 November 2015 1:20 AM
To: Nguyen, Tracee (O&A, Kensington); Lee, Ken (O&A, Kensington); Schiller, Andreas (O&A, Hobart); Oke, Peter (O&A, Hobart); Cai, Wenju (O&A, Aspendale); Steven, Andy (O&A, Dutton Park); Underwood, Mark (O&A, Hobart); Ormandy, Phillipa (C&G, Hobart)
Subject: RE: Deep Dive - Action Register from meeting 18 November 2015
Follow Up Flag: Follow up
Flag Status: Completed

Ken

As I understand it you would like us to move to 4 programs. Could you send through your views on reconstituted RP1 and RP2 so we can start considering staff movements between programs etc while you are in Canada.

I am still a little confused on the narrative behind the changes to 1 and 2. I realize one program will have a China focus within it but unsure of the direction of the second.

The action item below mentions you Cai and Mark but there are implications for Andy and myself.

Cheers

David

From: Nguyen, Tracee (O&A, Kensington)
Sent: Thursday, 19 November 2015 5:13 PM
To: Lee, Ken (O&A, Kensington); Schiller, Andreas (O&A, Hobart); Oke, Peter (O&A, Hobart); Cai, Wenju (O&A, Aspendale); Steven, Andy (O&A, Dutton Park); Smith, David (O&A, Hobart); Underwood, Mark (O&A, Hobart); Ormandy, Phillipa (C&G, Hobart)
Subject: Deep Dive - Action Register from meeting 18 November 2015

Dear Team,

Action items arising from meeting held yesterday for your priority review, noting brief needs to be in the end of next week.

Action	Who
Schedule 90min pre Deep Dive Test run through session with Alex and confirm date with team. Include Mike Whittle, Tim Wong, Lisa Burns	Tracee
Market Analysis and Growth Potential for BU by RP	Phillipa/BD
KPI's for RDP's – Andreas to send to Cai Sent earlier in the year – Cai is not across these	Andreas
Ken and Cai to have conversation regarding China focus	Ken/Cai
Circulate agreed Top 3 growth areas to team	Andreas
Program restructure: RP1, RP2, RP5 discussion	Ken/Cai/Mark Tracee to schedule
Discuss China BD	Ken/Cai/Phillipa Tracee to schedule

Regards
Tracee



From: Bazzacco, Mark (SM&I, Campbell)
Sent: Wednesday, 4 November 2015 11:50 AM
To: Lee, Ken (O&A, Kensington) <Ken.Lee@csiro.au>
Cc: Wonhas, Alex (Executive, North Ryde) <Alex.Wonhas@csiro.au>; Schiller, Andreas (O&A, Hobart) <Andreas.Schiller@csiro.au>
Subject: Approach and briefs for Deep Dives

Hi Ken

Please find attached documents as input to the upcoming Business Unit Deep Dives:

- Overview of the approach and topics for the session;
- A briefing template for BUs to complete prior to their deep dive (as requested by Directors)*; and
- Template capturing existing high level four year budgets with a table for BUs to make adjustments (where/if required) in the "*Business Unit to complete*" section (yellow cells)*.

*Both of these documents should be completed and submitted to the Planning Office (planningoffice@csiro.au) one week prior to your deep dive. These will be provided to the ET as pre-reading along with your Strategic Plan and SICOM presentation to guide the discussion. Please contact Chris Maan with any questions on the spread sheet.

A small pack of supporting information/analysis including KPIs will also be sent to you in advance of the meeting as input to the discussion. You're also encouraged to reflect on the feedback from SICOM on your Strategic Plan and presentation provided to you via your Executive Director.

Anevski, Pam (C&G, Parkville)

From: Schiller, Andreas (O&A, Hobart)
Sent: Tuesday, 24 November 2015 7:10 AM
To: Burns, Lisa (O&A, Hobart)
Cc: Lee, Ken (O&A, Kensington); Ormandy, Phillipa (C&G, Hobart); Underwood, Mark (O&A, Hobart); Smith, David (O&A, Hobart); Steven, Andy (O&A, Dutton Park); Cai, Wenju (O&A, Aspendale); Oke, Peter (O&A, Hobart); Whittle, Michael (HR, Hobart); Wong, Tim (Finance, Kensington); Lau, Bonnie (Finance, Kensington); Nguyen, Tracee (O&A, Kensington)
Subject: RE: IMPORTANT: UPDATE ON DEEP DIVE
Follow Up Flag: Follow up
Flag Status: Completed

Hi Lisa,

Thank you for your comments and letting us know about your concerns.

I am planning to set up a first discussion session for today or tomorrow for those of us attending the Deep Dive next week. This meeting (rather than email exchanges) will be an opportunity to discuss your concerns and those aired by others.

I hope that you will be available.

Best,
Andreas

-----Original Message-----

From: Burns, Lisa (O&A, Hobart)
Sent: Tuesday, 24 November 2015 7:01 AM
To: Schiller, Andreas (O&A, Hobart)
Cc: Lee, Ken (O&A, Kensington); Ormandy, Phillipa (C&G, Hobart); Underwood, Mark (O&A, Hobart); Smith, David (O&A, Hobart); Steven, Andy (O&A, Dutton Park); Cai, Wenju (O&A, Aspendale); Oke, Peter (O&A, Hobart); Whittle, Michael (HR, Hobart); Wong, Tim (Finance, Kensington); Lau, Bonnie (Finance, Kensington); Nguyen, Tracee (O&A, Kensington)
Subject: Re: IMPORTANT: UPDATE ON DEEP DIVE

Hi Andreas

Thanks for the update. I have concerns about the proposed Program structure. Although I appreciate we don't have time to discuss this in detail prior to the deep dive we are expected to all be "on board". I understand the potential lack of alignment with some KPIs across RP5, but for 2 years now it has exceeded external revenue targets, it converts a significant amount of salary into operating each year (via the internal facilities) and it contributes to a significant pan-flagship deployment credit for the BU each year. Most importantly from my perspective, RP5 manages a significant number of high risk operational areas, which I fear will fall over if not managed through the current program structure.

Is there opportunity to discuss this so we all understand the business case for this proposal?

Kind regards,
Lisa

Sent from my iPad

Anevski, Pam (C&G, Parkville)

From: Schiller, Andreas (O&A, Hobart)
Sent: Tuesday, 24 November 2015 8:38 AM
To: Cai, Wenju (O&A, Aspendale); Lee, Ken (O&A, Kensington); Ormandy, Phillipa (C&G, Hobart); Underwood, Mark (O&A, Hobart); Smith, David (O&A, Hobart); Steven, Andy (O&A, Dutton Park); Oke, Peter (O&A, Hobart); Burns, Lisa (O&A, Hobart); Wong, Tim (Finance, Kensington); Lau, Bonnie (Finance, Kensington); Whittle, Michael (HR, Hobart); Nguyen, Tracee (O&A, Kensington)
Subject: RE: Growth areas: EAS

Follow Up Flag: Follow up
Flag Status: Completed

Hi Cai,

Thank you and your team for this detailed account of current and future prospect earnings in ESA. I am sure this information will be useful input to your discussions with the BD team in the lead-up to the Deep Dive.

Best,
Andreas

From: Cai, Wenju (O&A, Aspendale)
Sent: Monday, 23 November 2015 10:42 PM
To: Schiller, Andreas (O&A, Hobart); Lee, Ken (O&A, Kensington); Ormandy, Phillipa (C&G, Hobart); Underwood, Mark (O&A, Hobart); Smith, David (O&A, Hobart); Steven, Andy (O&A, Dutton Park); Oke, Peter (O&A, Hobart); Burns, Lisa (O&A, Hobart); Wong, Tim (Finance, Kensington); Lau, Bonnie (Finance, Kensington); Whittle, Michael (HR, Hobart); Nguyen, Tracee (O&A, Kensington)
Subject: Growth areas: EAS

Dear Andreas and all,

Here are some of the prospects that our scientists are telling us in ESA.

I provide here so as to update our overall figures.

Cai

Duplicate email chain - removed



From: Schiller, Andreas (O&A, Hobart)
Sent: Tuesday, 24 November 2015 1:16 PM
To: Oke, Peter (O&A, Hobart); Cai, Wenju (O&A, Aspendale); Steven, Andy (O&A, Dutton Park); Smith, David (O&A, Hobart); Underwood, Mark (O&A, Hobart); Burns, Lisa (O&A, Hobart); Whittle, Michael (HR, Hobart)
Cc: Wong, Tim (Finance, Kensington); Lee, Ken (O&A, Kensington); Ormandy, Phillipa (C&G, Hobart); Lau, Bonnie (Finance, Kensington)
Subject: FW: Deep Dive - Finance Role

Dear All,

Additional background material for our Deep Dive discussions. Not for circulation outside this team.

Thanks to Bonnie for compiling this information.

Best,
Andreas

From: Lau, Bonnie (Finance, Kensington)
Sent: Monday, 23 November 2015 7:03 PM
To: Wong, Tim (Finance, Kensington); Lee, Ken (O&A, Kensington); Schiller, Andreas (O&A, Hobart); Ormandy, Phillipa (C&G, Hobart)
Subject: RE: Deep Dive - Finance Role
Importance: High

Hi Andreas,

Attached is the FY15/16 targets for the MYBR and Deep dive review.

External Revenue Forecast:

Calculations are based on YTD Oct-15 forecasts and the discussions that were held at the Nov-15 BUET in Hobart. Main adjustments is an increase of \$1.5m from RP4 based on the additional collaborator payments carry forward from FY14/15. Our Finance team are currently looking into what the total \$ impact on operating budget will be.
TOTAL FLAGSHIP MYBR : \$42,500,000 (SURPLUS \$231,000)

Salary Forecast:

This should agree to the annual budget for all programs except for a forecast savings of ~\$400k from RP5.
TOTAL FLAGSHIP FORECAST: \$47,423,000 (SAVINGS = \$400,000)

Operating Cost Forecast:

Savings based on the following 3 areas:

- 1) Strategic projects (\$500K)
 - 2) OCE/FCF projects costs carry forward from prior years (\$400,000)- Our Finance team are looking into whether these can be actual savings
 - 3) CDF (\$300K) - From Programs only
- Total potential savings: \$1,200,000**

We have already overplanned opex by \$1,193,000 so this results in a **NET SAVINGS = \$80k**
TOTAL FLAGSHIP FORECAST: \$20,181,390 (DEFICIT = \$1,113,390)

MYBR FORECAST NET RESULT: DEFICIT -\$482,390

We need to show a balance budget for the MYBR so we need to either increase externals or cut more operating.
Bear in mind the MYBR forecast is based on the annual budget. You will see in ROW176:177 I have also provided the forecast result (SICOM \$1.6M adjustment - DEFICIT RESULT ~\$2.1M)

I have also added a review of Staff deployment stats below the MYBR data which may be of assistance in the deep dive and flagship review.

In the 'FLAGSHIP INVESTMENT' tab you can also see a breakdown of FTE planned across the different investment

domains (by program)

From: Wong, Tim (Finance, Kensington)

Sent: Sunday, 15 November 2015 2:11 AM

To: Lee, Ken (O&A, Kensington); Schiller, Andreas (O&A, Hobart); Ormandy, Phillipa (C&G, Hobart)

Cc: Lau, Bonnie (Finance, Kensington)

Subject: RE: Deep Dive - Finance Role

Dear Ken, Andreas and Phillipa

Just to clarify Finance's role in the Deep Dive following our discussion on 12/11, may I take the opportunity to summarise the roles Finance will play in facilitating the delivery of appropriate figures required in the Deep Dive templates to be submitted on 27/11/15.(with guidance from Andreas)

As I see it, Andreas will be the conduit for the RPDs who will reconstitute the Programs' submissions and assimilate the data to Alex W's requirements.

Objective

- This email seeks to identify Finance's role and how Finance coordinates with Andreas & Phillipa in Tim's absence
- That Finance will continue to provide best support to meet the appointed deadlines set by Andreas

Process

1. Andreas – Coordinate with Bonnie on info required following review of info collated from RPDs and Phillipa. Note deadline of 27/11 submission date :-
 - a. Setting up a template (with appropriate formats) for info to be collated in a uniform way
 - b. Review submissions from respective RPDs – Growth areas and Identified "obsolete" research areas
 - c. RPDs present to Andreas **level external revenue, appropriation, labour and opex projection by year by Programs with respect to (b) ... (Is this accurate Andreas?)**
 - d. Tabulate the figures and submit to Finance (refers to FY16/17 – 18/19) – net outcomes or pass the info to Bonnie to generate tabulate.
 - e. For additional info on budget parameters if required by the RPDs to please liaise with Bonnie
2. Bonnie – for Finance will do the following
 - a. For 15/16 – to provide RPDs key targets for External Revenue, Salary and OPEX (General, OCE+FCF,CDF)
 - b. For 16/17 – 18/19 – to incorporate results from 1(d) to verify changes to the figures in the table below
 - c. Liaise and provide additional info where applicable
3. Reminder : This is important and I stress again. From the table below, the figures can be deciphered as follow:-
 - a. For 16/17 as an example you will notice,
 - i. direct appropriation to be cut by \$2.1m (16/17)
 - ii. labour budget marginally unchanged
 - iii. opex – increase by \$1.145m
 - iv. BU NEEDS to increase externals by \$4.12m and after meeting increases in OPEX and reduction in appropriation, the balance of \$854k is to retained as surplus to the BU
 - b. Similarly this can be read for 17/18 and 18/19.

- c. In short, O&A (at program level) in future CANNOT allocate or commit OPEX unless they are backed by secured external revenue (dollar to dollar). In other words, all OPEX spending should relate to an external revenue outcome as opposed to its destined strategic uses.
- d. Also not forgetting, we will need to have decisions whether CDF in the future years be retained at \$1m. Bonnie has the respective program budget parameters.

SICOM PAPER BASED ON OLD STRATEGY (\$m)	2014/15	2015/16	2016/17	2017/18	2018/19
Direct Appropriation	27.66	29.99	28.85	28.66	28.81
Ext Revenue	41.96	42.27	43.04	43.75	44.87
Labour		51.22	50.88	50.84	51.86
OPEX		21.04	21.01	21.56	22.00
Net Operating position		0.00	0.00	0.00	-0.18
Indicative Indirect Appropriation	34.56	37.42	38.18	37.84	38.89
Coinvestment ratio	40.3%	38.5%	39.1%	39.7%	39.9%

REVISED BUDGET STRATEGY (\$m)	2014/15	2015/16	2016/17	2017/18	2018/19
Direct Appropriation	27.66	28.40	26.72	26.73	27.42
Ext Revenue	41.96	43.25	47.17	49.40	51.36
Labour		51.22	50.88	50.84	51.86
OPEX		20.43	22.16	24.34	26.07
Net Operating position		0.00	0.85	0.95	0.85
Indicative Indirect Appropriation	34.56	37.42	38.18	37.84	38.89
Coinvestment ratio	40.3%	39.7%	42.1%	43.3%	43.6%

DELTAS	2014/15	2015/16	2016/17	2017/18	2018/19
Direct Appropriation	0.0	-1.594	-2.125	-1.925	-1.394
Ext Revenue	0.0	0.985	4.124	5.649	6.492
Labour	0.0	0.0	0.0	0.0	0.0
OPEX	0.0	-0.608	1.145	2.776	4.070
Net Operating position (Deltas)	0.00	0.000	0.854	0.948	1.028
Indicative Indirect Appropriation (Deltas)	0.00	0.00	0.00	0.00	0.00
Coinvestment ratio (Deltas)	0.0%	1.1%	3.0%	3.7%	3.8%

Apologies for the long email but I felt I needed to clarify Finance's input for the Deep Dive before I took off. Bonnie will work closely with Andreas (as key contact for Deep Dive). If there are anything I missed or have not clarified properly, please let Bonnie know.

As I bid you farewell and head on to my much needed rest, all I can wish you is good luck in the template preparation and submission by 27/11.

Kind regards
Tim

From: Lee, Ken (O&A, Kensington)
Sent: Friday, 13 November 2015 8:23 AM
To: Schiller, Andreas (O&A, Hobart) <Andreas.Schiller@csiro.au>; Archer, Annie (HR, Hobart) <Annie.Archer@csiro.au>; Burns, Lisa (O&A, Hobart) <Lisa.Burns@csiro.au>; Cai, Wenju (O&A, Aspendale)

<Wenju.Cai@csiro.au>; Harper, Rod (HSE, Aspendale) <Rod.Harper@csiro.au>; MacMillan, Sandra (O&A, Hobart) <Sandra.Macmillan@csiro.au>; Nguyen, Tracee (O&A, Kensington) <Tracee.Nguyen@csiro.au>; Ormandy, Phillipa (C&G, Hobart) <Phillipa.Ormandy@csiro.au>; Smith, David (O&A, Hobart) <David.C.Smith@csiro.au>; Steven, Andy (O&A, Dutton Park) <Andy.Steven@csiro.au>; Trend, Alice (O&A, Kensington) <Alice.Trend@csiro.au>; Underwood, Mark (O&A, Hobart) <Mark.Underwood@csiro.au>; Whittle, Michael (HR, Hobart) <Michael.Whittle@csiro.au>; Wong, Tim (Finance, Kensington) <Timothy.Wong@csiro.au>; Oke, Peter (O&A, Hobart) <Peter.Oke@csiro.au>

Subject: RE: Deep Dive

As discussed yesterday. As there is no new \$ within the organization – only a redistribution, our new opportunities are linked to the dropping of existing areas of research or re-allocations currently under other BUs.

We will need to consolidate our thoughts into 3 programs with supporting budgets.

Ken

Duplicate email - deleted



Anevski, Pam (C&G, Parkville)

From: Schiller, Andreas (O&A, Hobart)
Sent: Wednesday, 25 November 2015 2:27 PM
To: Ormandy, Phillipa (C&G, Hobart); Steven, Andy (O&A, Dutton Park); Smith, David (O&A, Hobart); Underwood, Mark (O&A, Hobart); Cai, Wenju (O&A, Aspendale); Burns, Lisa (O&A, Hobart); Whittle, Michael (HR, Hobart); Oke, Peter (O&A, Hobart)
Cc: Nguyen, Tracee (O&A, Kensington); Wong, Tim (Finance, Kensington); Lee, Ken (O&A, Kensington)
Subject: RE: Deep Dive Discussion

Follow Up Flag: Follow up
Flag Status: Completed

Incomplete action items (written while I am on another telecon...).

- (1) **Mark, Phillipa, David, Andreas:** Re RP1 Peter needs assistance with a narrative about underachieving external revenue in FY15/16 when ~12 FTE of RP1 are allocated to IMOS in RP5.
- (2) **All:** Options to be communicated at Deep Dive about potential program reshapes:
 - a. RP1 vs RP2:
 - i. keep as is
 - ii. reshape, e.g. RP1 climate services, RP2 obs focus/ China-focus
 - iii. merge RP1 and RP2
 - b. RP5:
 - i. keep as is
 - ii. dissolve and allocate staff to MNF and other O&A Programs
(NOT to be mentioned at DD: allocate Program to CSIRO Services)
- (3) **Peter and Cai** to draft talking points re revenue growth, reducing costs etc. for RP1 and RP2, once done circulate to all.
Mark to do the same for RP5, assisted by **Andreas**
- (4) Completing the template:
 - a. Business unit pipeline health: **Phillipa** to circulate first draft by COB Tuesday, 26/11;
 - b. Big growth opportunities: **David, Peter and Cai** to "merge" David's narrative with Climate innovation initiative, air quality etc. Ensure RP5 is included (**Mark**)
 - c. Portfolio investment shifts: **all** to provide dot points for further discussion on Friday night or Saturday morning.

Andreas

-----Original Appointment-----

From: Wyld, Leonie (O&A, Hobart) **On Behalf Of** Schiller, Andreas (O&A, Hobart)
Sent: Tuesday, 24 November 2015 9:46 AM
To: Ormandy, Phillipa (C&G, Hobart); Steven, Andy (O&A, Dutton Park); Smith, David (O&A, Hobart); Underwood, Mark (O&A, Hobart); Cai, Wenju (O&A, Aspendale); Burns, Lisa (O&A, Hobart); Whittle, Michael (HR, Hobart); Oke, Peter (O&A, Hobart)
Cc: Nguyen, Tracee (O&A, Kensington); Wong, Tim (Finance, Kensington); Lee, Ken (O&A, Kensington)
Subject: Deep Dive Discussion

When: Wednesday, 25 November 2015 11:00 AM-12:30 PM (UTC+10:00) Hobart.

Where: TAS-Hobart-Room-Shearwater via video/audio 02 6276 2621

Dear All,

Andreas needs to catch up with you tomorrow morning regarding the upcoming Deep Dive Meeting.

Apologies for the short notice, I hope this time is convenient for the majority.

Regards,

Leonie

+61262762621@csiro.au

Anevski, Pam (C&G, Parkville)

From: Smith, David (O&A, Hobart)
Sent: Wednesday, 25 November 2015 4:05 PM
To: Lee, Ken (O&A, Kensington); Schiller, Andreas (O&A, Hobart); Ormandy, Phillipa (C&G, Hobart); Burns, Lisa (O&A, Hobart); Steven, Andy (O&A, Dutton Park); Cai, Wenju (O&A, Aspendale); Oke, Peter (O&A, Hobart); Whittle, Michael (HR, Hobart)
Cc: Wong, Tim (Finance, Kensington)
Subject: Deep Dive in Confidence

Follow Up Flag: Follow up
Flag Status: Completed

Template with completed growth areas plus some words around capability shifts etc (OK'd by Cai and Peter).



Business Unit
deep dive discus...

In terms of implications of reductions in approp for MRI:

Continue to reduce observational ecology/field researchers and replace some (but not all – still need scientists-in-charge) with contractors as we have been doing over the last few years

Reduce imports, particularly from Energy but not Data61 or L&W. Currently external earnings for the former are low now BP components completed.

Any other changes would require a similar cut in the external target

David C Smith PhD
Research Director | Marine Resources & Industries
CSIRO Oceans and Atmosphere
Hobart

E david.c.smith@csiro.au T +61 3 6232 5491 M **s47F**
Castray Esplanade (GPO Box 1538), Hobart, Tasmania 7000
<http://www.csiro.au> |

Brief for Deep Dive Discussions

<insert name> Business Unit

Instructions: The purpose of this document is to capture short responses from Business Units on the below topics as a brief for the deep dives. Completed documents should be submitted to the Planning Office (planningoffice@csiro.au) one week prior to the deep dives. Submissions should be a maximum of 3 pages.

1. Business Unit Pipeline Health

Please provide a brief overview of your pipeline health for ...

- a. Performance for FY2015/16, including target, good revenue, pipeline to date and likely outcome for the FY.
- b. Overview of outer year performance to FY 2019/20

2. Big growth opportunities

Oceans and Atmosphere have developed a strategy for sustained growth in external earnings that will enable us to reach the \$50 million target set for 2019/20. This will see incremental increases in our external revenue over the next 4 years. This will be achieved through:

- Application of current methods and tools in new markets
- Development of new methods and tools in existing and new markets.

Three growth areas to bring in **additional** external revenue have been identified:

Integrated assessments for the blue economy – this approach explicitly couples socio-economic and biophysical considerations. It is an area of enormous international focus. Specifically it includes dealing with the “wicked” problem of managing multiple uses, spatial planning, cumulative impacts and Social License to Operate. Target markets are Australia, Asia/Pacific, the EU and Chile. It is anticipated to deliver additional revenue of up to \$15 million over the next 5 years.

Coastal and Atmospheric Intelligence - this area will deliver services related to water and air quality, seasonal and multi-year forecasting. There will be a clear focus on hazard and emergency response, and disaster risk management. It will build on the game changing Bluelink and eReefs approaches and a significant output in Australia will be a coastal “ribbon” model. Target markets include Australia, Chile, Oil and Gas and other industry sectors, and the Finance and Insurance Industry. It is anticipated to deliver additional revenue of \$10 million over the next 5 years.

International Fisheries – this area will apply methods developed in Australia to fisheries in Chile, and the Asia-Pacific. It will also see the roll out of new genomic and remote sensing methods in international fisheries. The latter will focus on biomass estimation, chain of custody and provenance, and mitigating IUU fishing activities. Target markets are Chile, the Asia Pacific, Indian Ocean Rim and philanthropic foundations. Anticipated additional revenue is \$15 million over the next 3-5 years.

In addition we note that:

China is a strategic focus for the business unit. However, additional revenue will be modest in the short term

Offshore oil and gas – given the downturn in the industry, external earnings are anticipated to be flat over the 4 year period. Our focus will be on continuing building relationships with industry and

regulators to set the BU up for increased revenue in the medium term. Opportunities in Metocean and decommissioning are also being explored.

Several capability and structural issues are currently being considered.

A focus on **Climate Services** will see a shift in capability in Programs 1 and 2 from climate change research. To deliver multi-year prediction for farmers, resource managers, and industries, leading to more efficient primary sectors. Target markets are industries, governments, and EPAs. It is anticipated to deliver of over \$20 million over the next 5 years, partially offsetting declines in government funding for climate change research. To realize this it may be necessary to re-shape these programs and this is being actively considered. A reduction in FTEs that are not aligned to these directions is being considered

RP5 (Technology and Engineering) has strong external earnings but is more service focused with only two major clients (MNF and IMOS). Consequently the costs and benefits of maintaining this program is being evaluated.

3. Portfolio investments shifts

How Business Units would respond to any **significant portfolio investments shifts**, for example, in the following two scenarios*:

- a. 20% increase in appropriation funding over four years
- b. 20% decrease in appropriation funding over four years

Business Units should be clear where and how they would respond to these scenarios including specific changes in their business model, capability or external engagements, and associated risks.

4. Other issues

Any **other key issues** the Business Unit wishes to raise.

*These points should be discussed in the broader context of industry roadmaps and cover any key barriers to achieving these shifts, and where executive support or enterprise initiative is required to support delivering the shift. We encourage Business Units to be bold, specific and open as part of these responses.

Anevski, Pam (C&G, Parkville)

[REDACTED]

[REDACTED]

[REDACTED]

From: Cai, Wenju (O&A, Aspendale)
Sent: Monday, 30 November 2015 12:34 PM
To: Schiller, Andreas (O&A, Hobart); Ormandy, Phillipa (C&G, Hobart); Steven, Andy (O&A, Dutton Park); Oke, Peter (O&A, Hobart); Underwood, Mark (O&A, Hobart); Smith, David (O&A, Hobart)
Cc: Lee, Ken (O&A, Kensington)
Subject: RE: Deep Dive Document

Dear Andreas,

At our Saturday meeting, we agree to have a PMSO update our external earning numbers for 2015/16 and 2016/17.

Dharma has just provided the number.

For 2015/2016 we weighted secured number is \$5.7m (including Cape Grim). There is a potential that we will lose this ~\$0.5m unless we sign it quickly.

For 2016/17, it is \$4.6m.

Let me know if you need further information.

Cheers,

Cai

From: Schiller, Andreas (O&A, Hobart)
Sent: Monday, 30 November 2015 11:23 AM
To: Ormandy, Phillipa (C&G, Hobart) <Phillipa.Ormandy@csiro.au>; Steven, Andy (O&A, Dutton Park) <Andy.Steven@csiro.au>; Cai, Wenju (O&A, Aspendale) <Wenju.Cai@csiro.au>; Oke, Peter (O&A, Hobart) <Peter.Oke@csiro.au>; Underwood, Mark (O&A, Hobart) <Mark.Underwood@csiro.au>; Smith, David (O&A, Hobart) <David.C.Smith@csiro.au>
Cc: Lee, Ken (O&A, Kensington) <Ken.Lee@csiro.au>
Subject: FW: Deep Dive Document
Importance: High

All,

Please see Ken's email below. Some example of new major projects in the pipeline. Please add/amend as you see fit.

Thank you.

Andreas

Integrated assessments for the blue economy:

- **s7** - Integrated Assessments
- Spatial planning and livelihoods in Pacific Island Nations
- Cross BU initiative on SLO
- Ecosystem based management in the EU

Oceans and Atmospheric Intelligence

- Continuous Water Quality Monitoring, scenarios for Great Barrier Reef, QLD middling Centre - Coastal Intelligence
- Green Climate Fund and RDCs: information and services supporting sustainable resilient development in Pacific SIDS

International Fisheries

- Towards rebuilding Chile's fisheries
- IOTC/EU/FAO stock structure tunas and sharks
- Allen foundation – use of satellite tracking to monitor illegal fishing
- Application of Close Kin mark recapture to global tuna fisheries
- Application of gene SNPs technologies to chain of custody and provenance.

From: Lee, Ken (O&A, Kensington)

Sent: Sunday, 29 November 2015 9:26 PM

To: Schiller, Andreas (O&A, Hobart)

Subject: RE: Deep Dive Document

While we mention the 3 growth areas.....if asked to identify a specific major project in each, what's my best answer. Can we come up with a few specific examples...of new projects in the pipeline.

Thanks,

Ken

Anevski, Pam (C&G, Parkville)

From: Lee, Ken (O&A, Kensington)
Sent: Tuesday, 1 December 2015 11:01 PM
To: Underwood, Mark (O&A, Hobart)
Cc: Schiller, Andreas (O&A, Hobart)
Subject: RE: RP5 Merger information paper

Mark Thanks....will discuss further.

Ken

From: Underwood, Mark (O&A, Hobart)
Sent: Tuesday, 1 December 2015 4:47 PM
To: Lee, Ken (O&A, Kensington) <Ken.Lee@csiro.au>
Cc: Underwood, Mark (O&A, Hobart) <Mark.Underwood@csiro.au>; Schiller, Andreas (O&A, Hobart) <Andreas.Schiller@csiro.au>
Subject: FW: RP5 Merger information paper
)

Hi Ken,
As discussed, a copy of the paper outlining some of the issues (and benefits) of breaking up RP5.
Also including a copy of the email about deep dive discussion notes for same topic.

Cheers,
Mark

<< Message: Talking points around RP5 potential restructure for preparation for the Deep Dive. >>

Mark Underwood

Research Program Director, Engineering and Technology
CSIRO Oceans and Atmosphere
Phone: +61 3 6232 5402 | Mobile: **s47F**
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From: Underwood, Mark (O&A, Hobart)
Sent: Tuesday, 24 November 2015 4:42 PM
To: Lee, Ken (O&A, Kensington) <Ken.Lee@csiro.au>
Cc: Schiller, Andreas (O&A, Hobart) <Andreas.Schiller@csiro.au>; Ormandy, Phillipa (C&G, Hobart) <Phillipa.Ormandy@csiro.au>; Smith, David (O&A, Hobart) <David.C.Smith@csiro.au>; Steven, Andy (O&A, Dutton Park) <Andy.Steven@csiro.au>; Cai, Wenju (O&A, Aspendale) <Wenju.Cai@csiro.au>; Oke, Peter (O&A, Hobart) <Peter.Oke@csiro.au>; Whittle, Michael (HR, Hobart) <Michael.Whittle@csiro.au>; Burns, Lisa (O&A, Hobart) <Lisa.Burns@csiro.au>; Wong, Tim (Finance, Kensington) <Timothy.Wong@csiro.au>; Underwood, Mark (O&A,

Hobart) <Mark.Underwood@csiro.au>
Subject: RP5 Merger information paper

Hello Team,

Ken, as you requested, I am sending a document that lays out how the capability within RP5 might be distributed across other O&A programs in the event that we decide to disband RP5. I have aimed to be professional and dispassionate in this assessment and hope that the information is useful for our strategic discussion.

If I put my Program Director's hat on now, I feel compelled to say that do I have a number of strong concerns about the initiative. The first is around the driver for this change. It is not clear to me the magnitude of the KPI problem, as I have not seen any reliable recent KPI figures. I suspect that the RP5 will actually perform very well against the majority of KPI's, and be below average on only a few. It would be worthwhile understanding this imperative better, as there are some negative impacts for O&A if the proposal proceeds as planned. These impacts and additional risks are outlined in the attached document.

Changing tack somewhat, if the KPI scores for RP5 are going to be a problem, I would suggest that we could potentially turn this from a negative to a positive. We could use them to start a discussion at the Deep Dive on the differentiating value that RP5 delivers to O&A and to CSIRO. This could be a strong narrative, in particular because the areas where we are perhaps underdone in KPI (largely citation index rankings) are (for better or worse) now being deprecated by Larry Marshall, Alex Wonhas and other ET members. We could highlight RP5 areas of strength such as potential for innovation, technology development, cross program and cross BU collaboration, and international connections as being some of the key features of RP5, and that this Program's valued difference contributes to a stronger and more diverse O&A.

I realise that this RP5 issue is only one of a number of issues that we might discuss at the Deep Dive.

Happy to discuss options or answer questions.

Regards,
Mark

<< File: RP5 merger v2.docx >>

Mark Underwood
Research Program Director, Engineering and Technology
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Anevski, Pam (C&G, Parkville)

From: Lee, Ken (O&A, Kensington)
Sent: Wednesday, 2 December 2015 9:57 AM
To: Underwood, Mark (O&A, Hobart)
Subject: RE: Talking points around RP5 potential restructure for preparation for the Deep Dive.

Mark:

Thanks for the reminder...I did read it previously.

What would be the implications of moving the 40 staff tied to the MNF to the MNF? In case they ask?

Ken

From: Underwood, Mark (O&A, Hobart)
Sent: Thursday, 26 November 2015 2:28 PM
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Cc: Underwood, Mark (O&A, Hobart) <Mark.Underwood@csiro.au>
Subject: Talking points around RP5 potential restructure for preparation for the Deep Dive.

Hello all,

Following from our recent deep dive prep meeting, I am providing some notes on the restructure proposal for RP5. Ideally we will be able to have a consistent narrative around possibilities for business unit restructuring (in this case concerning RP5). I have discussed these with Andreas today.

These are obviously draft, and I welcome comment, correction or input.

Restructuring involving the Engineering and Technology Program ("E&T" or "RP5")

1. **Rationale.** As framed, the KPI's for the Impact line of business create **pressure points in a number of areas, and in particular for the E&T program.** The first two points below are somewhat related, and are also linked to the RP1/RP5 IMOS conversation too.
 - One issue is **the level of External Earnings.**
In detail: Headline earnings are lower in RP5 than other programs for two reasons. RP5 is not usually the lead program in an external engagement – instead it usually works with teams in other programs to deliver a result, and the earnings are attributed in the other programs. Additionally, 40% of staff in the program are deployed to the MNF. PFDA funds for this activity are not reflected at program level, but at the BU level. This major deployment results in reduced number of staff available to earn external income.
 - Second issue is **perceived narrow portfolio of external clients.**
In detail: The way the business unit is currently structured, RP5 appears to have just one major client (IMOS). This is not an accurate reflection of the program's engagement and delivery with external clients (see point above). For example, in 2014/15, one of the RP5 teams engaged with nearly 100 projects, spread across all five O&A programs. (And going back to the first point, did not recognise any external revenue from these)

- Another less pronounced issue is potentially around **publications**.
In detail: RP5 focus is on delivery of instrumentation and expertise, and our publications are more built around communications in technical journals and conferences rather than publications in high impact science journals. RP5 citation and pub impact metrics are not expected to be high.

2. Options

Given these issues with KPI's, the business unit is looking at a range of options and thereby ensure ongoing access to this capability.

- i. The first is to **maintain the status quo**, but perhaps carefully articulate the value of the program on occasions such as this Deep Dive, and the June 2016 Impact and Science Review.
- ii. Disband the program and **distribute the capability** across the remaining four programs.
- iii. Consider options to develop a **better arrangement of KPI** that meet the business unit's expectations around the program.

3. Issues

- There are a range of pros and cons for each option.
- We have not yet discussed and canvassed widely about the options available, nor evaluated the pros and cons of each option.

The discussion is driven by concerns with how to ensure long term access to this capability for the business unit. The primary objective is not to shrink the capability or significantly refocus delivery at this point in time.

Cheers,
Mark

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Growth Areas

RP1													RP4						
Ocean Intelligence (Short term time scales: days > multi year)																			
Customers	Defence																		
	AMSA - (MPP)																		
	GRDC									TARGET									
	Oil & Gas																		
RP2																			
Air Quality																			
Customer	EPA																		
	Gas Industry																		
Fugitive Gas																			
	Energy																		
RP3																			
Coastal Intelligence - Development																			
Govts (all levels)																			
Shipping/Ports																			
Tourism																			
Chile/EV																			
China																			
Carbon sequestration (Blue Economy)																			
MRE																			

Identify
Growth Areas
Areas to Reduce Effort

Phillipa, Andy & David

From those of us in Chile.....here are our ideas for the 'growth areas' we believe will provide the best chance of increased revenue to O&A over the next four years and have national and international significance.

Please note Andy may have further comments to add, we have added some of his comments in, but we may not have captured them all. But as he is travelling we wanted to get these to you ahead of our meeting.

Importantly, these are not meant to capture everything we do, nor be a wish list, rather these are the areas we believe stand the best chance of returning the revenue we require, but we will need to reduce effort in other areas to achieve this.

We need specific input re Point 2 in relation to China, for we have not captured the potential dollars that Ken believes are possible to return to Australia in the next 18 months. Ken and Cai – can you please provide your best estimate of what you think is achievable, and we will add that figure to what we have below.

1. Integrated assessments for the blue economy (increase of \$3-5M by 2019)

Activities: Multiple use, socio-ecology, coupled socio-economic and biophysical modeling frameworks

Cumulative impacts, SLO, EBM, spatial management, national outlook and accounts, vulnerability assessments, decommissioning, air quality.

Beneficiaries/Funders: Australia, Chile, EU, Pacific, World Bank IMF, Philanthropic foundations, Oil and Gas sector.

Involvement of Programs 1-4

2. Coastal and oceans intelligence (increase of \$2-3M by 2019)

Activities: Sensors, models, services- hydrodynamic models, BGC, air quality, sensorisation, seasonal to multi-year forecasting. Ribbon model, eReef-type applications, hazard and emergency response, blue carbon, water quality, algal blooms, ocean and coastal obs.

Beneficiaries/Funders: Australia, Chile, China, Oil and gas (and other industry sectors such as aquaculture), Indian Ocean Rim

Involvement of Programs 1-3, 5 (in current structure)

3. New technologies for resource management and conservation (increase of \$2-5M by 2019)

Activities: Genomics (close kin, SNPs), acoustic optical systems, remote sensing

Stock structure, chain of custody/provenance, IUU, Precision fishing, threatened species, marine debris

Beneficiaries/Funders: Australia, International fisheries and Aquaculture (industry, government, international instruments), Philanthropic foundations, eco-labelling, Asia Pacific countries.

Involvement of Programs 3-5 (under current structure)

Peter Oke

After a series of discussions with science leaders in RP1 - and at risk of sounding naïve - a few new opportunities (not represented by Phillipa's areas) have been identified around risk management. This is little more than an idea at this stage – but it's guided by advice/discussions/requests from industry partners at the recent Greenhouse2015 meeting. Perhaps this is worth some more consideration.

Managing risk in a changing environment (increase of \$3-4M by 2019)

Activities: Regional assessment of environmental risk to industry. Assessing increased risk to the insurance industry and financial lenders due to coastal inundation, extreme weather etc). Involves analysis and understanding of regional atmospheric downscaling, and regional sea-level projections and storm surge.

Beneficiaries: Financial sector **s47C** Insurance sector — not limited to Australia

Rationale:

Insurance — Climate variability and change, changes the level risks that insurance companies estimate.

Finance — big financial lenders are increasingly looking to assess lending risks when writing significant loans and have recognised climate variability as an important factor.

Involvement of Programs 1-3

Also – as a side note, it's become clear that several science leaders in RP1 have good contacts in Brazil – both at a Government funding level **s47C** Previous discussions have been encouraging, but have so far only resulted in an increase in the number of Brazilian PhD students coming to us. This has helped us build relationships. I wonder this might be another frontier that we might consider exploring.

Growth areas relevant to RP1

Area of contraction: **Climate change research**

Rationale: The Australian Climate Change Science Program (ACCSP), a 25-year government-funded program, was rolled into the National Environmental Science Program (NESP) – which included a reduction in funding directed to climate change research.

Specific areas impacted:

- Climate change research
- Global sea-level rise

Area of growth: **Ocean/Environmental Intelligence**

Rationale: O&A has significant capability in environmental prediction, on timescales from days to years (including seasonal & ENSO), and analysis of variability (including observations & modelling). To achieve impact, we need to interpret our results in a way that is meaningful to our customers. For example:

- navy don't want a forecast of temperature – they want a forecast of the ocean's acoustic properties, of submarine range detection, etc;
- primary producers don't want to understand the variability of precipitation – they want to understand the variability of crop-yield, of growing days, etc;
- emergency response coordinators don't want predictions of ocean currents – they want predictions of search areas;
- oil and gas operators don't want forecasts of ocean currents – they want to know the likelihood of currents exceeding a critical threshold.

- etc

For all of our customers, we need to better understand how to translate our predictions and our understanding, to deliver products and services that are relevant and readily interpreted by non-scientists.

Customers:

- Defence:
 - The Defence white paper will soon be released and is rumoured to offer new opportunities for R&D funding;
- Australian Maritime Safety Authority (AMSA):
 - AMSA has no serious funds for R&D or support that CSIRO could bid for. However, a **New Policy Proposal (NPP)** could change that – and recent high-profile incidents (e.g., MH370, Montara oil spill, Deep water horizon), could make a NPP appealing to government;
- Australian Government funded Research Development Corporations (RDCs; a summary of Australia's biggest 15 RDCs follows);
 - Primary producers are key beneficiaries of forecasts on time-scales of months to years;
 - The largest RDC is the Grains RDC (GRDC), funding R&D to support the agricultural industry, has a total income in 2015–16 is forecast to be \$196.6 million, consisting of:
 - Australian Government contributions of \$69.1 million;
 - levy contributions from grain growers of \$113.4 million;
 - other income, including interest and royalties, of \$13.7 million;
 - For 2015–16, the GRDC Board has approved an annual operating expenditure of \$219.7 million (which is an increase of approximately 3.1 percent compared to the 2014–15 expenditure budget).
 - FRDC – cross-Program (RP4).
- Oil and Gas:
 - Funding is difficult to secure;
 - But O&G are primary beneficiaries of forecasts on timescales of days to years.
 - Funding mechanisms could include:
 - Agreements with individual O&G companies;
 - Not limited to those operating in Australia's EEZ;
 - Could include [S47C] – with which we have good contacts.
 - A consortium of companies;
 - International Technology Facilitator (ITF).
- International:
 - China?
 - Chile?
 - United States?
- Tourism:
 - State authorities (e.g., GBRMPA);
 - Kingborough Local Council ☺