14 November 2014

Mr David Miles AM
CRC Programme Review
Department of Industry
GPO Box 9839
Canberra ACT 2601

Dear Mr Miles

Thank you for the opportunity to make a submission to the Cooperative Research Centres (CRC) Programme Review. The Vice-Chancellor has asked me to respond on behalf of the University of Sydney.

I will start by noting that the University of Sydney contributed to the development of the Group of Eight’s (Go8) submission to this review. We support the broad thrust of that submission and recommend it to the Review.

In the University’s view the CRC programme plays a unique and important role in driving industry/research collaboration for the Australian innovation system and there are very strong reasons that it should continue and be revitalized. However, for the CRC programme to achieve its full potential, the barriers to participation by industry and university researchers need to be removed and incentives enhanced.

Here, I will briefly focus on the unique role and benefits of the CRC programme that warrant continuation of the scheme; make some observations about barriers to participation in CRCs; and suggest some options to optimise processes and outcomes to establish medium to long-term industry-led research partnerships that both address major challenges facing industry and translate research in ways that benefit end-users and the economy.

The CRC programme plays a unique and important role in the Australian industry/research collaboration system. Schemes such as the ARC’s Linkage projects, complement, but cannot replace, the CRC programme.

CRCs, with funding for 7 years and up to 15 if renewed, enable structured programmes of strategic, mid- and long-term collaboration between big industries and industry-wide consortia and university researchers. As such, they are unique vehicles with the potential to drive genuine step-change for the industries and universities involved. They can support programmes of industry-engaged PhD research which are one of the key avenues for increasing Australian capacity in industry-led innovation and research. CRCs are also able to undertake “high-risk” research that would otherwise be unattractive to industry.

The ARC Linkage projects, and the newly announced Industry Growth Centres (IGCs), by contrast, are funded for periods of around 3-4 years. These are important and valuable for tactical responses that drive incremental change in research and training. They are also more accessible to SMEs and a better vehicle to deliver outcomes in the timeframe dictated by the business needs and lifespans of SMEs and start-ups. These schemes, and others in this space, support low-risk research which drives incremental change.

In our view, a healthy research and innovation system needs both the long term approach of the CRC programme and the short term, tactical approach of the Linkage projects and IGCs.
The CRC programme is overly complex and demands substantial amounts of time, effort and money to mount a successful bid, and to then establish and run the CRCs. In our experience complexity and the cost of participation are the strongest disincentives preventing more, broader and genuine industry and university engagement in the scheme.

To foster collaboration between industry and researchers via the CRC programme we need to revisit and rethink the processes around initiating bids and setting up and running CRCs to remove hurdles and reduce costs. Costs that need addressing include those of developing bids, negotiating contracts, Director and CEO costs, and the preparation of annual and other reporting.

To address these we suggest the following options for consideration:

- Adopt an Expression of Interest process similar to that proposed for the ARC Centres of Excellence, focusing on industry impact; following a cull of approximately 80% only the remaining bids would then go to a full application and interview.
- Setting up CRCs as independent companies is costly and time consuming. This practice intentionally distances the CRC from the initiating industry and university partners, imposes significant overheads and is challenging in terms of the staff needed to manage the CRC (e.g., Directors, CEOs and Boards). The arms-length nature of independent companies also means the CRC can drift away from the objectives of the original participants. To better serve the joint interests of the partner organisations, moving to an unincorporated joint venture model with fewer overhead costs should be considered.
- As long-term strategic vehicles it is inevitable that a CRC’s research programme will need to be reviewed and refocused during its lifespan. Flexibility in governance and research programmes are therefore essential, as partners and priorities change. This will allow CRCs to mature and adapt to the long-term strategic needs of industry, and take advantage of new knowledge.

Dr Andrew Tindell, Director, Commercial Development and Industry Partnerships, Research Portfolio (andrew.tindell@sydney.edu.au; phone +61 2 8627 8181), is leading Sydney’s engagement with the Industry Innovation and Competitiveness Agenda, and will be attending the upcoming CRC Programme Review consultation session in Sydney.

If you have any questions about this submission, the CRC programme specifically, or about university/industry engagement generally, please contact Dr Tindell in the first instance.

Yours sincerely,

Professor Jill Trewhella
Deputy Vice-Chancellor Research