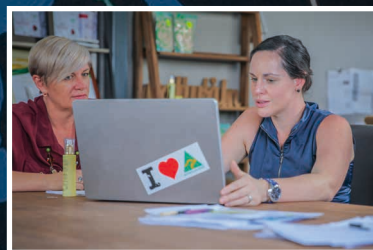
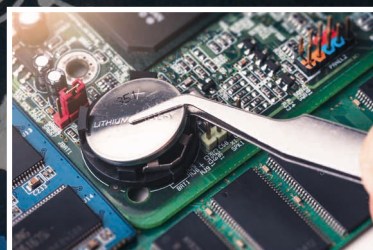




Australian Government
Department of Industry,
Innovation and Science



ANNUAL REPORT 2018-19

Department of
Industry, Innovation
and Science
ANNUAL REPORT 2018-19

Cover:

This artwork depicts the coming together of the department's Aboriginal and Torres Strait Islander employees, from many Aboriginal and Torres Strait Islander nations across the country.

The large circles are the central system of the department and the smaller circles coming off represent the footprint our policy and programs have on the broader Australian community. The handprints of our Aboriginal and Torres Strait Islander employees demonstrates the culture, history, protocols and lore and highlights the concept of walking in two worlds.

Artwork developed by the Aboriginal and Torres Strait Islander Network in 2018.

Inset images, clockwise from top left: Phil Fitzgerald, Department of Industry, Innovation Science; Phil Fitzgerald, Department of Industry, Innovation Science; TimeStopper/Getty Images; Department of Industry, Innovation Science; NASA; capturethisphotography/Getty Images

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About this report

This report provides information on the activities of the Department of Industry, Innovation and Science, Geoscience Australia and IP Australia during the 2018-19 financial year.

Reporting framework

This report addresses the annual reporting requirements of the *Public Governance, Performance and Accountability Act 2013* and the Public Governance, Performance and Accountability Rule 2014, and certain legislation administered by the department.

Contact officers

Questions or feedback on this report can be addressed to the listed contact officers.

Detail	Department of Industry, Innovation and Science	Geoscience Australia	IP Australia
Contact officer	Manager, Governance Secretariat	Director, Governance and Business Services	Director, Strategic Planning, Data and Governance
Postal address	GPO Box 2013 Canberra ACT 2601	GPO Box 378 Canberra ACT 2601	PO Box 200 Woden ACT 2606
Telephone	13 28 46	1800 800 173	1300 651 010
Email address	annualreport@industry.gov.au	clientservices@ga.gov.au	MDB-planningandreporting@ipaustalia.gov.au
Website	www.industry.gov.au	www.ga.gov.au	www.ipaustalia.gov.au

Accessing this report

This report, incorporating the reports for Geoscience Australia and IP Australia, is available for download through the Department of Industry, Innovation and Science website (www.industry.gov.au/AnnualReport).

Contents

PART A:
DEPARTMENT OF INDUSTRY, INNOVATION AND
SCIENCE

CHAPTER ONE

PORTFOLIO AND DEPARTMENTAL OVERVIEW	3
Secretary's review	3
Portfolio overview	8
Departmental overview	9

CHAPTER TWO

DEPARTMENTAL REPORT ON PERFORMANCE	13
Annual Performance Statements	13
Financial performance	53

CHAPTER THREE

DEPARTMENTAL MANAGEMENT AND ACCOUNTABILITY	55
Corporate governance	55
Fraud control	56
Compliance with finance law	56
External scrutiny	56
Information Publication Scheme	57
Management of human resources	57
Work health and safety	59
Disability reporting mechanisms	59
Workforce statistics	60
Australian Public Service (APS) Classification and Gender	62
Employment type by Full time and Part time Status	64
Employment arrangements of Senior Executive Service and non-Senior Executive Service employees	67
Salary ranges by classification level	67
Performance pay by classification level	68
Executive remuneration	68
Financial management	73
Purchasing	76
Contracts	77
Consultants	77
Grant programs	77
Advertising and market research	77

CHAPTER FOUR

DEPARTMENTAL FINANCIAL STATEMENTS	79
--	-----------

CHAPTER FIVE

DEPARTMENTAL APPENDICES	139
Appendix A1: Reports addressing special legislative requirements	139
Automotive Transformation Scheme Act	143
Offshore Petroleum and Greenhouse Gas Storage Act	145
Appendix A2: Ecologically sustainable development and environmental performance	146
Appendix A3: Corrections to the previous annual report	147

PART B: GEOSCIENCE AUSTRALIA

CHAPTER SIX

GEOSCIENCE AUSTRALIA OVERVIEW	151
Chief Executive Officer's review	151
Overview	154

CHAPTER SEVEN

GEOSCIENCE AUSTRALIA REPORT ON PERFORMANCE	157
Annual Performance Statements	157
Financial performance	184

CHAPTER EIGHT

GEOSCIENCE AUSTRALIA MANAGEMENT AND ACCOUNTABILITY	185
Corporate governance	185
Fraud control	186
Compliance with finance law	186
External scrutiny	186
Information Publication Scheme	186
Management of human resources	186
Executive Remuneration	187
Work health and safety	187
Disability reporting mechanisms	188
Procurement	188
Consultants	188
Grant programs	189
Advertising and market research	189
Ecologically sustainable development and environmental performance	189

CHAPTER NINE:

GEOSCIENCE AUSTRALIA FINANCIAL STATEMENTS	191
--	------------

CHAPTER TEN

GEOSCIENCE AUSTRALIA APPENDICES	229
Appendix B1: Financial summary	229
Appendix B2: Workforce statistics	230
Appendix B3: Executive remuneration	237

PART C: IP AUSTRALIA

CHAPTER ELEVEN

IP AUSTRALIA OVERVIEW	241
Director General's review	241
Overview	244

CHAPTER TWELVE

IP AUSTRALIA REPORT ON PERFORMANCE	247
Annual Performance Statements	247
Financial performance	264

CHAPTER THIRTEEN

IP AUSTRALIA MANAGEMENT AND ACCOUNTABILITY	265
Corporate governance	265
Fraud control	266
Compliance with finance law	266
External scrutiny	266
Information Publication Scheme	266
Management of human resources	267
Executive remuneration	267
Work health and safety	268
Disability reporting mechanisms	269
Purchasing	269
Consultants	269
Grant programs	270
Advertising and market research	270
Ecologically sustainable development and environmental performance	270

CHAPTER FOURTEEN:

IP AUSTRALIA FINANCIAL STATEMENTS	271
--	------------

CHAPTER FIFTEEN

IP AUSTRALIA APPENDICES	299
Appendix C1: Appeals of decisions	299
Appendix C2: Financial summary	300
Appendix C3: Workforce statistics	302
Appendix C4: Executive remuneration detail	309

PART D: REFERENCES

Abbreviations and acronyms	312
List of requirements	314
Index	323

PART A:
DEPARTMENT OF INDUSTRY,
INNOVATION AND
SCIENCE



Australian Government

**Department of Industry,
Innovation and Science**

OFFICE OF THE SECRETARY
DR HEATHER SMITH PSM

The Hon Karen Andrews MP
Minister for Industry, Science and
Technology
Parliament House
CANBERRA ACT 2600

Senator the Hon Matthew Canavan
Minister for Resources and
Northern Australia
Parliament House
CANBERRA ACT 2600

Dear Ministers

I present to you the Department of Industry, Innovation and Science Annual Report 2018-19, for tabling before the parliament, as required by section 46 of the *Public Governance, Performance and Accountability Act 2013*. The report includes information that meets the reporting requirements for legislation the department administers (Appendix A1).

I certify that the department has prepared divisional fraud and corruption risk assessments and a fraud and corruption control plan; has in place fraud prevention, detection, investigation and reporting mechanisms that meet its needs; and has taken all reasonable measures to appropriately deal with fraud.

Yours sincerely

A handwritten signature in black ink, reading "Heather Smith".

Dr Heather Smith PSM
18 September 2019



CHAPTER ONE

PORTFOLIO AND DEPARTMENTAL OVERVIEW

Secretary's review

Our department has a central role in enabling economic growth and job creation for all Australians. We support economic transformation and competitiveness by investing in business, science and innovation, and advance the Government's economic agenda to create meaningful jobs. We are committed to delivering trusted and efficient services that make a real difference, with a clear line of sight between our work and what matters to the Australian people.

These efforts depend on strong relationships with businesses, entrepreneurs, employees, the science community, government, regulators and international partners. Ultimately, we help citizens and businesses to navigate change and reap the benefits offered by a globally integrated, digital and technology driven economy, supporting growth and increased living standards for all Australians.

The Australian economy's 28 years of consecutive growth has created opportunities for Australians that are the envy of the world. Our economic environment is changing and our continued success depends on our resilience and ability to drive economic growth and increase productivity. This requires careful navigation to protect national and economic interests, broad adoption of new technologies and policies to build our talent pool and support workers across Australia.

This year's annual report showcases how we are capitalising on the opportunities presented by new technology and global developments. By maximising the collective impact of Australia's business environment, and technology and scientific capabilities, we are helping to drive growth and job creation across the entire economy.

We are driving economic transformation across our industries

We are reinvigorating traditional industries and fostering new ones, and guiding whole-of-Government work to ensure that the local dimensions of economic change benefit citizens throughout Australia. This includes thinking about upcoming challenges that will impact our industries, as well as new growth opportunities for the Australian economy.

We are leading the Government's commitment to grow and transform a globally respected space industry. On 1 July 2018, we established the Australian Space Agency. The Government has invested over \$479 million in the space sector since that time. This includes \$19.5 million in the 2019–20 Budget for space infrastructure projects and a further \$6 million to establish the Space Discovery Centre.

The new \$55 million SmartSat Cooperative Research Centre (CRC) will support the next wave of growth in critical space-related industries. More than 80 research, industry and government organisations have committed \$190 million in cash and in-kind contributions to the CRC. We released *Advancing Space: Australian Civil Space Strategy 2019–2028*, which outlines a 10-year plan to triple the size of Australia's space industry to \$12 billion and create another 20 000 jobs by 2030.

Along with investing in the space sector, we are driving productivity in other growing industries where Australia can become a global leader. In 2019, we established three new CRCs in the areas of future food systems, offshore food and energy production and future battery industries. These three CRCs will leverage over \$519 million in cash and in-kind contributions from research, industry and community organisations. We also established 32 CRC Projects, with a focus on advanced manufacturing and artificial intelligence. These new CRC Projects will receive \$69.7 million in funding and will leverage over \$151 million in cash and in-kind contributions from their project partners. Bringing together expertise and resources from across the community helps to create new tools and technologies.

We are delivering initiatives that focus on sectors of competitive strength and strategic importance to Australia's security and future prosperity. Our Industry Growth Centres Initiative continues to boost innovation, skills and employment in six key sectors. To date, through collaborative projects, the Industry Growth Centres have leveraged total investment of around \$135 million, with over \$78 million coming from industry. We are also continuing to grow the Australian defence industry, including through the Centre for Defence Industry Capability (CDIC) program. The CDIC is supporting Australian businesses to work with the Department of Defence and build a globally competitive and sustainable defence industry, which can meet Australia's capability needs.

A streamlined business environment contributes to Australians' ability to innovate and succeed and we continue to deliver a range of services to support this. The Research and Development Tax Incentive continues to play a key role in encouraging businesses across the economy to invest in innovative activities that offer long-term economic benefits. It is augmented by a suite of focussed programs. For example, our Entrepreneurs' Programme reaches over 3400 businesses per year, giving them tailored advice, capability development opportunities, networking services and matched grants to help them grow nationally and globally. We are working hard across the portfolio to make these services easier to access and simpler to use. For example, in late 2018, IP Australia implemented a more streamlined, efficient administration platform for trademarks, supporting business engagement with Australia's intellectual property system.

We support local businesses and regional communities to excel in response to technological and economic change. In September 2018, we launched the \$20 million SME Export Hubs Initiative, which helps Australian SMEs to form local and regional business hubs so that they can work together to access new export markets and global supply chains. In March 2019, nine export hubs were launched under the first round of the initiative. Building on this, the 2019–20 Budget includes funding to expand the Innovation Games across all states and territories. This initiative will support SMEs seeking to innovate and grow and to upskill their workforces.

We are helping to unlock Australia's potential

Another key focus for us in 2018–19 was our work on unlocking the economic potential of northern Australia and improving the livelihoods of rural and regional communities. The Office of Northern Australia has made progress implementing the northern Australia agenda in partnership with more than 20 state, territory and local government agencies, and industry and community bodies. The *Northern Australia Water Resource Assessment*, released in August 2018, delivered an unprecedented level of scientific analysis on water resources in three regions in the north. The Northern Australia Infrastructure Facility made a further six investment decisions and two conditional approvals, adding \$663.5 million to its investment portfolio. Greater collaboration through the Ministerial Forum on Northern Development, the Northern Australia Strategic Partnership and the Northern Australia Indigenous Reference Group supports this important work.

This year we continued to support Australia's globally recognised resources sector, which reached record exports of \$279 billion. Building on the Resources 2030 Taskforce Report, we released the National Resources Statement, the first long-term plan and reform agenda in over 20 years. To support this vision, we also convened the first Council of Australian Governments (COAG) Resources Roundtable, where jurisdictions agreed to a progressive work plan that will support further growth and prosperity for Australian communities.

Global energy supply continued to be an important issue in 2018–19 and Australia remained at the forefront, rivalling Qatar as the world's largest liquefied natural gas (LNG) exporter. The first shipment of LNG from the west Australian Ichthys gas field to Japan was a major milestone for the new US\$45 billion flagship project, which is the single largest Japanese investment outside of Japan. Australia also saw our first floating LNG platform project, Prelude, commence production. Both projects are expected to make a substantial contribution to Australia's long-term economic prosperity.

The resources and energy sector made an important economic contribution to the broader economy in 2018–19. The mining sector accounted for 21 per cent of Australia's GDP growth in 2018–19, and 7.9 per cent of total GDP. Around 247,000 people were employed in the mining sector in 2018–19. This included around 54 100 people in coal mining, 45 400 people in iron ore, and 25 400 people in oil and gas extraction.

In 2018–19, Australia's resources and energy exports represented almost 60 per cent of total goods and services exports, and 75 per cent of total goods exports. Australia's resources and energy exports climbed from \$228 billion in 2017–18 to \$279 billion in 2018–19, driven by LNG, iron ore and coal. Australia has experienced a surge in resources and energy export earnings over the past 15 years. The real value of its resources and energy exports increased from \$76 billion in 2003–04 to \$285 billion in 2018–19 (in 2019–20 dollar terms).

We are driving a technology-neutral approach to unlocking new resources, to keep Australia's resources sector sustainable into the future. In June 2019, Queensland's Carmichael mine received final approval to begin construction, opening the first new coal basin in over 50 years. In December 2018, the COAG Energy Council established a working group to deliver a national hydrogen strategy by December 2019. A taskforce supporting the working group, chaired by Australia's Chief Scientist and housed within the department, has made significant progress towards establishing the strategy. We also published *Australia's Critical Minerals Strategy 2019* to position Australia to benefit from opportunities in emerging markets.

We are preparing Australians for the jobs and skills of the future

We recognise that industrial changes are affecting people in different ways and we are working to empower Australian businesses and citizens to keep pace with changing technologies. In December 2018, we released Australia's Tech Future, a whole-of-Government strategy to deliver a strong, safe and inclusive digital economy that aims to ensure that all Australians can share in the opportunities on offer. We are working to ensure that communities can successfully navigate the interaction between technology, jobs and the future of work.

We have focussed on better understanding the opportunities and risks associated with the increased use of 'intelligent' technologies. In collaboration with CSIRO's Data61, the department has made good progress towards developing a national artificial intelligence ethics framework and roadmap.

Skills in science, technology, engineering and mathematics (STEM) are crucial to the jobs of the future, and we are working to increase STEM capabilities and engagement across the community. The 2019–20 Budget includes \$15.1 million to enable Questacon—The National Science and Technology Centre—to expand its world-leading education and outreach programs across the country, engaging more students in STEM. We also appointed Australia's first Astronomer-at-large, Professor Fred Watson AM, who will promote Australia's world-leading astronomy and astrophysics capabilities to audiences locally and overseas.

We are delivering on the Government's commitment to increase the participation of girls and women in STEM. In April 2019, we released the Advancing Women in STEM strategy, which sets out the Government's commitment and vision for an Australian society that provides equal opportunity for all people wanting to learn, work and engage in STEM. We also supported the development of the Women in STEM Decadal Plan, which outlines opportunities to strengthen gender equity in STEM over the next 10 years.

Actions to achieve the vision set out in these strategic framework documents are underway. In October 2018, we appointed Australia's first Women in STEM Ambassador, Professor Lisa Harvey-Smith, and in December 2018 the participants of the second round of the Superstars of STEM program were announced. This program is equipping Australia with diverse female role models in STEM, inspiring girls and women around the nation to pursue STEM studies and careers to make the best of their knowledge and skills. The 2019–20 Budget also includes \$3.4 million for Science in Australia Gender Equity (SAGE) and a national digital awareness- raising initiative led by Professor Harvey-Smith.

Our investments in STEM skills for the future complement our significant investments in Australia's current scientific capability, including in our world-leading research agencies. In March 2019, Australia signed the Square Kilometre Array (SKA) Observatory Convention, an event years in the making. Once ratified, the convention establishes the SKA Observatory, which will build the world's largest and most capable radio telescope. We also continued to support Australia's international scientific agreements and built on Australia's reputation as a key research partner. For example, under the \$15.7 million 'Supporting Australian Innovation in Asia' Budget measure, \$1.1 million from the strategic funding stream will fund CSIRO to collaborate with Singapore's Agency for Science, Technology and Research (A*STAR) on the Innovations in Food for Precision Health initiative, to help consumers in both countries make healthier diet and lifestyle choices.

We are an inclusive, high-performing organisation

The Government needs a highly adaptive and professional Australian Public Service (APS) to ensure that Australia capitalises on future opportunities. In May 2018, the Government committed to an independent review to examine the capability, culture and operating model of the APS and ensure that it remains fit for purpose in the coming decades. In March 2019, the interim findings were released for consultation. The four identified priorities for change are in close alignment with our department's work to boost capability and flexibility, strengthen our culture and build open partnerships. We look forward to seizing the opportunities provided by this important work.

We continue to enhance our capabilities and embed best practice into our everyday work, including in data use and evidence-based policy development. For example, we released our department-wide Data Strategy 2018–20, providing a pathway to making data a core element of our work. Through our involvement in the cross-agency project to continue to enhance how the APS develops and implements policy, we are helping to promote and support high performing policy capability across the APS. The project, and its recent beta launch of the Policy Hub, are sponsored by the APS Reform Committee of the Secretaries Board.

In 2018–19, we took significant positive steps towards building a safe, inclusive and diverse organisation. We are working to foster and strengthen a disability-confident culture that not only ensures all employees feel equally valued, supported and respected, but allows them to make impactful contributions to our department's work. This year, we also signed the Panel Pledge and One Government, One Approach, Zero Tolerance commitments, launched the APS-wide Mental Health Capability Review, and received gold-level recognition as a Mental Health First Aid Skilled Workplace.

During 2018–19 we developed the department's Innovate Reconciliation Action Plan 2019–2021 and established an implementation team who will work with divisions across the department to deliver the actions outlined in the plan. The plan will ensure that policy, program and corporate areas effectively recognise Aboriginal and Torres Strait Islander perspectives and incorporate them into our everyday work, to increase opportunities for Indigenous staff, communities and businesses.

This year the Shared Services Hub had a number of achievements, including progressing the whole-of-government Shared Services Program through its merger with the Treasury Shared Service hub in April 2018 and the on boarding of five new clients. This brings the total number of client agencies to 11, processing 148 000 payslips per annum in support of the Government's goal to standardise back office processes and release resources to support the Government's priorities.

As an early adopter of robotic process automation, we worked with the Department of Finance to establish their Productivity and Automation Capability Excellence (PACE) team. The Shared Services Hub and the PACE team continue to champion the use of Robotics Process Automation software to improve processing times for some of the more manual tasks required across Shared Services.

Our department has a key role in delivering on the Government's priorities for the Australian business community, particularly with regard to deregulation and reducing barriers to doing business. AusIndustry, responsible for delivering grants and services on behalf of the Government, will be front and centre to the Government's efforts to streamline service delivery and improve citizen engagement.

In the year ahead we will continue our work to deliver reliable services to business, drive productivity and improve living standards for Australians. By continuing to invest in the combined powers of industry, science, technology, skills and jobs, we promote an agile Australian economy that is equipped and ready to capitalise on new opportunities.

Portfolio overview

Ministers

At 30 June 2019, the ministers with responsibility for Industry, Innovation and Science were:

- the Hon Karen Andrews MP, Minister for Industry, Science and Technology
- Senator the Hon Matthew Canavan, Minister for Resources and Northern Australia.

Portfolio agencies

At 30 June 2019, the Industry, Innovation and Science portfolio comprised the following entities:

- Department of Industry, Innovation and Science
- Geoscience Australia
- IP Australia
- Australian Institute of Marine Science
- Australian Nuclear Science and Technology Organisation
- Commonwealth Scientific and Industrial Research Organisation (CSIRO)
- National Offshore Petroleum Safety and Environmental Management Authority
- Northern Australia Infrastructure Facility.

This annual report covers the Department of Industry, Innovation and Science, Geoscience Australia, and IP Australia. The other entities listed above report separately to parliament.

Departmental overview

Role and functions

The Department of Industry, Innovation and Science drives Australian growth and job creation. It boosts Australia's competitiveness and facilitates economic transformation by backing business, science, innovation and investment. The department's effort relies on building strong relationships between businesses, entrepreneurs, employees, the science community, government, regulators and international partners.

The department facilitates Australia's economic transformation through investment, science and innovation. It supports businesses and employees as they manage market disruptions and seek new opportunities, including those presented by digital technology. It does this by:

- enabling strong science, supporting the research, infrastructure, skills development and collaboration that underpins new discoveries, better living standards and the social wellbeing of all Australians.
- promoting the growth and transformation of internationally competitive industries by enabling business investment, collaboration and international engagement in growth sectors, as well as helping to overcome barriers to their success.
- working with state and territory government counterparts, particularly through the Council of Australian Governments (COAG) Energy Council, to promote Australia's globally competitive resources sector, and supporting best practices in the mining industry to develop Australia's mineral and energy resources.
- coordinating the Government's agenda to unlock the potential of northern Australia and build on its strong primary industries, tourism and access to Asia, including by investing in critical infrastructure, facilitating private investment and developing more opportunities for industries and communities to grow.
- partnering across government to assist employees and businesses in transitioning industries and regions.

The department works to boost business competitiveness to enable businesses to grow and create jobs and prosperity across Australia by:

- helping businesses to improve their productivity, capabilities and networks. In addition to work driving innovation and business collaboration, the department facilitates business engagement in global value chains and supports the development of critical management, entrepreneurial and digital skills.
- contributing to the Government's work providing the enabling environment for business success. The department's work includes tax and regulatory reform, investment in key infrastructure and reducing the cost of doing business, particularly by providing simple, easy to access services and information and helping business to seamlessly engage with government.

The department's purposes and outcome and program structure for 2018-19 are described in the Annual Performance Statements in Chapter 2.

Purposes

The department has three purposes:

- Purpose 1: Supporting Science and Commercialisation—facilitate the development and uptake of new ideas and technology and translate them into commercial activity.
- Purpose 2: Growing Business Investment and Improving Business Capability—build a diversified, flexible, resilient and dynamic economic base that can identify and adapt to new markets and emerging opportunities.
- Purpose 3: Simplifying Doing Business—facilitate competitiveness and innovation by making it easier for businesses to interact with government and reducing the cost of doing business in Australia.

Organisational structure

Figure 1 shows the department’s organisational structure at 30 June 2019.

The accountable authority of the department is Dr Heather Smith PSM, Secretary, who occupied that position throughout 2018-19.

Figure 1: Departmental structure

Secretary <i>Dr Heather Smith PSM</i>				
Deputy Secretary <i>Mary Ann O’Loughlin AM</i>	Deputy Secretary <i>Elizabeth Kelly PSM</i>	Deputy Secretary <i>Mike Lawson PSM</i>	Geoscience Australia Chief Executive Officer <i>Dr James Johnson</i>	IP Australia Director-General <i>Michael Schwager</i>
Corporate National Measurement Institute Questacon Science and Commercialisation Policy	AusIndustry—Support for Business AusIndustry—Industry Capability and Research Digital Strategy and Operations	Anti-Dumping Commission Economic and Analytical Services Industry Growth Northern Australia and Major Projects Resources Strategic Policy		
Other portfolio agencies				
Office of the Chief Scientist Chief Scientist Dr Alan Finkel	Office of Innovation and Science Australia Chief Executive Officer Dr Charles Day	COAG Australian Building Codes Board Chief Executive Neil Savery	Australian Space Agency Chief Executive Dr Megan Clark	

Outcome and program structure

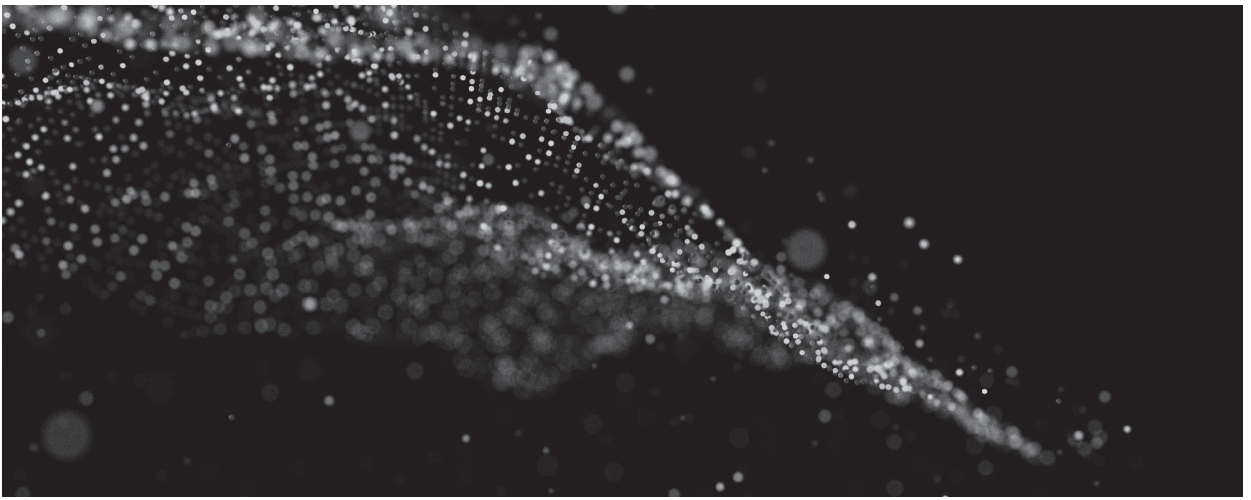
The department had one outcome for the reporting period. Figure 2 describes the outcome and its programs and sub-programs as set out in the 2018-19 Portfolio Budget Statements.

Figure 2: Department of Industry, Innovation and Science outcome and program structure, 2018-19

OUTCOME 1:

Enabling growth and productivity for globally competitive industries through supporting science and commercialisation, growing business investment and improving business capability and streamlining regulation

PROGRAM 1	PROGRAM 2	PROGRAM 3
Supporting Science and Commercialisation	Growing Business Investment and Improving Business Capability	Program Support
Sub-program 1.1: Science awareness, infrastructure and international engagement	Sub-program 2.1: Competitive marketplace	Sub-program 3.1: Simplifying doing business
Sub-program 1.2: Business research, development and commercialisation	Sub-program 2.2: Business and market development	Sub-program 3.2: Building a high performance organisation
	Sub-program 2.3: Economic transition	
	Sub-program 2.4: Resources	
	Sub-program 2.5: Northern Australia Development	



CHAPTER TWO

DEPARTMENTAL REPORT ON PERFORMANCE

Annual Performance Statements

Introductory statement

I, Heather Smith, as the accountable authority of the Department of Industry, Innovation and Science, present the 2018-19 Annual Performance Statements of the Department of Industry, Innovation and Science, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In my opinion, the Annual Performance Statements are based on properly maintained records, accurately present the department's performance in the reporting period and comply with subsection 39(2) of the PGPA Act.

Dr Heather Smith PSM
Secretary
18 September 2019

Vision and purposes

The Department of Industry, Innovation and Science drives Australian growth and job creation. We boost Australia's competitiveness and facilitate economic transformation by backing business, science, innovation and investment.

In 2018-19, the department worked towards realising its vision through three purposes:

- Purpose 1: Supporting Science and Commercialisation—Facilitating the development and uptake of new ideas and technology and translating them into commercial activity.
- Purpose 2: Growing Business Investment and Improving Business Capability—Building a diversified, flexible, resilient and dynamic economic base that can identify and adapt to new markets and emerging opportunities.
- Purpose 3: Simplifying Doing Business—Facilitating competitiveness and innovation by making it easier for businesses to interact with government and reducing the cost of doing business in Australia.

To fulfil its purposes, the department worked in partnership with a large number of stakeholders, including other Australian Government agencies, state and territory governments, local governments, regulators, businesses, industries, researchers, scientific agencies and the wider Australian community.

The department's performance in achieving its purposes was influenced by many external factors, including the contributions of others, the impact of the global economy, the progress of science and technology, and Australian economic and fiscal conditions.

Within this operating context the department sought to maximise the positive impacts it was able to deliver on behalf of Government and Australians. Through implementing initiatives to build a high performance organisation and improve strategic alignment and risk management, the department enhanced its capacity to meet its objectives.

Performance reporting structure

The department's Annual Performance Statements assess and report on the department's performance in 2018-19 against the performance criteria set out in the 2018-19 Portfolio Budget Statements and 2018-19 Corporate Plan.

Figure 3 outlines the performance reporting structures set out in the 2018-19 Portfolio Budget Statements and 2018-19 Corporate Plan, and shows how their performance criteria are addressed in the Annual Performance Statements.

Figure 3: Relationships between the department's Portfolio Budget Statements, Corporate Plan and Annual Performance Statements for 2018-19



* This activity contributes to all three purposes

Performance measurement framework

The department uses a hierarchy of criteria to measure and assess its performance in achieving its purposes. Three levels of performance criteria are applied to its ultimate outcome; intermediate outcome; and output and immediate outcome.

The department’s performance measurement framework is summarised in Table 1.

Table 1: Overview of the department’s performance measurement framework

Level of performance criteria	Results-oriented performance measurement	Performance criteria set out in the Portfolio Budget Statements	Performance criteria set out in the Corporate Plan
Level 1	Ultimate outcome	Measure and assess how Australia is performing with regard to the department’s outcome	Measure and assess how Australia is performing with regard to the department’s vision
Level 2	Intermediate outcome	Measure and assess the impacts of the department’s programs	Measure and assess the department’s performance in achieving its purposes
Level 3	Output and immediate outcome	Measure and assess the impacts, effectiveness and efficiency of the department’s sub-programs and their components	Measure and assess the impacts, effectiveness and efficiency of the department’s activities and their components

Level 1 and level 2 performance criteria are used to monitor key trends and conditions within the areas of the department’s responsibility. These levels of performance criteria will generate performance information to achieve an improved understanding of ‘where we are’ and ‘where we need to take action’ in the department’s effort to achieve its outcome, vision and purposes.

Level 3 performance criteria are used to measure the impacts, effectiveness and efficiency of the department’s activities and their components, including policy advice, initiatives, services, projects and administered programs. Through this level of performance criteria, the department can assess and report on the contributions to achieving the outcome, vision and purposes that are attributable to specific activities and components.

In addition to the three-tier approach to performance measurement, the department also uses evaluations, case studies, research studies and other methodological tools, where appropriate, to examine its performance in achieving its objectives and purposes.

Vision

Several aspects of Australia’s economy are relevant to the department’s vision—economic growth, productivity and job creation.

Table 2 assesses how these aspects of the economy are performing against the performance criteria set out in the department’s 2018–19 Corporate Plan, based on the latest available information. It provides an overview of the economic conditions in which the department operated in 2018–19.

Performance criteria and results

Table 2: Vision

Aspect of Australia's economy relevant to the department's vision	Performance criterion ¹	Trends and analysis
Economic growth	Growth in gross domestic product	Australia has experienced 28 years of economic growth to June 2019 but economic growth has declined recently. Australia's real GDP grew by 1.4% in the year to June 2019; the average annual growth rate was 2.4% over the five years to June 2019. ²
	Growth in gross value added by industry	In the year to June 2019, the fastest growing industries were health care and social assistance, and mining, with growth of 7.9% and 6.2% respectively. This compared with average annual growth of 5.7% and 4.7% respectively for the five years to June 2019. Strong growth in the health care and social assistance industry reflects a long-running trend driven by factors such as population ageing and changes in consumer preferences. ³
Productivity	Growth in labour productivity	Labour productivity rose by 0.4% in 2017–18, consistent with productivity growth over the past 15 years. Growth in labour productivity has averaged 1.5% over the five years to 2017–18. ⁴
	Growth in multifactor productivity	Multifactor productivity (MFP) rose by 0.5% in 2017–18, consistent with productivity growth over the past 15 years. Growth in MFP is volatile from year to year and should be looked at in cycles: over the five years to 2017–18, MFP averaged 0.9%. Both labour productivity and MFP have fallen in Australia and across advanced economies since around 2004. ⁴
Job creation	Growth in employment	Employment in Australia is running at high levels, with over 339 000 more people employed over the year to July 2019, or annual growth of 2.7%. This was above the average annual growth rate of 2.3% over the five years to July 2019. ⁵
	Growth in total hours worked	Total hours worked increased by 1.8% over the year to July 2019, which was above the average annual growth rate of 1.9% over the five years to July 2019. ⁶

1 Source: 2018–19 Corporate Plan.

2 Source: ABS cat. no. 5206.0, table 2, seasonally adjusted.

3 Source: ABS cat. no. 5206.0, table 6, seasonally adjusted.

4 Source: ABS cat. no. 5260.0.55.002, table 2.

5 Source: ABS cat. no. 6202.0, table 1, trend.

6 Source: ABS cat. no. 6202.0, table 19, trend.

Purpose 1: Supporting science and commercialisation

Achieving this purpose involves facilitating the development and uptake of new ideas and technology, and translating them into commercial activity. It will increase productivity, improve Australia's competitiveness and drive economic growth by delivering better scientific and economic outcomes for Australia, including by encouraging collaboration between businesses and researchers.

In 2018–19, the department worked to achieve this purpose through two activities:

- Activity 1.1: Science awareness, infrastructure and international engagement—This activity is composed of policy development initiatives, programs and projects that are intended to improve science awareness, infrastructure and international engagement to support the creation and dissemination of scientific and technical information.
- Activity 1.2: Business research, development and commercialisation—This activity comprises policy development initiatives, programs and projects that are intended to provide incentives for business research, development and commercialisation and encourage collaboration between businesses and researchers, to drive innovation and productivity.

Main achievements

The department developed the Australian Government's *Advancing Women in STEM* strategy, which sets out a strategic approach to improving gender equity in science, technology, engineering and mathematics (STEM). The department also supported the development of the *Women in STEM Decadal Plan* and appointed Australia's inaugural Women in STEM Ambassador.

The department actively managed the successful transition, under the *Australian Astronomical Observatory (Transition) Act 2018*, of the expert staff and scientific functions of the former Australian Astronomical Observatory to two new research sector consortia. Those consortia now operate the Anglo-Australian Telescope and deliver a national, industry-focused optical instrumentation capability; Australian Astronomical Optics.

The department established international science research and innovation collaborations under key bilateral and Global Innovation Strategy funding initiatives to strengthen important relationships for Australia.

Five new joint research centres were established under the Australia–China Science and Research Fund, through grants worth \$4.7 million. The new centres are addressing research priorities and challenges in advanced manufacturing, medical technologies and pharmaceuticals, and resources and energy, to increase capabilities in both Australia and China.

Promising new international innovation collaborations were established in round two of the Global Innovation Linkages program. Australian universities and businesses were awarded nine grants worth \$8 million to collaborate with project partners worldwide. The research and development (R&D) projects focus on developing high quality products, services or processes that respond to industry challenges in advanced manufacturing; mining equipment, technology and services; oil, gas and energy resources; food and agribusiness; and medical technologies and pharmaceuticals sectors.

The department finalised negotiations and domestic treaty arrangements enabling Australia to sign the Convention Establishing the Square Kilometre Array Observatory (SKA Observatory Convention) in Rome on 12 March 2019. The convention is a treaty-level agreement that will establish the Square Kilometre Array observatory. Cosignatories were South Africa, the United Kingdom, China, Italy, the Netherlands and Portugal.

Questacon—The National Science and Technology Centre experienced record-breaking visitation, welcoming its 12 millionth visitor; celebrating its busiest year on record, with 514 484 visitors to the centre; and experiencing its busiest day on record, with 8925 visitors attending the Festival of Questacon to celebrate Questacon's 30th anniversary.

Through its national programs, Questacon inspired 652 292 students during 2018–19. Questacon's national programs operated from Canberra and across Australia to inspire tomorrow's entrepreneurs, scientists and innovators in STEM. The programs included the Questacon Smart Skills Initiative, the Shell Questacon Science Circus, Inspiring Australia, Enterprising Australians, National Science Week, video-conferencing and travelling exhibitions.

International engagement with Japan was strengthened through a tour of western Japan by the Shell Questacon Science Circus as part of Questacon's 30th anniversary year. The tour acknowledged the Japanese contribution to the founding of Questacon in 1988. The tour visited four cities, engaging 4700 students from 12 schools and collaborating with science centres in each city to deliver engaging science shows to schools and communities.

On 16 November 2018, Australia voted to support a global agreement to redefine four of the seven base units that underpin the metric system of measurement. The National Measurement Institute (NMI) contributed to international research underpinning the agreement, cast Australia's vote, and helped to draft legislation to effect the new definitions in Australian law. The new system will support future trade and innovation.

NMI ran its first two major trade measurement compliance programs, which involved all inspectors focusing for a week on supermarkets (November 2018) and petrol stations (April 2019) across Australia. The concentrated audits revealed that businesses had high compliance rates overall. NMI is following up the findings, including with enforcement actions.

His Excellency Prajin Juntong, Deputy Prime Minister of Thailand, and other Thai officials visited NMI's Australian Forensic Drug Laboratory to learn about drug analysis and the Australian Illicit Drug Intelligence Program. Working closely with the Australian Federal Police, NMI has since provided training to establish a drug profiling capability in Thailand.

At 30 June 2019, more than 14 100 companies had registered for the R&D Tax Incentive program for the income period 2017–18. Those businesses conducted R&D activities worth \$11.92 billion during the same income year. More than 2500 of the companies were registering for the program for the first time. The department processed over 96 per cent of the registration applications within 20 business days.

Legislation to enable the R&D Tax Incentive reforms announced in the 2018–19 Budget was introduced into parliament on 20 September 2018. The reforms are a response to a 2016 review of the program, which found that the R&D Tax Incentive did not fully meet its stated objectives, in that it was supporting both additional R&D and R&D that would have occurred anyway.

The Government committed \$255 million for four new Cooperative Research Centres (CRCs) and 31 Cooperative Research Centres Projects (CRC Projects), with a further \$838 million in cash and in-kind contributions from partners. In 2018–19, 30 CRCs and 89 CRC Projects operated across a variety of sectors, including manufacturing, mining, health care, agriculture and the environment.

In 2018–19, investors' total commitment to supporting innovative early stage businesses under the Early Stage Venture Capital Limited Partnership program exceeded \$2 billion. Since the inception of the program in 2007, \$853 million has been invested across 763 businesses.

The Government launched its digital economy strategy, *Australia's Tech Future: Delivering a strong, safe and inclusive digital economy*, in December 2018. The strategy outlines the vision for how business, government and the community can work together to maximise the benefits afforded by digital technology.

The Government continued to deliver on its commitment to Silicon Quantum Computing Pty Ltd (SQC) as a key catalyst for developing a quantum computing ecosystem in Australia. Supported by co-founders in government, industry and academia, SQC is working towards the commercialisation of a world-first silicon quantum chip, as the first step in building a functional quantum computer, and supporting Australia's position as a leader in the development of this emerging technology.

Under the Entrepreneurs' Programme (EP), the businesses supported by the Accelerating Commercialisation element continued to gain momentum, with many of the supported firms establishing a presence in global markets. Accelerating Commercialisation provides tailored guidance combined with matched grants to help businesses bring innovative products and services to market, helping to generate new jobs and increase growth. In 2018-19, 83 grants worth a total of \$35.96 million were awarded to businesses through the Accelerating Commercialisation element of EP. Analysis indicates an almost doubling in full-time equivalent staff employed by supported firms, and follow-on new capital raising at levels comparable to or better than rates achieved from private investment.

Performance criteria and results

Table 3: Purpose 1: Supporting science and commercialisation

Intended result of Purpose 1	Performance criterion ¹	Trends and analysis
Growth in the proportions of small, medium and large firms engaging in innovative activity	Proportion of Australia's businesses that are innovation active	In 2017–18, some 49.8% of Australian businesses engaged in innovation, an increase of 1.1 percentage points compared to 2015–16. While Australia's performance has fluctuated across years, business innovation in Australia has been trending up, with the proportion of innovation-active Australian businesses increasing by 4.9 percentage points since 2007–08. The latest international comparison shows that in terms of innovation activity Australian businesses perform better than the average of the Organisation for Economic Co-operation and Development countries. ²
Increased investment by businesses in intangible assets—i.e. the knowledge assets of an organisation	Private gross fixed capital formation—intellectual property products	Investment in intangible capital by the private sector grew strongly at 7.3% in the year to June 2019. This was significantly higher than the average annual growth rate of 2.2% over the five years to June 2019. ³
	Business research and development (R&D) expenditure as a percentage of GDP	Business R&D expenditure as a percentage of GDP stood at 1.01% in 2015–16, as the result of a steady decline from the 1.29% recorded in 2009–10. ⁴ The decline has been driven by broader structural shifts in the Australian economy, including the end of the investment phase of the mining boom and the transition towards services sectors.
Growth in the value add of knowledge-intensive industries	Gross value added and employment by knowledge-intensive industries	The gross value added (GVA) of knowledge-intensive industries rose by 2.6% in the year to June 2019 while employment in knowledge-intensive industries decreased by 0.9% in the year to May 2019. These recent growth figures were below the average annual growth rates of 3.3% for GVA for the five years to June 2019 and 1.2% for employment for the five years to May 2019. The low employment growth figures were driven by a decline in manufacturing employment. ⁵ Knowledge intensity measures the value of an industry's stock of knowledge-based capital (intangible) as a proportion of its gross value added. Using this metric, the most knowledge-intensive industries in Australia are mining; professional, scientific and technical services; information, media and telecommunications; manufacturing; and financial and insurance services.
Improved returns from the commercialisation of research	Number and value of research contracts, consultancies and collaborations entered into by research institutions	Through the National Survey of Research Commercialisation, Australian publicly funded research organisations reported entering into 18 279 research contracts, consultancies and collaborations in 2016 (the latest data available), representing an increase of 64% since 2012. Over the same period, the total value of the research contracts, consultancies and collaborations reported rose from \$1.39 billion to \$1.91 billion, showing an increase of 37.4%. ⁶
Improvement in Australia's performance in scientific research	Share of world's top 1% of highly cited publications	Australia's share of the world's top 1% of highly cited publications in natural science and engineering increased steadily, from 6.9% in 2013 to 8.5% in 2017. ⁷

1 Source: 2018–19 Portfolio Budget Statements and 2018–19 Corporate Plan.

2 Source: ABS cat. no. 8167.0.

3 Source: ABS cat. no. 5206.0, table 2.

4 Source: ABS cat. no. 8104.

5 Source: ABS cat. no. 5206.0, table 6 and ABS cat. no 6291.0.55.003 table 4.

6 Source: Department of Industry, Innovation and Science (2016), *National Survey of Research Commercialisation*, 2016. www.industry.gov.au/data-and-publications/national-survey-of-research-commercialisation-nsrc

7 Source: InCitesTM (2019), Clarivate Analytics subscription database.

Table 4: Activity 1.1: Science awareness, infrastructure and international engagement

Intended results of Activity 1.1 <ul style="list-style-type: none"> Increased science awareness Improved research infrastructure Enhanced international engagement 			
Contributing component	Performance criterion	2018–19 target	2018–19 result
Australia–China Science and Research Fund; Australia–India Strategic Research Fund	Number of collaborative research projects completed that reported strengthened international relationships ¹	13	9 Three Indian projects were granted extensions to 2019–20; one project is overdue.
Global Innovation Strategy	Number of activities completed that reported strengthened international relationships ¹	64	66
Antarctic Science Collaborative Initiative (Australian Antarctic Science)	To be developed following finalisation of program design and consultation with stakeholders ¹		A performance criterion for this initiative was developed and published in the Portfolio Budget Statements 2019–20, and will be reported against in the Annual Performance Statements 2019–20.
Inspiring all Australians in STEM (including encouraging more women to pursue science, technology, engineering and mathematics education and careers)	Number of direct engagements supported by Inspiring Australia activities ¹	3200	2937 Some state data are unavailable at time of reporting. Decreases in Inspiring Australia program funding have reduced activity levels in some states.
	Number of institutions participating in the Science in Australia Gender Equity process ¹	44	44
	Effective delivery of initiatives to encourage more women and girls to pursue science education and careers ¹		Significant achievements in 2018–19 included: <ul style="list-style-type: none"> awarding a grant to Education Services Australia to develop and deliver the Girls in STEM Toolkit in September 2018 appointing the Women in STEM Ambassador in October 2018 launching the <i>Women in STEM Decadal Plan</i> and the Australian Government's <i>Advancing Women in STEM</i> strategy in April 2019.

Intended results of Activity 1.1

- Increased science awareness
- Improved research infrastructure
- Enhanced international engagement

Contributing component	Performance criterion	2018–19 target	2018–19 result
Access to world-leading Astronomy Infrastructure	Proportion of proposals for competitively allocated observing time on European Southern Observatory (ESO) telescopes at La Silla–Paranal Observatory, Chile, led by Principal Investigators from Australia (%) ¹	7.5	4.8 The target is for Australia's nominal share. Australian astronomers may be opting to collaborate in proposing fewer, longer observing programs than their overseas counterparts are proposing.
	Proportion of total competitively allocated observing hours on the ESO 8.2-metre Very Large Telescope (VLT) allocated to proposals led by Principal Investigators from Australia (%) ¹	7.5	5.2 The target is for the long-term average set as Australia's nominal share. Annual VLT allocations tend to fluctuate considerably for small and medium ESO members, including Australia.
	Number of unique Australian institutions involved at the Principal Investigator or Co-Investigator level, allocated competitive observing time on ESO telescopes at La Silla–Paranal Observatory, Chile ¹	6	12 Smaller Australian astronomy groups were well-represented in diverse and successful collaborations.
Square Kilometre Array Radio Telescope Project	Number of Australian companies/research institutions participating in the Square Kilometre Array Pre-Construction Work Program ¹	7	7
Questacon	Number of admissions to Questacon Centre ²	505 000	514 484 Total visitation increased by 3.6% to achieve Questacon's highest visitor numbers. This is attributed to record levels of visitation by school groups and paying children, increased visitation in school holidays, and attendance at the Festival of Questacon.
	Number of participants in national programs ²	571 500	652 292 The high number of participants is attributed to an increase in the number of visitors who attended travelling exhibitions during their appearances at festivals, universities and schools in regional centres over the year.

Intended results of Activity 1.1 <ul style="list-style-type: none"> • Increased science awareness • Improved research infrastructure • Enhanced international engagement 			
Contributing component	Performance criterion	2018–19 target	2018–19 result
National Measurement Institute	Australia's national system of measurement is trusted nationally and internationally ²		<p>National Measurement Institute (NMI) maintained recognition of Australian measurement capabilities, including through key comparisons under the international Metre Convention and accreditation of NMI capabilities both within Australia and internationally.</p> <p>In 2018–19, NMI delivered:</p> <ul style="list-style-type: none"> • more than 81 100 chemical and biological analysis reports to industry and government clients • over 1000 instrument test and calibration reports, promoting accuracy in Australian industrial measurement settings • trade measurement compliance activities to ensure fairness for consumers and businesses when they buy or sell goods by measurement, including visiting over 7800 businesses, testing nearly 15 000 measuring instruments, and inspecting over 63 000 lines of packaged goods.
	Percentage of reports, certificates and services delivered on time (%) ²	85	74 High demand caused delays in some areas.
	Percentage of (trade measurement) trader audit targets met (%) ²	90	116 The number of inspections of businesses, trade measurement instruments and pre-packaged goods significantly exceeded targets.
Science Commercialisation Policy	Supporting the building of a strong scientific capability, business innovation and the commercialisation of new ideas as critical requirements for productivity and economic growth ²		<p>Significant achievements in 2018–19 included:</p> <ul style="list-style-type: none"> • hosting the inaugural Challenge-based Innovation Forum to support international collaboration on leveraging procurement to stimulate business innovation • progressing towards new capability for radio-astronomy through preparation for, and signature of, the SKA Observatory Convention and delivery of support to associated technical design activities • supporting the development of the <i>Women in STEM Decadal Plan</i> and delivery of the Government's <i>Women in STEM</i> strategy • completing the transition of optical astronomy functions to the research sector • refreshing the Government's principal science advisory body, the National Science and Technology Council • delivering the Antarctic Science Collaboration Initiative • delivering the 'Supporting Australian Innovation in Asia' Budget measure.

1 Source: 2018–19 Portfolio Budget Statements and 2018–19 Corporate Plan.

2 Source: 2018–19 Corporate Plan.

Table 5: Activity 1.2: Business research, development and commercialisation

Intended results of Activity 1.2 <ul style="list-style-type: none"> • Increased research and development in business • Increased commercialisation • Increased collaboration between businesses and researchers • Enhanced digital skills and capabilities 			
Contributing component	Performance criterion	2018–19 target	2018–19 result
Business Research and Innovation Initiative	Proportion of feasibility studies completed (per round) (%) ¹	Nil ³	Nil The initiative has a two-year grant cycle. No feasibility study grants were issued in 2018–19.
	Proportion of proof-of-concept projects completed (per round) (%) ¹	90 (round 1)	100 All nine proof-of-concept projects were successfully completed.
	Proportion of participating agencies procuring a solution developed under the program (per round) (%) ¹	50 (round 1)	20 Of the five participating agencies, only one agency has procured the final product. Two agencies decided not to purchase the solutions created and the remaining two agencies committed to further development work and/or a procurement decision in 2019–20.
Cooperative Research Centres Program	Number of Cooperative Research Centres (CRCs) and CRC Projects supported ¹	130	123 The reason for the actual value being 5% less than targeted is the number of CRC Projects supported in rounds 5 and 6 was slightly fewer than originally forecast. This resulted in less new CRC Projects in 2018–19 than originally expected. The number of CRCs and CRC Projects supported in any particular round depends on the quality of applications, the available funding and grant amounts requested.
	Number of commercialisation agreements reported by CRCs and CRC Projects ¹	306	– Data will not be available until after 31 October 2019 when final CRC and CRC Projects reports are received.
	Number of applications for patents filed by CRCs and CRC Projects ¹	46	– Data will not be available until after 31 October 2019 when final CRC and CRC Projects reports are received.
Quantum Computing	The established company, Silicon Quantum Computing, is undertaking strategic activities to commercialise Australia's world-leading research in quantum computing. It aims to develop a 10-qubit quantum integrated circuit prototype by 2022. ²		The company is in its second year of operation and has appropriate governance structures in place. Its activities are on track.

Intended results of Activity 1.2

- Increased research and development in business
- Increased commercialisation
- Increased collaboration between businesses and researchers
- Enhanced digital skills and capabilities

Contributing component	Performance criterion	2018–19 target	2018–19 result
Research and Development (R&D) Tax Incentive	R&D expenditure registered with AusIndustry in order to claim the tax incentive through their annual tax returns (\$'000) ¹	13 900 000 ⁴	11 917 369 This result includes R&D expenditure that was registered for the income period 2017–18 (as at 30 June 2019). Registrations for the income period 2017–18 will continue until 30 September 2019.
	Number of entities registering R&D expenditure with AusIndustry in order to claim the tax incentive through their annual tax returns ¹	15 250 ⁵	14 109 This result includes R&D-performing entities that registered for the income period 2017–18 (as at 30 June 2019). Registrations for the income period 2017–18 will continue until 30 September 2019.
Digital Productivity (Digital Careers)	Number of students participating in computational thinking and digital technology activities ¹	80 000	127 481
	Number of new student registrations on the Ribit Platform ¹	21 000	10 621 The Ribit Platform continued to expand although the rate of growth was lower than forecast.

¹ Source: 2018–19 Portfolio Budget Statements and 2018–19 Corporate Plan.

² Source: 2018–19 Corporate Plan.

³ The target was initially published as '100' in the 2018–19 Portfolio Budget Statements, and was subsequently revised as 'Nil' in the 2018–19 Corporate Plan.

⁴ The 2018–19 target for this criterion was published in the 2019–20 Portfolio Budget Statements because it was not available at the time of the 2018–19 Portfolio Budget Statements.

⁵ The 2018–19 target has not been published previously.

Evaluations

Global Innovation Strategy

The Global Innovation Strategy was announced in 2015, as a key international initiative of the National Innovation and Science Agenda, with initial funding of \$36 million over four years to 2019–20. The department completed a post-commencement evaluation of the Global Innovation Strategy in November 2018. The evaluation assessed program design, implementation, early indicators, outcomes and readiness for evaluation.

The evaluation found that the need for the Global Innovation Strategy was well understood; the strategy had been implemented well; and early performance metrics indicated positive outcomes for the component programs. It also found that demand for the component programs was strong and there had been positive early-stage collaboration and commercialisation outcomes from the Global Connections Fund component of the strategy.

The evaluation also noted that:

- there was a potential disconnect between the level of allocated administered funding and the expected impact of the Global Innovation Strategy
- the delivery arrangements presented some internal challenges for the policy and program teams
- due to the nature of the multi-year projects involved, some outcomes would take several years to be realised.

The evaluation recommended that the department review the internal delivery arrangements and timing of the scheduled impact evaluation.

Business Research and Innovation Initiative

The Business Research and Innovation Initiative pilot was announced in 2015, as part of the National Innovation and Science Agenda, with \$12 million in dedicated grant funding to support small and medium enterprises (SMEs) to find innovative solutions to public policy and service delivery challenges.

The pilot provided grants and support to 20 SMEs working with Government to find solutions to five challenges. The challenges were: digitally enabled community engagement in policy and program design; improved transparency and reliability of water market information; on-the-spot technology for measuring pyrethroid surface residue; sharing information nationally to ensure child safety; and tracking the effect and value of information products.

While not all agencies procured the final product, an evaluation in 2018 found that the pilot was well-designed and long-term program outcomes were being realised. The program supported a wide diversity of SMEs, across multiple industries. In some instances, SMEs were also securing, or getting close to securing, commercial applications for their new products and intellectual property both nationally and overseas.

Questacon

In 2018–19, Questacon collected and analysed information from program participants to evaluate and improve its performance in providing professional development in science, technology, engineering and mathematics (STEM) for teachers and promoting careers in STEM among students.

Questacon's teacher professional learning workshops equip teachers with greater confidence and skills to deliver engaging, hands-on and innovative STEM education in the classroom. In 2018, participant surveys demonstrated that the workshops have significant impacts on teachers.

For example, of those surveyed after participating in Questacon Smart Skills Teacher Workshops, 88 per cent (210 teachers) felt more confident to teach STEM and most were inspired to take what they had learned into their classrooms. Fifty-five of the 210 teachers were surveyed six to nine months later, and it was found that 82 per cent had discussed the lesson ideas with peers, and 67 per cent had applied new STEM ideas in their classrooms. Nearly one-third had replicated the tools and activities used in the workshops.

To help young people to build enterprise and innovation skills and increase their STEM confidence and capability, Questacon delivers the Questacon Invention Convention, an intensive, multi-day experience for delegates aged 14 to 18 years. In the past, delegates surveyed immediately after taking part had reported that the program opened up their interests in STEM career pathways. To more fully investigate whether such interests were stimulated by the program and sustained over time, in 2018 the evaluation methodology was adjusted to ask delegates the same question at three different points: before participating in the convention, immediately after participating, and 12 months after participating.

The new data showed that self-reported career interests in science, technology, engineering, mathematics and computer studies all increased by 10 percentage points immediately after the convention. After 12 months, delegates' interest in science increased by an additional 10 percentage points, while their levels of interest in mathematics and technology were not sustained, declining by 14 percentage points and 9 percentage points respectively. These findings are being used to inform the design of future programs.

National Youth Science Forum

The National Youth Science Forum (NYSF) is a not-for-profit organisation that runs a number of residential programs to encourage young people in their passion for learning in STEM and other subjects.

Through the National Innovation and Science Agenda, the department is supporting the NYSF with \$150 000 per year from 2016–17 to 2019–20 to:

- establish a third session of the Year 12 Program in a new location
- support the National Science Teachers Summer School
- establish an equity fund to assist students from low socio-economic and disadvantaged backgrounds to attend the Year 12 Program.

In 2018, the NYSF established a third annual NYSF Year 12 Program session at the University of Queensland. The inclusion of this session resulted in an extra 200 students being able to attend the Year 12 Program, increasing annual attendance from 400 to 600 across the three sessions.

Also in 2018, 40 students were awarded \$1000 individual equity scholarships to attend the program in 2019, its 36th year. More than 12 000 students have attended since the program was first delivered, as the National Science Summer School, in 1984.

Future Oysters Cooperative Research Centre Project

The Future Oysters Cooperative Research Centre Project has supported the Australian oyster industry to recover from disease outbreaks, expand production, and evolve to supply domestic and global markets that are increasingly consumer driven.

With \$3 million in Cooperative Research Centres Program funding and \$8 million in partner contributions, the project is focused on increasing disease resistance in Australia's oyster stock. Diseases, such as Pacific Oyster Mortality Syndrome, can cause rapid, high mortality of oysters and spread quickly if introduced under certain environmental conditions. The project's research has accelerated the breeding of disease-resistant oysters, improved disease management, and increased productivity and profitability.

A rapid diagnostic tool for Pacific Oyster Mortality Syndrome and advanced genetic selection and progeny testing have helped to identify disease-resistant oysters. A model has been created that uses spatial and environmental data to predict the time of occurrence of oyster diseases, and better farm management strategies and new technologies are under development to increase production and profitability.

Essential calibration service for the aviation industry

Fuel is the main cost for airlines operating in Australia, which annually consume about 7 billion litres costing \$10.5 billion. Airlines purchase and load only the fuel required to safely complete a flight, so correct metering is critical.

Fuel is pumped onto aircraft from tankers or refuelling carts equipped with portable refuelling flow meters. Over 100 aircraft refuelling flow meters are used at airports around Australia.

The refuelling flow meters are regularly calibrated at one of Australia's largest airports, using a 6000-litre precision volume prover. The prover must also be calibrated, to an accuracy of 0.010 per cent, every two years.

With little market need for calibrating large volumes at such high accuracy, commercial laboratories find it uneconomical to provide the service. National Measurement Institute (NMI) harnesses its unique technical capabilities in mass, density and volume measurement to deliver this rarely accessed but essential service.

In June 2019, the large prover vessel was transported to NMI's laboratory in Lindfield, New South Wales, and NMI staff worked through the logistical and technical challenges to complete a successful calibration. The economic importance of this single calibration is evident virtually every time a plane lifts off from one of Australia's major domestic or international airports.

Summary of the department's performance against Purpose 1

Measured by the performance criteria set out against the intended results, appreciable progress has been made in recent years towards the achievement of Purpose 1, particularly in enhancing performance in scientific research; increasing the proportion of businesses that are innovation active; growing investment in intangible capital by the private sector; and increasing the number of collaborations entered into by research institutions.

In 2018–19, gross value added in knowledge-intensive industries rose while employment in knowledge-intensive industries decreased, mostly driven by a decline in manufacturing employment.

Purpose 2: Growing business investment and improving business capability

Achieving this purpose involves building a diversified, flexible, resilient and dynamic economic base that can identify and adapt to new markets and emerging opportunities. It will drive Australia's future prosperity and continued jobs growth by supporting the transformation of existing industries and the growth of new ones, enabling access to new markets and improving competition in existing markets.

In 2018–19, the department worked to achieve this purpose through five activities:

- Activity 2.1: Competitive marketplace—This activity is made up of policy development initiatives, programs and projects that are intended to create a more competitive marketplace to achieve profitable and sustainable industry futures.
- Activity 2.2: Business and market development—This activity includes policy development initiatives, programs and projects that are intended to enhance business leadership, management and entrepreneurial skills, increase innovation and investment in growth sectors, and open up international export markets to Australian businesses.
- Activity 2.3: Economic transition—This activity consists of policy development initiatives, programs and projects that are intended to encourage innovation and investment to underpin industry transformation.

- Activity 2.4: Resources—This activity is composed of policy development initiatives, programs and projects that are intended to support the competitive and sustainable development of the resources sector, attract private sector investment and encourage innovative technologies.
- Activity 2.5: Northern Australia development—This activity comprises policy development initiatives, programs and projects that are intended to drive economic growth and investment in Northern Australia.

Main achievements

The Anti-Dumping Commission expanded its regular tracking of products subject to anti-dumping duties to assist its investigations. A non-confidential version of the commission's analysis, known as the Trade Remedy Index, is now published monthly to provide better information earlier so that those interacting with the anti-dumping system can make more informed decisions.

The commission effectively managed a substantial workload in 2018-19, finalising 129 cases (an increase in the number of cases of 5 per cent compared to 2017-18 and 23 per cent compared to 2016-17). The number of complex matters completed in 2018-19 increased by 82 per cent compared to 2017-18.

The commission also completed its first anti-circumvention inquiry on 'transshipment': the export of goods via one or more third countries. The use of transshipment as a mechanism to avoid dumping/subsidy duties is a rising concern for a number of countries. The inquiry found that some aluminium extrusions that originated in China had been exported to Australia through Malaysia, Taiwan and Thailand by certain exporters to avoid anti-dumping measures. Since the inquiry, dumping duties have applied to those exports.

The Australian Building Codes Board developed and released the 2019 National Construction Code, which was adopted by all states and territories. The board also completed a detailed investigation into the fire safety of vulnerable children in high-rise buildings; released an options paper and consultation report on accessible housing; commenced work on residential energy efficiency provisions; and finalised a research report on lead in plumbing products and fixtures.

A network of six Industry 4.0 Testlabs is being established at universities around the country to assist industry to capitalise on technological opportunities presented by 'the fourth industrial revolution', Industry 4.0. Industry 4.0 promises fast, flexible, high-quality and efficient production to reduce costs and increase market value in the manufacturing sector. The new facilities will support collaboration between the research sector and SMEs in several of the Government's priority growth sectors. These pilot testlabs will focus on building the capability in SMEs to adopt the latest technologies and digital innovation.

The Entrepreneurs' Programme used its customer relationships and its own user-design advisers to develop opportunities to improve how the department helps SMEs to grow, innovate and commercialise. The department is now working to implement learnings from the programme to improve how businesses access expert advice, networks and grants.

Under the Entrepreneurs' Programme, an additional 24 projects were approved for funding through the New and Existing Incubators stream. There have been 41 incubator projects supported since 2016, a third of which are being delivered in regional Australia. Together, these projects are estimated to have supported over 1000 start-up companies. The Incubator Support Expert-in-Residence stream has facilitated the secondment into Australian incubators of 134 experts, of whom 43 have been seconded from overseas countries. The Entrepreneurs' Programme also provides Australia's Industrial Liaison Officer to the European Southern Observatory, who is working to improve the capability of Australian SMEs to supply into new and existing supply chain opportunities in global science markets.

The department worked with the industry-led Growth Centres to bring alignment, and to better target and invest Government funding across its industry programs. Growth Centres have been established in six sectors: Advanced Manufacturing; Cyber Security; Food and Agribusiness; Medical Technologies and Pharmaceuticals; Mining Equipment, Technology and Services; and Oil, Gas and Energy Resources. Each Growth Centre has identified Industry Knowledge Priorities that set out the industry needs and commercialisation opportunities in its sector for the research community.

Growth Centres have provided guidance to potential applicants to the CRC Program, including the CRC Projects stream, and the Australian Research Council Industrial Transformation Research Program, to ensure that their applications align with relevant Industry Knowledge Priorities. For example, in 2018-19, Mining Equipment and Technologies Growth centre (METS Ignited) played a key role in bringing the partners together to develop the prospectus for the successful Future Battery Industries CRC bid. The Future Food Systems CRC is closely aligned with the priorities of Growth Centre Food Innovation Australia Ltd, which is a partner in the CRC.

The department launched the SME Export Hubs Initiative to support the establishment and operation of export hubs in the Growth Centre sectors. In the first round of the initiative, the department executed funding agreements with nine export hubs across New South Wales, Victoria, Queensland, South Australia and the Australian Capital Territory.

These export hubs will support SMEs in a range of industries, including food and beverage; rail and haulage; mining equipment and technologies; mining; and oil and gas. Participating SMEs will be assisted in their export journey through workshops, seminars and other events; in-country representation; provision of market intelligence; and facilitation of commercially focused industry-researcher collaborations to address emerging market needs.

The department encouraged significant private sector investment in advanced manufacturing technology and research through the \$100 million Advanced Manufacturing Fund. The largest element of the fund, the Advanced Manufacturing Growth Fund, is helping businesses to be more competitive through innovative processes and equipment. It has provided almost \$41 million in grants to 32 businesses across South Australia and Victoria, resulting in an additional investment of \$103 million from businesses and a total investment of \$144 million.

The Australian Government's *Statement of Principles for Australian Innovation Precincts* was released in October 2018. The statement provides best practice advice on innovation precinct development to drive industry research collaboration and sustainable and inclusive economic and jobs growth. The department is working with stakeholders, including state and territory governments, to drive adoption of the principles.

The Australian Space Agency Charter was approved by the Prime Minister and released in October 2018. The Charter provides a high-level strategic overview of the agency's purpose, responsibilities and governance structure and sets the framework under which the agency will operate.

The agency has engaged and inspired the nation through the lens of space. The agency's brand, released on 12 December 2018, uses eight Indigenous constellations arranged in the shape of Australia to honour the world's oldest astronomers. The agency will reflect on this rich heritage as it looks to space to provide real improvements for life on Earth. Mentions of the agency in the media during 2018-19 reached a cumulative audience of over 100 million.

Advancing Space: Australian Civil Space Strategy 2019-2028 was launched in April 2019. The strategy outlines a 10-year plan to grow and transform Australia's space industry, setting the path to triple the size of the space sector and create another 20 000 jobs by 2030.

The agency has commenced opening doors internationally, signing memoranda of understanding with France, Canada, the United Kingdom and the United Arab Emirates. Active engagement with the United States and the European Space Agency is also underway. The agency has also signed statements of intent with several industry players to highlight investment opportunities in Australia's space industry.

The department supported the Resources 2030 Taskforce to review and report to the Minister for Resources and Northern Australia on the performance of the resources sector. The taskforce's report informed the development of the *National Resources Statement*, released in February 2019. The report and statement are major contributions to setting out a national reform agenda for the sector in the 21st century. The department also supported the establishment of the COAG Resources Roundtable and COAG strategic reform agenda to pursue key actions identified in the *National Resources Statement*.

The department worked on the continued implementation of the Australian Domestic Gas Security Mechanism and the extension of the gas industry agreement between the Australian Government and east coast liquefied natural gas exporters. The department also implemented the Gas Acceleration Program to bring new gas to the east coast market.

The National Offshore Petroleum Titles Administrator continued to engage with retention lease holders that were subject to the North West Shelf Commerciality Review. Efforts have focused on ensuring that the resources are developed at the earliest opportunity, in line with the current retention lease terms, and that the North West Shelf joint venture reaches a timely agreement on an access regime to enable third parties to process gas through the Karratha Gas Plant.

The department and Austrade released Australia's *Critical Minerals Strategy 2019* in March 2019. The strategy sets out a vision for Australia as a world leader in the exploration, extraction, production and processing of critical minerals.

Australia's first concept design for a national radioactive waste management facility was completed, representing the culmination of more than two years of intensive community consultation, heritage assessment, technical analysis and cost modelling. A \$31 million Community Development Package was announced to support the community that will host the facility when it is established.

The Australian Government approved the first mine closure plan for the Ranger mine in December 2018. The Government imposes unique environmental requirements at the Ranger mine site. The plan shows how Energy Resources of Australia will rehabilitate the site to a condition where it could be incorporated into nearby Kakadu National Park.

Implementation of the northern Australia economic development agenda made solid progress. Forty-one of the 51 measures set out in the 2015 white paper *Our North, Our Future: White Paper on Developing Northern Australia* have been delivered or finalised, and the post-commencement evaluation of the white paper has started.

The Northern Australia Infrastructure Facility made significant major project investments across the three northern jurisdictions, and the Ministerial Forum on Northern Development met in Mount Isa to progress collaborative efforts. The forum's Indigenous Reference Group developed recommendations to support sustainable Indigenous economic growth.

The minister delivered the third annual statement to parliament on developing northern Australia, providing stakeholders with insights into the positive impact the economic development agenda is having across industry and northern communities.

Performance criteria and results

Table 6: Purpose 2: Growing business investment and improving business capability

Intended result of Purpose 2	Performance criterion ¹	Trends and analysis
Growth in new private sector investment	Annual private business investment growth	Private business investment had an average annual decline of 3.7% in the five years to June 2019. After a brief rise in 2017–18, investment declined by 1.2% in the year to June 2019, a return to the fall in business investment which started with the winding back of mining investment several years ago. ²
Increased foreign direct investment in Australia	Foreign direct investment as a share of annual GDP	Foreign direct investment into Australia reached \$967.5b in 2018. Foreign direct investment rose significantly over the past five years in absolute terms and as a proportion of GDP, from 39.8% of GDP in 2013 to 52.6% of GDP in 2018. ³
Improved management and organisational capabilities in Australian businesses	Proportion of businesses with a strategic plan in place	In 2015–16 (the latest data available), the proportion of Australian businesses with a strategic plan was 40.7%. ⁴
	Proportion of businesses monitoring Key Performance Indicators	In 2015–16 (the latest data available), the proportion of Australian businesses that monitored key performance indicators was 41.9%. ⁵
	Proportion of businesses that have introduced or changed a digital business strategy	In 2015–16 (the latest data available), the proportion of Australian businesses that had introduced or changed a digital business strategy was 6.5%. ⁶
Improvement in Australia's ranking in international performance indices	Australia's ranking in World Bank Ease of Doing Business Index	The World Bank Ease Of Doing Business Index measures the regulatory environment regarding the starting and operation of a local firm. Australia's overall ranking was 18th out of 190 countries in 2018, compared with 11th out of 188 countries in 2014, which represented a gradual decline in the past five years. ⁷
	Australia's ranking in Global Innovation Index	The Global Innovation Index aims to capture the multi-dimensional facets of innovation and ranks countries based on their innovation capabilities. In 2019, Australia was ranked 22nd out of 129 countries, and was classified in the 'innovating leader' cohort (countries that have a mature innovation system and perform well on innovation relative to GDP). Australia's overall ranking in the Global Innovation Index has fluctuated in recent years. Over the last five years, Australia's overall ranking in the Global Innovation Index has ranged from 17th to 23rd. ⁸
	Australia's ranking in the Global Entrepreneurship Monitor indicator of total early-stage entrepreneurship activity (TEA)	The TEA metric provides a measure of the level of new enterprise creation in the economy by identifying the proportion of adult population (18–64 years old) who are either a nascent entrepreneur or owner-manager of a new business. With a TEA of 12.2% in 2017–18, Australia ranked 6th out of 24 'innovation-driven' economies in terms of the level of entrepreneurial activity. ⁹

1 Source: 2018–19 Portfolio Budget Statements and 2018–19 Corporate Plan.

2 Source: ABS cat. no. 5206.0, table 2.

3 Source: ABS cat. no. 5206.0, table 1 and ABS cat. no. 5352.0, table 2.

4 Source: ABS cat. no. 8172.0, Data cube 3, table 1.

5 Source: ABS cat. no. 8172.0, Data cube 1, table 1.

6 Source: ABS cat. no. 8129.0, table 18.

7 Source: World Bank Group, Doing Business indicators.

8 Source: Cornell University, INSEAD and the World Intellectual Property Organization (2018), *Global innovation index 2018: energizing the world with innovation*.

9 Source: Global Entrepreneurship Research Association (2018), *GEM global entrepreneurship monitor, global report 2017–18*.

Table 7: Activity 2.1: Competitive marketplace

Intended results of Activity 2.1 <ul style="list-style-type: none"> Improved market competitiveness 			
Contributing component	Performance criterion	2018–19 target	2018–19 result
Certain Inputs to Manufacture (CIM)	Number of new duty registrations ¹	4	3 The number of new duty registrations awarded under CIM was lower than expected.
	Total value of duty concessions to eligible firms (\$'000) ¹	4000	2962 This figure will increase to meet the target, as customers can recover eligible paid duty after the duty concession has expired. Historically, importers have continued to reconcile claims up to two years after importation.
Textile Clothing and Footwear—Register of Approved Occupational Clothing	Proportion of registrations within 30 days of complete information being provided (%) ¹	90	100 All registrations were completed within the service standard.
Tradex	Number of active Tradex Order users ¹	580	615
	Total value of duty and/or tax concessions to eligible firms (\$'000) ¹	135 000	157 213
Geocoded National Address File (G-NAF)	Updated versions of the G-NAF are published via data.gov.au on a quarterly basis to enable greater use of high-value foundational spatial data by the Australian community ¹		Updated versions of the G-NAF were published via data.gov.au on a quarterly basis in August and November 2018, and in February and May 2019.
Support for Industry Service Organisations	Australian memberships of key international standardisation and accreditation bodies maintained ¹		Standards Australia maintained membership of the International Organization for Standardization and the International Electrotechnical Commission. The National Association of Testing Authorities maintained membership of the International Laboratory Accreditation Cooperation and the Asia Pacific Accreditation Cooperation.

Intended results of Activity 2.1			
• Improved market competitiveness			
Contributing component	Performance criterion	2018–19 target	2018–19 result
Anti-Dumping Commission	Proportion of Preliminary Affirmative Determination (PAD) reports, or status reports explaining that there are insufficient grounds to issue a PAD, made on or before day 60 of an anti-dumping/ countervailing investigation (%) ²	100	100
	Proportion of anti-dumping inquiries to the business.gov.au hotline and the client support area responded to within client service standards (%) ²	95	99
Strategic Policy	Providing high quality policy advice on emerging issues with a view to enhancing the global competitiveness of Australian businesses and industries, including: trade and international policy issues (including anti-dumping), business tax and finance, innovation policy, the digital economy and business simplification ²	Significant achievements included: <ul style="list-style-type: none"> • assisting the Government to launch its digital economy strategy—Australia's Tech Future—helping to form the basis for engaging with the technology sector • obtaining authority to bring forward a package of anti-dumping reforms • assisting the Government to introduce legislation to enable reforms to the R&D Tax Incentive which were announced in the 2018–19 Budget • supporting the implementation of the pilot measure to develop a new quantum computing industry in Australia through the Commonwealth's investment in Silicon Quantum Computing • supporting portfolio ministers on five international visits—Minister Canavan visited Japan and Papua New Guinea for Asia-Pacific Economic Cooperation meetings; Minister Andrews visited Singapore twice and visited Japan for a Group of 20 meeting • contributing to international engagement in key countries through a network of overseas counsellors comprising two counsellors in Beijing and one each in Brussels, New Delhi, Tokyo and Washington • supporting trade negotiations resulting in the entry into force of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, the signing of the Indonesia–Australia Comprehensive Economic Partnership Agreement, and the signing of the Australia–Hong Kong Free Trade Agreement. 	

1 Source: 2018–19 Portfolio Budget Statements and 2018–19 Corporate Plan.

2 Source: 2018–19 Corporate Plan.

Table 8: Activity 2.2: Business and market development

Intended results of Activity 2.2			
<ul style="list-style-type: none"> • Improved business management and capability • Increased innovation and investment in growth sectors • Development of new markets • Improved export performance 			
Contributing component	Performance criterion	2018-19 target	2018-19 result
Asialink Business	Number of courses run on Asia capability development ¹	5	147 The program significantly increased the delivery of courses in order to meet strong demand.
	Number of events held promoting and building Asia capabilities ¹	50	71 Events were delivered to 6714 participants in six locations and online.
Entrepreneurs' Programme	Number of services provided to strengthen business management and networks, develop start-up capabilities, enhance research collaborations, and facilitate commercialisation of novel products, processes and services ¹	6932	8238 The Entrepreneurs' Programme operates on a demand-driven model. Demand for program services exceeded expected targets.

Intended results of Activity 2.2

- Improved business management and capability
- Increased innovation and investment in growth sectors
- Development of new markets
- Improved export performance

Contributing component	Performance criterion	2018–19 target	2018–19 result
Industry Growth Centres Initiative	Number of Growth Centre activities ¹	160	700 Growth Centres are now in their fourth year of operation, and have established a solid network of industry partners, which has increased their ability to engage effectively within their growth sectors. The actuals are significantly higher than the estimated targets as some Growth Centres are accelerating the roll out of activities due to increased industry demand and participation. For example, Medical Technologies and Pharmaceuticals Growth Centre (MTP Connect) has delivered over 400 activities and Mining Equipment and Technologies Growth centre (METS Ignited) has delivered over 115 activities including workshops, tradeshow, projects and events.
	Number of participants in Growth Centre activities ¹	2200	36 100 These numbers refer to individual participants in Growth Centre activities. The actuals are significantly higher than estimated targets as a result of the Growth Centres delivering several wide-reaching collaborative activities with a growing network of industry partners.
	Established Growth Centres are delivering against the initiative's objectives through implementation of Sector Competitiveness Plans including activities to: <ul style="list-style-type: none"> • identify and pursue opportunities for regulatory reform including improving industry standards • increase collaboration between business and researchers • increase business engagement with supply chains and international markets • identify sector skills needs and improve management and workforce skills¹ 		Since inception, collectively the Growth Centres have: <ul style="list-style-type: none"> • engaged with over 26 000 stakeholders (firms, research organisations and industry associations) • delivered over 150 collaborative projects addressing sector-wide opportunities (with \$587.9m in committed funding and \$77.7m in additional funds leveraged from industry partners) • enhanced focus and alignment across industry policy initiatives such as the Entrepreneurs' Programme, the Cooperative Research Centres Program, SME Export Hubs and the Australian Research Council Industrial Transformation Research Program • delivered over 450 skills workshops to over 10 000 participants • accompanied over 900 Australian organisations to international trade shows and outbound trade missions and assisted at least 150 firms to sign their first export contracts or expand sales.

Intended results of Activity 2.2

- Improved business management and capability
- Increased innovation and investment in growth sectors
- Development of new markets
- Improved export performance

Contributing component	Performance criterion	2018-19 target	2018-19 result
SME Export Hubs	Number of SME Export Hub Activities ¹	280	0 Nine export hubs were granted matched funding in April 2019. Following establishment of the hubs, activities will be delivered from 2019-20.
	Number of SMEs reporting increased revenue/export sales ¹	0	0 The program was announced in the 2018-19 Budget. The number of SMEs reporting increased revenue/export sales will be reported in 2019-20.
	SME Export Hubs are delivering against their objectives through networks of SMEs identifying their competitive strengths and innovation potential and developing Hub Export Plans including activities to: <ul style="list-style-type: none"> • increase business engagement with supply chains and international markets • identify SME Exports Hubs skills needs and improve management and workforce skills¹ 		Nine export hubs were granted matched funding under the initiative from April 2019, and have begun implementing their projects, including developing export plans. Outcomes will be delivered from 2019-20.
Industry Growth Policy	Providing high-quality and timely policy advice on industry growth policy, underpinned by a whole-of-Government approach and effective stakeholder consultation, which supports a business environment conducive for increased private sector investment, growth and competitiveness across industry sectors and associated services ²		Significant achievements included: <ul style="list-style-type: none"> • In December 2018, the Government extended the funding for the six Industry Growth Centres by a further two years. Enhancements included improved alignment with other initiatives such as the Cooperative Research Centres Program and the Australian Research Council's Industrial Transformation Research Program. • The SME Export Hubs Initiative began funding nine local export hubs to support SME export opportunities. • The Advanced Manufacturing Fund encouraged significant private sector investment in advanced manufacturing technology and research.

1 Source: 2018-19 Portfolio Budget Statements and 2018-19 Corporate Plan.

2 Source: 2018-19 Corporate Plan.

Table 9: Activity 2.3: Economic transition

Intended results of Activity 2.3 <ul style="list-style-type: none"> Increased capital and innovation investment Increased job opportunities 			
Contributing component	Performance criterion	2018–19 target	2018–19 result
Advanced Manufacturing Growth Fund	Induced private sector investment in new or expanded business activity (\$'000) ¹	83 100	35 578 Commercial decisions resulted in a number of projects being delayed or reduced. Some delayed investments will occur in 2019–20.
Automotive Transformation Scheme	Total value of plant and equipment and innovation investment by Australian automotive industry induced by the Automotive Transformation Scheme (\$'000) ¹	158 117	155 313 Industry investment was slightly lower than expected.
Next Generation Manufacturing Investment Programme	Induced private sector investment in new or expanded business activity (\$'000) ¹	12 601	10 371 Commercial decisions resulted in a number of projects being delayed or reduced. Some delayed investments will occur in 2019–20.
Cyber Security Small Business Program	Testing Capability (number of tests) per month conducted by the Council of Registered Ethical Security Testers (CREST) approved members ¹	200	48 The program was launched six months later than expected and demand for small business health checks did not meet expectations. The number of tests included CREST ANZ (service provider) free self-assessment tests.
	Number of small business grants inducing investment in cyber security through CREST providers ¹	1700	17 The program was launched six months later than expected and demand for small business health checks did not meet expectations.
International Space Investment	To be developed following finalisation of program design and consultation with stakeholders, noting that any investment in strategic international space projects will target a minimum of 80 per cent of the investment being made in Australia for the benefit of Australian space industry firms ¹		Consultation on the framework to deliver the International Space Investment (ISI) initiative was undertaken to inform the design of the program. The ISI is due to commence in 2019–20.

Intended results of Activity 2.3			
<ul style="list-style-type: none">• Increased capital and innovation investment• Increased job opportunities			
Contributing component	Performance criterion	2018–19 target	2018–19 result
Space Agency	Establishment of the Australian Space Agency, including recruitment of staff and securing appropriate office accommodation. Commencement of core ongoing operational elements of the agency including coordination, regulation, industry engagement, international engagement and communication functions ²		Significant achievements included: <ul style="list-style-type: none">• The Australian Space Agency's Charter was released on 24 October 2018.• The <i>Space Activities Amendment (Launches and Returns) Act 2018</i> received Royal Assent on 31 August 2018.• The identity and brand of the Australian Space Agency were launched on 12 December 2018.• <i>Advancing Space: Australian Civil Space Strategy 2019–2028</i> and the Space Infrastructure Fund were launched on 2 April 2019.• Memoranda of understanding were signed with four international space agencies (France, United Kingdom, Canada and United Arab Emirates).

1 Source: 2018–19 Portfolio Budget Statements and 2018–19 Corporate Plan.

2 Source: 2018–19 Corporate Plan.

Table 10: Activity 2.4: Resources

Intended results of Activity 2.4 <ul style="list-style-type: none"> • Sustainable development of the resources sector • Increased private investment • Uptake of innovative technologies 			
Contributing component	Performance criterion	2018-19 target	2018-19 result
Carbon Capture and Storage Flagships	Number of projects supported to accelerate the deployment of low- emission technologies ¹	8	8
Coal Mining Abatement Technology Support Package	Number of projects supported to develop technologies to safely reduce coal mining fugitive methane emissions ¹	1	1
<i>Offshore Minerals Act 1994</i>	Percentage of <i>Offshore Minerals Act 1994</i> fees received paid to states/ Northern Territory for administration (%) ¹	100	0 No applications were received and thus no payments were received or paid.
Maralinga Maintenance	Effective management of the Maralinga section 400 in line with obligations under the <i>2009 Handback Deed</i> ¹		The delivery of land maintenance obligations and building restorations in partnership with traditional owners and the regulator continued in line with the Handback Deed.
National Offshore Petroleum Titles Administrator (NOPTA)	Titles administration is effective and delivered on a full cost-recovery basis, in accordance with regulatory requirements ¹		NOPTA published its third annual self-assessment against the Government's Regulator Performance Framework. NOPTA self-assessed that it has implemented the framework and met its six key performance indicators effectively. This result was independently validated by the Growth Centres Advisory Committee.
NT Uranium Royalty (Ranger Project Area) Administration (including specific purpose payment)	Efficient and effective biannual collection, payment and reconciliation of uranium royalties ¹		Processing of uranium royalties was completed in accordance with royalty arrangements for Ranger and an assurance process agreed to by the Australian National Audit Office.
Petroleum Royalties Administration	Timely and accurate delivery of audits and monthly administration and verification of petroleum royalties ¹		The department achieved accurate and timely administrative functions for Commonwealth revenue and expenses pertaining to the North West Shelf Project royalty, the onshore coastal waters royalty, the resource rent royalty, and Australia's entitlement to petroleum extracted within the Joint Petroleum Development Area.

Intended results of Activity 2.4

- Sustainable development of the resources sector
- Increased private investment
- Uptake of innovative technologies

Contributing component	Performance criterion	2018–19 target	2018–19 result
Royalty Payments WA— <i>Offshore Petroleum and Greenhouse Gas Storage Act 2006</i> (specific purpose payment)	Timely and accurate calculation, verification and advice to the Commonwealth Treasury of the amount payable to Western Australia ¹		The department achieved accurate and timely administrative and verification functions for expenses pertaining to Western Australia's entitlement to royalties from the North West Shelf Project and compensation payable to Western Australia as a result of the removal of the condensate excise exemption in May 2008.
Radioactive Waste Management	Effective delivery of activities supporting the Government's radioactive waste management strategy ¹		<p>Technical assessments and community engagement continued in the three sites under consideration, resulting in the publication of numerous reports and factsheets, including reports on Aboriginal cultural heritage, site characterisation; and social baseline studies. The Taskforce makes public as much information as possible in order to keep the communities informed about the project.</p> <p>A concept design for a facility was published in July 2018.</p> <p>The \$31m Community Development Package was announced to support the host community, once determined.</p> <p>Grant payments continued to be made in the National Radioactive Waste Management Facility Community Benefit Programme, delivered by AusIndustry, which has supported 57 projects in the two affected communities since January 2017. All projects are complete with residual grant payments scheduled for the first quarter of 2019–20.</p>
Rum Jungle Mine Site—Environmental Rehab (specific purpose payment)	Effective delivery of scheduled activities for the Rum Jungle Mine Site Rehabilitation Project ¹		<p>The National Partnership Agreement on the Management of the Former Rum Jungle Mine Site, between the Commonwealth and the Northern Territory, was varied to improve confidence in the delivery of Rum Jungle Stage 2A.</p> <p>The Northern Territory Government was paid \$2.5m for meeting the May 2019 milestone under the agreement.</p>
Supporting the Development of New Onshore Gas Supply	Effective delivery of the projects in the Gas Acceleration Program to bring forward additional gas supply to the east coast market ¹		There were five successful applicants (grantees) under the program, which was successfully implemented by AusIndustry in 2018–19. AusIndustry continues to effectively monitor milestones, make payments against contracts and consult the department where necessary.

Intended results of Activity 2.4

- Sustainable development of the resources sector
- Increased private investment
- Uptake of innovative technologies

Contributing component	Performance criterion	2018–19 target	2018–19 result
Resource Policy	Providing timely, evidence based policy advice, analysis and development to support the growth of competitive and sustainable resources industry ²		<p>Significant achievements included:</p> <ul style="list-style-type: none"> • delivery of the <i>National Resources Statement</i> in February 2019 • release (with Austrade) of <i>Australia's Critical Minerals Strategy 2019</i> in March 2019 • development of policies and programs to ensure gas availability on the east coast • continued engagement with retention lease holders that were subject to the North West Shelf Commerciality Review, focusing on ensuring that resources are developed at the earliest opportunity.

¹ Source: 2018–19 Portfolio Budget Statements and 2018–19 Corporate Plan.

² Source: 2018–19 Corporate Plan.

Table 11: Activity 2.5: Northern Australia development

Intended results of Activity 2.5 <ul style="list-style-type: none">Increased economic growth and investment in northern Australia			
Contributing component	Performance criterion	2018–19 target	2018–19 result
Northern Australia Infrastructure Facility	The Northern Australia Infrastructure Facility (NAIF) was established as a corporate Commonwealth entity on 1 July 2016. Refer to the NAIF's Estimates Statements and Corporate Plan for information about the facility's performance criteria and targets ¹		As a corporate Commonwealth entity, the NAIF is responsible for reporting on its own performance. Refer to the annual performance statement within the NAIF 2018–19 Annual Report for information about the facility's performance.
Office of Northern Australia	Effective implementation of the white paper on developing northern Australia and other activities supporting the Government's northern development agenda, and provision of high-quality policy advice and analysis to support that agenda ²		<p>The northern economic development agenda made solid progress: 41 of the 51 white paper measures have been delivered or finalised, and the post-commencement evaluation of the white paper has started.</p> <p>Specific initiatives under the agenda included the NAIF making major project investments across the three northern jurisdictions. The Ministerial Forum on Northern Development met in Mount Isa to progress collaborative efforts, and the forum's Indigenous Reference Group developed recommendations to support sustainable Indigenous economic growth. The third annual statement to parliament on developing northern Australia was delivered, providing stakeholders with insights into the positive impact that the economic development agenda is having across industry and northern communities.</p>

1 Source: 2018–19 Portfolio Budget Statements and 2018–19 Corporate Plan.

2 Source: 2018–19 Corporate Plan.

Evaluations

Tradex

The Tradex scheme, launched in 2000, is an ongoing mechanism providing upfront concessions on customs duties and GST on goods that are imported and subsequently exported, thereby avoiding double taxation.

Between 2010–11 and 2016–17, Tradex conferred, on average, a total concession of \$188 million per year with an annual cost of delivery of less than \$2 million. This equates to approximately \$0.01 per dollar of concession, which is similar to the R&D Tax Incentive.

The department conducted a monitoring evaluation of Tradex in 2018. The evaluation found that while small firms are more likely to report Tradex as being important to their operations, most of the concessions go to large firms. The evaluation also found that although the benefits of the scheme are valued they do not directly influence firms' decisions to export.

The chief recommendations in the evaluation were that the benefits conferred to firms through Tradex should continue to be available, and that the possibility of unifying duty concession mechanisms under a single body, to improve their efficiency and increase firms' understanding of the options available to them, should be investigated.

handdii

With help from the Entrepreneurs' Programme, a Melbourne-based start-up is working to develop and commercialise handdii, a platform to streamline the process of making property insurance claims.

The co-founders of handdii, Kathryn Wood and Christie Downs, have extensive experience in property insurance claims. Their vision is to build a multinational business connecting insurers with millions of local contractors to help millions of homeowners with their property insurance claims—especially small claims. The digital technology behind handdii streamlines the claims process and connects customers, insurers and tradespeople.

handdii was awarded an Entrepreneurs' Programme Accelerating Commercialisation Grant in December 2018 to help to commercialise its platform. Kathryn and Christie have also benefited from continued support and mentoring from a commercialisation adviser through the program.

handdii was launched in March 2019—in Melbourne, where 250 tradespeople were already on the books—and has begun expanding nationally.

L3 Micreo

L3 Micreo, a world leader in the design and production of radio frequency and photonic products, has increased its share of the international defence market with the help of the Centre for Defence Industry Capability (CDIC). The company supplies products for radar and electronic warfare systems across all defence domains—land, sea and air.

Through the Global Supply Chain Program, the CDIC provided the introductions, workshops and training which were key to L3 Micreo achieving international growth.

With the help of a CDIC business adviser, L3 Micreo improved the presentation of the capabilities it has on offer to the defence industry, a valuable technique for expanding market presence domestically and internationally.

The CDIC also provided advice to L3 Micreo on its application to the Defence Innovation Hub to obtain funding for engineering R&D activities in support of its work with the Department of Defence.

Today L3 Micreo works on the F-35 program with Lockheed Martin via Northrop Grumman and with Raytheon on the ESSM Block 2 program, and supplies a number of components to the United States.

The company has experienced rapid growth since joining L3 Technologies in 2016 and is looking for new staff to expand its 90-strong workforce.

Summary of the department's performance against Purpose 2

Measured by the performance criteria set out against the intended results, mostly positive results have been recorded in recent years towards the achievement of Purpose 2. Foreign direct investment has risen significantly over the past five years, while private business investment has declined and has not returned to pre-mining boom levels. By international standards, Australia continues to perform well in early-stage entrepreneurship activity and is an 'innovative leader' (a member of the cohort of countries with mature innovation systems that perform well on innovation). While Australia is still in the top 20 countries in terms of ease of doing business, our international ranking has gradually declined over the past five years.

Purpose 3: Simplifying doing business

Achieving this purpose involves facilitating competition and innovation by making it easier for businesses to interact with Government and reducing the cost of doing business. It will boost productivity and enhance Australia's international competitiveness by reducing the burden on industry of inefficient regulation and improving the delivery of our programs and services.

In 2018–19, the department worked to achieve this purpose through two activities:

- Activity 3.1: Regulatory reform and functions—This activity consists of initiatives and projects that are intended to reduce the burden on industry of ineffective regulation by the implementation of regulatory reform across all levels of government, ensuring that the regulatory environment strikes the right balance between efficient markets and community expectations.
- Activity 3.2: Better services and information for business—This activity consists of initiatives and projects that are intended to improve the delivery of services and programs by streamlining and simplifying business services and programs, as well as providing information to assist businesses to grow and improving the ways in which it is delivered.

Main achievements

The department enhanced the Business Grants Management System, making it easier and faster for over 5700 Australian businesses to apply for and receive grants and services, through streamlined application forms, form prefilling, electronic grant agreements and online reporting via an easy-to-access and secure portal.

Taking account of the more than 200 grant program opportunities delivered since it commenced, the Business Grants Hub has been able to group the features of different programs into a series of patterns. These patterns have taken the common features of the main types of programs the Business Grants Hub delivers and grouped them into four different templates. This allows the templates and their common features to be pre-configured in the grants management system while significantly reducing the time taken to incorporate a new program into the system, allowing applicants to access grant funding more quickly. Each grant opportunity has a consistent look and feel, improving the experience for applicants, enabling streamlining and standardisation of delivery arrangements, and reducing costs for government.

The department has enhanced business.gov.au to make it easier for users to find and access Government information, grants and services. A new guided search helps businesses to find information that is more relevant to their needs, and improved website content has increased task success rate by 23 per cent. The enhanced search function has been user-tested with real businesses and feedback has been positive, with users commenting that the improvements have made it easier to search for government support on the site.

Following the launch of the enhanced Business Registration Service in June 2018, and its wider promotion by partner agencies, the service supported over 365 000 business registrations in 2018–19—an increase of 136 per cent on the number of 2017–18 registrations. The service has reduced the average time for a user to complete an application from 65 minutes to 16 minutes.

The Centre for Defence Industry Capability delivered 275 advisory and facilitation services to Australian SMEs working in the defence industry, and approved a total of \$22.9 million in grants to Australian businesses. These grants included \$15 million in Sovereign Industrial Capability Priority Grants to invest in projects that build capability aligned with the Department of Defence's Sovereign Industrial Capability Priorities; \$2.3 million in Capability Improvement Grants to assist businesses to improve their capability and capacity to work with the Department of Defence; and \$1.3 million in Defence Global Competitiveness Grants to invest in projects that overcome barriers to accessing export opportunities.

Performance criteria and results

Table 12: Purpose 3: Simplifying doing business

Intended result of Purpose 3	Performance criterion ¹	Trends and analysis
The quality of regulation (measured via domestic and international reviews)	Australia's ranking by the Organisation for Economic Co-operation and Development (OECD) product market regulation index	<p>The OECD indicators of product market regulation measure regulatory barriers to firm entry and competition across the economy. Thus, the smaller the indicator (index) is, the fewer barriers there are.</p> <p>The indicators are comprehensive and internationally comparable measures of the degree to which policies promote or inhibit competition.</p> <p>In 2018, Australia's ranking by the OECD product market regulation index was 8th (out of 34 OECD countries).²</p>
Business and government satisfaction with delivery of regulation reform	Portfolio net regulatory reduction for business	<p>Since the introduction of the Regulatory Reform Agenda in October 2013, the portfolio has achieved regulatory reform savings, enhanced the delivery of the services it provides, and reduced the time and effort required for business to access its programs.</p> <p>The portfolio delivered \$11m in net regulatory savings to Australian businesses, individuals and community organisations in 2017-18 (the latest year for which data is available).³</p>
The ease of doing business in Australia	Australia's ranking by the World Bank ease of doing business index	<p>The World Bank Ease Of Doing Business Index measures the regulatory environment regarding the starting and operation of a local firm.</p> <p>Australia's overall ranking was 18th out of 190 countries in 2018, compared with 11th out of 188 countries in 2014, which represented a gradual decline in the past five years.⁴</p>

1 Source: 2018-19 Portfolio Budget Statements and 2018-19 Corporate Plan.

2 Source: OECD, 'OECD Indicators in Excel', <http://www.oecd.org/eco/reform/OECD-PMR-Economy%20-Wide%20Indicator%20values-2018.xlsx>;

OECD statistics (2013), 'Product Market Regulation 2013', retrieved 21 June 2019, <http://stats.oecd.org/index.aspx?DataSetCode=PMR>.

Note: Series break in 2018; data in 2018 are not directly comparable to previous years.

3 Source: Department of Industry, Innovation and Science, not published.

4 Source: World Bank Group, Doing Business Indicators.

Table 13: Activity 3.1: Regulatory reform and functions

Intended results of Activity 3.1 <ul style="list-style-type: none"> • Reduced burden on industry of inefficient regulation • Regulation administered fairly, effectively and efficiently 			
Contributing component	Performance criterion	2018–19 target	2018–19 result
Regulatory policy advice	Provision of high-quality, timely and strategic industry policy advice to support the Government's Deregulation Agenda (previously known as the Regulatory Reform Agenda) ¹		<p>The department continued to collaborate on the Deregulation Agenda with the Department of Employment, Skills, Small and Family Business, and to biannually report to that department on regulation changes.</p> <p>The department also continued to support the Deregulation Agenda by encouraging reduced reliance on black-letter regulation where appropriate and improving communication with key portfolio stakeholders.</p>
Portfolio Regulatory Reform	Successful implementation of Portfolio Regulatory Reform ¹		The portfolio continued to reduce annual compliance costs to Australian businesses, individuals and community organisations in 2018–19.
Anti-Dumping Commission; Australian Industry Participation Authority; National Measurement Institute; National Offshore Petroleum Titles Administrator	Regulator Performance Framework self-assessment reports and other measures are published by each portfolio regulator ²		<p>The self-assessment reports of portfolio regulators for 2017–18 were published on the department's website in 2018–19, in line with the Regulator Performance Framework. They identified the extent to which each regulator was achieving the key performance indicators and highlighted areas for improvement.</p> <p>Reports for 2018–19 will be published in 2019–20.</p>

¹ Source: 2018–19 Portfolio Budget Statements and 2018–19 Corporate Plan.

² Source: 2018–19 Corporate Plan.

Table 14: Activity 3.2: Better services and information for business

Intended results of Activity 3.2 <ul style="list-style-type: none"> Improved access for business to Government services and information Streamlined and integrated program delivery 			
Contributing component	Performance criterion	2018–19 target	2018–19 result
National Business Simplification Initiative	Working effectively with other portfolios and with state and territory governments to help simplify the process of operating a business in Australia and improve business regulation and services ¹		The department assisted the Western Australian Government with its Horticulture 90-Day Regulatory Mapping and Reform Project. The project aimed to address the complexity of regulatory requirements imposed on horticulture businesses across the three levels of government.
Enhancing service delivery	Progress to make it easier for businesses to access Government services and improve the efficiency and business experience of program delivery ²		<p>System enhancements were made to the grants management platform to make it easier and faster for businesses to apply for and receive grants.</p> <p>Through the platform, 47% of applicants experience a digital end-to-end process, including streamlined application forms, form prefilling, electronic grant agreements and online reporting through an easy-to-access and secure online portal.</p> <p>As a result of these improvements there has been a decrease from 15% to 7% in the proportion of ineligible applications received. Automated advice to applicants has also improved their interactions with Government services.</p> <p>The Business Registration Service created efficiencies by reducing the average time for a user to complete an application from 65 minutes to 16 minutes.</p>
	Number of program opportunities on-boarded through the Business Grants Hub ²	33	<p>121</p> <p>The Business Grants Hub launched significantly more grant opportunities than expected, due to:</p> <ul style="list-style-type: none"> a matured service offering that increased the ability to administer grants on behalf of external policy partners across the Australian Public Service an increase in the number of grant programs during 2019.

Intended results of Activity 3.2 <ul style="list-style-type: none">Improved access for business to Government services and informationStreamlined and integrated program delivery			
Contributing component	Performance criterion	2018–19 target	2018–19 result
Provision of information and advice to business	Number of business.gov.au website users (million) ²	9.1	6.4 The number of visits to business.gov.au increased significantly in 2017–18. The 2018–19 target was based on the assumption that another significant jump would occur, but instead visits steadily increased by 5% in this period.
	Number of business.gov.au website sessions (million) ²	11.7	9.5 The number of website sessions for business.gov.au increased significantly in 2017–18. The 2018–19 target was based on the assumption that another significant jump would occur, but instead the sessions steadily increased by 7% in this period.
	Total inbound contact volumes received (phone, webchat and email) into Business.gov.au Contact Centre ²	120 000	140 330 The increase in contacts above the estimate can be attributed to program-related contacts and increased promotion by a partner agency.

1 Source: 2018–19 Portfolio Budget Statements and 2018–19 Corporate Plan.

2 Source: 2018–19 Corporate Plan.

Summary of the department’s performance against Purpose 3

Measured by the performance criteria set out against the intended results, progress has been made in recent years towards the achievement of Purpose 3, particularly in meeting the portfolio regulatory savings targets and improving the quality of regulation. Since the introduction of the Government’s Regulatory Reform Agenda in October 2013, the department has contributed over \$500 million in net regulatory savings. As part of the renewed focus by the Government on regulatory reform, the department will engage with businesses to support seamless business service delivery, and to identify and address regulatory obstacles which impede investment and impose unnecessary costs. This work will contribute to boosting the competitiveness of Australian business and their ability to create additional jobs.

Activity: Building a high performance organisation

This activity comprises departmental support functions, including corporate, financial, digital and analytical services, and relevant initiatives and projects that aim to provide effective and efficient operational and administrative support and specific services to the department, government, industry and other stakeholders. It contributes to all three of the department’s purposes.

Main achievements

Launched in December 2018, the department’s Data Strategy 2018–20 builds on past data achievements and commits the department to further invest in data capabilities. It provides a plan for making data a core element of departmental work; updating data daily to improve quality and accuracy; and providing ongoing leadership and influence in the implementation of the whole-of-Government data agenda.

The Business Grants Management System was enhanced, making it easier and faster for over 5700 Australian businesses to apply for and receive grants and services, through streamlined application forms, form prefilling, electronic grant agreements and online reporting via an easy-to-access and secure portal.

The department's BizLab Academy is the first user-centric training course developed and delivered to government, by government. The academy has successfully implemented a scalable and sustainable training model that complements and strengthens evidence-based policy design and program delivery within the APS. The training is open to all APS staff.

Now in its fourth decade, *Resources and Energy Quarterly* is the department's most widely used publication and informs policy thinking about future issues for Australia.

Thirteen departmental websites were consolidated into a redeveloped corporate website, industry.gov.au, on a new whole-of-Government GovCMS platform. All content was assessed against content principles and accessibility requirements and written in collaboration with subject matter experts from across the department. This represented a return on investment through increased digital capability across the department, reduced non-digital contact by our customers, and supported future savings of \$1 million through the decommissioning of other platforms.

The department streamlined and standardised its framework for engagement and management of board and committee members. The project culminated in the release of the Boards and Committees Toolkit—a one-stop shop for secretariats across the department. The department also completed a review of its financial management capability and maturity which showed that the department performed well in comparison to other public sector organisations which completed similar reviews.

Performance criteria and results

Table 15: Activity: Building a high performance organisation

Intended results of the Activity			
<ul style="list-style-type: none"> • Effective and efficient provision of general operational and administrative support • Effective and efficient provision of specific services 			
Contributing component	Performance criterion	2018–19 target	2018–19 result
Corporate, financial, digital and analytical services	Effective and efficient provision of corporate, financial, digital and analytical services ¹		<p>Significant achievements included:</p> <ul style="list-style-type: none"> • The portfolio's two annual budget statements, the 2018–19 Portfolio Additional Estimates Statements and 2019–20 Portfolio Budget Statements, were completed within a truncated timeframe. • The department's Shared Services Hub on-boarded five agencies. The Shared Services payroll team also ran 148 000 pays, with an accuracy rate over 98 per cent. • The department was a finalist in the 2019 BluePrism Excellence in Enterprise RPA Awards, in recognition of its leading role in the development of robotic process automations. • The department supported the Square Kilometre Array project with provision of complex advice on leasing arrangements, decommissioning responsibilities, constitutional risk and legislative authority, and legislative interpretation and application of native title laws and commercial arrangements. • The department's embrace of user-centred design continued to mature, ensuring that the department provides technology platforms and applications that best support staff to make informed policy and program decisions. • The Data Strategy 2018–20 was launched, building on the department's data achievements and committing it to further invest in data capabilities. • More than 450 active users of data visualisation tool Power BI created in excess of 800 reports, which have been viewed over 17 500 times. • A custom data training module was developed and published on DataHub along with new training materials and tutorials. • Training was provided to 345 Australian Public Service staff from across 32 agencies through the BizLab Academy. • The department delivered objective, robust and high-quality economic advice through publications, presentations, briefings and email services.

¹ Source: 2018–19 Portfolio Budget Statements and 2018–19 Corporate Plan.

Economic Data and Analysis Network

As part of the Economic Data and Analysis Network—one of six analytical units funded by the Data Integration Partnership for Australia—the department produced policy-relevant insights on business performance and the effectiveness of business assistance programs.

For example:

- Insights on small, young firms show that entrepreneurs that start within industry clusters or clusters of high patenting activity have much faster productivity growth than others.
- A study on 'born global' firms (businesses that export from inception) shows that the overwhelming majority of these firms are small (employing less than five people), concentrated in one of four industries, highly export and capital intensive, and characterised by having principal managers that are older and have higher levels of educational attainment than those of mature small exporters.
- New findings on SME balance sheet health and financial ratio analysis show that the debt-servicing burden of young entrepreneurial firms has increased in recent years, although not by an alarming rate.
- A project on innovation novelty shows that firm-specific variables such as R&D, persistence of innovation, collaboration, foreign ownership, business focus on innovation, skills in IT and business management are associated with higher levels of innovation novelty in Australia.
- A study examining the relationship between firm collaboration and performance shows that collaborating firms grow significantly more, with the largest benefits observed two years after the initiation of collaborative activities.

The department also released the new Program Analytics Tool. This tool distils large volumes of administrative data into interactive charts and tables which display selected departmental program participant characteristics including the size, industry, age of participating firms and exporting status. It shows, for example, that the vast majority of program participants are small and medium-sized firms and a higher proportion of program participants are exporting firms relative to all employing firms in Australia.

Financial performance

Financial Performance—Departmental

Operating Result

Excluding depreciation, amortisation and adjustments through other comprehensive income, the department recorded a surplus of \$6.4 million in 2018-19. This surplus is largely due to funding received late in the financial year for Mid-Year Economic and Fiscal Outlook (MYEFO) measures which could not be spent and staff vacancies across the department.

After taking into account depreciation and amortisation of \$32.0 million and the change in the asset revaluation reserve of \$0.7 million, the department recorded a loss of \$24.9 million for 2018-19. This reflects the introduction of the net cash appropriation arrangements where appropriation for depreciation and amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations.

Financial Sustainability

As at 30 June 2019, the department reported net assets of \$182.6 million.

The department has sufficient financial assets to settle its payables as and when they fall due. Non-financial assets consist mainly of property (buildings and fit-out), plant and equipment owned by the department.

Financial Performance—Administered

Income

Administered revenue largely relates to royalty revenue (\$1 404.4 million), levy receipts generated by the National Offshore and Petroleum Safety and Environmental Management Authority (\$31.5 million) and registration fees generated by the National Offshore Petroleum Titles Administrator (\$15.2 million).

Expenses

During the year the department administered programs on behalf of the Government, including:

- \$227.5 million to facilitate the development and uptake of new ideas and technology and translate them into commercial activity.
- \$270.4 million to contribute to building a diversified, flexible, resilient and dynamic economic base that can identify and adapt to new markets and emerging opportunities.
- \$65.5 million to support the sustainable development of the resources sector, attract private sector investment and encourage innovative technologies.
- \$1 140.8 million in payments to the portfolio's corporate Commonwealth entities: the Commonwealth Scientific and Industrial Research Organisation; the Australian Nuclear Science and Technology Organisation; the Australian Institute of Marine Science; the National Offshore Petroleum Safety and Environmental Management Authority; and the Northern Australia Infrastructure Facility.



CHAPTER THREE

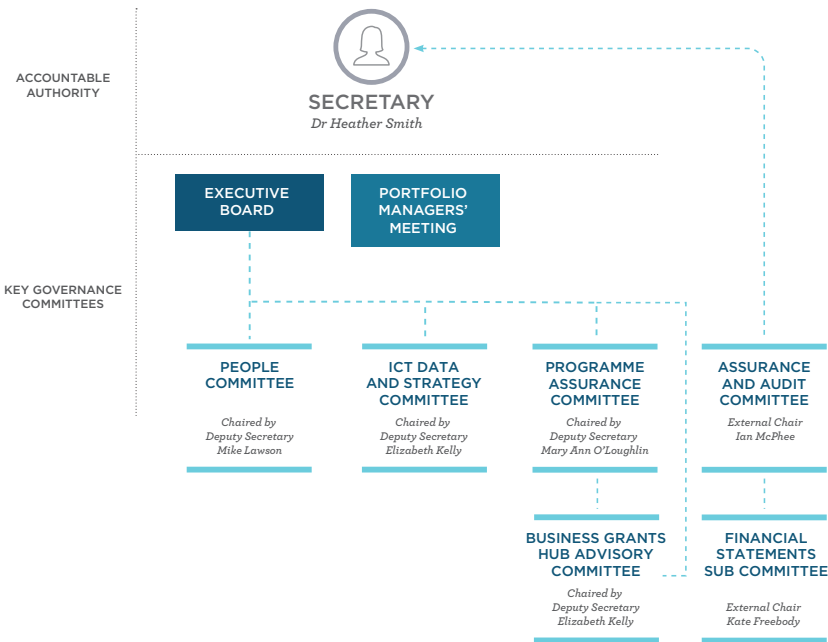
DEPARTMENTAL MANAGEMENT AND ACCOUNTABILITY

Corporate governance

The department's corporate governance practices define how the department delivers its outcome and program responsibilities and controls its business, both internally and externally.

Figure 4 shows the department's governance committees at 30 June 2019.

Figure 4: Departmental governance structure, 30 June 2019



The department's governance practices comply with all statutory requirements and are regularly reviewed to ensure that they remain relevant and effective.

The department's capital budget, business planning and risk management processes are closely integrated.

Business, workforce and risk management plans for divisions detail how the strategic priorities set out in the department's corporate plan will be achieved and how major risks will be managed. The department used a quarterly traffic light reporting system to keep the Executive informed of the status of key deliverables.

The department's internal audit function provides independent, objective assurance and consulting services, which are designed to add value and improve the department's operations.

Fraud control

The department's fraud control and anti-corruption framework is consistent with better practice standards and provides assurance that fraud control strategies are robust. The framework includes preventative and proactive fraud prevention and detection measures. As required by the *Commonwealth Fraud Control Framework 2017*, the department's *Fraud and Corruption Control Plan 2018–20* details strategies for the prevention, detection and investigation of suspected fraud affecting the department, and includes reporting procedures.

Officers responsible for fraud control and investigations hold the qualifications detailed in the *Australian Government Investigations Standards 2011* and the *Commonwealth Fraud Control Framework 2017*.

The department's commitment to fraud control included support for International Fraud Awareness Week 2018, which involved increasing fraud awareness messages to staff across the department. This supplemented ongoing fraud awareness training for all staff.

Compliance with finance law

There were no significant issues of non-compliance reported to the responsible Minister as part of the department's internal compliance reporting process for the 2018–19 financial year.

External scrutiny

In 2018–19, no judicial decisions, decisions of administrative tribunals or decisions by the Australian Information Commissioner had significant impact on the operations of the department. No reports on the operations of the department were completed by the Commonwealth Ombudsman, the Australian Privacy Commissioner or any parliamentary committee, and no capability reviews of the department were released.

The Australian National Audit Office (ANAO) tabled two audits in parliament involving the department:

- Administration of the Data Retention Industry Grants Program
- Governance and Integrity of the Northern Australia Infrastructure Facility.

Details of those audits, including the department's responses to the reports, are available on the ANAO website (www.anao.gov.au).

The department appeared at the following parliamentary committee hearings: supplementary budget estimates hearings on 25 October 2018; additional estimates hearings on 21 February 2019; and budget estimates hearings on 5 April 2019.

Information Publication Scheme

Under Part II of the *Freedom of Information Act 1982*, the department is required to publish information to the public as part of the Information Publication Scheme. A plan showing the information the department publishes in accordance with the scheme is available on the department's website (www.industry.gov.au/about-us/what-we-do/information-publication-scheme).

Management of human resources

Professional development

The department continued to invest in the ongoing professional development of its staff in order to build a high performance organisation. Our new integrated planning approach aligns our learning and development needs to the capability gaps and priority areas to ensure that we have a workforce with the skills and capabilities required now and for the future.

The department also offered an online, self-paced learning program, in a broad range of formats to cater for the needs of staff in different locations and with different learning styles. These included learning opportunities and induction sessions delivered via videoconference to provide a consistent experience for state-based staff.

In 2018–19, there was an increase in uptake of the department's studies assistance program. Over 200 staff members accessed the program, which provides study leave and financial assistance that contribute to the improvement of professional skills and knowledge relevant to an individual's employment, the department and the broader APS.

Workforce planning

Workforce and business planning processes have been integrated to ensure that the prioritisation of resources is considered as part of planning processes. Workforce planning is strategic and future focused, concentrating on creating a diverse and inclusive workforce that is able to respond to needs now and into the future.

The department uses the APS Job Family Model as the basis for workforce analysis, planning and strategic decision-making. Job Family data allow the department to understand its current workforce, target capability development for future work needs, facilitate improved mobility for staff, and increase the workforce quickly and efficiently at times of peak demand.

Performance management systems

The department is committed to building a high performance organisation by developing staff and managing their performance. During 2018–19, the department focused on building manager capability to support regular timely and constructive feedback and career conversations.

Diversity and inclusion

The department is committed to creating a more diverse workforce with inclusive work practices. Cultural diversity and inclusiveness are drivers of innovation and the delivery of meaningful and tailored outcomes.

The Secretary participates in the Secretaries Equality and Diversity Council and is the chair of the APS Disability Champions Network.

In 2018, we undertook a review of the department's workplace culture and inclusiveness. The department rated well as an inclusive place to work in. Four key themes were identified:

1. Inclusive work groups—We continually include diversity of ideas in decision-making by including a wide and changing selection of staff in decision-making.
2. Connected networks—We actively include and co-design solutions with our state based staff and ensure that our diversity network colleagues feel connected to their peers.
3. United vision—We have a clear line of sight of how our work aligns to the team, branch, division and departmental priorities, thereby unifying our work and contribution to the departmental vision.
4. Respect for workplace behaviours—We ensure that all staff have a clear understanding of the common expectations of respectful behaviours in the workplace.

Innovate Reconciliation Action Plan

The department respects and celebrates the unique place that Aboriginal and Torres Strait Islander peoples hold as the First Australians. The *Innovate Reconciliation Action Plan 2019–2021* outlines the actions that underpin our goals to:

- increase employment opportunities for Aboriginal and Torres Strait Islander people
- build better career paths for our employees
- develop our programs and policies to support Indigenous businesses in both new and existing industries.

A key deliverable of the plan is a departmental Indigenous Employment Strategy which outlines a three-year approach to increasing the employment and retention of Aboriginal and Torres Strait Islander staff.

Diversity networks

The department's employee networks support and celebrate difference and foster ideas for valuing diversity and optimising inclusion. They include the:

- Women's Network
- Indigenous Employees Network
- Disability and Wellness Network
- Pride Network
- Culturally and Linguistically Diverse Network
- Flexible Workplaces Network.

Each network is championed by a member of the Senior Executive Service.

In 2018, the department participated for the first time in the Access and Inclusion Index facilitated by the Australian Network on Disability. As a result, the department is well positioned to develop a forward strategy for disability best practice. Work continues on the Disability Confident Recruiter accreditation process facilitated by the Australian Network on Disability.

On 21 March 2019, during Harmony Week and the United Nations International Day for the Elimination of Racial Discrimination, the department held its inaugural Harmony Awards to pay tribute to individuals across the department who, as part of their day-to-day interaction, create a harmonious and inclusive working environment. Thirty-five staff were recognised for their contribution to creating harmony across the department.

In 2018, the department established quarterly Inclusion Insights meetings to identify, promote and report on inclusion initiatives and drive cultural change within the department. The two-hour meetings are facilitated by the General Manager of People and Planning and attended by the Secretary, the Executive Board and the employee network champions and chairs.

Work health and safety

The department maintains a strong commitment to the health and wellbeing of all employees and visitors. During 2018–19, the department undertook initiatives ensuring the health, safety and wellbeing of workers and achieved good health and safety outcomes as a result.

The department continued to strengthen the work health and safety management system and explore strategies to assist staff to improve their wellbeing, with an emphasis on prevention and early intervention. This included offering training for all staff on mental health first aid and respectful workplace behaviours, as well as a variety of e-learning programs.

The department's employee assistance program offers all employees and their immediate family members free, confidential counselling for personal or work-related issues. This approach is supported through the department's Work Well program, which contains a range of evidence-based information, resources and tools to assist with achieving holistic wellbeing, maintaining good mental health and reducing the impact of stress and fatigue. The department has been recognised as a gold-level workplace in the Mental Health First Aid Skilled Workplace Program.

As part of the department's health and wellbeing approach, flu vaccinations were offered to all staff throughout April to July 2019. The department also offers a single payment of \$200 each calendar year for eligible ongoing staff to undertake independent health initiatives that contribute towards a healthy lifestyle.

In 2018–19, 11 incidents were deemed notifiable under section 38 of the *Work Health and Safety Act 2011* (WHS Act) and reported to Comcare. No notices were issued under Part 10 of the WHS Act.

The department's 2017–18 Comcare premium rate remained low, at 0.76 per cent. A number of initiatives—such as the Work Well program, Manager Capability and Confidence strategy and Absence toolkit—played a key role in preventing potential compensation claims and loss of productivity, and allowing staff to seek immediate treatment for illnesses and injuries that are likely to impact on their capacity to work.

Disability reporting mechanisms

Disability reporting is included in the Australian Public Service Commission's annual *State of the Service Report* and the *APS Statistical Bulletin*. These reports are available on the Australian Public Service Commission's website (www.apsc.gov.au).

The National Disability Strategy 2010–2020 sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level, two-yearly report tracks progress against each of the six outcome areas of the strategy and presents a picture of how people with a disability are faring. Reports are available on the Department of Social Services website (www.dss.gov.au).

Workforce statistics

Table 16: Department of Industry, Innovation and Science—All ongoing employees, 2018–19

Location	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW	158	3	161	117	20	137	0	0	0	298
NT	5	0	5	7	0	7	0	0	0	12
Qld	22	0	22	29	8	37	0	0	0	59
SA	24	2	26	9	2	11	0	0	0	37
Tas.	11	0	11	6	1	7	0	0	0	18
Vic.	113	6	119	93	24	117	0	0	0	236
WA	27	5	32	31	8	39	0	0	0	71
ACT	613	34	647	703	176	879	2	0	2	1528
Overseas	4	0	4	1	0	1	0	0	0	5
Total	977	50	1027	996	239	1235	2	0	2	2264

Table 17: Department of Industry, Innovation and Science—All non-ongoing employees, 2018–19

Location	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW	9	1	10	15	2	17	0	0	0	27
NT	0	0	0	0	0	0	0	0	0	0
Qld	5	0	5	5	1	6	0	0	0	11
SA	2	0	2	3	0	3	0	0	0	5
Tas.	1	0	1	4	1	5	0	0	0	6
Vic.	7	0	7	6	1	7	0	0	0	14
WA	9	1	10	6	1	7	0	0	0	17
ACT	39	6	45	55	8	63	0	0	0	108
Overseas	0	0	0	0	0	0	0	0	0	0
Total	72	8	80	94	14	108	0	0	0	188

Table 18: Department of Industry, Innovation and Science—All ongoing employees, 2017-18

Location	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW	163	3	166	114	22	136	0	0	0	302
NT	6	0	6	7	1	8	0	0	0	14
Qld	31	0	31	32	6	38	0	0	0	69
SA	18	1	19	12	2	14	0	0	0	33
Tas.	11	0	11	6	2	8	0	0	0	19
Vic.	119	6	125	87	20	107	0	0	0	232
WA	29	4	33	31	8	39	0	0	0	72
ACT	603	36	639	662	161	823	0	0	0	1462
Overseas	3	0	3	1	0	1	0	0	0	4
Total	983	50	1033	952	222	1174	0	0	0	2207

Table 19: Department of Industry, Innovation and Science—All non-ongoing employees, 2017-18

Location	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW	11	1	12	14	0	14	0	0	0	26
NT	0	0	0	0	0	0	0	0	0	0
Qld	3	0	3	3	0	3	0	0	0	6
SA	1	0	1	1	0	1	0	0	0	2
Tas.	1	0	1	3	0	3	0	0	0	4
Vic.	2	0	2	7	0	7	0	0	0	9
WA	2	1	3	4	2	6	0	0	0	9
ACT	28	5	33	36	12	48	0	0	0	81
Overseas	0	0	0	0	0	0	0	0	0	0
Total	48	7	55	68	14	82	0	0	0	137

Australian Public Service (APS) Classification and Gender

Table 20: Department of Industry, Innovation and Science—Australian Public Service Act ongoing employees, 2018–19

Classification	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3	1	0	1	2	0	2	0	0	0	3
SES 2	8	0	8	4	0	4	0	0	0	12
SES 1	21	1	22	30	1	31	0	0	0	53
EL 2	157	5	162	117	12	129	0	0	0	291
EL 1	284	18	302	265	76	341	0	0	0	643
APS 6	278	16	294	298	98	396	1	0	1	691
APS 5	119	6	125	147	25	172	1	0	1	298
APS 4	51	3	54	80	21	101	0	0	0	155
APS 3	42	1	43	45	5	50	0	0	0	93
APS 2	7	0	7	1	1	2	0	0	0	9
APS 1	4	0	4	6	0	6	0	0	0	10
Other	5	0	5	1	0	1	0	0	0	6
Total	977	50	1027	996	239	1235	2	0	2	2264

Table 21: Department of Industry, Innovation and Science—Australian Public Service Act non-going employees, 2018–19

Classification	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3	0	0	0	1	0	1	0	0	0	1
SES 2	0	0	0	0	0	0	0	0	0	0
SES 1	0	0	0	1	0	1	0	0	0	1
EL 2	3	0	3	2	0	2	0	0	0	5
EL 1	5	0	5	11	1	12	0	0	0	17
APS 6	26	4	30	25	6	31	0	0	0	61
APS 5	12	1	13	10	5	15	0	0	0	28
APS 4	17	1	18	36	1	37	0	0	0	55
APS 3	5	0	5	7	1	8	0	0	0	13
APS 2	1	0	1	0	0	0	0	0	0	1
APS 1	3	2	5	1	0	1	0	0	0	6
Other	0	0	0	0	0	0	0	0	0	0
Total	72	8	80	94	14	108	0	0	0	188

Table 22: Department of Industry, Innovation and Science—Australian Public Service Act ongoing employees, 2017–18

Classification	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3	1	0	1	2	0	2	0	0	0	3
SES 2	8	0	8	2	0	2	0	0	0	10
SES 1	30	0	30	25	1	26	0	0	0	56
EL 2	163	5	168	118	11	129	0	0	0	297
EL 1	284	13	297	225	75	300	0	0	0	597
APS 6	285	17	302	305	81	386	0	0	0	688
APS 5	118	7	125	156	27	183	0	0	0	308
APS 4	42	4	46	81	17	98	0	0	0	144
APS 3	40	2	42	36	8	44	0	0	0	86
APS 2	8	0	8	2	1	3	0	0	0	11
APS 1	0	1	1	0	0	0	0	0	0	1
Other	4	1	5	0	1	1	0	0	0	6
Total	983	50	1033	952	222	1174	0	0	0	2207

Table 23: Department of Industry, Innovation and Science—Australian Public Service Act non-ongoing employees, 2017–18

Classification	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3	0	0	0	0	0	0	0	0	0	0
SES 2	0	0	0	0	0	0	0	0	0	0
SES 1	0	0	0	0	0	0	0	0	0	0
EL 2	2	0	2	1	0	1	0	0	0	3
EL 1	3	1	4	2	2	4	0	0	0	8
APS 6	16	4	20	24	5	29	0	0	0	49
APS 5	7	1	8	4	1	5	0	0	0	13
APS 4	12	1	13	27	5	32	0	0	0	45
APS 3	5	0	5	8	0	8	0	0	0	13
APS 2	0	0	0	0	1	1	0	0	0	1
APS 1	3	0	3	2	0	2	0	0	0	5
Other	0	0	0	0	0	0	0	0	0	0
Total	48	7	55	68	14	82	0	0	0	137

Employment type by Full time and Part time Status

Table 24: Department of Industry, Innovation and Science—Australian Public Service Act employees by full time and part time status, 2018–19

Classification	Ongoing			Non-ongoing			Total
	Full time	Part time	Total	Full time	Part time	Total	
SES 3	3	0	3	1	0	1	4
SES 2	12	0	12	0	0	0	12
SES 1	51	2	53	1	0	1	54
EL 2	274	17	291	5	0	5	296
EL 1	549	94	643	16	1	17	660
APS 6	577	114	691	51	10	61	752
APS 5	267	31	298	22	6	28	326
APS 4	131	24	155	53	2	55	210
APS 3	87	6	93	12	1	13	106
APS 2	8	1	9	1	0	1	10
APS 1	10	0	10	4	2	6	16
Other	6	0	6	0	0	0	6
Total	1975	289	2264	166	22	188	2452

Table 25: Department of Industry, Innovation and Science—Australian Public Service Act employees by full time and part time status, 2017-18

Classification	Ongoing			Non-ongoing			Total
	Full time	Part time	Total	Full time	Part time	Total	
SES 3	3	0	3	0	0	0	3
SES 2	10	0	10	0	0	0	10
SES 1	55	1	56	0	0	0	56
EL 2	281	16	297	3	0	3	300
EL 1	509	88	597	5	3	8	605
APS 6	590	98	688	40	9	49	737
APS 5	274	34	308	11	2	13	321
APS 4	123	21	144	39	6	45	189
APS 3	76	10	86	13	0	13	99
APS 2	10	1	11	0	1	1	12
APS 1	0	1	1	5	0	5	6
Other	4	2	6	0	0	0	6
Total	1935	272	2207	116	21	137	2344

Table 26: Department of Industry, Innovation and Science—Australian Public Service Act employment type by location, 2018-19

Location	Ongoing	Non-ongoing	Total
NSW	298	27	325
NT	12	0	12
Qld	59	11	70
SA	37	5	42
Tas.	18	6	24
Vic.	236	14	250
WA	71	17	88
ACT	1528	108	1636
Overseas	5	0	5
Total	2264	188	2452

Table 27: Department of Industry, Innovation and Science—Australian Public Service Act employment type by location, 2017–18

Location	Ongoing	Non-ongoing	Total
NSW	302	26	328
NT	14	0	14
Qld	69	6	75
SA	33	2	35
Tas.	19	4	23
Vic.	232	9	241
WA	72	9	81
ACT	1462	81	1543
Overseas	4	0	4
Total	2207	137	2344

Table 28: Department of Industry, Innovation and Science—Australian Public Service Act Indigenous employment, 2018–19

Employment type	Number
Ongoing	35
Non-ongoing	5
Total	40

Table 29: Department of Industry, Innovation and Science—Australian Public Service Act Indigenous employment, 2017–18

Employment type	Number
Ongoing	32
Non-ongoing	1
Total	33

Employment arrangements of Senior Executive Service and non-Senior Executive Service employees

Table 30: Department of Industry, Innovation and Science—Australian Public Service Act employment arrangements, 2018–19

Arrangement	SES	Non-SES	Total
Remuneration Tribunal	3	0	3
Common Law Contract	88	0	88
Individual Flexibility Arrangement	0	271	271
Enterprise Agreement	0	2671	2671
Total	91	2942	3033

Salary ranges by classification level

Table 31: Department of Industry, Innovation and Science—Australian Public Service Act employment salary ranges¹ by classification level, 2018–19

Classification	Minimum salary (\$)	Maximum salary (\$)
SES 3	338 771	446 612
SES 2	255 393	292 721
SES 1	202 278	238 000
EL 2	118 501	188 978
EL 1	99 717	159 520
APS 6	78 730	108 870
APS 5	71 940	85 207
APS 4	64 121	75 169
APS 3	57 868	68 704
APS 2	52 962	59 078
APS 1	43 165	51 350
Other	139 423	186 399

¹ The department also provides staff with a number of non-salary benefits that are not included under the provisions of the enterprise agreement, such as:

- access to childcare centres (for staff based in Canberra)
- annual influenza immunisation
- early intervention for case management
- a return-to-work program for non-compensable injuries and illnesses
- in-house capability development programs
- contributions to relevant professional memberships
- mental health and wellbeing support
- internal and external mobility/secondment opportunities.

Performance pay by classification level

Table 32: Department of Industry, Innovation and Science—Australian Public Service Act employment performance pay by classification level, 2018–19

Classification	Number of employees receiving performance pay	Aggregated (sum total) of all payments made (\$)	Average of all payments made (\$)	Minimum payment made (\$)	Maximum payment made (\$)
SES 3	0	0	0	0	0
SES 2	1	30 000	30 000	30 000	30 000
SES 1	0	0	0	0	0
EL 2	51	485 900	9527	2000	26 901
EL 1	39	198 010	5077	2000	11 001
APS 6	7	27 227	3889	1815	5000
APS 5	1	1936	1936	1936	1936
APS 4	0	0	0	0	0
APS 3	0	0	0	0	0
APS 2	0	0	0	0	0
APS 1	0	0	0	0	0
Other	0	0	0	0	0
Total	99	743 074	50 430	1815	30 000

Executive remuneration

Table 33: Key management personnel, 2018–19

Name	Position	Term
Heather Smith	Secretary	Full year
Elizabeth Kelly	Deputy Secretary	Full year
Mike Lawson	Deputy Secretary	Full year
Mary Ann O'Loughlin	Deputy Secretary	Part year—17 September 2018—30 June 2019
Sue Weston	Deputy Secretary	Part year—1 July 2018—7 April 2019

Table 34: Total remuneration of key management personnel, 2018–19

Key Management Personnel Remuneration	
Short-term benefits:	
Base Salary	\$2 030 171.44
Bonus	\$0.00
Other benefits and allowances	\$43 359.24
Total short-term benefits	\$2 073 530.68
Superannuation	
	\$296 204.45
Total post-employment benefits	\$296 204.45
Other long-term benefits	
Long service leave	\$51 043.1
Total other long-term benefits	\$51 043.1
Termination benefits	
	\$0.00
Total key management personnel remuneration	\$2 420 778.23

70 Table 35: Department of Industry, Innovation and Science—Information about remuneration for key management personnel, 2018–19

Name	Position title	Short term benefits (\$)			Post employment benefits (\$)	Other long term benefits (\$)		Termination benefits (\$)	Total remuneration (\$)
		Base salary	Bonuses	Other benefits and allowances		Long service leave	Other long term benefits		
Heather Smith	Secretary	677 611.74	0.00	5483.30	95 812.42*	16 594.61	0.00	0.00	795 502.07
Elizabeth Kelly	Deputy Secretary	428 757.20	0.00	5483.30	67 078.99*	9955.42	0.00	0.00	511 274.91
Mary Ann O'Loughlin	Deputy Secretary	363 825.20	0.00	3940.42	20 192.35	8631.36	0.00	0.00	396 589.33
Mike Lawson	Deputy Secretary	343 649.69	0.00	23 971.28	60 827.33	8326.39	0.00	0.00	436 774.69
Sue Weston	Deputy Secretary	216 327.61	0.00	4480.94	52 293.36	7535.32	0.00	0.00	280 637.23

* An overpayment of superannuation occurred during 2018–19. Superannuation listed above reflects the adjusted amount paid to the superannuation fund.

Table 36: Department of Industry, Innovation and Science—Information about remuneration for senior executives, 2018–19

Total remuneration bands (\$)	Number of senior executives	Short term benefits (\$)				Post employment benefits (\$)			Other long term benefits (\$)		Termination benefits (\$)	Total remuneration (\$)
		Average base salary	Average bonuses	Average benefits and allowances	Average other	Average superannuation contributions	Average long service leave	Average other long term benefits				
0–220 000	16	83 933.62	0.00	2021.63		11 836.91	1972.05	0.00	0.00	0.00	0.00	99 764.20
220 001–245 000	5	185 689.77	0.00	5266.97		30 926.46	4847.40	0.00	0.00	0.00	0.00	226 730.61
245 001–270 000	15	215 420.25	448.33	5527.50		36 313.71	5261.90	0.00	0.00	0.00	0.00	262 971.70
270 001–295 000	22	227 974.28	611.36	5631.13		41 649.19	5639.92	0.00	0.00	0.00	0.00	281 505.89
295 001–320 000	9	249 391.26	0.00	9354.69		39 646.36	5580.54	0.00	0.00	0.00	0.00	303 972.85
320 001–345 000	7	248 427.07	0.00	18 523.33		43 119.32	5766.25	0.00	0.00	21 852.62	0.00	337 688.59
345 001–370 000	4	289 171.18	0.00	9221.32		48 259.90	6674.79	0.00	0.00	0.00	0.00	353 327.19
370 001–395 000	0	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
395 001–420 000	1	283 029.65	0.00	4217.62		11 708.36	1410.01	0.00	0.00	95 252.96	0.00	395 618.60
420 001–445 000	2	249 568.56	15 000.00	4941.13		41 073.65	5399.00	0.00	0.00	111 584.48	0.00	427 566.82
445 001–470 000	0	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
470 001–495 000	0	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
495 001–	0	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00

Table 37: Department of Industry, Innovation and Science—Information about remuneration for other highly paid staff 2018–19

Total remuneration bands (\$)	Number of other highly paid staff	Short term benefits (\$)			Post employment benefits (\$)		Other long term benefits (\$)		Termination benefits (\$)	Total remuneration (\$)
		Average base salary	Average bonuses	Average other benefits and allowances	Average superannuation contributions	Average long service leave	Average other long term benefits			
220 001–245 000	3	150 447.47	0.00	922.19	27 859.80	3 694.35	0.00	52 942.12	235 865.93	
245 001–270 000	0	0	0	0	0	0	0	0	0	
270 001–295 000	0	0	0	0	0	0	0	0	0	
295 001–320 000	0	0	0	0	0	0	0	0	0	
320 001–345 000	1	129 041.55	6 725.00	1191.23	24 856.32	3 337.63	0.00	174 708.69	339 860.42	
345 001–370 000	0	0	0	0	0	0	0	0	0	
370 001–395 000	0	0	0	0	0	0	0	0	0	
395 001–420 000	0	0	0	0	0	0	0	0	0	
420 001–445 000	0	0	0	0	0	0	0	0	0	
445 001–470 000	0	0	0	0	0	0	0	0	0	
470 001–495 000	0	0	0	0	0	0	0	0	0	
495 001–....	0	0	0	0	0	0	0	0	0	

Financial management

Table 38: Entity resource statement, 2018–19

Entity resource statement 2018–19			
	Actual available appropriations for 2018–19 \$'000	Payments made 2018–19 \$'000	Balance remaining 2018–19 \$'000
1 / Ordinary Annual Services			
Departmental appropriation			
Prior year departmental appropriation	78 913	78 913	-
Departmental appropriation	423 166	336 670	86 496
s.75 adjustments	-	-	-
s.74 receipts	78 658	78 658	-
Total	580 737	494 241	86 496
Administered expenses			
Outcome 1	566 134	487 458	
Payments to corporate entities	1 105 515	1 105 515	
Total	1 671 649	1 592 973	
Total ordinary annual services	2 252 386	2 087 214	
2/ Other services			
Departmental non-operating			
Equity Injections	-	-	-
Total	-	-	-
Administered non-operating			
Administered Assets and Liabilities	9500	14 688	
Payments to corporate entities - non-operating	38 611	38 611	
Total	48 111	53 299	
Total other services	48 111	53 299	

	Actual available appropriations for 2018-19 \$'000	Payments made 2018-19 \$'000	Balance remaining 2018-19 \$'000
3/ Special Appropriations			
Special appropriation limited by criteria/entitlement			
<i>Offshore Petroleum and Greenhouse Gas Storage Act 2006</i>		35 306	
<i>Public Governance, Performance and Accountability Act 2013 s.77</i>		113	
Special appropriation limited by amount			
<i>Automotive Transformation Scheme Act 2009</i>		46 429	
<i>Offshore Mineral Act 1994</i>		-	
<i>Northern Australia Infrastructure Facility Act 2016</i>		34 590	
Total special appropriation		116 438	
Special Accounts			
Opening balance	70 131		
Appropriation receipts	13 900		
Non appropriated receipts to special accounts	54 858		
Payments made		81 397	
Closing balance			57 492
Total Resourcing and Payments	2 439 386	2 338 348	

Table 39: Expenses for Outcome 1

Expenses and resources for Outcome 1, 2018-19

Outcome 1: Enabling growth and productivity for globally competitive industries through supporting science and commercialisation, growing business investment and improving business capability and streamlining regulation.	Budget 2018-19 \$'000 (a)	Actual Expenses 2018-19 \$'000 (b)	Variation 2018-19 \$'000 (a) - (b)
Program 1: Supporting Science and Commercialisation			
Administered expenses			
Ordinary Annual Services (Appropriation Act No. 1,3,5)	236 688	227 755	8933
Special Appropriations	0	0	0
Special Accounts	0	0	0
Expenses not requiring appropriation in the Budget year	101	(249)	350
Total for Program 1	236 789	227 507	9282
Program 2: Growing Business Investment and Improving Business Capability			
Administered expenses			
Ordinary Annual Services (Appropriation Act No. 1,3,5)	294 714	255 370	39 344
Ordinary Annual Services (Appropriation Act No. 1) credited to special accounts	9900	7563	2337
Special Appropriations	42 414	41 211	1203
Special Accounts	25 133	19 987	5146
Expenses not requiring appropriation in the Budget year	35 928	11 756	24 172
Total for Program 2	408 089	335 888	72 201
Program 3: Program Support			
Departmental expenses			
Departmental appropriation	489 711	462 757	26 954
Special Appropriations	0	0	0
Special Accounts	9706	12 833	(3127)
Expenses not requiring appropriation in the Budget year	39 815	32 605	7210
Total for Program 3	539 232	508 195	31 037
Outcome 1 Totals by Appropriation Type			
Administered Expenses			
Ordinary Annual Services (Appropriation Act No. 1,3,5)	531 402	483 126	48 276
Ordinary Annual Services (Appropriation Act No. 1) credited to special accounts	9900	7563	2337
Special Appropriations	42 414	41 211	1203
Special Accounts	25 133	19 987	5146
Expenses not requiring appropriation in the Budget year	36 029	11 507	24 522
	644 878	563 394	81 484

Outcome 1: Enabling growth and productivity for globally competitive industries through supporting science and commercialisation, growing business investment and improving business capability and streamlining regulation.	Budget 2018-19 \$'000 (a)	Actual Expenses 2018-19 \$'000 (b)	Variation 2018-19 \$'000 (a) - (b)
Departmental Expenses			
Departmental appropriation	489 711	462 757	26 954
Special Appropriations	0	0	0
Special Accounts	9706	12 833	(3127)
Expenses not requiring appropriation in the Budget year	39 815	32 605	7210
	539 232	508 195	31 037
Total expenses for Outcome 1	1 184 110	1 071 589	112 521

Purchasing

The department's Accountable Authority Instructions and internal policies set out the process to procure goods and services in line with the Commonwealth Procurement Rules—1 January 2019 and the enhanced Commonwealth performance framework.

Value for money is the core principle of the Commonwealth Procurement Rules. The department's internal policies support its employees to undertake procurement activities to meet these requirements.

In accordance with the Commonwealth Procurement Rules, the department published its Annual Procurement Plan on AusTender (<https://www.tenders.gov.au/App/Show/7f39c34f-cf31-3216-4b91-e11d54f157a3>) to give prospective suppliers the opportunity to prepare for potential work with the department.

The department supports small business participation in the Australian Government procurement market. Participation statistics for SMEs are available on the Department of Finance's website (www.finance.gov.au).

In accordance with paragraph 5.4 of the Commonwealth Procurement Rules, the department has procurement practices and internal policies in place to ensure that SMEs are not unfairly discriminated against. These measures include but are not limited to:

- the mandatory use of the Commonwealth Contracting Suite for all low-risk procurements up to \$200 000 (GST inclusive)
- formal procurement training, including a session on contracting with SMEs
- a dedicated online procurement toolkit to provide advice to procuring officers.

The department recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Department of the Treasury's website (www.treasury.gov.au).

The department supports the Indigenous Procurement Policy and has met its purchasing target set by the government to ensure that opportunities for Indigenous employment and business continue to grow.

Contracts

During 2018–19, the department did not enter into contracts with a value of more than \$10 000 (inclusive of GST) which were exempt from being published on AusTender.

All contracts valued at \$100 000 or more (GST inclusive) let during 2018–19 allowed for the Auditor-General to have access to the contractor's premises.

Consultants

During 2018–19, 151 new consultancy contracts were entered into involving total actual payments of \$6 708 700 (GST inclusive). In addition, 39 ongoing consultancies were active during the year, involving total actual payments in 2018–19 of \$5 007 947 (GST inclusive). Consultancy expenses for 2018–19 have been derived on an accrual basis and include contracts valued at less than \$10 000.

The department engages individuals and companies to provide professional services under contracts for service, taking into account the skills and resources required for the task, the skills available internally, and cost-effectiveness. Consultants are typically engaged to investigate or diagnose a defined issue or problem; carry out defined reviews or evaluations; or provide independent advice, information or creative solutions to assist in the department's decision-making. Examples include the provision of complex legal advice; the engagement of technical experts to assist with awarding technical research grants; and independent evaluations to determine the effectiveness of the department's programs.

The decision to engage a consultant is made in accordance with the *Public Governance, Performance and Accountability Act 2013* and relevant policies, including the Commonwealth Procurement Rules and the department's Accountable Authority Instructions.

Annual reports contain information about actual expenditure on contracts for consultancies in the financial year. Information on the value of contracts and consultancies is available on the AusTender website (www.tenders.gov.au).

Grant programs

Information on grants awarded by the department during 2018–19 is available on GrantConnect (www.grants.gov.au).

Advertising and market research

During 2018–19, the department did not conduct any advertising campaigns.

Table 40 sets out GST-inclusive payments that the department made to external organisations for advertising and market research services in 2018–19. This relates to non-campaign advertising and market research services, as well as preparations for future advertising campaigns. Payments of \$13 800 or less (GST inclusive) are not reported.

Table 40: Payments for advertising and market research, 2018-19

Name of recipient	Services	Total (\$)
Advertising agencies		
Mediabrand Australia	Questacon <i>Holidays with Kids</i> 2018-19	17 972
Ogilvy Australia	Development of branding for the Australian Space Agency	138 466
Media Heads	Questacon National Science Week promotion	17 600
Direct mail		
Nil		0
Market research		
Colmar Brunton	Concept testing for Australian Space Agency branding	49 500
Quantum Market Research	Survey on awareness and perception of the Square Kilometre Array	17 600
Media advertising		
Mitchell and Partners Australia Pty Ltd	Recruitment-Director General IP Australia	18 988
	Recruitment-Australian Space Agency	24 336
Australian Public Service Commission	2018-19 Public Service Gazette	31 514
Telstra Victoria	National Measurement Institute White Pages listing	14 613
Universal McCann	Advertising for the Business Research and Innovation Initiative Round 2	35 998
Polling organisations		
Nil		0



CHAPTER FOUR

DEPARTMENTAL FINANCIAL STATEMENTS



Auditor-General for Australia



INDEPENDENT AUDITOR'S REPORT

To the Minister for Resources and Northern Australia

To the Minister for Industry, Science and Technology

Opinion

In my opinion, the financial statements of the Department of Industry, Innovation and Science ('the Entity') for the year ended 30 June 2019:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2019 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following statements as at 30 June 2019 and for the year then ended:

- Statement by the Secretary and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to and forming part of the financial statements, comprising a summary of significant accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by me. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter
Completeness and accuracy of royalty revenue

Refer Administered Schedule of Comprehensive Income, Non-taxation revenue – Royalties

I focused on this balance given the significant value of royalty revenue recognised by the Entity and the complexities associated with its administration.

The collection of royalties is reliant on data reporting and administrative functions performed by third parties, including State and foreign governments and other federal government agencies. The royalty calculations are also dependent on information provided by taxpayers in a self-assessment regime. This reliance on information sourced from third parties increases the risk that royalty revenue reported may be incomplete or inaccurate.

The effectiveness of the assurance framework over the collection and administration of royalties implemented in 2018–19 is important to reduce the risk of recording incomplete or inaccurate revenue.

For the year ended 30 June 2019, the Entity reported royalty revenue of \$1 404.437m.

How the audit addressed the matter

The audit procedures I undertook to address the matter included:

- assessing the effectiveness of the Entity's framework for assuring the completeness of North West Shelf royalty revenue collections, activities relating to the collection of Joint Petroleum Development Area and the Ranger Uranium Mine royalties;
 - testing, on a sample basis, a selection of key activities undertaken by the Entity to assure the completeness and accuracy of royalty revenue;
 - examining, on a sample basis, records generated by third parties substantiating the size and value of royalty-incurring transactions to assess the accuracy of royalty revenue recognised for 2018–19;
 - assessing the completeness of royalty revenue by examining large royalties payments received after 30 June 2019 in order to identify any unrecorded royalty revenue; and
 - assessing the reasonableness of royalty revenue by analysing the relationship between production and commodity prices and the amount of revenue recognised.
-

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Secretary is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Secretary is also responsible for such internal control as the Secretary determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Secretary is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Accountable Authority, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Australian National Audit Office



Grant Hehir
Auditor-General

Canberra
6 September 2019

Department of Industry, Innovation and Science**STATEMENT BY THE SECRETARY AND CHIEF FINANCIAL OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2019 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Department of Industry, Innovation and Science will be able to pay its debts as and when they fall due.



Heather Smith
Secretary

6 September 2019



Sam White
Chief Financial Officer (A/g)

6 September 2019

Department of Industry, Innovation and Science
Statement of Comprehensive Income
for the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1.1A	284,630	289,191	299,360
Suppliers	1.1B	182,407	170,433	161,730
Grants	1.1C	7,702	8,757	77
Depreciation and amortisation	3.2A	31,956	37,688	43,027
Finance costs		138	46	-
Impairment loss allowance on financial instruments		31	30	-
Write-down and impairment of other assets	1.1D	624	36,503	-
Foreign exchange losses		-	9	-
Losses from asset sales		57	-	-
Other expenses ¹		650	650	728
Total expenses		508,195	543,307	504,922
Own-Source Income				
Own-source revenue				
Sale of goods and rendering of services	1.2A	74,598	77,624	66,110
Interest		48	53	-
Rental income		2,047	716	-
Other revenue	1.2B	7,998	8,786	6,813
Total own-source revenue		84,691	87,179	72,923
Gains				
Gains from sale of assets		-	13	-
Foreign exchange gains		6	-	-
Reversals of previous asset write-downs and impairments		1	1	-
Other gains	1.2C	69	109	728
Total gains		76	123	728
Total own-source income		84,767	87,302	73,651
Net cost of services		(423,428)	(456,005)	(431,271)
Revenue from Government	1.2D	397,837	381,182	387,193
Deficit		(25,591)	(74,823)	(44,078)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserve		722	1,403	-
Total other comprehensive income/ (loss)		722	1,403	-
Total comprehensive loss		(24,869)	(73,420)	(44,078)

1. Other expenses relates to Audit Fees.

The above statement should be read in conjunction with the accompanying notes, including the budget variance commentaries.

Department of Industry, Innovation and Science
Statement of Financial Position
as at 30 June 2019

		2019	2018	Original Budget
	Notes	\$'000	\$'000	\$'000
ASSETS				
Financial assets				
Cash and cash equivalents	3.1A	12,823	12,885	13,354
Trade and other receivables	3.1B	110,562	103,846	85,206
Accrued revenue		6,221	2,402	3,387
Total financial assets		129,606	119,133	101,947
Non-financial assets				
Land and buildings	3.2A	98,470	99,243	93,530
Infrastructure, plant and equipment	3.2A	24,553	23,573	15,373
Laboratory equipment	3.2A	23,792	23,024	14,897
Intangibles	3.2A	60,058	57,736	59,996
Inventories		2,124	2,242	2,338
Prepayments		9,729	12,298	9,399
Total non-financial assets		218,726	218,116	195,533
Total assets		348,332	337,249	297,480
LIABILITIES				
Payables				
Suppliers	3.3A	28,719	21,594	17,662
Grants		200	2,302	270
Other payables	3.3B	45,142	53,658	48,969
Total payables		74,061	77,554	66,901
Provisions				
Employee provisions	6.1A	89,781	81,035	86,126
Other provisions	3.4A	1,920	1,848	1,747
Total provisions		91,701	82,883	87,873
Total liabilities		165,762	160,437	154,774
Net assets		182,570	176,812	142,706
EQUITY				
Contributed equity		535,300	504,138	539,799
Asset revaluation reserve		11,204	10,482	9,079
Accumulated deficit		(363,934)	(337,808)	(406,172)
Total equity		182,570	176,812	142,706

The above statement should be read in conjunction with the accompanying notes, including the budget variance commentaries.

Department of Industry, Innovation and Science
Statement of Changes in Equity
for the year ended 30 June 2019

	2019 \$'000	2018 \$'000	Original Budget \$'000
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period	(337,808)	(262,985)	(362,094)
Opening balance adjustment ¹	(535)	-	-
Adjusted opening balance	(338,343)	(262,985)	(362,094)
Comprehensive income			
Deficit for the year	(25,591)	(74,823)	(44,078)
Total comprehensive income	(25,591)	(74,823)	(44,078)
Closing balance as at 30 June	(363,934)	(337,808)	(406,172)
ASSET REVALUATION RESERVE			
Opening balance			
Balance carried forward from previous period	10,482	9,079	9,079
Opening balance	10,482	9,079	9,079
Comprehensive income			
Other comprehensive income	722	1,403	-
Total comprehensive income	722	1,403	-
Closing balance as at 30 June	11,204	10,482	9,079
CONTRIBUTED EQUITY			
Opening balance			
Balance carried forward from previous period	504,138	471,444	508,585
Opening balance	504,138	471,444	508,585
Transactions with owners			
Distribution to owners			
Appropriation (equity returns) ²	(297)	(4,447)	-
Contributions by owners			
Equity injection - Appropriations	5,445	11,907	5,445
Departmental capital budget (DCB)	26,014	25,234	25,769
Total transactions with owners	31,162	32,694	31,214
Closing balance as at 30 June	535,300	504,138	539,799

1. Adjustment relates to the difference between the previous carrying amounts and the new carrying amounts under AASB 9 *Financial Instruments* (\$0.05 million) and the change in treatment for a portion of cash held in the Innovation, Science and Technology - Donations, Bequest and Sponsorship special account as monies held in trust (\$0.6 million).

2. Unspent amounts in Appropriation Act 1 2015-16 were repealed on 1 July 2019.

The above statement should be read in conjunction with the accompanying notes, including the budget variance commentaries.

Department of Industry, Innovation and Science
Statement of Changes in Equity
for the year ended 30 June 2019

	2019	2018	Original Budget
	\$'000	\$'000	\$'000
TOTAL EQUITY			
Opening balance			
Balance carried forward from previous period	176,812	217,538	155,570
Opening balance adjustment	(535)		
Adjusted opening balance	176,277	217,538	155,570
Comprehensive income			
Deficit for the year	(25,591)	(74,823)	(44,078)
Other comprehensive income	722	1,403	-
Total comprehensive income	(24,869)	(73,420)	(44,078)
Transactions with owners			
Distribution to owners			
Appropriation (equity returns)	(297)	(4,447)	-
Contributions by owners			
Equity injection - Appropriations	5,445	11,907	5,445
Departmental capital budget (DCB)	26,014	25,234	25,769
Total transactions with owners	31,162	32,694	31,214
Closing balance as at 30 June	182,570	176,812	142,706

Accounting Policy

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Australian Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Other Distributions to Owners

The Financial Reporting Rule requires that distributions to owners be debited to contributed equity unless it is in the nature of a dividend.

The above statement should be read in conjunction with the accompanying notes, including the budget variance commentaries.

Department of Industry, Innovation and Science
Cash Flow Statement
for the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget \$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		465,810	452,040	389,233
Sale of goods and rendering of services		75,971	83,631	66,110
Net GST received		17,715	16,170	16,254
Rental income		1,780	752	
Other		13,285	8,498	6,813
Total cash received		574,561	561,091	478,410
Cash used				
Employees		291,428	293,506	299,360
Suppliers		191,937	186,695	178,746
Grants		7,662	7,100	-
Section 74 receipts transferred to OPA		78,658	81,656	-
Other		2,766	2,735	805
Total cash used		572,451	571,692	478,911
Net cash from/(used by) operating activities		2,110	(10,601)	(501)
INVESTING ACTIVITIES				
Cash received				
Proceeds on sales of infrastructure, plant and equipment		15	423	-
Total cash received		15	423	-
Cash used				
Purchase of infrastructure, plant and equipment		20,702	19,625	16,548
Purchase of intangibles		14,800	17,869	14,675
Total cash used		35,502	37,494	31,223
Net cash used by investing activities		(35,487)	(37,071)	(31,223)
FINANCING ACTIVITIES				
Cash received				
Appropriations - Contributed equity		5,328	24,078	5,445
Appropriations - Departmental Capital Budget		28,567	22,718	25,769
Total cash received		33,895	46,796	31,214
Net cash from financing activities		33,895	46,796	31,214
Net decrease in cash held		518	(876)	(510)
Cash and cash equivalents at the beginning of the reporting period		12,885	13,761	13,864
Adjustment ¹		(580)	-	
Cash and cash equivalents at the end of the reporting period	3.1A	12,823	12,885	13,354

1. Adjustment relates the change in treatment for a portion of cash held in the Innovation, Science and Technology - Donations, Bequest and Sponsorship special account as monies held in trust.

The above statement should be read in conjunction with the accompanying notes, including the budget variance commentaries.

Department of Industry, Innovation and Science Budget Variance Commentary - Departmental for the year ended 30 June 2019

Budget Variance Commentary

The below table provides commentary for major differences between the actual and the original budgeted amounts that were first presented to Parliament in respect of the reporting period from the department's 2018-19 Portfolio Budget Statements (PBS).

Variances are considered to be 'major' based on the following criteria:

- the variance between budget and actual is greater than 10% and \$10 million; or
- an item below this threshold that is considered important for the reader's understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of the entity.

Where an item was not originally budgeted for in the PBS, for example asset revaluations, rental income and sale of asset adjustments, explanations will only be provided if the variance is considered to be 'major'.

Explanations of major variances	Affected line items/statements
Due to timing of the original 2018-19 budget, the estimate for Suppliers Expense was set prior to additional costs including those associated with managing the department's Business Grants Hub and shared services activities. These additional costs were reflected in the 2018-19 Additional Estimates and have been largely offset by an increase in associated revenue	Statement of Comprehensive Income - Suppliers Expense (\$8 million), Sale of goods and rendering of services (\$7 million)
The impact of the transfer of the functions and assets of the Australia Astronomical Observatory (AAO) to the Australian National University and Macquarie University at 30 June 2018 is not reflected in the budgeted depreciation expense	Statement of Comprehensive Income - Depreciation and amortisation (\$7 million)
The deficit was lower than budgeted which has resulted in higher than budgeted cash surpluses in the form of appropriation receivables	Statement of Financial Position – Trade and other receivables (\$10 million)
The variance in the Suppliers Payable is due to higher than expected accruals including those in relation to the Business Grants Hub activities and capital purchases	Statement of Financial Position – Suppliers Payable (\$11 million)
Budgeted section 74 receipts transferred to OPA are not shown separately in the cash flow statements but are netted off against operating cash received from appropriations	Cash Flow Statement - Appropriations and Section 74 receipts transferred to OPA (\$79 million)

The above statement should be read in conjunction with the accompanying notes, including the budget variance commentaries.

Department of Industry, Innovation and Science
Administered Schedule of Comprehensive Income
as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	2.1A	6,856	6,533	6,772
Suppliers	2.1B	98,996	76,786	107,634
Fees		40	40	40
Subsidies	2.1C	41,211	86,634	44,542
Finance costs	2.1D	9,778	-	308,639
Grants	2.1E	402,280	489,997	467,158
Depreciation and amortisation	4.2A	2,049	1,246	1,684
Impairment loss allowance on financial instruments		1,729	62	-
Write-down and impairment of assets	2.1F	454	-	-
Losses from asset sales		1	-	-
Payments to corporate Commonwealth entities	2.1G	1,140,821	1,077,214	1,139,308
Total expenses		1,704,215	1,738,512	2,075,777
Income				
Revenue				
Taxation revenue				
Tradex receipts		437	720	550
Total taxation revenue		437	720	550
Non-taxation revenue				
Fees from regulatory services	2.2A	46,672	51,899	52,693
Fees		3,208	2,508	-
Interest	2.2B	7,129	6,906	59,791
Royalties		1,404,437	1,072,656	1,085,155
Other non-taxation revenue		27,220	5,931	16,698
Total non-taxation revenue		1,488,666	1,139,900	1,214,337
Total revenue		1,489,103	1,140,620	1,214,887
Total income		1,489,103	1,140,620	1,214,887
Net cost of services		(215,112)	(597,892)	(860,890)
Deficit		(215,112)	(597,892)	(860,890)
OTHER COMPREHENSIVE INCOME				
Items subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserve		(204,120)	(174,858)	-
Total comprehensive loss		(419,232)	(772,750)	(860,890)

The above statement should be read in conjunction with the accompanying notes, including the budget variance commentaries.

Department of Industry, Innovation and Science
Administered Schedule of Assets and Liabilities
as at 30 June 2019

		2019	2018	Original Budget
	Notes	\$'000	\$'000	\$'000
ASSETS				
Financial assets				
Cash in special accounts		45,830	58,852	29,350
Trade and other receivables	4.1A	147,259	109,043	654,462
Other investments	4.1B	3,350,646	3,539,564	3,397,826
Accrued revenue		99,834	106,815	93,736
Total financial assets		3,643,569	3,814,274	4,175,374
Non-financial assets				
Leasehold improvements	4.2A	893	1,526	1,677
Infrastructure, plant and equipment	4.2A	452	579	1,638
Intangibles	4.2A	5,379	5,149	2,582
Prepayments		296	258	-
Total non-financial assets		7,020	7,512	5,897
Total assets administered on behalf of Government		3,650,589	3,821,786	4,181,271
LIABILITIES				
Payables				
Suppliers	4.3A	12,548	27,668	12,524
Subsidies	4.3B	13,062	18,269	9,834
Grants	4.3C	64,782	51,219	44,570
Other payables ¹		9,504	14,400	-
Total payables		99,896	111,556	66,928
Provisions				
Employee provisions	6.1B	1,826	1,536	1,876
Loan commitment provision		1,554	-	-
Total provisions		3,380	1,536	1,876
Total liabilities administered on behalf of Government		103,276	113,092	68,804
Net assets		3,547,313	3,708,694	4,112,467

1. Other payables primarily consists of \$9.5 million relating to the ownership of partly paid shares in Quantum Computing. The remaining balance consist of accrued salaries and wages for the National Offshore Petroleum Titles Administrator (NOPTA).

The above statement should be read in conjunction with the accompanying notes, including the budget variance commentaries.

Department of Industry, Innovation and Science

Budget Variance Commentary - Administered

for the year ended 30 June 2019

Budget Variance Commentary

The below table provides commentary for major differences between the actual and the original budgeted amounts that were first presented to Parliament in respect of the reporting period from the department's 2018-19 Portfolio Budget Statements (PBS).

Variances are considered to be 'major' based on the following criteria:

- the variance between budget and actual is greater than 10% and \$10 million; or
- an item below this threshold that is considered important for the reader's understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of the entity.

Where an item was not originally budgeted for in the PBS, for example asset revaluation adjustments, explanations will only be provided if the variance is considered to be 'major'.

Explanations of major variances	Affected line items/statements
Changes in timing of meeting conditions such as proponent and jurisdictional approvals for projects progressing to the drawdown stage of the Northern Australia Infrastructure facility Loan program	Schedule of Comprehensive Income – Interest revenue (\$53 million), Other non-taxation revenue (\$16 million) Finance costs (\$299 million) Statement of Assets and Liabilities – Trade and other receivables (\$533 million)
Underspends in relation to a number of grant programs including Square Kilometre Array Radio Telescope Project (\$22 million), Advanced Manufacturing Growth Fund (\$14 million) and Entrepreneurs' Program (\$8 million)	Schedule of Comprehensive Income – Grants expense (\$44 million)
Increase in petroleum royalties due to a higher than anticipated sales volumes of all commodities (excluding domestic gas), coupled with higher prices for Liquefied Natural Gas	Schedule of Comprehensive Income- Royalties revenue (\$317 million)
Auction proceeds under the annual Offshore Petroleum Exploration Acreage Release program which were not budgeted for	Schedule of Comprehensive Income – Other non-taxation revenue (\$11 million)
Administered Investments decreased due to a reduction in ANSTO's net assets due mostly to an increase in its decommissioning liability.	Schedule of Comprehensive Income - Asset revaluation reserve (\$184 million)
Recovery of debt under the National Low Emissions Coal Initiative program	Statement of Assets and Liabilities – Cash in special accounts (\$16 million) Schedule of Comprehensive Income – Other non-taxation revenue (\$16 million)
Accruals for a number of programs including the Cooperative Research Centres program were not anticipated when setting the budget	Statement of Assets and Liabilities – Grants payable (\$22 million)

The above statement should be read in conjunction with the accompanying notes, including the budget variance commentaries.

Department of Industry, Innovation and Science
Administered Reconciliation Schedule
for the year ended 30 June 2019

	2019 \$'000	2018 \$'000
Opening assets less liabilities as at 1 July	3,708,694	3,853,445
Opening balance adjustment¹	2,184	-
Net (cost of)/contribution by services		
Income	1,489,103	1,140,620
Expenses		
Payments to entities other than corporate Commonwealth entities	(563,394)	(661,298)
Payments to corporate Commonwealth entities	(1,140,821)	(1,077,214)
Other comprehensive income		
Revaluations transferred to/(from) reserves	(204,120)	(174,858)
Transfers (to)/from the Australian Government		
Appropriation transfers from Official Public Account		
Administered assets and liabilities appropriations		
Payments to entities other than corporate Commonwealth entities	14,688	23,447
Payments to corporate Commonwealth entities	38,611	32,637
Annual appropriations		
Payments to entities other than corporate Commonwealth entities	487,459	506,286
Payments to corporate Commonwealth entities	1,105,515	1,045,019
Special appropriations (limited)		
Payments to entities other than corporate Commonwealth entities	81,019	107,323
Payments to corporate Commonwealth entities	-	-
Special appropriations (unlimited)		
Payments to entities other than corporate Commonwealth entities	113	4,833
Payments to corporate Commonwealth entities	35,306	32,195
Appropriation transfers to OPA		
Transfers to OPA	(1,507,825)	(1,117,927)
Appropriation from prior years	781	(5,814)
Restructuring	-	-
Closing assets less liabilities as at 30 June	3,547,313	3,708,694

1. Adjustment relates to the difference between the previous carrying amounts and the new carrying amounts under AASB 9 *Financial Instruments*.

The above statement should be read in conjunction with the accompanying notes, including the budget variance commentaries.

Department of Industry, Innovation and Science
Administered Cash Flow Statement
for the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
OPERATING ACTIVITIES			
Cash received			
Interest		460	678
Fees		3,389	2,888
Royalties		1,411,418	1,050,459
Net GST received		44,536	47,487
Other		46,449	31,914
Levy receipts		31,497	36,452
Total cash received		1,537,749	1,169,878
Cash used			
Suppliers		114,858	85,042
Grants		432,450	510,141
Employees		7,635	7,851
Subsidies		46,429	106,926
Payment to corporate Commonwealth entities		1,140,821	1,077,214
Total cash used		1,742,193	1,787,174
Net cash used by operating activities		(204,444)	(617,296)
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of property plant and equipment		1	-
Repayments of advances and loans		29,679	26,526
Total cash received		29,680	26,526
Cash used			
Advances and loans made		39,090	3,400
Investments		10,188	23,447
Purchase of intangibles		2,167	1,986
Purchase of infrastructure, plant and equipment		718	1,256
Corporate Commonwealth entity investments		38,611	32,637
Total cash used		90,774	62,726
Net cash used by investing activities		(61,094)	(36,200)
Net decrease in cash held		(265,538)	(653,496)

The above statement should be read in conjunction with the accompanying notes, including the budget variance commentaries.

Department of Industry, Innovation and Science
Administered Cash Flow Statement
for the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Cash and cash equivalents at the beginning of the reporting period		58,852	82,509
Cash from Official Public Account			
Appropriations		1,699,512	1,695,611
Appropriation - Administered assets and liabilities		14,688	23,447
Equity appropriation - corporate Commonwealth entities		38,611	32,637
Special Accounts		9,900	45
GST appropriations		43,819	45,230
Total cash from official public account		1,806,530	1,796,970
Cash to Official Public Account			
Appropriations		(1,475,710)	(1,117,927)
GST appropriations		(46,190)	(49,204)
Special Accounts		(32,114)	-
Total cash to official public account		(1,554,014)	(1,167,131)
Cash and cash equivalents at the end of the reporting period		45,830	58,852

Accounting Policy

Administered Cash Transfers to and from the Official Public Account

Revenue collected by the department for use by the Australian Government rather than the department is administered revenue. Collections are transferred to the Official Public Account (OPA) which is maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Australian Government. These transfers to and from the OPA are adjustments to the administered cash held by the department on behalf of the Australian Government and reported as such in the schedule of administered cash flows and in the administered reconciliation schedule.

The above statement should be read in conjunction with the accompanying notes, including the budget variance commentaries.

Department of Industry, Innovation and Science

Table of Contents - Notes

Table of Contents

1. Departmental Financial Performance
 - 1.1. Expenses
 - 1.2. Own-Source Revenue and Gains
2. Income and Expenses Administered on Behalf of Government
 - 2.1. Administered - Expenses
 - 2.2. Administered - Income
3. Departmental Financial Position
 - 3.1. Financial Assets
 - 3.2. Non-Financial Assets
 - 3.3. Payables
 - 3.4A. Other Provisions
4. Assets and Liabilities Administered on Behalf of Government
 - 4.1. Administered – Financial Assets
 - 4.2. Administered – Non-Financial Assets
 - 4.3. Administered – Payables
5. Funding
 - 5.1. Appropriations
 - 5.2. Special Accounts
 - 5.3. Regulatory Charging Summary
6. People and Relationships
 - 6.1. Employee Provisions
 - 6.2. Key Management Personnel Remuneration
 - 6.3. Related party transactions
7. Managing Uncertainties
 - 7.1. Financial Instruments
 - 7.2. Administered - Financial Instruments
 - 7.3. Fair Value Measurement
 - 7.4. Administered - Fair Value Measurement
8. Other Information
 - 8.1. Aggregate Assets and Liabilities
 - 8.2. Restructuring

Department of Industry, Innovation and Science

Notes to and forming part of the Financial Statements

Overview

Objective of the Department of Industry, Innovation and Science

The Department of Industry, Innovation and Science (the department) is an Australian Government controlled and a not-for-profit entity. The department contributes to the Australian Government's vision for a strong economy, capitalising on Australia's commercial, innovative and scientific strengths by facilitating the growth and productivity of globally competitive industries. It also supports business innovation and the commercialisation of new ideas and supports businesses in transition as critical requirements for productivity and economic growth.

The activities that contribute towards the outcome are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the department in its own right. Administered activities involve the management or oversight by the department, on behalf of the Australian Government, of items controlled or incurred by the Australian Government. Administered activities are referred to in the shaded areas of these financial statements.

Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The financial statements and notes have been prepared in accordance with:

- *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR); and
- Australian Accounting Standards (AAS) and Interpretations – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The department is on Tier 2 reporting requirements other than administered assets, administered financial instruments and administered fair value measurement disclosures which are on Tier 1, as per section 18(3) of the FRR.

The financial statements and notes have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements and notes are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

New Accounting Standards

AASB 9 *Financial Instruments* is effective for the current reporting period and the changes did not have a material impact on the financial statements.

The department will apply AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* from 2019-20. An assessment has been conducted and these standards are not expected to have a material financial impact.

The department will apply AASB 16 *Leases* from 2019-20. This standard will require the net present value of payments under most operating leases to be recognised as assets and liabilities. An initial assessment indicates that the implementation of the standard will have a substantial impact on the financial statements. The estimated impact as at 1 July 2019 is an increase to Assets (\$292 million) and Liabilities (\$263 million). For the period 2019-20, increase to depreciation expense (\$28 million) and interest expense (\$3 million) and a decrease in operating lease rentals (\$30 million).

Reporting of Administered activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes. Unless otherwise stated, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of AAS.

Taxation

The department is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

Department of Industry, Innovation and Science

Notes to and forming part of the Financial Statements

Contingent Liabilities

The department was engaged in a number of legal matters on behalf of the Australian Government which involve, or may lead to, legal proceedings, which may result in the payment of damages and costs. It is not possible to estimate the amount of any eventual payment which may be required in relation to these matters.

Unquantifiable Administered Contingencies

The Australian and Western Australian governments have provided an indemnity to the Gorgon Joint Venture Partners (GJV) to indemnify the GJV against independent third party claims (relating to stored carbon dioxide) under common law following closure of the carbon dioxide sequestration project. The claims are subject to conditions equivalent to those set out in the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*. The Western Australian Government has indemnified the GJV, and the Australian Government has indemnified the Western Australian Government for 80 per cent of any amount determined to be payable under that indemnity.

The Australian Government is responsible for 14 unlimited indemnities relating to the Maralinga Rehabilitation Project (1995-2000). In November 2009, the Australian Government agreed to the handback of former British Nuclear test site, Maralinga section 400, to the site's Traditional Owners, Maralinga Tjarutja. Under the terms of the *Maralinga Nuclear Test Site Handback Deed*, the Australian Government has indemnified the Maralinga Tjarutja people and the South Australian Government in respect of claims arising from test site contamination.

On 21 April 2016, the Minister for Industry, Innovation and Science signed a Deed of Indemnity between the Australian Government, Australian Nuclear Science and Technology Organisation (ANSTO) and ANSTO Nuclear Medicine Pty Ltd (ANM), under which the Australian Government has formally agreed to indemnify ANSTO and ANSTO Officers, and ANM and ANM Officers, from any loss or liability arising from claims caused by ionising radiation. This deed will remain in place until April 2026.

There are no departmental contingent liabilities as at 30 June 2019.

Events After the Reporting Period

There were no events occurring after 30 June 2019 that would have a material impact on these financial statements.

Breach of Section 83 of the Constitution

One breach of Section 83 of the Constitution has been identified during the year. The breach occurred as a result of a duplicate payment being debited against the National Offshore Petroleum Titles Administrator (NOPTA) special account. The NOPTA special account is established by the Offshore Petroleum and Greenhouse Gas Storage Act 2009 (OPGGs Act).

On 20 August 2018, Santos Limited was paid \$7,506.85 as a refund in relation to the expiry of an annual exploration permit. On 4 October 2018, the department processed a duplicate payment of \$7,506.85 as a refund in relation to the same annual exploration permit to Santos Limited. The duplicate payment was subsequently recovered from Santos Limited.

The department assessed the breach as an administrative error and has strengthened its controls around the processing of these refunds to mitigate the risk of future breaches.

Department of Industry, Innovation and Science

Notes to and forming part of the Financial Statements

1. Departmental Financial Performance

This section analyses the financial performance of the Department.

1.1. Expenses

	2019	2018
	\$'000	\$'000
Note 1.1A: Employee Benefits		
Wages and salaries	203,971	205,952
Superannuation:		
Defined contribution plans	21,752	17,717
Defined benefit plans	16,530	21,264
Leave and other entitlements	37,175	30,012
Separation and redundancies	2,841	12,097
Other employee expenses	2,361	2,149
Total employee benefits	284,630	289,191

Accounting Policy

Accounting policies for employee related expenses are contained in the People and Relationships section.

Note 1.1B: Suppliers

Goods and services supplied or rendered

Communication, marketing and freight	3,127	2,726
Contractors and consultants	50,136	39,033
Inventory related costs	6,649	7,896
Property operating expense	15,617	14,648
Rendering of services and maintenance	47,301	47,060
Travel	11,120	11,516
Other goods and services	14,371	13,677
Total goods and services supplied or rendered	148,321	136,556

Goods supplied	14,679	15,269
Services rendered	133,642	121,287
Total goods and services supplied or rendered	148,321	136,556

Other suppliers

Operating lease rentals	31,582	31,094
Workers compensation expenses	2,504	2,783
Total other suppliers	34,086	33,877
Total suppliers	182,407	170,433

Department of Industry, Innovation and Science

Notes to and forming part of the Financial Statements

	2019 \$'000	2018 \$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within 1 year	35,421	46,431
Between 1 to 5 years	169,542	103,934
More than 5 years	12,504	72,262
Total operating lease commitments	217,467	222,627

Leasing commitments

The department's lease payment commitments are primarily for accommodation for its operations around the country. The two major leases are office space and laboratories in Sydney, as well as office space in Industry House in Canberra.

Accounting Policy

Leases

Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets. Lease incentives are recognised as other payables and amortised over the life of the lease on a straight line basis.

Note 1.1C: Grants

Australian Government entities	6,029	60
State and Territory Governments	375	(20)
Non-profit organisations	115	564
Other	1,183	8,153
Total grants	7,702	8,757

Note 1.1D: Write-Down and Impairment of Assets

Write-down and impairment of buildings and leasehold improvements	369	7,629
Write-down and impairment of infrastructure, plant and equipment ¹	-	28,633
Impairment of laboratory equipment	23	-
Impairment of intangible assets	172	194
Write-down of inventories	60	47
Total write-down and impairment of other assets	624	36,503

- The 2018 amount relates to the Australian Astronomical Observatory assets that transferred to the Australian National University and Macquarie University as part of the 'Maintaining Australia's Optical Capability' measure.

Department of Industry, Innovation and Science

Notes to and forming part of the Financial Statements

1.2. Own-Source Revenue and Gains

	2019	2018
Own-Source Revenue	\$'000	\$'000
<u>Note 1.2A: Sale of Goods and Rendering of Services</u>		
Sale of goods	3,950	3,820
Rendering of services	70,648	73,804
Total sale of goods and rendering of services	74,598	77,624

Accounting Policy

Revenue from the sale of goods is recognised when the risks and rewards of ownership have been transferred to the buyer; and the department retains no managerial involvement or effective control over the goods. The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Note 1.2B: Other Revenue

State receipts	4,000	4,000
Sponsorships	2,580	2,485
Other	769	1,666
Resources received free of charge	649	635
Total other revenue	7,998	8,786

Commitments for sublease rental income receivables are as follows:

Within 1 year	2,116	531
Between 1 to 5 years	4,553	1,186
More than 5 years	1,159	351
Total sublease rental income commitments	7,828	2,068

The department's sublease rental income commitments receivable relate to the sublease of part of the North Ryde and Sussex St offices in Sydney, childcare centre and part of the Questacon building in Canberra.

Department of Industry, Innovation and Science

Notes to and forming part of the Financial Statements

	2019 \$'000	2018 \$'000
Gains		
<u>Note 1.2C: Other Gains</u>		
Reversal of makegood provision	69	109
Total other gains	69	109
 <u>Note 1.2D: Revenue from Government</u>		
Departmental appropriations	397,397	381,182
Supplementation	440	-
Total revenue from Government	397,837	381,182

Accounting Policy

Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the department gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

Resources Received Free of Charge

Resources received free of charge are recognised when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Australian Government agency or authority as a consequence of a restructuring of administrative arrangements (Refer to the Restructuring Note).

Department of Industry, Innovation and Science

Notes to and forming part of the Financial Statements

2. Income and Expenses Administered on Behalf of Government

This section analyses the activities that the department does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

2.1. Administered - Expenses

	2019	2018
	\$'000	\$'000
Note 2.1A: Employee benefits		
Wages and salaries	4,830	4,557
Superannuation		
Defined contribution plans	680	674
Defined benefit plans	253	278
Leave and other entitlements	1,093	1,024
Total employee benefits	6,856	6,533
Note 2.1B: Suppliers		
Services rendered		
Communication, marketing and freight	626	869
Consultants and contractors	14,675	10,673
Travel	785	994
Fee for service	64,241	54,420
Other	17,664	8,146
Total services rendered	97,991	75,102
Other suppliers		
Operating lease rentals	1,005	1,684
Total other suppliers	1,005	1,684
Total suppliers	98,996	76,786
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within 1 year	1,491	1,888
Between 1 to 5 years	3,232	4,489
Total operating lease commitments	4,723	6,377
Leasing commitments		
The department's administered lease payment commitments relate to office spaces for the National Offshore Petroleum Safety operations in Perth and Melbourne.		
Note 2.1C: Subsidies		
Subsidies in connection with external parties		
Assistance to industry	41,211	86,634
Total subsidies	41,211	86,634

Department of Industry, Innovation and Science

Notes to and forming part of the Financial Statements

	2019 \$'000	2018 \$'000
Note 2.1D: Finance Costs		
Concessional loan discount	9,677	-
Unwinding of present value discount	101	-
Total finance costs	9,778	-
Note 2.1E: Grants		
Public sector		
Australian Government entities (related parties)	9,328	5,647
State and Territory Governments	5,373	55
Local Governments	589	734
Private sector		
Non-profit organisations	12,662	89,731
External entities	336,678	350,410
Other	19,021	18,247
Grants through State and Territory Governments	404	23,000
Multi-jurisdictional sector	18,225	2,173
Total grants	402,280	489,997
Note 2.1F: Write-Down and Impairment of Assets		
Write-down and impairment of buildings and leasehold improvements	437	-
Write-down and impairment of infrastructure, plant and equipment	17	-
Total write-down and impairment of assets	454	-
Note 2.1G: Payments to Corporate Commonwealth Entities		
Commonwealth Scientific and Industrial Research Organisation	834,561	793,549
Australian Nuclear Science and Technology Organisation	214,072	198,119
Australian Institute of Marine Science	47,377	44,847
National Offshore Petroleum Safety and Environmental Management Authority	35,306	32,195
Northern Australia Infrastructure Facility	9,505	8,504
Total payments to corporate Commonwealth entities	1,140,821	1,077,214

Accounting Policy

Grants and Subsidies

The department administers a number of grant and subsidy schemes on behalf of the Australian Government. Grant and subsidy liabilities are recognised to the extent that:

- the activities required to be performed by the grantee have been performed; or
- the grant eligibility criteria have been satisfied, but payments due have not been made.

When the Australian Government enters into an agreement to make these grants but activities have not been performed or eligibility conditions have not been met, this is considered a commitment.

Payments to corporate Commonwealth entities

Payments to corporate Commonwealth entities from amounts appropriated for that purpose are classified as either administered expenses or equity injections. The appropriation to the department is disclosed in the appropriations note.

Department of Industry, Innovation and Science
Notes to and forming part of the Financial Statements

2.2. Administered - Income		
	2019	2018
	\$'000	\$'000
Revenue		
<u>Note 2.2A: Fees from Regulatory Services</u>		
Petroleum fees	15,175	15,447
Levy receipts	31,497	36,452
Total fees from regulatory services	46,672	51,899
<u>Note 2.2B: Interest</u>		
Loans	760	460
Unwinding of discount - concessional loans	6,325	5,833
Other	44	613
Total interest	7,129	6,906

Accounting Policy

Revenue

All administered revenues relate to the activities performed by the department on behalf of the Australian Government. Administered revenues include fees, levies collected by the National Offshore Petroleum Safety and Environmental Management (NOPSEMA), and royalties.

Administered fee revenue is recognised only when it has been earned.

Department of Industry, Innovation and Science

Notes to and forming part of the Financial Statements

3. Departmental Financial Position

This section analyses the department's assets used to generate financial performance and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

3.1. Financial Assets

	2019	2018
	\$'000	\$'000
Note 3.1A: Cash and Cash Equivalents		
Cash in special accounts	11,081	11,279
Cash on hand	22	27
Cash at bank	1,720	1,579
Total cash and cash equivalents	12,823	12,885
Note 3.1B: Trade and Other Receivables		
Goods and services receivables		
Goods and services	8,270	9,058
Total goods and services receivables	8,270	9,058
Appropriations receivables		
Departmental appropriations	85,319	75,371
Departmental Capital Budget	1,178	3,976
Equity appropriations	12,107	11,989
Total appropriations receivables	98,604	91,336
Other receivables		
GST receivable from the Australian Taxation Office	2,447	2,643
Other	592	876
Receivable from Government	685	-
Total other receivables	3,724	3,519
Total trade and other receivables (gross)	110,598	103,913
Less impairment loss allowance		
Goods and services	(36)	(67)
Total impairment loss allowance	(36)	(67)
Total trade and other receivables (net)	110,562	103,846

Accounting Policy

Trade receivables and other receivables that are held for the purpose of collecting the contractual cash flows where the cash flows are solely payments of principal and interest are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

Credit terms were 30 days.

Department of Industry, Innovation and Science Notes to and forming part of the Financial Statements

3.2. Non-Financial Assets

Note 3.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles 2019

	Buildings \$'000	Leasehold improvements \$'000	Infrastructure, plant and equipment \$'000	Laboratory equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2018	45,093	54,418	14,939	35,464	92,756	16,913	259,583
Gross book value	994	6,576	8,634	1,362	17,313	-	34,879
Work in progress	(1,098)	(6,740)	-	(13,802)	(54,333)	(14,913)	(90,886)
Accumulated depreciation, amortisation and impairment	44,989	54,254	23,573	23,024	55,736	2,000	203,576
Total as at 1 July 2018							
Additions:							
Purchase or internally developed	1,103	5,746	9,697	4,194	14,386	46	35,172
Revaluations recognised through other comprehensive income	-	-	-	722	-	-	722
Impairments recognised in net cost of services	-	(369)	-	(23)	(172)	-	(564)
Depreciation / amortisation	(1,110)	(6,143)	(8,645)	(4,120)	(11,301)	(637)	(31,956)
Disposals:							
Other	-	-	(72)	(5)	-	-	(77)
Total as at 30 June 2019	44,982	53,488	24,553	23,792	58,649	1,409	206,873
Total as at 30 June 2019 represented by							
Gross book value	46,879	59,751	21,627	20,670	103,380	13,294	265,601
Work in progress	311	5,543	11,468	3,122	20,229	-	40,673
Accumulated depreciation, amortisation and impairment	(2,208)	(11,806)	(8,542)	-	(64,960)	(11,885)	(99,401)
Total as at 30 June 2019	44,982	53,488	24,553	23,792	58,649	1,409	206,873
Revaluations of non-financial assets							

All revaluations were conducted in accordance with the revaluation policy. A revaluation was conducted as at 30 June 2019 for laboratory equipment by an independent valuer.

Contractual commitments for the acquisition of infrastructure, plant, equipment and intangible assets

All capital commitments totalling \$19.4 million (2017-18: \$13.6 million) are payable within 12 months. The major projects include \$3.8 million for Streamlining Government Grants, \$1.4 million for the Single Business Services Program, \$3.1 million for ICT infrastructure replacement and development projects, \$3.6 million for R&D Tax Incentive project and \$2.2 million for upgrades to building and leasehold improvements.

Department of Industry, Innovation and Science

Notes to and forming part of the Financial Statements

Accounting Policy

Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

Asset Recognition Threshold

Purchases of infrastructure, plant and equipment are recognised initially at cost in the statement of financial position, except for:

- items of property with a project cost less than \$10,000 (which are expensed in the year of acquisition); and
- items of plant and equipment costing less than \$5,000 which are expensed in the year of acquisition (other than where they form part of a group of similar items which individually cost less than \$5,000 but collectively cost \$50,000 or more, which are recognised in the statement of financial position).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by the department where there exists an obligation to restore the property to its original condition. These costs are included in the value of the department's leasehold improvements with a corresponding provision for the 'make good' recognised.

Revaluations

Following initial recognition at cost, infrastructure, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets. The department has adopted a rolling revaluation, meaning that all assets will be subject to revaluation over a three year period. The Laboratory equipment asset class was revalued effective 30 June 2019 by an independent valuer, using a fair value basis.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

Depreciation

Depreciable infrastructure, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the department, using, in all cases, the straight line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are made in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2019	2018
Buildings	8-40 years	8-40 years
Leasehold improvements	Lease term	Lease term
Laboratory equipment	3-10 years	3-10 years
Infrastructure, plant and equipment	3-10 years	3-10 years

Impairment

All assets were assessed for impairment at 30 June 2019 and the result reported in note 3.2A and 4.2A. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount. The impairment adjustment is reflected in the gross carrying value of the asset.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the department were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of infrastructure, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Assets related to the Australian Astronomical Observatory were disposed as at 30 June following the transfer out of the function.

Intangibles

The department's intangibles comprise both internally developed and purchased software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Purchases of software with a value of less than \$50,000 and internally developed software with a value of less than \$200,000 are expensed in the year of acquisition.

Bulk purchases of software that individually cost less than \$50,000, but as a group cost \$50,000 or more are recognised in the statement of financial position.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the department's software are 3 to 15 years (2017-18: 3 to 15 years).

Inventories

Inventories held for sale are valued at the lower of cost and net realisable value. Inventories comprise of chemical reference materials (CRMs), work in progress for CRMs and laboratory consumables.

Department of Industry, Innovation and Science

Notes to and forming part of the Financial Statements

3.3. Payables

	2019	2018
	\$'000	\$'000
Note 3.3A: Suppliers		
Trade creditors and accruals	28,119	20,974
Other creditors	600	620
Total suppliers	28,719	21,594

Settlement is usually made within 30 days.

Note 3.3B: Other Payables

Lease straight lining and incentives	28,598	28,503
Unearned revenue	11,251	10,427
Wages and salaries	3,289	3,040
Superannuation	308	306
Other	1,696	11,382
Total other payables	45,142	53,658

Accounting Policy

Financial liabilities are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised in finance costs.

Liabilities are recognised to the extent that the goods or services have been received regardless of the fact that the department may not have been invoiced.

Superannuation

The liability for superannuation recognised as at 30 June 2019 represents outstanding contributions for the final fortnight of the year.

Department of Industry, Innovation and Science

Notes to and forming part of the Financial Statements

3.4A: Other Provisions

	Provision for restoration \$'000	Total \$'000
As at 1 July 2018	1,848	1,848
Additional provisions made	18	18
Amounts reversed	(69)	(69)
Amounts used	(15)	(15)
Unwinding of discount or change in discount rate	138	138
Total as at 30 June 2019	1,920	1,920

Accounting Judgements and Estimates

The department has made provisions to reflect the present value of the following obligations:

Provision for restoration

The department currently has 10 agreements for the leasing of premises which have provisions requiring the department to restore the premises to their original condition at the conclusion of the lease.

Department of Industry, Innovation and Science

Notes to and forming part of the Financial Statements

4. Assets and Liabilities Administered on Behalf of Government

This section analyses assets used to generate financial performance and the operating liabilities incurred as a result. The department does not control these assets but administers them on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

4.1. Administered – Financial Assets

	2019 \$'000	2018 \$'000
Note 4.1A: Trade and Other Receivables		
Loans		
Amortised cost	134,411	97,220
Total loans	134,411	97,220
Other receivables		
Grant recoveries and other receivables	6,346	6,242
Net GST receivable	10,433	10,577
Total other receivables	16,779	16,819
Total trade and other receivables (gross)	151,190	114,039
Less impairment loss allowance		
Loans - amortised cost	(1,724)	(451)
Grant recoveries and other receivables	(2,207)	(4,545)
Total impairment loss allowance	(3,931)	(4,996)
Total trade and other receivables (net)	147,259	109,043

Reconciliation of the Impairment Loss Allowance

Movements in relation to 2019

	Advances and loans \$'000	Other receivables \$'000	Total \$'000
As at 1 July 2018	451	4,545	4,996
Amounts restated through opening retained earnings	56	(2,240)	(2,184)
Amounts written off	-	(610)	(610)
Increase/(Decrease) recognised in net cost of services	1,217	512	1,729
Total as at 30 June 2019	1,724	2,207	3,931

Movements in relation to 2018

	Advances and loans \$'000	Other receivables \$'000	Total \$'000
As at 1 July 2017	831	12,446	13,277
Amounts written off	(330)	(8,013)	(8,343)
Increase/(Decrease) recognised in net cost of services	(50)	112	62
Total as at 30 June 2018	451	4,545	4,996

Credit terms for receivables were net 30 days.

Department of Industry, Innovation and Science

Notes to and forming part of the Financial Statements

Accounting Policy

Loans and Receivables

The department's administered loans and receivables relate to a number of programs that are delivered by the department on behalf of the Australian Government.

Loans, trade and other receivables are held for the purpose of collecting contractual cash flows, which are solely payments of principal and interest, and are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

AASB 9 replaces the 'incurred loss' model previously used under AASB 139 with an 'expected credit loss' (ECL) model. This new impairment model applies to financial assets measured at amortised cost.

Both loans and receivables are assessed for impairment at end of each reporting period. The department has adopted the general approach to measure the impairment loss allowance for its administered loans. For trade and other receivables, the simplified approach has been adopted in measuring the impairment loss allowance at an amount equal to lifetime ECL.

Loans are classified as follows:

- R&D Start Program loans. Loans with varying rates of interest, including interest free, which are repaid over a number of years. These loans have been assessed as fully impaired.
- Rio Tinto Aluminium Limited. This is an interest free loan of \$137 million repayable in 2024. The loan is being amortised at an annual rate of 6.6%. The loan is for the development of a multi-user energy facility with a capacity to supply other users and to form a research and technical development partnership with Rio Tinto establishing a 'Foundation for a Sustainable Minerals Industry'.
- Northern Australia Infrastructure Facility (NAIF) Loans. The department records concessional loans issued by the NAIF corporate Commonwealth entity (CCE) on behalf of the Commonwealth. The concessional element for each loan is tailored to the specific needs of each investment, with varying rates of interest and terms, consistent with the *Northern Australia Infrastructure Facility Investment Mandate Direction 2018*.
- PSMA Australia Limited (PSMA). This is a concessional loan of \$10.5 million due to be repaid by 2026. The fixed interest rate for the loan is 4.50% per annum (p.a.). The financing terms include a 2 year grace period during which PSMA will make interest only payments, as part of the 7 year loan term. The loan is being amortised using market rate of 5.18% p.a. The loan is to enhance PSMA's delivery of the national spatial data infrastructure.

	2019 \$'000	2018 \$'000
Note 4.1B: Other Investments		
Australian Institute of Marine Science	179,886	185,772
Australian Nuclear Science and Technology Organisation	695,131	879,661
Commonwealth Scientific and Industrial Research Organisation	2,299,194	2,260,005
National Offshore Petroleum Safety and Environmental Management Authority	14,452	15,896
Pre-Seed Fund	-	15,106
Innovation Investment Fund Round 1	11,318	20,092
Innovation Investment Fund Round 3	110,301	117,029
Innovation Investment Follow-On Fund	14,764	17,137
Northern Australia Infrastructure Facility	1,479	2,108
Quantum Computing	21,451	24,495
Public Sector Mapping Agency Australia	2,670	2,263
Total other investments	3,350,646	3,539,564

Department of Industry, Innovation and Science

Notes to and forming part of the Financial Statements

Accounting Policy

Administered investments in subsidiaries, joint ventures and associates are not consolidated as their consolidation is relevant only at the Whole-of-Government level. Administered investments are classified as 'fair value through other comprehensive income' and are measured at their fair value as at 30 June 2019. Fair value has been taken to be the Australian Government's proportional interest in the entity valued at either times/earnings or net assets position as at reporting date.

The principal activities of the department's administered investments are as follows:

Australian Institute of Marine Science

The principal activities are to provide marine research services, particularly tropical science, with the view to support the sustainable use and protection of the marine environment. The Australian Government owns 100% of this investment.

Australian Nuclear Science and Technology Organisation

The principal activities are the timely delivery of valued nuclear related scientific and technical advice services and products. The Australian Government owns 100% of this investment.

Commonwealth Scientific and Industrial Research Organisation

The principal activities are to enhance innovation, productivity and competitiveness in Australian industry, with improved understanding and management of the environment and natural resources through research. The Australian Government owns 100% of this investment.

National Offshore Petroleum Safety and Environmental Management Authority

The principal activities are to provide independent expert regulation for health and safety, environmental management and structural and well integrity for offshore petroleum facilities and activities in Commonwealth waters in accordance with the Offshore Petroleum and Greenhouse Gas Storage Act 2006. The Australian Government owns 100% of this investment.

Pre-Seed Fund

The Australian Government invested in a number of venture capital funds under the Pre-Seed Fund program. The Pre-Seed Fund program encourages the private sector to take a more active role in funding and managing the commercialisation of research from universities and Australian Government research agencies, through private sector venture capital fund managers.

Innovation and Investment Fund (IIF)

The Australian Government co-invested in a number of venture capital funds under the IIF program:

- Rounds 1 and 3 of the IIF are designed to promote the commercialisation of Australian research and development by technology-based companies at the seed, start-up or early growth stages, through licensed private sector venture capital fund managers; and
- The Innovation Investment Follow-on Fund (IIF) was a temporary program in response to the impact of the global financial crisis on the availability of venture capital. The program was funded through returns on investments made under the IIF program. IIF supported investments made under IIF Rounds 1 and 2, the Pre-Seed Fund, the former Renewable Energy Equity Fund and the former ICT Incubators program.

Northern Australia Infrastructure Facility

The principal activities are to provide \$5 billion in concessional finance to encourage and complement private sector investment in infrastructure that benefits Northern Australia. The Australian Government owns 100% of this investment.

Quantum Computing

The Australian Government owns shares in Silicon Quantum Computing Pty Ltd. The principal activities of Silicon Quantum Computing Pty Ltd is to develop a silicon quantum integrated circuit, the first step in developing a practical quantum computing system. The Australian Government owns 30.2% of this investment.

Department of Industry, Innovation and Science
Notes to and forming part of the Financial Statements

<u>Public Sector Mapping Agency (PSMA) Australia</u>
The principal activities of PSMA Australia are to source geospatial information and use this information to provide sustainable access to authoritative national location data to both government and businesses. It is an unlisted public company limited by shares and jointly owned (one share or 11% each) by the Australian Government and each of the State and Territory governments. Although PSMA's net assets are measured at cost, this value is considered as a proxy for fair value in these financial statements.

Department of Industry, Innovation and Science
Notes to and forming part of the Financial Statements

4.2. Administered – Non-Financial Assets

Note 4.2A: Reconciliation of the Opening and Closing Balances of Infrastructure, Plant and Equipment and Intangibles

	Leasehold improvements \$'000	Infrastructure, plant & equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2018					
Gross book value	192	117	7,727	-	8,036
Work in Progress	1,414	462	2,332	-	4,208
Accumulated depreciation, amortisation and impairment	(80)	-	(4,910)	-	(4,990)
Total as at 1 July 2018	1,526	579	5,149	-	7,254
Additions					
Write-downs and impairments recognised in net cost of services	7	77	1,619	270	1,973
Depreciation/ Amortisation	(437)	(17)	-	-	(454)
	(203)	(187)	(1,569)	(90)	(2,049)
Total as at 30 June 2019	893	452	5,199	180	6,724
Total as at 30 June 2019 represented by:					
Gross book value	1,110	626	11,116	270	13,122
Work in progress	-	-	562	-	562
Accumulated depreciation, amortisation and impairment	(217)	(174)	(6,479)	(90)	(6,960)
Total as at 30 June 2019	893	452	5,199	180	6,724

Revaluations of non-financial assets

All revaluations were conducted in accordance with the revaluation policy.

Contractual commitments for the acquisition of infrastructure, plant, equipment and intangible assets

Capital commitments totalling \$1.8 million (2017-18: \$1.1 million) relate to enhancements to NOPTA's systems and software and the reconfiguration of Perth office.

Department of Industry, Innovation and Science
Notes to and forming part of the Financial Statements

<p>Accounting Policy</p> <p><u>Administered Infrastructure, Plant and Equipment</u></p> <p>The department manages, on behalf of the Australian Government, assets held by the National Offshore Petroleum Titles Administrator (NOPTA), a statutory position established under section 695A of the Offshore Petroleum and Greenhouse Gas Storage Act 2006.</p> <p><u>Administered intangibles</u></p> <p>The department manages the National Electronic Approvals Tracking System (NEATS) software, a public portal which provides access to publicly available information concerning offshore petroleum titles, on behalf of the Australian Government.</p>
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Department of Industry, Innovation and Science
Notes to and forming part of the Financial Statements

4.3. Administered – Payables

	2019	2018
	\$'000	\$'000
Note 4.3A: Suppliers		
Trade creditors and accruals	12,548	27,668
Total suppliers	12,548	27,668
Settlement is usually made within 30 days.		
Note 4.3B: Subsidies		
Subsidies in connection with		
Assistance to industry	13,062	18,269
Total subsidies	13,062	18,269
All subsidies are payable to external parties.		
Note 4.3C: Grants		
Public sector	774	5,420
Private sector	64,008	45,799
Total grants	64,782	51,219

The presentation of grants payable has been revised since last year to better align with the classification of grants expenses in Note 2.1E.

Settlement is usually made according to the terms and conditions of each grant. This is usually within 30 days of performance or eligibility.

Department of Industry, Innovation and Science

Notes to and forming part of the Financial Statements

5. Funding

This section identifies the department's funding structure.

5.1. Appropriations

Note 5.1A: Annual Appropriations ('Recoverable GST exclusive')

	2019 \$'000	2018 \$'000
Departmental¹		
Ordinary annual services		
Annual Appropriation	397,397	381,012
PGPA Act - Section 74 receipts	78,658	81,656
PGPA Act - Section 75 transfers	-	170
Total	476,055	462,838
Appropriation applied (current and previous years)	465,674	452,306
Variance	10,381	10,532
Capital Budget²		
Annual Appropriation	25,769	25,234
Total	25,769	25,234
Appropriation applied (current and previous years)	28,567	22,718
Variance	(2,798)	2,516
Other services		
Equity Injection	5,445	11,907
Total	5,445	11,907
Appropriation applied (current and previous years)	5,328	24,078
Variance	117	(12,171)
Administered		
Ordinary annual services		
Administered items	566,134	547,439
PGPA Act - Section 75 transfers	-	2,057
Payments to corporate Commonwealth entities	1,105,515	1,045,019
Total	1,671,649	1,594,515
Appropriation applied (current and previous years)	1,592,973	1,551,305
Variance ³	78,676	43,210
Other Services		
Administered assets and liabilities	9,500	8,000
Payments to corporate Commonwealth entities	38,611	32,637
Total	48,111	40,637
Appropriation applied (current and previous years)	53,299	56,084
Variance ³	(5,188)	(15,447)

Notes:

- In 2018-19, there were adjustments that met the recognition criteria of a formal addition in revenue and equity but at law the appropriations had not been amended before the end of the reporting period. The adjustments were an increase to revenue of \$0.440 million and capital budget of \$0.245 million relating to funding for the Space Agency function.
- Departmental Capital Budgets are appropriated through Appropriation Acts (No.1, 3, 5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.
- Administered variances are due to drawdowns against prior year appropriations and undrawn current year appropriations
- No other entities spend money from the CRF on behalf of the department.

Department of Industry, Innovation and Science

Notes to and forming part of the Financial Statements

Note 5.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2019	2018
	\$'000	\$'000
Departmental		
Appropriation Act 1 2015-16	-	297
Appropriation Act 2 2015-16	-	448
Appropriation Act 1 2016-17	22	183
Appropriation Act 4 2016-17	-	82
Appropriation Act 1 2017-18	-	73,724
Appropriation Act 1 2017-18 Cash	-	1,606
Appropriation Act 1 2017-18 DCB	-	3,976
Appropriation Act 3 2017-18	-	1,080
Appropriation Act 2 2017-18	6,662	11,520
Appropriation Act 4 2017-18	-	387
Appropriation Act 5 2017-18	-	109
Appropriation Act 1 2018-19	75,115	-
Appropriation Act 1 2018-19 DCB	1,178	-
Appropriation Act 2 2018-19	5,445	-
Appropriation Act 3 2018-19	10,204	-
Appropriation Act 1 2018-19 Cash	1,742	-
Total departmental	100,368	93,412
Administered		
Appropriation Act 1 2015-16	-	129,859
Appropriation Act 3 2015-16	-	9,322
Supply Act 2 2016-17	-	449
Appropriation Act 1 2016-17	24,799	29,100
Appropriation Act 2 2016-17	7,141	16,880
Appropriation Act 3 2016-17	1,129	28,598
Appropriation Act 1 2017-18	53,670	78,571
Appropriation Act 2 2017-18	6,460	6,460
Appropriation Act 1 2018-19	135,347	-
Appropriation Act 2 2018-19	5,000	-
Total administered	233,546	299,239

- The above balances include appropriations withheld under section 51 of the PGPA Act, which constitutes a permanent loss of control as well as temporarily quarantined amounts, as these have not been formally reduced by law prior to 30 June 2019.
- Departmental appropriations reduced under section 51: Appropriation Act 1 2016-17 by \$0.02 million.
- Administered appropriations reduced under section 51: Appropriation Act 1 2016-17 by \$15.53 million; Appropriation Act 3 2016-17 by \$1.13 million; Appropriation Act 1 2017-18 by \$6.02 million; Appropriation Act 1 2018-19 by \$24.83 million.
- Unspent amounts in 2015-16 Appropriation Acts were repealed in 2018-19.

Department of Industry, Innovation and Science

Notes to and forming part of the Financial Statements

Note 5.1C: Disclosure by Agent in Relation to Annual and Special Appropriations ('Recoverable GST exclusive')

	2019 \$'000	2019 \$'000	2018 \$'000	2018 \$'000
	Total receipts	Total payments	Total receipts	Total payments
Attorney-Generals	-	-	1	4,176
Department of Health	-	41,078	-	20,129
Department of Defence	-	18,131	-	4,655
Department of Prime Minister & Cabinet	-	-	-	10,464
Department of Home Affairs	-	61,076	-	804
Total	-	120,285	1	40,228

Since 2015-16, the department has been delivering grants on behalf of other government agencies as part of the *Better Grants Administration* initiative. Payments were made from appropriations administered by these agencies in accordance with agreed arrangements. The related revenues, expenses, assets, liabilities and cash flows are disclosed in the financial statements of the relevant government agency responsible for the outcome.

Note 5.1D: Special Appropriations Applied ('Recoverable GST exclusive')

Authority	Appropriation applied	
	2019 \$'000	2018 \$'000
<i>Automotive Transformation Scheme Act 2009</i> ¹	46,429	103,923
<i>Offshore Minerals Act 1994 (Act No. 28 of 1994)</i>	-	-
<i>Northern Australia Infrastructure Facility Act 2016</i>	34,590	3,400
<i>Offshore Petroleum and Greenhouse Gas Storage Act 2006</i>	35,306	32,195
<i>Public Governance, Performance and Accountability Act 2013 s.77</i>	113	4,833
Total special appropriation applied	116,438	144,351

1. The total amount of assistance paid in respect of a year must not exceed \$300 million.

The following special appropriations had zero transactions and budgets during the reporting and comparative year:

- Science and Industry Endowment Act 1926
- Space Activities Act 1998
- Uranium Royalty (Northern Territory) Act 2009
- Textile, Clothing and Footwear Investment and Innovation Programs Act 1999

Department of Industry, Innovation and Science Notes to and forming part of the Financial Statements

5.2. Special Accounts

Note 5.2A: Special Accounts ('Recoverable GST exclusive')

	Clean Energy Initiative Special Account ¹		Services for Other Entities and Trust Moneys Account ²		National Offshore Petroleum Titles Administrator Special Account ³	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Balance brought forward from previous period	36,615	54,376	17,029	21,506	5,208	6,627
Total Increases	25,965	10,254	95	6,055	29,482	17,843
Available for payments	62,580	64,630	17,124	27,561	34,690	24,470
Total administered decreases	34,502	28,015	2,590	10,532	31,472	19,262
Total balance carried to the next period	28,078	36,615	14,534	17,029	3,218	5,208
Balance represented by:						
Cash held in the Official Public Account	28,078	36,615	14,534	17,029	3,218	5,208
Total balance carried to the next period	28,078	36,615	14,534	17,029	3,218	5,208

	Innovation, Science and Technology – Donations, Bequests and Sponsorship Special Account ⁴		Australian Building Codes Board Special Account ⁵		Ranger Rehabilitation Special Account ⁶	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Balance brought forward from previous period	2,055	2,284	9,224	9,603	73,275	71,632
Total increases	3,384	2,582	9,831	9,708	225,554	182,621
Available for payments	5,439	4,866	19,055	19,311	298,829	254,253
Decreases						
Total departmental decreases	3,159	2,811	9,674	10,087	-	-
Total administered special public money decreases	-	-	-	-	223,598	180,978
Total balance carried to the next period	2,280	2,055	9,381	9,224	75,231	73,275
Balance represented by:						
Cash held in entity bank accounts	2,280	2,055	348	226	75,231	73,275
Cash held in the Official Public Account	-	-	9,033	8,998	-	-
Total balance carried to the next period	2,280	2,055	9,381	9,224	75,231	73,275

Department of Industry, Innovation and Science

Notes to and forming part of the Financial Statements

Footnote No.	Section of PGPA Act appropriated under	Establishing Instrument and Purpose of Special Account	Sunset Date of Special Account Determination
1	78	<i>Determination 2009/21 – Clean Energy Initiative Special Account Establishment 2009</i> , to meet the costs and expenses related to initiatives to support the growth of clean energy generation and new technologies to reduce carbon emissions.	1 October 2019
2	78	<i>Determination 2011/09 – Services for Other Entities and Trust Moneys</i> , to enable the department to continue to hold and expend amounts on behalf of persons or entities other than the Commonwealth.	1 October 2021
3	80	<i>Offshore Petroleum and Greenhouse Gas Storage Act 2006</i> , to meet costs, expenses and other obligations related to the performance of the Titles Administrator's functions or the exercise of the Titles Administrator's powers. 2018-19 receipts (increases) for the National Offshore Petroleum Titles Administrator special account include cash bidding revenue of \$11.1 million received as part of the annual offshore petroleum exploration acreage release program. This revenue amount has been returned to the Consolidated Revenue Fund in accordance with the Offshore Petroleum and Greenhouse Gas Storage Act.	N/A
4	78	<i>PGPA Act Determination (Innovation, Science and Technology – Donations, Bequests and Sponsorship Special Account 2016) – Establishment</i> , for expenditure to conduct activities to promote greater understanding and awareness of science, technology, engineering, mathematics and innovation within the community and to support science education and research which promotes related fields. The full balance as at 30 June was invested in an interest bearing bank account. Note that \$0.6 million in this special account is recognised as monies held in trust. This balance does not form part of the financial statements.	1 October 2026
5	78	<i>PGPA Act Determination – Establishment of Australian Building Codes Board Special Account 2017</i> , for expenditure towards creating nationally consistent building codes, standards, regulatory requirements and regulatory systems in design, construction and use of buildings.	1 April 2027
6	78	<i>PGPA Act Determination – Establishment of Ranger Rehabilitation Special Account 2017</i> , for expenditure relating to the rehabilitation of the ranger project area in accordance with the Ranger Uranium Project Government Agreement (as amended) between the Commonwealth and Energy Resources of Australia Limited, Australian Atomic Energy Commission, Peko-Wallsend Operations Limited and Electrolytic Zinc Company of Australasia Limited. The full balance as at 30 June was invested as a term deposit. Note that this special account is held in trust for the benefit of the Traditional Aboriginal Owners of the Ranger Project Area. This balance does not form part of the financial statements.	1 April 2027

The department has the National Repository Capital Contribution Fund Special Account established under section 80 of the *Public Governance, Performance and Accountability Act 2013*. It is for the establishment and operation of a radioactive waste management facility. There had been no transactions debited or credited to it during the current or prior reporting period.

Note that the Fund is to be established after a facility licence that authorises a person to operate the facility is issued under the *Australian Radiation Protection and Nuclear Safety Act 1998*. This is anticipated to occur around 2020.

Department of Industry, Innovation and Science

Notes to and forming part of the Financial Statements

5.3. Regulatory Charging Summary		
	2019	2018
	\$'000	\$'000
Note 5.3A: Regulatory Charging Summary		
Amount applied		
Departmental		
Annual appropriations	<u>1,334</u>	<u>771</u>
Total amounts applied	<u>1,334</u>	<u>771</u>
Expenses		
Departmental	2,071	1,555
Administered	<u>15,513</u>	<u>14,350</u>
Total expenses	<u>17,584</u>	<u>15,905</u>
Revenue		
Departmental	737	785
Administered	<u>17,986</u>	<u>17,701</u>
Total revenue	<u>18,723</u>	<u>18,486</u>

No amounts were written off in the current or prior period.

Regulatory charging activities:

Departmental

Licensing and Appointments and Pattern Approval Laboratory.

Documentation - www.measurement.gov.au/Documents/Charging-Arrangements.docx.

Administered

National Offshore Petroleum Titles Administrator Fee.

Documentation - [www.nopta.gov.au/ documents/nopta-cris-2016-17-sept16.pdf](http://www.nopta.gov.au/documents/nopta-cris-2016-17-sept16.pdf)

Department of Industry, Innovation and Science

Notes to and forming part of the Financial Statements

6. People and Relationships

This section describes a range of employment and post-employment benefits provided to our people.

6.1. Employee Provisions

	2019	2018
	\$'000	\$'000
Note 6.1A: Employee Provisions		
Leave	88,717	79,775
Separations and redundancies	1,064	1,260
Total employee provisions	89,781	81,035

Note 6.1B: Administered - Employee Provisions

Leave	1,826	1,536
Total employee provisions	1,826	1,536

Accounting Policy

Liabilities for 'short-term employee benefits' and termination benefits expected to be wholly settled within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Leave

The liability for employee benefits includes provisions for annual leave and long service leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the department's employee superannuation contribution rates to the extent that leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2017 and management assessments relating to salary growth rates. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

The department recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

The department's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap), the Australian Government Employees Superannuation Trust (AGEST) or non-government superannuation funds.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap, AGEST and other non-government superannuation funds are defined contribution schemes.

The liability for the defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The department makes employer contributions to the employees' superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Australian Government. The department accounts for the contributions as if they were contributions to defined contribution plans.

Department of Industry, Innovation and Science

Notes to and forming part of the Financial Statements

6.2. Key Management Personnel Remuneration

Key Management Remuneration

	2019	2018
	\$000	\$000
Short-term employee benefits	2,074	1,888
Post-employment benefits	331	303
Other long-term employee benefits	51	46
Total Key Management Remuneration expenses	2,456	2,237

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly. The department has determined the KMP to be the Secretary and the Deputy Secretaries of the department and the Portfolio Ministers.

The total number of KMP included in the above table is 5 (2017-18: 6).

The disclosure requirements as per Resource Management Guide 125 were amended in 2018-19. Annual leave, which was previously disclosed as other long-term employee benefit is now reported as a short-term employee benefit. The comparative has been amended to reflect this change.

The above KMP remuneration excludes the remuneration and other benefits of the Portfolio Ministers. Portfolio Ministers' remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the department.

6.3. Related party transactions

Related party relationships

The department is an Australian Government controlled entity. Related parties to the department are Key Management Personnel including the Portfolio Minister and Executives, and other Australian Government entities.

Transactions with related parties

Given the breadth of government activities, related parties may transact with the department in the same capacity as ordinary citizens. These transactions have not been separately disclosed in this note. There were no significant transactions with related parties during the year. All related party transactions were in the ordinary course of business and do not require separate disclosure.

Department of Industry, Innovation and Science

Notes to and forming part of the Financial Statements

7. Managing Uncertainties

This section analyses how the department manages financial risks within its operating environment.

7.1. Financial Instruments

	2019	2018
	\$'000	\$'000
Note 7.1A: Categories of Financial Instruments		
Financial Assets under AASB 139		
Loans and receivables		
Cash and cash equivalents		12,885
Trade and other receivables		9,867
Accrued revenue		2,402
Total loans and receivables		25,154
Financial Assets under AASB 9		
Financial assets at amortised cost		
Cash and cash equivalents	12,823	
Trade and other receivables	8,826	
Accrued revenue	6,221	
Total financial assets at amortised cost	27,870	
Total financial assets	27,870	25,154
Financial Liabilities		
Suppliers	28,719	21,594
Grants payable	200	2,302
Other payables	12,947	13,054
Total financial liabilities measured at amortised cost	41,866	36,950
Total financial liabilities	41,866	36,950

Note 7.1B: Net Gains or Losses

The net gains/losses on financial instruments is immaterial.

Department of Industry, Innovation and Science
Notes to and forming part of the Financial Statements

Classification of financial assets on the date of initial application of AASB 9

Financial assets class	Notes	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 30 June 2018 \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Cash and cash equivalents	3.1A	Loans and receivables	Amortised Cost	12,885	12,885
Trade and other receivables	3.1B	Loans and receivables	Amortised Cost	9,867	9,912
Accrued revenue		Loans and receivables	Amortised Cost	2,402	2,402
Total financial assets				25,154	25,199

Reconciliation of carrying amounts of financial assets on the date of initial application of AASB 9

Financial assets class	AASB 139 carrying amount at 30 June 2018 \$'000	Reclassification \$'000	Re-measurement \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Financial assets at amortised cost				
Loans and receivable				
Cash and cash equivalents	12,885	-	-	12,885
Trade and other receivables	9,867	-	45	9,912
Accrued revenue	2,402	-	-	2,402
Total amortised cost	25,154	-	45	25,199

Department of Industry, Innovation and Science

Notes to and forming part of the Financial Statements

Accounting Policy

Financial assets

With the implementation of AASB 9 *Financial Instruments* for the first time in 2019, the department classifies its financial assets into the following categories:

- a) financial assets at fair value through other comprehensive income; and
- b) financial assets measured at amortised cost.

The classification is based on both the department's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the department becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and are derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Comparatives have not been restated on initial application.

Financial Assets at Amortised Cost

Financial assets included in this category are loans and receivables based on the following:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)

Financial assets measured at fair value through other comprehensive income are administered investments held on behalf of the Australian Government for policy purposes.

Impairment of Financial Assets

AASB 9 replaces the 'incurred loss' model previously used under AASB 139 with an 'expected credit loss' (ECL) model. Financial assets are assessed for impairment at the end of each reporting period based on the ECL model.

Both loans and receivables are assessed for impairment at end of each reporting period. The department has adopted the general approach to measure the impairment loss allowance for its administered loans. For trade and other receivables, the simplified approach has been adopted in measuring the impairment loss allowance at an amount equal to the lifetime ECL.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

Financial liabilities

Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss.

The department recognises a provision for commitments to provide loans at concessional rates of interest, and classifies it at fair value through profit and loss.

Financial Liabilities at Amortised Cost

The department classifies all its financial liabilities as measured at amortised cost.

Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Department of Industry, Innovation and Science
Notes to and forming part of the Financial Statements

7.2. Administered - Financial Instruments

	2019	2018
	\$'000	\$'000
Note 7.2A: Categories of Financial Instruments		
Financial Assets under AASB 139		
Loans and receivables		
Cash and cash equivalents		58,852
Grant recoveries and other receivables		1,697
Loans - amortised cost		96,769
Total loans and receivables		157,318
Available for sale		
Administered investments		3,539,564
Total available for sale		3,539,564
Financial Assets under AASB 9		
Financial assets at amortised cost		
Cash and cash equivalents	45,830	
Grant recoveries and other receivables	4,139	
Loans - amortised cost	132,687	
Total financial assets at amortised cost	182,656	
Financial assets at fair value through other comprehensive income (FVOCI)		
Administered investments	3,350,646	
Total financial assets at fair value through other comprehensive income	3,350,646	
Total financial assets	3,533,302	3,696,882
Financial Liabilities		
Financial Liabilities measured at amortised cost		
Grants and subsidies payable	77,844	69,488
Suppliers payable	12,548	27,668
Other payables	9,504	14,400
Provision for loan commitments	1,554	-
Total financial liabilities measured at amortised cost	101,450	111,556
Total financial liabilities	101,450	111,556

Department of Industry, Innovation and Science
Notes to and forming part of the Financial Statements

<u>Classification of Financial Assets on the Date of Initial Application of AASB 9</u>						
Financial assets class	Notes	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 30 June 2018 \$'000	AASB 9 carrying amount at 1 July 2018 \$'000	
Cash and cash equivalents		Loans and receivables	Amortised cost	58,852	58,852	
Trade and other receivables	4.1A	Loans and receivables	Amortised cost	1,697	1,697	3,937
Loans - amortised cost	4.1A	Loans and receivables	Amortised cost	96,769	96,769	96,713
Administered investments	4.1B	Available for sale	FVOCI	3,539,564	3,539,564	3,539,564
Total financial assets				3,696,882		3,699,066

<u>Reconciliation of Carrying Amounts of Financial Assets on the Date of Initial Application of AASB 9</u>						
Financial assets class		AASB 139 carrying amount at 30 June 2018 \$'000	Reclassification \$'000	Re-measurement \$'000		AASB 9 carrying amount at 1 July 2018 \$'000
Financial assets at amortised cost						
Loan and receivables						
Cash and cash equivalents		58,852	-	-		58,852
Grant recoveries and other receivables		1,697	-	2,240		3,937
Loans - amortised cost		96,769	-	(56)		96,713
Total amortised cost		157,318	-	2,184		159,502
Financial assets at fair value through other comprehensive income						
Available-for-sale financial assets						
Administered investments		3,539,564	-	-		3,539,564
Total fair value through other comprehensive income		3,539,564	-	-		3,539,564

Department of Industry, Innovation and Science

Notes to and forming part of the Financial Statements

Note 7.2B: Net Gains or Losses on Financial Assets

Financial assets at amortised cost

Interest revenue	<u>7,085</u>	6,306
Net gains on financial assets at amortised cost	<u>7,085</u>	<u>6,306</u>

Note 7.2C: Net Gains or Losses on Financial Liabilities

Financial liabilities measured at amortised cost

Interest	<u>44</u>	600
Net gains on financial liabilities measured at amortised cost	<u>44</u>	<u>600</u>

Note 7.2D: Fair Value of Financial Instruments

The department considers that the carrying amounts reported in the Administered Schedule of Assets and Liabilities are a reasonable approximation of the fair value of these financial assets and liabilities.

Department of Industry, Innovation and Science

Notes to and forming part of the Financial Statements

Note 7.2E: Credit Risk

The department is exposed to credit risk through its financial assets of loans and trade receivables. The maximum exposure to credit risk arises from potential default of all debtors. The carrying amount of loans and trade receivables, net of impairment allowance, represents the department's maximum exposure to credit risk.

The department has adopted the general approach prescribed under AASB 9 Financial Instruments to measure the expected credit losses (ECLs) for its administered loans. ECLs are based on an assessment of change in credit risk since initial recognition for each loan. If the credit risk on the loan has increased significantly since initial recognition then the impairment allowance is measured on the basis of lifetime ECLs. If the credit risk on the loan has not increased significantly since initial recognition then the impairment allowance is based on ECLs over the next 12 months.

The department assesses the significant increase in credit risk for each loan by considering (but not limited to) the following information:

- Information published in borrower annual statements
- Changes to borrower ratings by external credit rating agency
- Changes to borrower financial support from related entities or financial institutions
- Expected or potential breaches of loan covenants
- Expected delay in repayment
- Changes in general economic or market conditions

For trade receivables, the simplified approach has been adopted in measuring the impairment loss allowance at an amount equal to lifetime ECL. The department has measured the impairment allowance by applying expected default rates to the trade receivable ageing balances at the end of the reporting period. The expected default rates take into account both historical losses and forward-looking information relating to trade receivables.

Financial assets are considered to be credit impaired if one or more events that have a detrimental effect on the estimated future cash flows have already occurred. The department considers the following indicators to determine whether the asset is credit impaired or not at the reporting date:

- Actual breach in making a loan repayment
- Granting of concession or repayment holiday to the debtor due to financial difficulty
- Likelihood that the debtor will enter bankruptcy

In cases of non-recovery of outstanding debts, the department records the write-off event in accordance with its debt management policy in the financial statements.

Note 7.2F: Liquidity Risk

The majority of the department's administered financial liabilities are grants and subsidies payable. The exposure to liquidity risk is based on the notion that the department will encounter difficulty in meeting its obligations associated with administered financial liabilities. This is highly unlikely due to appropriation funding mechanisms available to the Department and internal policies and procedures to ensure appropriate resources exist to meet any financial obligations.

All financial liabilities except for other payables are expected to be settled within 12 months. The other payable amount of \$9.5 million relates to ownership of partly paid shares in Quantum Computing, and will be paid in two instalments due on an annual basis until 30 June 2021.

Department of Industry, Innovation and Science

Notes to and forming part of the Financial Statements

Note 7.2G: Market Risk

The department's exposure to interest rate risk is primarily from its loans (at amortised cost). Interest rate risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. However, the effect on profit and loss is assessed as immaterial given the low value of these financial instruments as at 30 June 2019.

Department of Industry, Innovation and Science

Notes to and forming part of the Financial Statements

7.3. Fair Value Measurement

Note 7.3A: Fair Value Measurements, Valuation Techniques and Inputs Used

Fair value measurements at the end of the reporting period by hierarchy for assets and liabilities in 2019

	Fair value measurements at the end of the reporting period	
	2019	2018
	\$'000	\$'000
Non-financial assets:		
Buildings	44,982	44,989
Leasehold improvements	53,488	54,254
Infrastructure, plant and equipment ¹	17,258	16,862
Infrastructure, plant and equipment	7,295	6,711
Laboratory equipment	23,792	23,024
Total fair value measurements of assets in the statement of financial position	146,815	145,840

1. Level 2. The balance of non-financial assets are categorised as Level 3.

7.4. Administered - Fair Value Measurement

The following tables provide an analysis of assets and liabilities that are measured at fair value. The remaining assets and liabilities in the statement of financial position do not apply the fair value hierarchy.

The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Recurring and non-recurring fair value measurements – unobservable inputs for the asset or liability.

Accounting Policy

The department's valuation methodologies for its non-financial assets are provided by its independent valuer, which have been developed in accordance with AASB 13 Fair Value Measurement. The department tests the procedures of the valuation model as an internal management review at least once every 12 months (with a formal valuation undertaken once every three years). If a particular asset class experiences significant and volatile changes in fair value (i.e. where indicators suggest that the value of the class has changed materially since the previous reporting period), that class is subject to specific valuation in the reporting period, where practicable, regardless of timing of the last valuation.

Department of Industry, Innovation and Science

Notes to and forming part of the Financial Statements

Note 7.4A: Administered Fair Value Measurements, Valuation Technique and Inputs Used

Fair value measurements at the end of the reporting period by hierarchy for assets and liabilities

	Fair value measurements at the end of the reporting period		Category (Level 1, 2, or 3)	For Levels 2 and 3 fair value measurements
	2019 \$'000	2018 \$'000		Valuation technique(s) \$'000
Financial assets:				
Other investments ¹	3,350,646	3,539,564	Level 3	Cost
Total financial assets	3,350,646	3,539,564		
Non-financial assets:				
Infrastructure, plant and equipment ²	452	579	Level 2	Market Approach
Leasehold Improvements	893	1,526	Level 3	Depreciated replacement cost
Total non-financial assets	1,345	2,105		
Total fair value measurements of assets in the administered schedule of assets and liabilities	3,351,991	3,541,669		

1. Includes investment in PSMA Australia. Although PSMA's net assets are measured at cost, this value is considered as a proxy for fair value.

2. Prices derived from observed transactions of similar equipment.

Note 7.4B: Administered Reconciliation for Recurring Level 3 Fair Value Measurements

Recurring Level 3 fair value measurements - reconciliation

	2019 \$'000	2018 \$'000
Opening balance	3,541,090	3,660,976
Total gains/(losses) recognised in other comprehensive income	(204,120)	(175,170)
(Disposals)/ Additions (including Restructuring)	(430)	1,414
Issues	44,678	70,206
Settlements	(29,477)	(16,256)
Depreciation	(203)	(80)
Closing balance	3,351,538	3,541,090
Changes in unrealised gains/(losses) recognised in net cost of services for assets held at the end of the reporting period	-	-

Department of Industry, Innovation and Science

Notes to and forming part of the Financial Statements

8. Other Information

This section provides other disclosures relevant to the department's financial environment for the year.

8.1. Aggregate Assets and Liabilities

	2019	2018
	\$'000	\$'000
Note 8.1A: Aggregate Assets and Liabilities		
Assets expected to be recovered in		
No more than 12 months	139,869	129,375
More than 12 months	208,463	207,874
Total assets	348,332	337,249
Liabilities expected to be settled in:		
No more than 12 months	71,123	75,093
More than 12 months	94,639	85,344
Total liabilities	165,762	160,437

Note 8.1B: Administered Aggregate Assets and Liabilities

Assets expected to be recovered in:		
No more than 12 months	160,530	178,199
More than 12 months	3,490,059	3,643,587
Total assets	3,650,589	3,821,786
Liabilities expected to be settled in:		
No more than 12 months	96,244	102,441
More than 12 months	7,032	10,651
Total liabilities	103,276	113,092

Department of Industry, Innovation and Science

Notes to and forming part of the Financial Statements

8.2. Restructuring

As a result of the AAO of 31 January 2018, the Spatial Data Policy function transferred in from the Department of Prime Minister and Cabinet.

Note 8.2A: Departmental Restructuring

	2019	2018 Spatial Data Policy Department of the Prime Minister and Cabinet
	\$'000	\$'000
FUNCTIONS ASSUMED		
Assets assumed		
Appropriation receivables	-	161
Special accounts	-	-
Trade Receivables	-	-
Intangibles	-	-
Total assets assumed	-	161
Liabilities assumed		
Employee provisions	-	161
Unearned revenue	-	-
Payables	-	-
Total liabilities assumed	-	161
Net assets/(liabilities) assumed	-	-
Income assumed		
Recognised by the receiving entity	-	116
Recognised by the losing entity	-	345
Total income assumed	-	461
Expenses assumed		
Recognised by the receiving entity	-	116
Recognised by the losing entity	-	345
Total expenses assumed	-	461

In respect of functions assumed, the net book values of assets and liabilities were transferred to the entity for no consideration.

Department of Industry, Innovation and Science

Notes to and forming part of the Financial Statements

Note 8.2B: Administered Restructuring		
	2019	ASSUMED
		2018
		Spatial Data Policy
		Department of the Prime Minister and Cabinet
	\$'000	\$'000
FUNCTIONS ASSUMED		
Assets assumed		
Investments	-	-
Total assets assumed	-	-
Net assets assumed	-	-
Expenses assumed		
Recognised by the receiving entity	-	2,057
Recognised by the losing entity	-	6,240
Total expenses assumed	-	8,297



CHAPTER FIVE

DEPARTMENTAL APPENDICES

Appendix A1: Reports addressing special legislative requirements

This appendix sets out information that the department is required to report on as part of its administration of the following legislation:

- *Australian Jobs Act 2013*
- *Automotive Transformation Scheme Act 2009*
- *Offshore Petroleum and Greenhouse Gas Storage Act 2006*.

Australian Jobs Act

The *Australian Jobs Act 2013* (the Jobs Act) commenced on 27 December 2013. The primary objective of the Jobs Act is to provide full, fair and reasonable opportunity for Australian entities to participate in major Australian projects. The Jobs Act requires the development and implementation of an Australian Industry Participation (AIP) plan for each eligible major project with capital expenditure of \$500 million or more.

The Jobs Act also establishes a statutory position, the Australian Industry Participation Authority (the Authority). Section 83 of the Jobs Act requires the Authority to prepare an annual report on its operations. This report addresses that requirement for 2018–19.

The Hon Michaelia Cash MP appointed Mr Mike Lawson PSM, Deputy Secretary Department of Industry, Innovation and Science, as the acting Authority for a 12-month term commencing on 21 May 2018. On 12 March 2019 the Hon Karen Andrews MP appointed Dr Gary Richards, General Manager Advanced Technologies Branch, as the acting Authority for a 12-month term commencing on 21 May 2019. With Dr Richards retiring, on 19 June 2019 the Hon Karen Andrews MP appointed Mr Trevor Power, head of the Industry Growth Division, as the acting Authority for a 12-month term commencing on 29 June 2019.

The Authority and the Jobs Act

The Authority's role is to evaluate, approve and publish summaries of AIP plans and to monitor and report on the implementation of those plans. AIP plans apply the AIP National Framework principles and detail how a project proponent will provide full, fair and reasonable opportunity to Australian entities to supply key goods and services to a project. The Jobs Act also requires six-monthly compliance reporting on the AIP plan for the project's construction phase and for two years into the operations phase for new facilities.

In 2018–19, the Authority approved 25 AIP plans for major projects with total capital expenditure of more than \$38.5 billion.

Monitoring

The Authority employs a number of strategies to encourage major project proponents to comply voluntarily and deal with non-compliance appropriately. These include promoting awareness of the Jobs Act, engaging with project proponents to promote compliance, and monitoring compliance.

The Authority's monitoring of industry activity for compliance with the Jobs Act is ongoing. Information on major projects is gathered from a range of publicly available and internal sources, including Deloitte Access Economics' quarterly Investment Monitor, Australian Securities Exchange notices, the Office of the Chief Economist's Resources and Energy Major Projects listings and announcements in the national media. In 2018–19, the Authority adopted a specific regional focus whereby industry activities in each state and territory are monitored. This is leading to increased awareness of potential major projects and earlier engagement with proponents.

In 2018–19, the Authority:

- wrote to 24 project proponents alerting them to their potential obligations under the Jobs Act and providing guidance on meeting their obligations (up from 14 in 2017–18)
- received formal notification of 11 major projects with current or future obligations under the Jobs Act (down from 31 in 2017–18, which was an above-average year)
- approved 25 draft AIP plans (up from 18 in 2017–18) and published the AIP plan summaries at www.industry.gov.au/aip
- accepted that two major projects had met the requirements under the Australian Jobs (Australian Industry Participation) Rule 2014 for an exception to providing a draft AIP plan (down from five in 2017–18)
- received, evaluated and accepted 59 AIP plan compliance reports (up from 37 in 2017–18).

Self-assessment

The Authority ran its second evaluation survey in 2018–19 to obtain feedback and comments on its performance from stakeholders that had had their AIP plans and first compliance reports approved in 2018–19 under the Jobs Act. The survey is part of the Authority's self-assessment under the Australian Government's Regulator Performance Framework. The survey responses are being compiled and the findings will be reported in the 2018–19 self-assessment report.

Jobs Act Review

The five-yearly statutory review of the operation of the Jobs Act was conducted from August to November 2018 and included consultation with stakeholders across Australia. The department commissioned Quantum Consulting Australia to undertake the review, using terms of reference approved by Senator the Hon Zed Seselja, Assistant Minister for Science, Jobs and Innovation.

The review examined the impact of the Jobs Act on regulated entities, including the effectiveness of AIP plans, compliance monitoring and information resources. The findings of the review were tabled in parliament in January 2019.

The report made eight recommendations for improving the operation of the Jobs Act, including revising the AIP plan and compliance report templates, enhancing communication of the Authority's activities, developing standard operating procedures, formalising a monitoring and evaluation framework, and updating the Authority's website. The full report is available from www.industry.gov.au/aip.

The Authority considered and accepted the review's recommendations and developed a plan for their implementation. A number of the recommendations have been implemented. The AIP plan and compliance report templates and user guides have been reviewed and updated to enable proponents and operators to complete them more efficiently while still addressing the Job Act's requirements. Standard operating procedures have been documented and provided to Authority staff. Development of the monitoring and evaluation framework and a review of the communication strategy and the Authority website have commenced. It is expected the remaining recommendations will be addressed during 2019–20.

Industry Capability Network Limited

The Industry Capability Network (ICN) Limited supports the AIP National Framework by connecting potential suppliers to project opportunities through the management of a national database of industry capability and project opportunities, known as the ICN Gateway. The department provides annual funding to ICN Limited to deliver national coordination and IT support for the ICN. The department has been working with other jurisdictions and ICN Limited on improving the services to industry and government delivered through the ICN Gateway. ICN Limited has been funded to oversee development of a new IT analytical tool to help governments better understand industry capability.

The Authority and Commonwealth procurements, grants and investments

On 28 July 2009, the Government released the Australian Government Procurement Statement, announcing that it would strategically apply the AIP National Framework principles to large Commonwealth procurements. Since 1 January 2010, companies bidding on Commonwealth procurements of \$20 million or more have been required to put AIP plans in place. This requirement was extended on 1 July 2012 to Commonwealth grants and Commonwealth-funded infrastructure projects; on 1 July 2013 to selected Clean Energy Finance Corporation investment projects; and on 1 July 2016 to investments by the Northern Australia Infrastructure Facility.

In 2015, to reduce regulatory burden for business and in line with the Australian Government's broader agenda of cutting red tape, the procedure for all tenderers of Commonwealth procurements to prepare an AIP plan as part of their tender was discontinued. A tenderer is now only required to prepare and implement an AIP plan if their tender is successful.

The Authority ensures that government agencies and potential suppliers are aware of and understand their obligations for Commonwealth procurements, grants and investments. The Authority assists them to meet their obligations by developing user guides and templates for AIP plans and processes.

AIP plans in Commonwealth funding

As shown in Table 41, at 30 June 2019, a total of 389 AIP plans had been approved for Commonwealth procurements, grants, and Clean Energy Finance Corporation and Northern Australia Infrastructure Facility investments valued at \$20 million or more (up by 26 since the 2017-18 report).

Table 41: AIP plan statistics in Commonwealth funding as at 30 June 2019

AIP plans in Commonwealth procurements (since 1 January 2010)	
Number of AIP plans approved	317 (2)
Number of released approaches to market requiring AIP plans ¹	75 (4)
Value of contracts requiring AIP plans	\$15.6b (\$0.6b)
Number of proposed approaches to market exempted from AIP plan requirement	187 (20)
AIP plans in Commonwealth grants and Commonwealth-funded infrastructure projects (since 1 July 2012)	
Number of AIP plans approved	20 ^{2,3} (7)
Number of grants exempted from AIP plan requirement	14 (1)
AIP plans in Commonwealth investments—Clean Energy Finance Corporation (since 1 July 2013)	
Number of AIP plans approved	45 (12)
Number of investments exempted from AIP plan requirement	12 (2)
AIP plans in Commonwealth investments—Northern Australia Infrastructure Facility (since 1 July 2016)	
Number of AIP plans approved	7 (5)

¹ Approaches to market cover both single and panel procurements. The number also includes panel procurements where an overarching AIP plan is not required but agencies planning to issue a contract of \$20m or more under applicable panels are to contact the Authority for an AIP plan determination.

² Four of these AIP plans were for projects included under the National Partnership Agreement on Land Transport Infrastructure Projects.

³ One of these AIP plans was for a project receiving Commonwealth funding by way of equity investment.

Note: Numbers in brackets represent the increase since 30 June 2018.

Publication of summaries

Since 1 July 2012, the department has published summaries of AIP plans online, including details on how project proponents will acquire and use information on Australian industry capabilities and how they will communicate opportunities to Australian suppliers.

As at 30 June 2019, 73 summaries had been published:

- 22 for Commonwealth procurements, including three added in 2018-19
- 14 for Commonwealth grants, including five added in 2018-19
- 36 for Clean Energy Finance Corporation investments, including seven added in 2018-19
- one for Northern Australia Infrastructure Facility investments, added in 2018-19.

Commonwealth AIP SmartForm

The Authority implemented a Commonwealth AIP SmartForm in October 2018 to reduce the time and burden involved for businesses in preparing AIP plans and implementation reports. As at 30 June 2019, 17 SmartForm AIP plans had been approved.

Automotive Transformation Scheme Act

The Automotive Transformation Scheme (ATS) aims to encourage competitive investment and innovation in the Australian automotive industry to place it on an economically sustainable footing, improve environmental outcomes, and promote the development of workforce skills.

Section 27A of the *Automotive Transformation Scheme Act 2009* requires the Secretary to report annually on assistance paid to ATS participants (Table 42) and the Australian automotive industry's progress towards achieving economic sustainability, environmental outcomes and workforce skills development (Table 43).

In 2018–19, around 60 firms remained in the program, drawing support to conduct some production activities, and to develop capabilities, undertake research and product development, and invest in new equipment. The ATS is part of a suite of Government programs that are helping firms to diversify and workers to reskill into new industries following the car manufacturing closures.

Table 42: Assistance paid to ATS participants for the 12-month period ending 31 March 2019

Participants	Assistance paid (\$)
Motor vehicle producers	9 993 355
Automotive component producers	37 334 610
Automotive machine tool producers	1 465 542
Automotive service providers	1 991 260
Total	50 784 767

Table 43: Progress made by ATS participants in achieving economic sustainability, environmental outcomes, and workforce skills development during the 12-month period ending 31 March 2019

Economic sustainability	
Capability development	78% of ATS participants reported participation in change management processes (up 1 percentage point from the previous year).
Business performance	77% of ATS participants reported improved business performance through increased productivity (up 7 percentage points from the previous year). 86% reported that they had found new customers (up 22 percentage points from the previous year).
Environmental outcomes	
Manufacturing process	75% of ATS participants reported better environmental outcomes resulting from improved manufacturing processes (down 5 percentage points from the previous year).
Environmentally sustainable cars	56% of ATS participants reported contributing to the manufacture of more environmentally sustainable cars (up 2 percentage points from the previous year).
Workforce skills development	
Applicable post-school qualifications	Of the ATS registrant workforce with post-school qualifications: <ul style="list-style-type: none"> • 8% of ATS participants' workforces had certificate I and II qualifications (down 19 percentage points from the previous year) • 26% had certificate III and IV qualifications (up 5 percentage points from the previous year) • 17% had other trade qualifications (up 2 percentage points from the previous year) • 11% had diplomas or advanced diplomas (up 4 percentage points from the previous year) • 38% had bachelor degrees or higher qualifications (up 9 percentage points from the previous year).

Source: ATS participants' updated business plans provided under r 2.27 of the Automotive Transformation Scheme Regulations 2010.

Offshore Petroleum and Greenhouse Gas Storage Act

The National Offshore Petroleum Titles Administrator (NOPTA) was established on 1 January 2012 and is a statutory appointment under section 695A of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*. NOPTA's main functions are to provide technical advice and information to the responsible Commonwealth minister and to the Joint Authority (comprising the responsible Commonwealth minister and the relevant state and territory ministers); keep a register of titles; and collect, manage and release data.

NOPTA operates on a full cost recovery basis, funded by the offshore petroleum and greenhouse gas industries. NOPTA is co-located with the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA), with offices in Perth and Melbourne.

In 2018–19, NOPTA:

- completed the transition of its information and communications technology systems to an Azure cloud-based environment and an upgrade of its ageing desktop and videoconferencing fleet, to meet ongoing business requirements and maintain secure, reliable and cost-effective systems
- completed the first stage of an internal upgrade of the National Electronic Approvals Tracking System to improve application-processing efficiencies
- incorporated additional documentary information and improved search functions into the National Offshore Petroleum Information System to aid data discovery
- continued the integration of its internal databases and systems that are used to collect, aggregate, analyse and report data to improve monitoring of Australia's offshore petroleum resources
- continued to engage with titleholders regarding a re-evaluation of the commercial viability of 10 retention leases in offshore Western Australia and commenced a re-evaluation of the commercial viability of eight retention leases in offshore Victoria and Tasmania
- worked closely with NOPSEMA to improve information-sharing arrangements in relation to decommissioning, to better inform titles-related decisions under the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*
- updated the *Offshore Petroleum Exploration Guideline (Work-bid)* to clarify existing processes and reflect changes announced in September 2018 to the acreage release process
- undertook a skills exchange with United Kingdom and Norwegian petroleum regulators, focusing on best practice and innovation in resource management and data management.

Appendix A2: Ecologically sustainable development and environmental performance

Section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* requires the department to report annually on how its activities accord with and contribute to the principles of ecologically sustainable development and the environmental performance of its internal operations.

The department seeks to uphold the principles of ecologically sustainable development through the development and delivery of policies, plans, programs, legislation, advice, education and scientific services that reflect economic as well as environmental and social sustainability.

For example, in 2018–19:

- The Cooperative Research Centres Program (CRCs) enabled industry-led research partnerships to solve specific industry problems, with CRCs addressing a range of challenges facing Australia, including the challenge of ecological sustainability. In particular, funding was allocated for CRC Projects focusing on reducing plastic wastage and boosting plastic recycling.
- The department considered referrals under the *Environment Protection and Biodiversity Conservation Act 1999* to ensure that the Department of the Environment and Energy was aware of the geological and broader impacts of mining activities when making assessments on resources projects.
- Through membership of the National Climate Science Advisory Committee, the department contributed to the development of a national climate science strategy that will identify the key areas of climate science research required to build on existing climate science initiatives and fill the gaps in the ability to plan for and respond to the economic, environmental and social impacts of climate variability and change.

Implementation of these activities integrates both long-term and short-term economic, environmental, social and equitable considerations. Further information about the department's core business activities can be found in the Annual Performance Statements in Chapter 2.

A report on the environmental performance of the department's internal operations can be found on the department's website (<https://industry.gov.au/about-us>).

Appendix A3: Corrections to the previous annual report

Two errors in dollar amounts appeared on page 54 of the department's 2017-18 annual report.

The first paragraph of the 'Consultants' section incorrectly stated:

During 2017-18, 174 new consultancy contracts were entered into involving total actual expenses of \$2 621 348 (GST inclusive). In addition, 64 ongoing consultancies were active during the year, involving total actual expenses in 2017-18 of \$1 022 081 (GST inclusive).

The correct information is:

During 2017-18, 174 new consultancy contracts were entered into involving total actual expenses of \$6 580 153 (GST inclusive). In addition, 64 ongoing consultancies were active during the year, involving total actual expenses of \$4 954 757 (GST inclusive).

PART B:
GEOSCIENCE AUSTRALIA



Australian Government
Geoscience Australia

Senator the Hon Matthew Canavan
Minister for Resources and
Northern Australia
Parliament House
CANBERRA ACT 2600

The Hon Karen Andrews MP
Minister for Industry, Science and Technology
Parliament House
CANBERRA ACT 2600

Dear Ministers

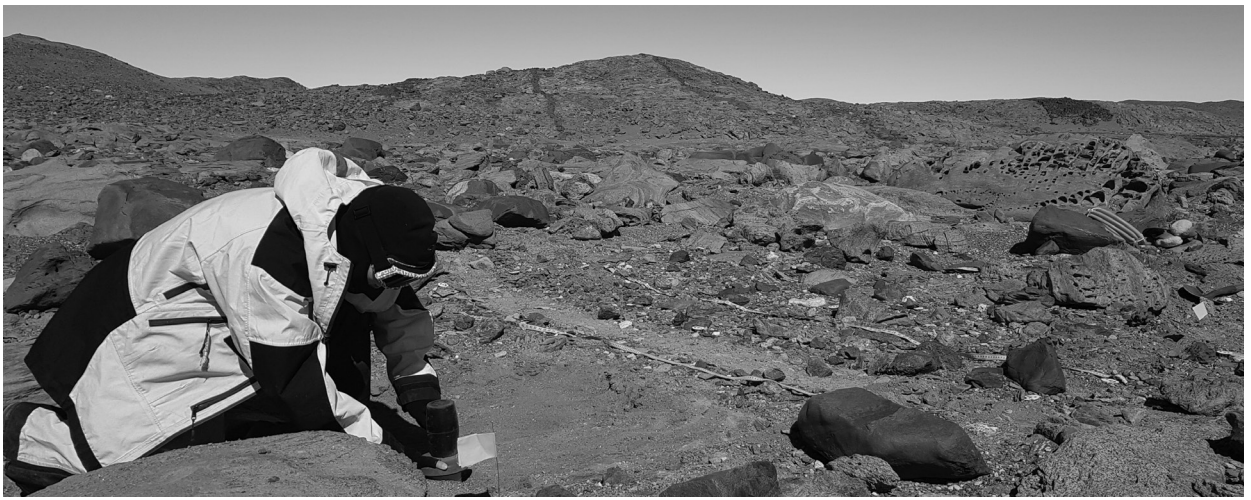
I present to you the 2018-19 annual report of Geoscience Australia for tabling before the parliament, as required by section 46 of the *Public Governance, Performance and Accountability Act 2013*.

I certify that Geoscience Australia has prepared a fraud risk assessment and fraud control plan; has in place fraud prevention, detection, investigation and reporting mechanisms that meet its needs; and has taken all reasonable measures to appropriately deal with fraud.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Johnson'.

Dr James Johnson
11 September 2019



CHAPTER SIX

GEOSCIENCE AUSTRALIA OVERVIEW

Chief Executive Officer's review

Geoscience Australia is the national geoscience public sector organisation. We deliver trusted advice and information on the geology and geography of Australia to support faster, smarter decision-making by government, industry and the community. We bring together observations, data and knowledge from across geoscience disciplines to develop innovative applications and solutions in response to Australia's most important challenges.

Geoscience Australia is committed to building Australia's resource wealth. In 2018-19, we delivered a strong program of pre-competitive data releases to encourage investment in minerals and energy exploration. This included providing world-leading pre-competitive resources data to industry as part of the Exploring for the Future program. Under the program, Geoscience Australia released a suite of datasets across the year, including a seismic reflection profile of the Kidson Sub-basin in Western Australia, and airborne electromagnetic survey data from the region between Mount Isa and Tennant Creek on the Northern Territory – Queensland border. We also released pre-competitive data that provides industry with new information about the petroleum prospectivity of the Lord Howe Rise, the North West Shelf and the Roebuck Basin. These and other pre-competitive datasets shed light on the potential for mineral or petroleum resources in regions where potential rock sources are buried or poorly understood.

Also through the Exploring for the Future program, we developed and tested a web portal that will make our other pre-competitive datasets easily accessible to all users. The portal will be available in 2019-20.

Geoscience Australia continued its work to ensure Australia's community safety and to build Australia's resilience to natural hazards. In 2018–19, Geoscience Australia produced data, information and tools to support government and industry stakeholders, including emergency services organisations and insurance industry bodies. Our tsunami hazard modelling guidelines will help add new levels of rigour and consistency to the ways in which governments respond to and prepare for tsunami risks. Geoscience Australia's trusted, authoritative advice on disaster and hazard risk continues to be a valued resource for Australian governments, industries and communities.

Geoscience Australia maintained its critical role in providing trusted and independent advice on water resources to inform government policy and decision-making throughout 2018–19. Geoscience Australia provided technical advice on groundwater to support the Geological and Bioregional Assessment Program led by the Department of the Environment and Energy. This included geological and hydrogeological data for the Cooper, Isa and Beetaloo regions. We also provided government with independent advice on a range of groundwater issues to inform regulatory and policy decisions.

Geoscience Australia continued to support the Australian Government's management of the nation's marine jurisdiction, including through the Australian Hydrographic Office, Parks Australia and the Australian Antarctic Division.

We led data management and sharing initiatives to support the use, protection and management of Australia's marine jurisdiction. This included establishing the AusSeabed web portal, in partnership with FrontierSI and the Australian Hydrographic Office. AusSeabed coordinates and collects bathymetric data held by Commonwealth, state and territory government bodies, universities and industry to ensure that the data are readily available to users.

In 2018–19, Geoscience Australia demonstrated its leadership in providing fundamental geographic information to support Australian industries and communities, becoming Chair of the Intergovernmental Committee on Surveying and Mapping (ICSM) and Chair of the International Seabed Authority Legal and Technical Commission. Geoscience Australia also continued to represent the Australian Government on the Regional Committee of United Nations Global Geospatial Information Management for Asia and the Pacific.

In January 2019, Geoscience Australia completed the Satellite-Based Augmentation System Testbed program, in partnership with the New Zealand Government. The program trialled more accurate and reliable satellite positioning technology through 27 projects across Australia and New Zealand, in a range of industry sectors including agriculture, mining, construction and aviation. The testbed was a world-first for this type of positioning technology. The project findings indicate that the Australian Government's \$224.9 million investment over four years for improved GPS in the 2018–19 Budget will have substantial economic, social and environmental benefits across many Australian industry sectors.

Digital Earth Australia (DEA) demonstrated the power of Earth observation data in its collaboration with the Murray–Darling Basin Authority and the New South Wales Government. Using satellite imagery, DEA mapped more than 90 000 water bodies across New South Wales, from rivers to farm dams. This information is now available to farmers, businesses and communities throughout the Murray–Darling Basin to help them manage water.

In February 2019, the Australian Government and the United States-based Leona M. and Harry B. Helmsley Charitable Trust each committed US\$10 million to expand the Digital Earth platform to develop Digital Earth Africa. DEA is coordinating the development of the Digital Earth Africa platform, and is providing technical and operational support.

Linking information to location is an increasingly valuable tool for decision-makers in government and industry. In 2018–19, Geoscience Australia released a prototype of its national Location Index, which provides users with ‘digital maps’ of their local regions, overlaying information about industry, resources and infrastructure with location data. We will continue to build this capability in 2019–20.

Geoscience Australia plays a critical role in maintaining geoscience knowledge and capability amongst Australian governments, industries and communities, to support evidence-based policy and decision-making. In 2018–19, Geoscience Australia’s network of seismic, geomagnetic and geospatial observatories exceeded its targets for data and service delivery. In September 2018, following the magnitude 5.3 earthquake at Lake Muir, Western Australia, we deployed our first remote earthquake monitoring equipment, which is placed in the field to collect data close to the earthquake source and integrated to our National Earthquake Alerts Centre. Through to February 2019, this monitoring system collected near-real-time data on aftershocks, which were downloaded by over 1500 stakeholders from government, industry and academia.

Geoscience Australia’s commitment to broader public knowledge and awareness of geoscience focused on education and outreach activities, education resources and collections that build science literacy, inspire curiosity and support public engagement. Our Education Centre and exhibit materials were updated, and more than 11 000 students participated in Geoscience Australia’s education program. A highlight of Geoscience Australia’s collection development was the acquisition of a piece of lunar touchstone sampled during the United States National Aeronautics and Space Administration’s (NASA) Apollo 17 mission. The touchstone will be an important part of our public display in 2019–20.

Geoscience Australia also hosted its first student teacher placement and took part in a number of teacher education programs, including the National Science Teachers Summer School, as part of a renewed focus on supporting geoscience education in schools.

In June 2019, we launched *Geoscience Australia Strategy 2028*, a 10-year plan that sets our direction and articulates the impact that our science has on Australian government, industry and communities. Our strategy sets ambitious targets across Geoscience Australia’s six key impacts:

- building Australia’s resource wealth
- supporting Australia’s community safety
- securing Australia’s water resources
- managing Australia’s marine jurisdictions
- creating a location-enabled Australia
- enabling an informed Australia.

Strategy 2028 also outlines the commitment we make to achieving our targets in a way that ensures that Geoscience Australia is the strongest, most resilient organisation it can be. We will do this by focusing on science excellence, making the most of our data, ensuring that we have supportive stakeholders and enhancing our inclusive and positive organisational culture.

Overview

Role and functions

Geoscience Australia is the national public sector geoscience organisation. Its mission is to be the trusted source of information on Australia’s geology and geography to inform government, industry and community decision-making. The work of Geoscience Australia covers the Australian landmass, marine jurisdiction and territories in Antarctica.

The organisation’s work aligns with the Australian Government’s Science and Research Priorities and supports global and domestic initiatives in six key areas:

- maximising the value derived from mineral and energy resources
- strengthening resilience to the impact of hazards
- optimising and sustaining water use
- supporting the sustainable use of the marine environment
- using digital mapping for faster and smarter decision-making
- equipping government, industry and the community with geoscience data and information to make informed decisions.

Organisational structure

Figure 5 shows the organisational structure of Geoscience Australia at 30 June 2019. The department’s organisational chart (Figure 1 in Chapter 1) shows how Geoscience Australia fits into the overall portfolio structure.

The accountable authority of Geoscience Australia is the Chief Executive Officer, Dr James Johnson, who occupied that position throughout 2018–19.

Figure 5: Geoscience Australia organisational structure, 30 June 2019

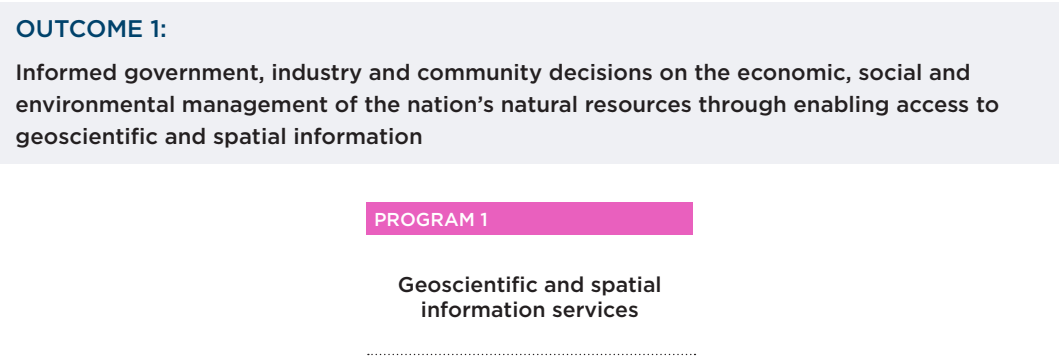
CHIEF EXECUTIVE OFFICER <i>Dr James Johnson</i>					
CHIEF SCIENTIST	CHIEF OF DIVISION	CHIEF OF DIVISION	CHIEF OF DIVISION	CHIEF OPERATING OFFICER	CHIEF SCIENTIFIC INFORMATION OFFICER
	Resources Division	Positioning and Community Safety Division	Environmental Geoscience Division	Enabling Services	Digital Science and Information
	Energy Systems Mineral Systems Resources Advice and Promotion	Community Safety National Positioning Infrastructure Observatories and Science Support	Groundwater National Earth and Marine Observations National Location Information Digital Earth Africa	Finance and Human Resources Governance and Risk Communications Building Services Business Engagement and Improvement ICT Security	Digital Science Infrastructure and Integration Discovery and Engagement Scientific Computing Digital Science Platforms Data Policy and Informatics

Outcome and program structure

Figure 6 shows the outcome and program set out for Geoscience Australia in the 2018–19 Portfolio Budget Statements.

Program 1 contributes to the outcome by providing a wide range of products and services to enable the Australian Government and the community to make informed decisions about the use of natural resources, the management of the environment, and community safety.

Figure 6: Geoscience Australia outcome and program structure, 2018–19





CHAPTER SEVEN

GEOSCIENCE AUSTRALIA REPORT ON PERFORMANCE

Annual Performance Statements

Introductory statement

As the accountable authority of Geoscience Australia, I am pleased to present the Annual Performance Statements of Geoscience Australia for 2018-19, as required under section 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). It is my opinion that the Annual Performance Statements are based on properly maintained records, accurately reflect the performance of Geoscience Australia and comply with section 39(2) of the PGPA Act.

A handwritten signature in black ink, appearing to read 'Johnson'.

Dr James Johnson
Chief Executive Officer
11 September 2019

Purpose

Geoscience Australia is the nation's trusted advisor on the geology and geography of Australia. We apply science and technology to the opportunities and challenges that face the nation.

Our purpose is to provide information and capabilities to support government, industry and the community to make decisions and improve economic, environmental and social outcomes for the nation.

To achieve our purpose, our work is delivered through six key strategic priorities:

- Building Australia's resource wealth—to maximise benefits from Australia's minerals and energy resources, now and into the future
- Ensuring Australia's community safety—so that Australian communities are more resilient to natural hazards
- Securing Australia's water resources—to optimise and sustain the use of Australia's groundwater resources
- Managing Australia's marine jurisdictions—to maximise benefits from the sustainable use of Australia's marine environment
- Providing fundamental geographic information—to understand the location and timing of processes, activities and changes across Australia to inform decision-making for both natural and built environments
- Maintaining geoscience knowledge and capability—to maintain an enduring and accessible knowledge base and capability to enable evidence-based policy and decision-making by government, industry and the community.

Performance reporting structure

The 2018–19 Annual Performance Statements report performance in line with the measures published in the 2018–19 Portfolio Budget Statements and the 2018–19 Corporate Plan.

Performance evaluation is assessed at entity level and in each of the six key strategic priority areas.

Entity-level performance

Results against the criteria to assess entity-level performance in 2018–19 are provided in Table 44.

Table 44: Entity-level performance

Performance criterion ¹	Target ¹	Result
Program Performance		
Geoscience Australia's products and services are fit-for-purpose, meet stakeholder needs and are underpinned by quality science.	Products and services are fit-for-purpose and adhere to Geoscience Australia's science principles.	<p>In 2017, Geoscience Australia completed a comprehensive evaluation of its science program. This independent evaluation concluded that the quality of the organisation's science is consistently very high, effective and largely fit-for-purpose.</p> <p>The outcomes from the evaluation and the learnings from the stakeholder satisfaction surveys continued to be a factor in driving the business improvement initiatives across the organisation in 2018–19.</p>
Products and Services—Stakeholder Satisfaction		
<ul style="list-style-type: none"> Overall level of stakeholder satisfaction with Geoscience Australia. The level of stakeholder satisfaction with the quality of Geoscience Australia's products and services. The level of stakeholder satisfaction with the timeliness of Geoscience Australia in delivering its products and services. 	The level of stakeholder satisfaction is 80 per cent or greater.	<p>Geoscience Australia continues to be well regarded by its stakeholders with feedback confirming that products and services are fit-for-purpose and are underpinned by quality science.</p> <p>From 2013 to 2017, the organisation conducted three broad-ranging stakeholder satisfaction surveys. These surveys were to gauge stakeholder satisfaction with Geoscience Australia, its products and services, and its data. It was also to test assumptions about what stakeholders want and expect from Geoscience Australia and how the organisation could improve the delivery of its products and services.</p> <p>The results of these surveys showed that the overall level of satisfaction with Geoscience Australia was very high, averaging close to 90 per cent against a target of 80 per cent.</p> <p>Geoscience Australia is now planning for its next comprehensive science evaluation and is continuing to develop a stakeholder engagement model to facilitate a more strategic and systematic approach to stakeholder management.</p>

¹ Source: 2018–19 Portfolio Budget Statements.

Building Australia's resource wealth

Objective

Maximise benefits from Australia's minerals and energy resources, now and into the future.

Role

To achieve this objective, Geoscience Australia attracts exploration investment to Australia by building a prospectus of minerals and energy resource potential.

Performance criteria and results

Table 45: Strategic priority: Building Australia's resource wealth—performance

Exploring for the Future	
Program deliverable ¹	Result
Release of pre-competitive information	<p>Geoscience Australia released a range of pre-competitive information under its Exploring for the Future program. The release of datasets included:</p> <ul style="list-style-type: none"> the airborne electromagnetic survey between Mount Isa and Tennant Creek, released at the Annual Geoscience Exploration Seminar in March 2019, which reveals the depth to prospective rocks buried undercover across an area larger than France and Germany combined the 872-kilometre deep-seismic reflection profile in the remote Kidson Sub-basin in Western Australia between Kiwirrkurra and Marble Bar, released at the annual Australian Petroleum Production and Exploration Association (APPEA) conference in May 2019, which sheds light on a poorly understood region of Australia that will stimulate industry interest the hydrogeochemistry survey results from the Tennant Creek, McArthur River, and Lake Woods regions in the Northern Territory, which better illustrate where potential mineral resources may be buried a geochronology data compilation for northern Australia that builds a thorough understanding of the geological history of northern Australia the second tranche of data from the Northern Australia Geochemical Survey, which further illustrates potential geochemical anomalies in the Tennant Creek to Mount Isa region source rock geochemistry data that illustrates the origin and evolution of hydrocarbons in the McArthur Basin and aids explorers in refining their exploration models and strategies. <p>Pre-competitive geological, geophysical and hydrogeological data collected from groundwater surveys in the Southern Stuart Corridor (Northern Territory), East Kimberley (Northern Territory and Western Australia) and Upper Burdekin (Queensland) regions are being analysed and will be released in 2019–20.</p>
Deliver integrated resource assessment for northern Australia	<p>Geoscience Australia is developing a web portal providing access to minerals, energy and groundwater datasets, science products and decision support tools to guide government, industry and communities. The portal is expected to be available in 2019–20.</p> <p>The portal prototype was demonstrated at venues around Australia, with strong interest from a range of stakeholders. Work has commenced on outreach to users to gather information on the most effective ways to deliver data and decision support tools via the web-based portal.</p>

¹ Source: 2018–19 Corporate Plan.

Energy Pre-competitive Information	
Program deliverable	Result
Deliver geological studies of the evolution and resource potential of onshore and offshore energy systems	<p>Geoscience Australia signed an agreement for access to commercial-in-confidence 3D seismic data with a multi-client seismic company. The data will be integrated into regional prospectivity studies in offshore north-western Australia, to enable assessment of potential new petroleum systems in the region.</p> <p>The prospectivity assessment of the central North West Shelf progressed and results were promoted to industry at national and international forums. Several pre-competitive data packages were released to industry at the APPEA conference in May 2019, including regional digital surface products and a well folio.</p> <p>Pre-competitive data packages and key findings from the geochemistry studies in the Roebuck Basin were presented and published, providing insight into the petroleum potential of that highly prospective but poorly understood area.</p> <p>Geoscience Australia presented new work on hydrocarbon source rocks, promoting Australia's resource potential, at the Australian Organic Geochemistry Conference in December 2018.</p> <p>Work on the Lord Howe Rise initiative was completed and data were released via the National Offshore Petroleum Information Management System (NOPIMS) and the Japan Agency for Marine-Earth Science and Technology. This initiative produced deep crustal seismic data across the region and two seismic pre-drill site surveys to scope locations for deep stratigraphic drilling as well as associated environmental data. The results of this work contributed to significant new understanding of the prospectivity of this remote frontier region.</p>
Deliver assessments of the energy potential of the Geological and Bioregional Assessments Program	<p>Geoscience Australia assisted the Department of the Environment and Energy to undertake select unconventional gas play prospectivity assessments in three onshore basins: the Cooper Basin, the Isa Superbasin and the Beetaloo Sub-basin. For each basin, Geoscience Australia developed a Geological and Bioregional Assessments Program region synthesis report, geological report and prospectivity assessment report. All reports are due for publication in 2019–20.</p>
Deliver new offshore exploration acreage opportunities from Energy Systems pre-competitive program in annual Offshore Petroleum Exploration Acreage Release	<p>Under the revised Offshore Petroleum Exploration Acreage Release process, no offshore petroleum exploration acreage was due to be released in 2018–19. In anticipation of the July 2019 acreage release, Geoscience Australia is developing an updated suite of products conveying geological information for all nominated offshore basins where new acreage will be offered.</p> <p>Geoscience Australia is also redeveloping its acreage-related webpages. The improved pages will be launched in July 2019, providing stakeholders with an enhanced opportunity to discover and engage with acreage-related products into the future.</p> <p>All associated seismic and well data are made available through NOPIMS</p>

1 Source: 2018–19 Corporate Plan.

Minerals Pre-competitive Resource

Program deliverable¹

Deliver new pre-competitive data from greenfield undercover regions

Under the *2017–2022 National Mineral Exploration Strategy*, endorsed by the Council of Australian Governments Energy Council, Geoscience Australia collaborated with state and territory government bodies to:

- become a participant in MinEx CRC—the world's largest mineral exploration collaboration bringing together industry, government and research organisations—and make a 10-year commitment to provide leadership to research and drilling programs under the National Drilling Initiative
- produce deeds for the technical specifications of airborne electromagnetic surveys and ground gravity surveys for use by industry and government to ensure that pre-competitive and exploration data are acquired to agreed standards by geophysical contractors—the specifications are being adopted as new international standards
- undertake 13 airborne and ground gravity geophysical surveys—in South Australia, Western Australia, Northern Territory, Victoria, New South Wales and Queensland—and publicly release the data and associated science products
- deliver a 629-kilometre dataset of deep seismic reflection data across the south-eastern Lachlan Orogen, spanning the Victoria – New South Wales border—the data will reveal new insights into the crustal structure and prospectivity of those greenfields areas, which have been underexplored due to extensive cover
- acquire additional data in the Australian Lithospheric Architecture Magnetotelluric Project (AusLAMP) program across Victoria, New South Wales and the Northern Territory, to contribute to the building of a national electrical conductivity map of the continent
- deliver final results of the Southern Thomson region stratigraphic drilling project, via Geoscience Australia records and papers in a special issue of the *Australian Journal of Earth Sciences*
- complete and deliver 120 new geochronological age dates for locations across Australia—Geoscience Australia's sensitive high-resolution ion microprobe (SHRIMP) facility also undertook the first in-house analyses of xenotime, a rare-earth phosphate mineral, which will open up new methods for the dating of sedimentary rocks and mineral alteration events
- release Estimates of Geological and Geophysical Surfaces derived from boreholes and depth to magnetic top analysis, delivering a better understanding of depth of cover—the geological surfaces are key inputs into economic modelling for resource viability assessments
- publish 14 papers on Australian mineral systems, and release several products and reports on components of Geoscience Australia's minerals programs under National Collaboration Framework arrangements with state and territory geological surveys.

Geoscience Australia also sought expressions of interest from the exploration industry to participate in airborne geophysical infill programs during the AusAEM program. This collaboration model facilitates industry adoption of new technology to explore under cover. Industry contributions have expanded the government's airborne electromagnetic survey, while in-kind information sharing has led to better understanding of the groundwater and mineral resources at a regional and deposit scale.

Deliver geological studies of the evolution and resource potential of undercover regions to support mineral exploration investment

Geoscience Australia:

- released *Critical Metals in Australia: A Review of Opportunities and Research Needs*, which provided advice on critical metals collaboration between Australia and the United States and generated significant external interest
- hosted visits by senior exploration staff from major international mining companies, to present Geoscience Australia work programs that were pertinent to their respective exploration programs
- delivered its fourth train-the-trainer workshop to the Geological Survey of India, on the subject of cover characterisation, under a memorandum of understanding arising from the government's response to *An India Economic Strategy to 2035*.

¹ Source: 2018–19 Corporate Plan.

Resources Advice and Promotion

Program deliverable ¹	Result
Deliver geological material to support the Offshore Petroleum Acreage Release	Geoscience Australia promoted Australia as an attractive exploration destination, nationally and internationally, at petroleum industry events such as the North American Prospect Expo, the Good Oil Conference, and conferences of the South East Asia Petroleum Exploration Society and APPEA, and through planned meetings with petroleum exploration companies. The geological knowledge and products that support the Offshore Petroleum Exploration Acreage Release processes are integral to such promotions.
Deliver technical advice on mineral and energy resources, including the storage of CO ₂ , to the Australian Government	<p>Geoscience Australia delivered technical advice on mineral and energy resources, including by:</p> <ul style="list-style-type: none"> • providing advice in response to 129 Foreign Investment Review Board consultation requests valued at \$25.7 billion • responding to 68 requests for advice related to the <i>Environment Protection and Biodiversity Conservation Act 1999</i> • responding to 82 ad hoc requests for advice, from a wide range of stakeholders, on topics such as reserve and resource classification, resource life estimation, operating mines, critical minerals, gold, coal, resource life, mineral promotions, geological storage of carbon dioxide, monitoring, and fugitive methane emissions • collaborating with the Department of Industry, Innovation and Science's Office of the Chief Economist to develop a joint assessment of the known and undiscovered resource potential—including mineral, petroleum and groundwater resources—in the Woomera Prohibited Area, to inform a review of the Woomera Prohibited Area Coexistence Framework undertaken on behalf of the Department of Defence • providing advice, maps, data and information to support Austrade and the Department of Industry, Innovation and Science in the development of the <i>Australian Critical Minerals Prospectus</i>, <i>Critical Minerals Projects in Australia</i> and <i>Australia's Critical Minerals Strategy 2019</i> • supporting Austrade's tour to promote Australia's critical commodities in the United States, Japan, Korea and Europe • providing maps, data and information to the Department of Industry, Innovation and Science for the development of electorate briefing maps for the incoming government • together with state and territory partners, promoting Australia's mineral investment opportunities at the Prospectors and Developers Association of Canada Convention, at the China Mining Congress and Expo, and at meetings across India. <p>In collaboration with CO2CRC, CSIRO, industry and universities, Geoscience Australia led research on carbon dioxide migration through geological faults. The research aims to improve Australia's understanding of the potential for fluid migration through faults, including by increasing predictive capacity, modelling and monitoring approaches. This understanding is key to providing support and advice on Australia's capacity for safe geological storage of carbon dioxide.</p>

¹ Source: 2018–19 Corporate Plan.

Key performance indicator ¹	Target	2018–19 result
Provide advice in relation to the <i>Environment Protection and Biodiversity Conservation Act 1999</i> within the stated response period	100%	100% All advice under the <i>Environment Protection and Biodiversity Conservation Act 1999</i> was provided within the stated response period.

¹ Source: 2018–19 Corporate Plan.

Analysis of performance

Australia’s mineral and energy resources are a major contributor to the nation’s wealth, both economically and socially. Understanding the available resources is a prerequisite for formulating sound policies on resources and land access.

During 2018–19, Geoscience Australia continued to deliver world-class pre-competitive data to industry to attract minerals and energy exploration investment to Australia. Data is also provided to government and communities to sustainably manage groundwater resources.

Since re-entering exploration in Australia in 2017–18, the global mining company Anglo American has continued to acquire mineral exploration leases in previously unexplored areas of western Queensland. The company has publicly credited the excellent pre-competitive geoscientific data supplied by Geoscience Australia and the Geological Survey of Queensland with enabling its evaluation of previously under-explored parts of Australia.

Geoscience Australia supports the Australian Government and its partners in maintaining a regulatory and policy environment to benefit a stable, sustainable national resources sector. The high-quality expert advice, knowledge and information products that the organisation provides inform regulatory processes around establishing and expanding new industries in the sector.

There is a growing, worldwide focus on critical commodities. Australia has many of the minerals that industry requires to manufacture new technologies, such as batteries, solar photovoltaic cells and touch screens. Geoscience Australia’s knowledge and expertise enabled the Australian Government to develop a strategy and prospectus, as well as publications and international promotional activities, for Australia’s critical minerals market.

Ensuring Australia’s community safety

Objective

Increase resilience to natural hazards in Australian communities.

Role

To achieve this objective, Geoscience Australia supports Australia’s capability to manage the impact of natural hazards.

Performance criteria and results

Table 46: Strategic priority: Ensuring Australia’s community safety—performance

Community Safety	
Program deliverable ¹	Result
Release hazard assessments for: Australian Tsunami, National Seismic and Tropical Cyclone	<p>Three national-scale hazard assessments were released:</p> <ul style="list-style-type: none">• National Seismic, released on 17 October 2018 in conjunction with the Australian Geoscience Council Convention• Tropical Cyclone, released on 1 November 2018 in line with the start of the tropical cyclone season• Australian Tsunami, released on 5 November 2018 to coincide with World Tsunami Awareness Day. <p>Each assessment was released with accompanying Geoscience Australia records and a suite of data products.</p>

Community Safety	
Program deliverable ¹	Result
Provide information, advice, data and tools to prepare for and respond to hazards events and threats	<p>Geoscience Australia participated in all elements of the Australian Government's national resilience strategy and the development of the <i>National Disaster Risk Reduction Framework</i>, including the National Steering Committee for Disaster Risk Reduction, the Australian Vulnerability Profile Project, the Australian Disaster Preparedness Framework, and a one-year pilot to demonstrate the benefits of establishing a national climate and disaster risk information capability for Australia.</p> <p>Geoscience Australia worked with:</p> <ul style="list-style-type: none"> • state government emergency services; to develop state-wide natural hazard risk assessments; establish agreements for future collaboration; provide hazard scenarios for exercises and impact assessment projects; and provide advice and support during and following events (for example, tropical cyclone Veronica in 2019 and the Lake Muir earthquake in 2018) • the Australian Tsunami Advisory Group, a reference group of the Australian – New Zealand Emergency Management Committee, to receive endorsement to initiate the first tranche of a project to develop tsunami information for locations of national strategic importance.
Deliver portfolio analysis and Central Business District models for the Australian Reinsurance Pool Corporation	<p>Geoscience Australia:</p> <ul style="list-style-type: none"> • completed an engineering survey of the central business district buildings in Hobart, Tasmania, and developed a three-dimensional blast modelling capability of the area for the Australian Reinsurance Pool Corporation (ARPC) • undertook plume dispersion scenario modelling and loss assessment for Sydney and Melbourne, with the Defence Science and Technology Group • provided support for the ARPC \$60 million annual retrocession purchase of \$3.3 billion cover by making presentations on the loss modelling to reinsurers, on behalf of the ARPC.

¹ Source: 2018–19 Corporate Plan.

Key performance indicator ¹	Target	2018–19 result
Number of flood study entries accessible to the public through the Australian Flood Risk Information Portal	1400	<p>1571</p> <p>The number of flood risk studies accessible to the public through the Australian Flood Risk Information Portal grew to 1571.</p>

¹ Source: 2018–19 Corporate Plan.

Seismic Alerts	
Program deliverable ¹	Result
Provide 24 hour, 7 days per week earthquake monitoring and alerts	<p>Real-time 24 hours a day, 7 days a week earthquake monitoring, detection, analysis and alerting activities continued. Operational capability was enhanced through improvements to the National Earthquake Alerts Centre (NEAC) decision support system. Work on additional near-real-time Australian earthquake products and services is ongoing.</p> <p>In 2018–19, the NEAC detected, analysed and catalogued 3025 earthquakes, including 543 Australian earthquakes above magnitude 2.0 (1429 Australian earthquakes, in total, were added to Geoscience Australia's publicly available National Earthquake Catalogue in 2018–19).</p> <p>The NEAC provided rapid notification to stakeholders of 38 Australian earthquakes of magnitude 3.5 or higher, including two widely felt earthquakes in the Lake Muir area of southwest Western Australia (magnitude 5.3 on 16 September 2018 and magnitude 5.2 on 8 November 2018). The NEAC detected and catalogued over 750 aftershocks in the Lake Muir sequence, including four earthquakes above magnitude 3.5. The NEAC received over 2800 felt reports from the public in relation to the Lake Muir earthquakes, and 12 387 felt reports in total for the year. The largest Australian earthquake recorded during the year was a magnitude 5.9 event northwest of Carnarvon, Western Australia, on 16 December 2018.</p> <p>The NEAC provided rapid notification to the Australian Government Crisis Coordination Centre (AG-CCC), and other stakeholders, for 130 international earthquakes above magnitude 6.0. The largest international earthquake during the year was magnitude 8.1 in the Fiji region on 19 August 2018. This earthquake was also the largest potentially tsunamigenic earthquake during the period.</p> <p>In its functional role within the Joint Australian Tsunami Warning Centre (JATWC), the NEAC provided real-time alerts of 38 potentially tsunamigenic earthquakes, including 22 within the Australian region.</p> <p>In December 2018, Geoscience Australia commenced support arrangements for New Zealand's National Geohazards Monitoring Centre, in relation to monitoring for large earthquakes with potential to significantly impact New Zealand, either directly or through tsunami generation. This arrangement was formalised through an exchange of letters between Geoscience Australia and GNS Science, under the umbrella of the Australia – New Zealand Science, Research and Innovation Cooperation Agreement.</p>
Provide ongoing monitoring of specified regions for detection of suspected nuclear tests	No nuclear explosions were detected. Aftershocks from previous explosions continued to be detected, analysed and reported.

¹ Source: 2018–19 Corporate Plan.

Key performance indicator ¹	Target	2018–19 result
All significant earthquakes detected, analysed and reported within agreed timeframes, with alerts issued for potentially tsunamigenic earthquakes	100%	<p>98%</p> <p>The AG-CCC was notified of 37 (out of 38) significant Australian earthquakes, and 129 (out of 130) significant international earthquakes, within the agreed timeframes.</p> <p>The Australian Tsunami Warning System (ATWS) was alerted to 38 (out of 38) potentially tsunamigenic earthquakes within the agreed timeframe.</p> <p>The Indian Ocean Tsunami Warning and Mitigation System (IOTWMS) was alerted to 36 (out of 38) potentially tsunamigenic earthquakes within the agreed timeframe.</p> <p>The exceptions were:</p> <ul style="list-style-type: none"> • 11 Oct 2018—The JATWC alert for a magnitude 6.5 earthquake in the Kuril Islands area was issued 1 minute outside the agreed timeframe for the IOTWMS, and within the agreed timeframes for the ATWS and AG-CCC. The earthquake did not generate a tsunami. • 21 Nov 2019—The NEAC notification for a magnitude 3.7 earthquake near Cowell, South Australia, was issued 6 minutes outside the agreed timeframe for the AG-CCC. This was due to duty officer error. The earthquake was not widely reported as felt, and no damage was reported. • 23 Jan 2019—The JATWC alert for a magnitude 6.9 earthquake in the Prince Edward Islands area was issued 3 minutes outside the agreed timeframe for the IOTWMS, due to the sparseness of the international monitoring network in this region. Agreed timeframes were achieved for the ATWS and AG-CCC. The earthquake did not generate a tsunami. • 30 Mar 2019—The NEAC notification of a magnitude 6.2 earthquake in the New Britain region of Papua New Guinea was issued 3 minutes outside the agreed timeframe for the AG-CCC, due to an operator error. Performance indicators for the JATWC (ATWS and IOTWMS) do not apply to this event.
All suspected nuclear events detected, analysed and reported within agreed timeframes	100%	<p>100%</p> <p>All nuclear events were detected, analysed and reported within agreed timeframes.</p>

¹ Source: 2018–19 Corporate Plan.

Situational Awareness Information Framework	
Program deliverable ¹	Result
Provide spatial support and advice to strengthen disaster and emergency management capabilities for the Australian Government	Geoscience Australia provided access to critical datasets for the Australian Government disaster management and emergency services providers via the EM-LINK system. Geoscience Australia upgraded the Emergency Management Spatial Resources Directory in October 2018 and trained Australian Government Crisis Coordination Centre staff in its use, which allowed those staff to undertake spatial analysis and map generation themselves.
Deliver updated information products to Airservices Australia to support air safety	Geoscience Australia provided air chart update and production services and vertical obstructions data updates for Airservices Australia throughout the year.

Situational Awareness Information Framework

Program deliverable ¹	Result
Develop and deliver updated information exposure information to support Australian Government programs	<p>Geoscience Australia released the Australian Exposure Information Platform in August 2018 to provide a self-service capability for emergency service providers requiring national exposure information. A total of 1966 individual reports were produced by 289 different users, which significantly reduced the burden on Geoscience Australia to produce customised reports.</p> <p>Data content in the system was updated when resourcing permitted. Datasets updated in 2018–19 included the exposure to potential disaster of buildings, institutions, infrastructure, business, agricultural zones, and heritage.</p>

¹ Source: 2018–19 Corporate Plan.

Key performance indicator ¹	Target	2018–19 result
Availability of the national bushfire monitoring system, Sentinel Hotspots, between October and March each year	95%	100% Sentinel Hotspots maintained availability during the 2018–19 fire season.
Respond to requests to activate the International Charter for Space and Major Disasters and Copernicus Emergency Management System within 72 hours	100%	100% Geoscience Australia managed activation of the Copernicus Emergency Management Service on behalf of the Australian Government Crisis Coordination Centre for the Townsville floods and tropical cyclones Veronica and Trevor.
Respond to requests for geospatial information to the Australian Government Crisis Coordination Centre within 24 hours between October and March and within 48 hours during steady state periods	95%	100% Three major tropical cyclone events required additional Geoscience Australia spatial support in February 2019: tropical cyclones Trevor in the Northern Territory, Veronica in Western Australia, and Oma in Queensland. Additional support was provided during the low-pressure rainfall event in North Queensland in February 2019 that led to the devastation of the North Queensland livestock industry.
National vertical obstacle products comply with Civil Aviation Regulations and are delivered monthly, or as specified, to Airservices Australia	100%	100% All milestones for reporting and supplying updated vertical obstructions data were met.
Availability of the national catalogue of emergency management web services, EM-LINK	95%	100% All links to datasets catalogued in EM-LINK were available during 2018–19.

¹ Source: 2018–19 Corporate Plan.

Analysis of performance

The impact of disasters on Australia's economy, environment and society can be significant and includes loss of life, loss of property and infrastructure, disruption to business and, disruption to people's livelihoods. Cities and regional centres, and their supporting infrastructure, are expanding as populations grow. This increases Australia's exposure and vulnerability to hazards.

Geoscience Australia provides disaster risk information to help Australians understand the consequences of hazard events. In 2018–19, Geoscience Australia released three types of national-scale hazard assessment: Australian Tsunami, National Seismic and Tropical Cyclone. These assessments provided vital information to support government decision-making and assist emergency managers to better plan for and reduce the impact of hazards.

The delivery of tools such as EM-LINK and the Australian Exposure Information Platform helps decision-makers to understand who and what may be impacted in an area affected by a disaster. This helps to reduce the time taken to make decisions; gets information into the hands of stakeholders more efficiently; and informs planning to mitigate the effects of future disasters.

Geoscience Australia also provided other products and tools to support reducing disaster risk in 2018–19. They included:

- tsunami hazard modelling guidelines to facilitate appropriate standards of rigour and improve national consistency in tsunami hazard modelling
- an updated edition of *Australian Rainfall and Runoff*, a national guideline document that can be used for the estimation of design flood characteristics in Australia.

During 2018–19, Geoscience Australia contributed to a range of activities in the Asia-Pacific region and represented Australia at international science and technology forums to gather practical information and guidance to aid our partner countries in the Asia-Pacific region on disaster risk issues.

In collaboration with the Department of Foreign Affairs and Trade, Geoscience Australia:

- delivered a technical disaster risk reduction program between the Australian and Papua New Guinea governments
- supported the implementation of the Sendai Framework for Disaster Risk Reduction by strengthening relationships between Australian Government entities, the United Nations Office for Disaster Risk Reduction and its Asia Pacific Science Technology and Academia Advisory Group, and the secretariat for the Pacific Community
- provided technical advice and support to the 2018–22 Australia Pacific Climate Partnership, including national-scale hazard maps for each of the 14 Pacific island states involved.

Geoscience Australia also provided ongoing real-time monitoring, analysis and advice on significant, and potentially tsunamigenic, earthquakes, to help safeguard Australian and Indian Ocean communities.

Securing Australia's water resources

Objective

Help drive optimal and sustainable use of Australia's groundwater resources.

Role

To achieve this objective, Geoscience Australia informs the understanding of the location, quantity, quality and sustainable use of Australia's groundwater resources and surface water systems.

Performance criteria and results

Table 47: Strategic priority: Securing Australia's water resources—performance

Evaluating Australia's Groundwater Systems	
Program deliverable ¹	Result
Provide authoritative, independent information and advice to the Australian Government and other stakeholders on groundwater resources, processes and impacts	<p>Geoscience Australia provided independent technical advice on groundwater to the Department of the Environment and Energy and the Department of Industry, Innovation and Science on time and within budget. In particular, Geoscience Australia:</p> <ul style="list-style-type: none"> • collaborated with CSIRO to deliver technical reports to the Department of the Environment and Energy and the Queensland Department of Environment and Science in relation to the Carmichael coal mine project, to inform research and management plans and regulatory decision-making • provided specific technical commentary to the Department of Industry, Innovation and Science in relation to the Ranger uranium mine closure under the <i>Atomic Energy Act 1953</i> • provided technical commentary to the Department of Industry, Innovation and Science on decisions in relation to the <i>Environment Protection and Biodiversity Conservation Act 1999</i>, including <ul style="list-style-type: none"> – 14 coal and coal seam gas referrals – four coal and coal seam gas approval decisions and conditions – one uranium approval decision and conditions – three other requests related to the Act – three post-approval management plan requests.
Deliver stage reports to the Department of the Environment and Energy on the Geological and Bioregional Assessment Program	<p>Geoscience Australia contributed to the successful delivery of two program milestones, one relating to the program's baseline analysis phase (Stage 2) and the other involving the impact assessment phase (Stage 3).</p> <p>For the Stage 2 milestone, Geoscience Australia contributed geological and hydrogeological data and expertise to the synthesis and technical reports in three priority areas, namely the Cooper, Isa and Beetaloo regions. The reports will be published in 2019–20.</p> <p>For the Stage 3 milestone, a project agreement was signed by all project partners, and Geoscience Australia contributed to a progress report on Stage 3 activity.</p>

¹ Source: 2018–19 Corporate Plan.

Key performance indicator ¹	Target	2018–19 result
Requests for groundwater resource management advice under the <i>Environment Protection and Biodiversity Conservation Act 1999</i> responded to within agreed timeframes	95%	<p>100%</p> <p>All advice requested under the <i>Environment Protection and Biodiversity Conservation Act 1999</i> provided within agreed timeframes.</p>

¹ Source: 2018–19 Corporate Plan.

Groundwater and Surface Water Innovation

Program deliverable ¹	Result
Develop new workflows to integrate and analyse data in a high performance computing environment	<p>Geoscience Australia is leading global efforts on workflow transformation through the WaterSHED Initiative, a program of research to transform groundwater systems mapping and characterisation workflows. The initiative has achieved sign-on from 36 agencies, universities and private sector businesses, and will be developed as a Group on Earth Observations Community Activity in 2019–20.</p> <p>New workflows on the National Computational Infrastructure were developed for airborne electromagnetic inversion comparisons, surface nuclear magnetic resonance data processing and inversion, and the development of Jupyter notebooks for automated layer-boundary detection.</p> <p>New structural mapping and characterisation and fault zone hydrogeology workflows that integrate data from many sources have been developed and tested.</p>

¹ Source: 2018–19 Corporate Plan.

Analysis of performance

Australia is the driest inhabited continent, which makes water use and management a key challenge. In many parts of Australia, groundwater underpins agriculture, the environment, minerals and energy resource development, and the wellbeing of regional communities.

Geoscience Australia provides authoritative and independent groundwater advice to the Australian Government to support decision-making and policy development. The Department of the Environment and Energy and the Department of Industry, Innovation and Science depend on the timely information and advice provided by Geoscience Australia to support the responsible governance and management of groundwater resources.

In 2018–19, Geoscience Australia provided the chain of scientific information to inform sustainable management of groundwater resources. This ranged from baseline assessments such as those provided by the Geological and Bioregional Assessment Program to advice provided in support of regulatory and compliance activities under the *Environment Protection and Biodiversity Conservation Act 1999* and the *Atomic Energy Act 1953*.

Additionally, Geoscience Australia developed and contributed to the efficacy of groundwater assessments through new integrative methods and technologies. This included nuclear magnetic resonance approaches to replace drilling, and refinements in the application of airborne electromagnetic methods. The new approaches have helped to inform new agricultural developments in northwestern Australia.

Managing Australia's marine jurisdictions

Objective

Maximise benefits from the sustainable use of Australia's marine environment.

Role

To achieve this objective, Geoscience Australia develops new, national-scale products and coordinates national seabed mapping activities to establish an accessible national collection of marine geoscience data to leverage Australia's vast data holdings.

Performance criteria and results

Table 48: Strategic priority: Managing Australia's marine jurisdictions—performance

Marine Jurisdiction and Coastal Zone	
Program deliverable ¹	Result
Deliver and maintain the AusSeabed web portal for seabed environmental data in collaboration with Commonwealth, state and territory entities, universities and industry	<p>Geoscience Australia led the establishment of the AusSeabed Steering Committee and was appointed as first Chair. The AusSeabed strategic plan was delivered and Geoscience Australia took on the role of manager of the data hub for marine datasets. The AusSeabed website and monthly newsletter were developed to maintain communication pathways among the AusSeabed collaborators and the seabed mapping community.</p> <p>Geoscience Australia also delivered the AusSeabed survey planning and data request tool, in collaboration with FrontierSI and the Australian Hydrographic Office. This tool is providing a mechanism to develop consistent quality bathymetric survey specifications and to promote collaboration on upcoming surveys.</p>
Develop and deliver national marine geoscience datasets to support the management of Australia's marine assets	<p>Geoscience Australia developed a marine data portal and, through collaboration between teams working on projects such as the Enhanced Location Value Information System (ELVIS) and Exploring for the Future, maintained and added content in a timely manner. This resulted in client requests for data increasing by approximately 300% compared to the total for 2017–18, and bathymetry becoming one of the top 10 datasets delivered through the portals since being added in January 2019. Geoscience Australia made available new bathymetric data from external contributors and published an update to the national marine sediments database, with new data analytics functionality.</p> <p>A major audit of the national seabed samples collection was completed, delivering a comprehensive digital record of physical samples held in the repository.</p>
Provide information and advice to support policy in Australia's marine jurisdiction under the Offshore Petroleum and Greenhouse Gas Storage (Environment) Regulations 2009, the <i>Environment Protection and Biodiversity Conservation Act 1999</i> , and the <i>Antarctic Treaty (Environment Protection) Act 1980</i>	<p>Geoscience Australia delivered environmental summaries for the Offshore Petroleum Exploration Acreage Release 2019 and provided advice to the Department of Agriculture and Water Resources and the National Offshore Petroleum Safety and Environmental Management Authority regarding environmental impacts of noise from marine seismic surveys.</p> <p>Geoscience Australia also participated in the Antarctic research expert assessment panel led by the Australian Antarctic Division to review applications to the Australian Antarctic Science Program. Through the Australian Antarctic Division, Geoscience Australia provided input to Australia's review of the Draft Comprehensive Environmental Evaluation for Continuation and Modernization of McMurdo Station Area Activities in Antarctica submitted by the United States.</p>
Deliver collaborative projects with partners of the Australian Government's National Environmental Science Program, Marine Biodiversity Hub, to support management of the Commonwealth marine area	<p>In collaboration with partner entities in the Marine Biodiversity Hub, Geoscience Australia led the completion of a series of environmental summaries (eco-narratives) of six Australian marine parks, for use by Parks Australia (Department of the Environment and Energy). The eco-narratives are published in the Australian Marine Parks Science Atlas and on the Marine Biodiversity Hub website.</p> <p>Geoscience Australia also led the delivery of reports from national workshops on improving the discoverability of and access to seabed imagery and biological specimen data, and a scoping report on opportunities for establishing standard operating procedures for sub-seabed data acquisition for marine surveys.</p>

Marine Jurisdiction and Coastal Zone

Program deliverable ¹	Result
Implement a shallow-water seafloor mapping program in high-use near-shore regions adjacent to the three Australian Antarctic research stations, Casey, Davis and Mawson, in collaboration with the Australian Antarctic Division and Royal Australian Navy	Geoscience Australia collaborated with the Australian Antarctic Division and the Royal Australian Navy (RAN) in the design of the nearshore mapping survey at Davis and Mawson stations that was completed by the RAN during the 2018–19 summer. The final bathymetry grid for nearshore areas at Davis Station, acquired in collaboration with the Australian Antarctic Division and the RAN, was published.

¹ Source: 2018–19 Corporate Plan.

Key performance indicator ¹	Target	2018–19 result
Availability of new marine and coastal bathymetry data via Geoscience Australia's website within six months of being compliant with data standards	100%	100% Bathymetry datasets were completed and published within the required timeframe, as follows: <ul style="list-style-type: none"> • Davis Multibeam Survey 2016–17, Antarctica—High Resolution Bathymetry Grid was published six months after data standards compliance • Kerguelen Plateau Bathymetry Grid—Revision was published three weeks after data standards compliance.

¹ Source: 2018–19 Corporate Plan.

Analysis of performance

With increasing global demand for energy, food and security, activity within our marine jurisdiction is becoming increasingly important to our economy. Effective and efficient management of this precious environment relies on systematic baseline mapping, understanding of marine resources and assets, and the ability to measure change over time.

During 2018–19, Geoscience Australia delivered high-quality marine geoscience information and evidence to support decision-making and policy development for the marine and coastal zone. In particular, the domestic operations of the Australian Hydrographic Office, Parks Australia and the Australian Antarctic Division depended on Geoscience Australia information to support safety of navigation, the management and monitoring of marine protected areas, and on-water activities.

The need for authoritative and defensible information to support policy and operations in the marine estate remained high. In 2018–19, Geoscience Australia led the further development of the AusSeabed website (ausseabed.gov.au) to improve access to seabed data and facilitate partnerships to coordinate the acquisition of new data, with an initial focus on bathymetry. The forward plan for data sharing through AusSeabed was progressed in 2018–19 with the completion of a roadmap for the data hub that will facilitate open access to bathymetry data.

Geoscience Australia maintained its commitment to supporting marine science nationally through membership of the National Marine Science Committee, and is currently serving on the Steering Committee and Research Leadership Team for the National Environmental Science Programme Marine Biodiversity Hub.

Geoscience Australia continued to build and maintain enduring geoscience data and products covering the marine and coastal zone that maximised the value of bathymetry, seabed samples and imagery. Key achievements in 2018–19 included the delivery of new bathymetry grids for parts of the Australian Antarctic Territory, the online delivery of collated five-metre resolution bathymetry data acquired by the Marine National Facility, and the introduction of analytical tools to support the national seabed sediments database. As evidenced by the threefold increase in the number of direct client requests and the top 10 delivery status given to bathymetry datasets available through the AusSeabed web portal, these products are being increasingly used by industry, researchers and government, including to monitor the management and promote the conservation values of Australian marine parks.

Providing fundamental geographic information

Objective

Understand the location and timing of processes, activities and changes across the Australian continent to inform decision-making for both natural and built environments.

Role

To achieve this objective, Geoscience Australia provides reliable national fundamental information about the geographies of the nation.

Performance criteria and results

Table 49: Strategic priority: Providing fundamental geographic information—performance

Digital Earth Australia	
Program deliverable ¹	Result
Deliver projects in partnership with Australian government entities that improve their efficiency and/or effectiveness through the use of Earth observation data	Digital Earth Australia (DEA) worked extensively with the Murray–Darling Basin Authority and the New South Wales Government to map over 90 000 water bodies and on-farm storages across New South Wales. The improved understanding of water availability and management supports water policy implementation, compliance, and evidence-based decision-making across organisations, businesses, and communities of the Murray–Darling Basin. In February 2019, DEA secured \$25 million in funding for an initiative that will bring data cube technologies to Africa.
Work with business to enable them to capitalise on Earth observation data, and create new capabilities to increase efficiency, productivity and employment opportunities	In February 2019, DEA launched its industry strategy. The strategy was developed from a series of nationwide workshops and consultation with over 200 individuals across a broad range of Australian businesses. In May 2019, DEA announced the launch of DEA Labs, a small-scale industry incubator program designed to accelerate the adoption of DEA services and technology across businesses. Three successful proposals will receive up to \$50 000 each in the second half of 2019 to test their ideas. Cibo Labs, an Australian agritech start-up, is using DEA-provided data as a primary input for the development of its land information products. Those products are now forming a key input to the Australian Beef Sustainability Framework, which is developing the nation’s first measures for vegetation change for the beef industry.

¹ Source: 2018–19 Corporate Plan.

Key performance indicator	Target	2018–19 result
Delivery of Surface Reflectance product from initial receipt of satellite data ¹	< 90 days	<p>< 20 days</p> <p>Data from the Landsat satellites is usually processed within 16 days of receipt.</p> <p>Data from the Sentinel-2 satellites is processed within 48 hours of receipt.</p> <p>The provision of new decision-ready data within hours/days of each satellite overpass is an essential input for time-critical applications such as emergency management and up-to-date pasture health and condition monitoring.</p>

¹ Source: 2018–19 Corporate Plan.

National Location Information Framework	
Program deliverable ¹	Result
Maintain Australian Spatial Data Infrastructure collection management, governance, discovery and delivery systems	<p>Geoscience Australia continued to direct operational support for the systems that help government, business and citizens to find and access mapping information. These included ELVIS, the Foundation Spatial Data Framework LINK, NationalMap, the Australian Marine Spatial Information System, and other specific mapping infrastructures for other Australian Government entities.</p> <p>Geoscience Australia continued to enhance its infrastructures to provide accessibility to further datasets. For example:</p> <ul style="list-style-type: none"> • collection of topographic map products is now completely digital and hardcopy map distribution has ended • development of a digital catalogue for the historical aerial photography collection has commenced • ELVIS is being trialled to automate the delivery of the national place names directly from state, territory and other naming authorities. <p>Through the Data Integration Partnership for Australia, Geoscience Australia progressed development of the Location Index. The Location Index is a data system which will make it easy for policy developers and analysts to easily integrate environmental, business and social data, based on an area of interest. Geoscience Australia also made recommendations to the partnership on improvements to other data hubs to maximise their use in policy development.</p>

National Location Information Framework	
Program deliverable ¹	Result
Provide leadership and advice to develop and operate the Australian Spatial Data Infrastructure in line with the Australian Government's Spatial Data and Open Data Policy functions	<p>Geoscience Australia commenced as the Chair of the Intergovernmental Committee on Surveying and Mapping (ICSM) and the International Seabed Authority Legal and Technical Commission, and continued to represent the Australian Government on ANZLIC, the United Nations Committee of Experts on Global Geospatial Information Management (UN-GGIM), and global geospatial standards authorities.</p> <p>Geoscience Australia:</p> <ul style="list-style-type: none"> led projects to improve the national coordination of data acquisition and management of infrastructure via ANZLIC, the ICSM and the Data Integration Partnership for Australia continued to lead the implementation of global standards to share maritime boundaries information between nations through the International Hydrographic Office addressed global legal and policy framework concerns on the collection and use of location information via the UN-GGIM led a significant transformation of the operating framework for the ICSM, so that the Commonwealth, states and territories can collectively address major geospatial information challenges in a holistic and efficient manner continued to work with the Attorney-General's Department to modernise the legal framework for offshore data in line with the intention to re-proclaim Australia's national maritime boundary zones in 2021.
Develop and deliver information products identified in the Foundation Spatial Data Framework to support Australian Government onshore and offshore programs	<p>Geoscience Australia continued to provide access to national topographic base maps and elevation, surface water, and administrative boundaries datasets identified in the Foundation Spatial Data Framework. The ELVIS user survey was completed, revealing a huge diversity in users and uses across the 60 000 individual downloads of open elevation data that occurred in 2018-19.</p> <p>Layers in the national base map were updated from new data sources and the base map was expanded to cover all Australian external territories, including Antarctica. Selected transport, bathymetry and landcover datasets were updated as the first phase of a major collaboration with the Department of Defence to improve the content of Australia's foundation spatial datasets.</p>

¹ Source: 2018-19 Corporate Plan.

Key performance indicator ¹	Target	2018-19 result
Geoscience Australia's foundation spatial data products, including authoritative representations of Australia's maritime boundaries and topography, are updated and/or accessible through interactive mapping platforms	75%	87% Geoscience Australia's foundation spatial data products continued to be made accessible via the organisation's own delivery systems, including ELVIS, interactive maps and the Australian Marine Spatial Information System, and whole-of-government platforms such as NationalMap.
Geoscience Australia's spatial data products meet the requirements of relevant legislation and policy implementation	100%	All foundation spatial datasets for which Geoscience Australia is data custodian comply with the Australian Government's open data policy. Specific measures of fitness for purpose against policy requirements will be developed for future reporting.

¹ Source: 2018-19 Corporate Plan.

Positioning	
Program deliverable ¹	Result
Complete satellite-based augmentation system Testbed Program including financial benefits analysis report	The final report for the financial benefits analysis for the Satellite Based Augmentation System (SBAS) Testbed Program was completed and will be released in July 2019.
Procurement of satellite-based augmentation system follow-on services	The procurement of the SBAS service is proceeding. A request for information was released to industry in May 2019 and closed in late June 2019. Procurement of cybersecurity advice, probity advice and legal advice has been completed. The next phase of the procurement involves full specification of the request for tender, which is intended for release in January 2020.
Implement national positioning information capability Open Data Sharing policy	Geoscience Australia has completed data-sharing agreements with all jurisdictions except the Northern Territory, to enable open access to Australia's Global Navigation Satellite System (GNSS) tracking data. Procurement panels have been established for the GNSS site components. Planning is underway for a rollout of new infrastructure. Development of the GNSS analysis software is progressing well, with the first release of the software being planned for July 2019.

¹ Source: 2018–19 Corporate Plan.

Analysis of performance

Geoscience data and information are a significant national resource with enduring value for the Australian community. The idea of 'place' or 'location' being critical to decision-making is becoming more apparent to government policy makers and data specialists. Knowing when and where events and activities occur is essential to enable government, industry, researchers and the community to make decisions and improve economic, environmental and social outcomes for Australia.

Geoscience Australia provides leadership for Australia's spatial data infrastructure, and access to a range of national datasets that are critically important to decision-making by government, business and the community. A major focus in 2018–19 was enhancing coordination with partners across all levels of government. Geoscience Australia assisted states and territories to improve the supply chains that deliver the national datasets. The pre-existing elements of the positioning infrastructure, including the geodetic observatories, sustained their high levels of performance.

Geoscience Australia continued to progress the implementation of DEA, the Location Index, the Satellite Based Augmentation System (SBAS), the National Positioning Infrastructure Capability, NationalMap and other location information technologies. Many of those technologies were applied to policy challenges in 2018–19, by government entities such as the Murray-Darling Basin Authority, the North Queensland Livestock Industry Recovery Agency and the Department of Foreign Affairs and Trade.

Geoscience Australia launched DEA Labs, the first part of the DEA industry strategy, as a small-scale incubator program designed to accelerate the adoption of location information services and technology across business, and continued to operate the Australian Renewable Energy Mapping Infrastructure Portal, which informs business planning and investment in the renewable energy sector.

Geoscience Australia will invest in industry via DEA Labs to test ideas to apply the technology that is being developed. Geoscience Australia will also continue to apply that technology to Australia's foreign policy and international development agendas. Funding committed in 2019 by the Australian Government and the Leona M. and Harry B. Helmsley Charitable Trust to the development of Digital Earth Africa. Commencing in 2019–20, this work will result in the world's largest operational platform for accessing and analysing free satellite imagery specific to Africa's land and seas.

Geoscience Australia will work with partners in the states and territories to expand the scope of the Enhanced Location Value Information System (ELVIS) platform to provide access to a wider variety of datasets, and continue to work with Australian Government partners to improve the NationalMap platform and operationalise the Location Index.

After the initial planning and procurement phases of the SBAS and National Positioning Infrastructure Capability projects, 2019–20 will see significant progress towards program delivery.

The delivery of the SBAS has been complicated by the extension of the program scope to develop a regional system with New Zealand. Other nations have also expressed interest in joining the SBAS program.

Maintaining geoscience knowledge and capability

Objective

Maintain an enduring and accessible knowledge base and capability to enable evidence-based policy and decision-making by government, industry and the community.

Role

To achieve this objective, Geoscience Australia ensures that geoscientific and geospatial data, information and collections are gathered, managed and made accessible for the use of all Australians both now and into the future.

Performance criteria and results

Table 50: Strategic priority: Maintaining geoscience knowledge and capability—performance

Observatories	
Program deliverable ¹	Result
Operate national network of observatories	<p>Targets were met for the operation and maintenance of two critical seismo-acoustic observatory networks:</p> <ul style="list-style-type: none"> the Australian National Seismograph Network and urban monitoring networks, supporting the NEAC the Australian Comprehensive Nuclear-Test-Ban Treaty International Monitoring System seismo-acoustic stations, including seismic, hydro-acoustic and infrasound technologies, as part of Australia's commitment to monitoring of worldwide nuclear testing. <p>Targets for geomagnetic observatories were met except for the observatory at Charters Towers. In February 2019, the Charters Towers observatory site suffered a landslide which resulted in the burial of all seismic and geomagnetic observatory instrumentation. Extensive works and multiple site visits have been undertaken and work to establish a new site is ongoing. Currently, seismic data are being received from new instrumentation in a location adjacent to the damaged site. A temporary geomagnetic observatory is in operation and providing data while further site assessments are concluded.</p> <p>Improvements to observatories included:</p> <ul style="list-style-type: none"> significant equipment upgrades at 12 seismic stations, one hydro-acoustic monitoring station and four geomagnetic observatories the installation at the Canberra observatory of the first Australia-based automatic geomagnetic observation instrument—the seventh such instrument installed worldwide. <p>Geoscience Australia advanced its rapid deployment capability by implementing its first near-real-time after-shock monitoring deployment to Western Australia following the magnitude 5.3 earthquake at Lake Muir on 16 September 2018. A significant sequence of aftershocks was captured by this deployment, which continued until February 2019. The first publicly released dataset received over 1500 downloads.</p>

Observatories	
Program deliverable ¹	Result
Operate Alice Springs satellite ground station	<p>Geoscience Australia operates and maintains a satellite ground station in Alice Springs, acquiring Earth observation from space data for government, industry, education and research uses in Australia. The ground station provides support for the United States Geological Survey's Landsat satellite missions.</p> <p>The Alice Springs satellite ground station continues to exceed its availability target and remains the best performing international ground station for Landsat satellite operations. Upgrades to the electrical power system and ViaSat antenna—which is now capable of S-band telemetry, tracking and command—were completed in September 2018, ensuring that the target will continue to be met for future satellite missions. Overall, the site has been provisioned for full antenna redundancy and additional capacity for future satellite missions.</p> <p>In May 2019, the ground station commissioned the United States National Oceanic and Atmospheric Administration satellite (NOAA-20 or JPSS-1) in operations providing near-real-time datasets for Geoscience Australia and other Australian Government entities and the general public. Preparatory work is ongoing in support of the Landsat 9 mission that is scheduled to be launched in December 2020.</p> <p>Collaborations and cultural engagement have taken place. Geoscience Australia facilitated a video-conferencing session between the Central Australian Indigenous community and an artist from the Lakota Sioux Native American community which culminated in an approval to have Sioux Native American artwork displayed on the ViaSat antenna at the ground station. The artwork was painted on the antenna in June 2019. This is on display alongside the existing Datron antenna displaying local Central Australian Indigenous artwork. Together, the artworks celebrate the traditional land where the ground station resides and the collaborative arrangement undertaken with the United States Geological Survey.</p> <p>Geoscience Australia conducted a second approach to the market through a limited tender arrangement seeking a partner to operate the Alice Springs ground station, in anticipation of reducing its operating and capital costs while preserving operational and strategic priorities and relationships. Tender submissions closed in November 2018, and tender negotiations are in the final stages of assessment.</p>

¹ Source: 2018–19 Corporate Plan.

Key performance indicator ¹	Target	2018–19 result
Data availability from the Comprehensive Nuclear-Test-Ban Treaty network	98%	94% A landslip at the Charters Towers site destroyed the seismograph station, bringing down overall data availability. Other stations achieved 99% availability.
Data availability from the seismic network	90%	93% The Australian National Seismograph Network exceeded data availability targets.
Data availability from the geomagnetic networks	98%	97% Six observatories maintained an availability of 100% and all but one of the remainder had minimal downtime. A landslip at the Charters Towers site impacted the data availability of the network.

Key performance indicator ¹	Target	2018–19 result
Alice Springs Observatory scheduled satellite passes acquired	98%	99.8% The Alice Springs satellite ground station exceeded the target.

¹ Source: 2018–19 Corporate Plan.

Science Support

Program deliverable ¹	Result
Deliver analytical data to support Geoscience Australia's science activities	Geoscience Australia provided fit-for-purpose, high-quality data, products and services to support its science activities and the delivery of organisational outcomes. This included the implementation of a new laboratory information management system which will manage the testing of future samples, both in-house and externally.

¹ Source: 2018–19 Corporate Plan.

Petroleum Data Repository

Program deliverable ¹	Result
Operate the National Offshore Petroleum Information Management System for the discovery and delivery of petroleum data and samples	An update to the National Offshore Petroleum Information Management System was released at the APPEA conference in May 2019. It includes a new direct connect application and the storage of all publicly available data in the cloud.
Complete integration of legacy physical asset management system into the National Offshore Petroleum Information Management System	Integration of the physical asset management system is 98% complete, with the hydrocarbon and thin-section/slide collections scheduled for completion in late 2019.

¹ Source: 2018–19 Corporate Plan.

Key performance indicator ¹	Target	2018–19 result
Repository Client Services requests are responded to within 7 business days	90%	91% Client services delivered 334 terabytes of data to the petroleum exploration industry in response to 400 client requests. The client request completion rate was 91%, based on a running average.
New Offshore Petroleum and Greenhouse Gas Storage Act 2006 submissions are catalogued within 5 working days	90%	100% The National Offshore Petroleum Titles Administrator submitted 134 well, survey and reprocessing projects to Geoscience Australia.

¹ Source: 2018–19 Corporate Plan.

Geoscience Promotion, Education and Awareness	
Program deliverable ¹	Result
Undertake activities to promote, educate and create awareness of geoscience and its benefits	<p>Geoscience Australia undertook a range of education and outreach activities to build science literacy and support public engagement. This included:</p> <ul style="list-style-type: none"> • delivering curriculum-aligned programs to support science, technology, engineering and mathematics (STEM) engagement to primary and high school students, engaging with 11 493 students and 1013 teachers • partnering with national and local STEM programs to host students participating in Girls in Earth and Marine Science, the National Youth Science Forum and earth science olympiads • developing a new display to showcase the only lunar touchstone in the Southern Hemisphere, as part of a rolling refresh of exhibit material • participating in an extensive program of public outreach under the banner of 80 days of Earth Discovery, incorporating National Science Week and Earth Science Week activities • launching Geoscience Australia's Citizen Science Community of Practice and supporting the opening of the first Australian Capital Territory chapter of the Australian Citizen Science Association • participating in National Volunteer Week activities across the Australian Capital Territory. <p>Geoscience Australia improved the discoverability of and access to geoscience information, resources and collections. This included:</p> <ul style="list-style-type: none"> • launching a library discovery service that provides a single point of search across the organisation's local, subscribed and open access electronic databases and e-resources • hosting a two-day meeting of state, territory and national geological survey librarians in March 2019 to agree upon ways to cooperate more closely, improving services to our collective clients across the country • completing over 5600 requests for library services from clients, including reference enquiries, inter-library loans and digitisation requests • contributing over 2000 records of Australian geoscience publications to GeoRef, the international database of earth sciences literature, to raise global awareness and access to the current Australian literature • transporting and 3D scanning multiple holotype specimens from the vertebrate collection in Melbourne as part of collaborative work with the Australian Museum • curating a new online exhibit highlighting Geoscience Australia's history in the Antarctic, together with launching street-view captures of all Geoscience Australia's public areas and the Geological Time Walk • updating Geoscience Australia's website to include information about the National Mineral and Fossil Collection and revising and updating educational content relating to Australian minerals • completing the Defence Map Digitisation project, making all 1:50,000-scale topographic maps available for download, and resolving gaps in the availability of digital topographic and general reference maps • improving the data accessibility of the National Fossil and Mineral Collection through Citizen Science and GA volunteers, resulting in the uploading and cataloguing of thousands of new database records.

¹ Source: 2018–19 Corporate Plan.

Analysis of performance

Geoscientific data and physical collections have enduring value. It is essential that they are collected correctly, and can be easily understood and accessed by everyone. Geoscience Australia delivers world-class, trusted data and platforms and expertise to support high-impact geoscience and transparent, evidence-based decisions.

Geoscience Australia's network of observatories has consistently exceeded availability targets. The Alice Springs satellite ground station was the best performed international ground station for Landsat satellite operations. Upgrades to the station completed in 2018–19 will ensure continuing high performance for future satellite missions. The upgrade of seismic stations has enhanced the earthquake monitoring capability of the Australian National Seismograph Network.

Geoscience Australia continued to operate and enhance the National Offshore Petroleum Information Management System (NOPIMS) and the National Offshore Petroleum Data and Core Repository. The discovery and delivery of offshore petroleum exploration data was improved by making all data and samples publicly available upon authorisation by the regulator, the National Offshore Petroleum Titles Administrator. Importantly, clients are now accessing information by self-service via NOPIMS.

NOPIMS manages 827 186 survey and well data items from 2990 survey acquisitions and 8316 boreholes. A total of 66 terabytes of publicly available seismic and well data are available for download via the NOPIMS external portal. Further enhancements to NOPIMS are being planned for 2019–20, to enhance the user experience and make it easier to identify and download data of interest.

Geoscience Australia remains committed to maintaining geoscience knowledge and capability through the delivery of geoscience promotion, education and awareness activities. During 2018–19, these efforts Geoscience Australia focused on:

- building science literacy, inspiring curiosity and supporting public engagement through education and outreach initiatives
- expanding the reach of programs and improving the discoverability of and access to geoscience information, resources and physical collections.

Increasing the discoverability and accessibility of Geoscience Australia's information, resources and collections is critical to maintaining an enduring and accessible knowledge base.

Geoscience Australia focused on expanding its support for teachers with the aim of developing programs to improve capability and confidence in teaching the earth sciences. The organisation hosted its first student teacher placement, in partnership with the University of Canberra, and hosted specialist education sessions for teachers including sessions of the National Science Teachers Summer School, primary school teacher professional development seminars, and a University of Canberra workshop for primary school STEM teachers. Geoscience Australia also presented workshops at the conferences of the Australian Science Teachers Association and the Science Educators' Association of the ACT.

To improve national reach, Geoscience Australia is improving online access to its education resources and collections. In 2018–19, a major project of work was undertaken to develop educational material related to Australian minerals and resources. This work filled a major gap in our online content, providing students and teachers with credible, Australia-focused learning resources. Online access to the National Mineral and Fossil Collection was also improved, through the development of dedicated web pages and the creation of an online exhibit. In 2019–20, Geoscience Australia will investigate approaches for delivering teacher support through online tools.

Financial performance

Operating result

In 2018-19, Geoscience Australia had an operating surplus of \$1.6 million, including unfunded depreciation and amortisation of \$7.5 million and rent straight-lining of \$2.3 million (for which a loss has been approved). The result excluding depreciation, amortisation and rent straight-lining was an operating surplus of \$11.3 million.

Geoscience Australia's total income for the year was \$214.0 million, comprising \$184.4 million in appropriations from government and \$29.6 million from the sale of goods and services to related and external entities and other gains.

Geoscience Australia's total expenses were \$212.4 million. The major expense categories were employee expenses of \$79.5 million, supplier expenses of \$124.7 million and depreciation and amortisation of \$7.5 million.

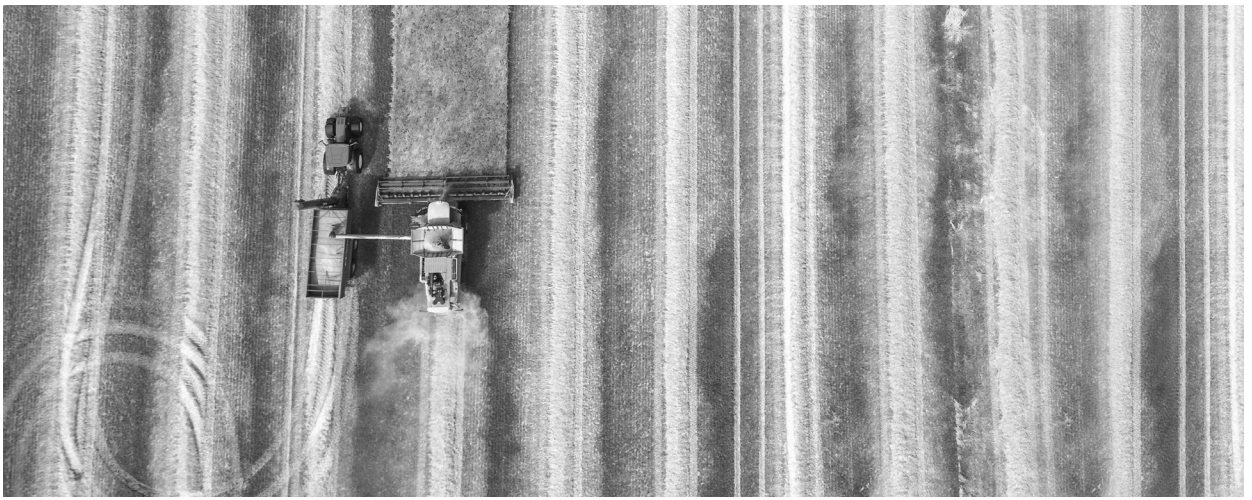
The note on departmental budget variances in the financial statements compares the actual results to the original budget disclosed in the 2018-19 Portfolio Budget Statements, as required by the AASB 1055 Budgetary Reporting accounting standard.

Financial sustainability

Total equity as at 30 June 2019 was \$32.2 million. Total assets were \$144.9 million. Total liabilities were \$112.7 million. Geoscience Australia has sufficient financial assets to pay its suppliers and other payables as and when they fall due. Non-financial assets consist mainly of plant and equipment, property (land and buildings) and leasehold improvements owned by Geoscience Australia.

Administered items

Geoscience Australia administered one grant on behalf of government in 2018-19. A grant of \$0.02 million was made available to the Australian National Commission for the United Nations Educational, Scientific and Cultural Organization for the International Geological Correlation Program.



CHAPTER EIGHT

GEOSCIENCE AUSTRALIA MANAGEMENT AND ACCOUNTABILITY

Corporate governance

Geoscience Australia's corporate governance arrangements guide management practices and business operations to ensure that the entity is accountable, manages risk appropriately, delivers on strategic priorities and meets its legal obligations.

The governance framework includes advisory bodies and committees as well as Accountable Authority Instructions, policies, procedures and guidelines.

The Chief Executive Officer is supported by the Advisory Board and Portfolio Board.

The Advisory Board comprises Senior Executive Service officials and four staff members, and provides advice to the Chief Executive Officer on strategy, financial operations and risk management. The board is supported by the Audit and Risk Committee, Security Committee, ICT Strategy Committee, Work Health and Safety Committee, Workplace Relations Committee, and People and Culture Committee.

The Portfolio Board comprises Senior Executive Service officials and advises the Chief Executive Officer on investment priorities and resource allocation. It is responsible for meeting the entity's planning and performance reporting obligations set out in the *Public Governance, Performance and Accountability Act 2013* and associated rules.

The Portfolio Board is specifically responsible for assisting the accountable authority in developing a corporate plan that documents the purpose, priorities and performance information of Geoscience Australia over the current and forward years.

Geoscience Australia's governance practices comply with all statutory requirements and are reviewed regularly to ensure that they remain relevant and effective.

Fraud control

Geoscience Australia's fraud control framework is consistent with better practice and provides assurance that the organisation's fraud control strategies are robust. Ongoing fraud awareness training is provided for all staff. As required by the Fraud Rule and the Commonwealth Fraud Control Framework, Geoscience Australia reviews and updates its Fraud Control Plan every two years. The plan details fraud prevention, detection, investigation and reporting procedures.

Compliance with finance law

There were no significant instances of non-compliance with the finance law reported to the responsible minister as part of the organisation's internal compliance reporting process for 2018–19.

External scrutiny

In 2018–19, no judicial or administrative tribunal decisions or decisions of the Australian Information Commissioner were relevant to Geoscience Australia, and no report on the organisation's operations was given by the Commonwealth Ombudsman. No parliamentary committee conducted investigations into Geoscience Australia's operations in 2018–19. Geoscience Australia appeared before:

- the Joint Standing Committee on Trade and Investment Growth, in hearings on its inquiry into Austrade's role in attracting investment in Australia, on 6 December 2018
- the Joint Committee of Public Accounts and Audit, in hearings on Cyber Resilience—Inquiry based on Auditor General's report No. 53 (2017–18), on 21 March 2019.

Information Publication Scheme

Under Part II of the *Freedom of Information Act 1982*, Geoscience Australia is required to publish information to the public as part of the Information Publication Scheme. A plan showing the information Geoscience Australia publishes in accordance with the scheme is available on Geoscience Australia's website (www.ga.gov.au/ips).

Management of human resources

The Geoscience Australia People Strategy 2017–2022 was launched in June 2017. Activities undertaken to implement the strategy in 2018–19 included:

- developing new forms, processes, tools and documentation to support streamlined end-to-end recruitment processes
- developing an online tool to support the transformed performance management framework
- developing a career development action plan and a talent development framework
- implementing actions in divisional operational workforce plans and releasing the strategic workforce plan for the organisation.

To support the new leadership framework launched in 2017, Geoscience Australia conducted a leadership training program comprising seven modules specifically tailored to areas of development identified through personality inventories and 360-degree feedback for the senior leadership cohort. A similar program has commenced with the middle management cohort.

Geoscience Australia supported and developed employees through study scholarships, study leave and financial assistance, development grants for high-performing employees, and inhouse learning and development programs. Eight graduates completed the Geoscience Australia graduate program in 2018 and six new science graduates commenced in 2019.

Geoscience Australia established the People and Culture Committee to consider human resource issues and opportunities from an organisational perspective, including those related to diversity, culture and inclusion. In addition, the Cultural Reference Group was replaced by the Diversity, Culture and Inclusion Champions Group to continue the focus on diversity-specific initiatives. This group also contributes ideas to, and raises diversity and culture matters with, the People and Culture Committee. An overarching Geoscience Australia Diversity and Inclusion Strategy, bringing together and updating commitments from the various strategies previously in place for key diversity groups, has been developed.

Geoscience Australia is progressing through the Athena SWAN accreditation process under the Science in Australia Gender Equity pilot program. The program aims to assist organisations to improve gender equity, make the workplace more inclusive, and gain a competitive advantage in attracting excellent science, technology, engineering and mathematics professionals. Geoscience Australia's application for bronze-level accreditation will be submitted in July 2019.

Geoscience Australia's workforce statistics are detailed in Appendix B2.

Executive Remuneration

The framework for determining remuneration for Geoscience Australia's key management personnel and other highly paid staff is set out in the Department of Industry, Innovation and Science's Senior Executive Service Remuneration Policy, and the Geoscience Australia Enterprise Agreement 2019-22 (Enterprise Agreement). Key management personnel are remunerated through a common law contract that references elements of the Enterprise Agreement and associated policies. Highly paid staff are remunerated under the Enterprise Agreement, with an Individual Flexibility Arrangement to provide additional remuneration benefits. Geoscience Australia's Accountable Authority is responsible for approving remuneration for key management personnel and highly paid staff.

Geoscience Australia's Executive remuneration details are provided in Appendix B3.

Work health and safety

Geoscience Australia is committed to a system-based approach to ensuring the health, safety and wellness of workers and visitors. This approach is championed by the Chief Executive Officer and embraced through all levels of the organisation.

During 2018-19, Geoscience Australia's investment in employee health and wellbeing included:

- expanding the work health and safety system, with new procedures, tools and guidance materials—including fieldwork planning procedures and the Work Health and Safety Strategy—to ensure clarity of the system and associated roles and responsibilities
- implementing the corrective action plan from the external audit of the work health and safety system undertaken in March 2018, to improve on the 67 per cent compliance result in that audit—this included establishing new contractor management guidance and forms, safe operating procedures for high-risk equipment, and procedures to maximise safety in chemical management
- providing access to free influenza vaccinations for all employees, resulting in 53 per cent of employees being vaccinated
- delivering preventative men's health screening checks to assist employees in early identification of chronic health conditions, including diabetes—the service was attended by 26 per cent of employees to whom it was offered, and additional checks are scheduled for September 2019
- promoting the employee assistance program and the tools it provides.

During 2018–19, Geoscience Australia reported two notifiable incidents to Comcare, which required no further action. One was related to environmental factors and the other to an electric shock resulting in a Comcare investigation and the revision of contractor management arrangements to meet work health and safety obligations.

Disability reporting mechanisms

Disability reporting is included in the Australian Public Service Commission's annual *State of the service report* and the *APS statistical bulletin*. These reports are available on the Australian Public Service Commission's website (www.apsc.gov.au).

The National Disability Strategy 2010–2020 sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level two-yearly report tracks progress against each of the six outcome areas of the strategy and presents a picture of how people with a disability are faring. Reports are available on the Department of Social Services website (www.dss.gov.au).

Procurement

During 2018–19, Geoscience Australia undertook its procurements in accordance with the Commonwealth Procurement Rules and the requirements of its Accountable Authority Instructions.

Geoscience Australia supports small business participation in the Commonwealth Government procurement market. Small and medium enterprise and small enterprise participation statistics are available on the Department of Finance's website (www.finance.gov.au).

Geoscience Australia recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Department of the Treasury's website (www.treasury.gov.au).

Consultants

During 2018–19, Geoscience Australia entered into three new consultancy contracts involving total actual expenditure of \$154 110.00 (GST inclusive). No ongoing consultancy contracts were active during 2018–19.

Geoscience Australia's policy on selecting and engaging consultants and approving expenditure takes into account all relevant legislation, the Commonwealth Procurement Rules and Geoscience Australia's Accountable Authority Instructions. The procurement method is determined having regard to cost, value for money and the nature of the work involved.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website (www.tenders.gov.au).

The Chief Executive Officer did not exempt any contract let during 2018–19 from publication on AusTender on the basis that it would disclose exempt matters under the *Freedom of Information Act 1982*.

All contracts valued at \$100 000 or more (GST inclusive) let during 2018–19 allowed for the Auditor-General to have access to the contractor's premises.

Grant programs

Information on grants awarded by Geoscience Australia is available on the GrantConnect website (www.grants.gov.au).

Advertising and market research

During 2018–19, Geoscience Australia did not conduct any advertising campaigns.

In 2018–19, Geoscience Australia paid \$273 344 to Today Strategic Design for market research in relation to digital channels. Geoscience made no other payments that are required to be shown in the annual report by section 311A of the *Commonwealth Electoral Act 1918*.

Ecologically sustainable development and environmental performance

Many of Geoscience Australia's programs contribute to an improved understanding of the physical nature and health of the natural environment. See the Annual Performance Statements in Chapter 7 for more details of specific activities.

Geoscience Australia also pursues ecologically sustainable development initiatives in its property and facilities management. Geoscience Australia uses an environmental management system to identify, modify and control environmental impacts in areas such as waste management, recycling and chemical disposal. Monitoring and reporting on water and energy consumption are also incorporated into the system.

The Geoscience Australia building at Symonston in the Australian Capital Territory has many ecologically sustainable features, including:

- a north–south orientation to increase access to natural light
- infrared movement detection for lighting in general office areas
- a geothermal air-conditioning system
- double-glazed windows and doors
- a large building footprint, allowing for a low ratio of external wall to gross floor area, minimising the impact of external thermal conditions on the air-conditioning system.

As part of a whole-of-government arrangement, facilities management provider Evolve FM Pty Ltd is responsible for the environmental management of the building and facilities, including monitoring and reporting.

Environmental initiatives at the building during 2018–19 included continuing to replace temperature sensors for the building heating, ventilation and air conditioning systems; install a state-of-the-art building management system; and replace fluorescent lighting in the office environment with efficient light-emitting diode lighting controlled through a digital interface.

The lessor has made an ongoing commitment to improve the current rating of zero stars to at least four stars under the National Australian Built Environment Rating System (NABERS).



CHAPTER NINE:

GEOSCIENCE AUSTRALIA FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

To the Minister for Resources and Northern Australia

Opinion

In my opinion, the financial statements of Geoscience Australia ('the Entity') for the year ended 30 June 2019:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2019 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following statements as at 30 June 2019 and for the year then ended:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to the financial statements, comprising a Summary of Significant Accounting Policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Chief Executive Officer is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Chief Executive Officer is also responsible for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Chief Executive Officer is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Peter Kerr

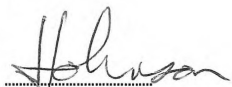
Executive Director

Delegate of the Auditor-General

STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2019 comply with subsection 42(2) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that Geoscience Australia will be able to pay its debts as and when they fall due.



Dr James Johnson
Chief Executive Officer

13/09/2019



Michael Koh
Chief Finance Officer

13/09/2019

CONTENTS

Certification

Primary financial statement

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Cash Flow Statement
- Administered Schedule of Comprehensive Income
- Administered Reconciliation Schedule
- Administered Cash Flow Statement
- Departmental Budget Variance Commentary

Overview

Notes to the financial statements

1. Departmental Financial Performance
 - 1.1 Expenses
 - 1.2 Own-Source Revenue and Gains
2. Income and Expenses Administered on Behalf of Government
 - 2.1 Administered - Expenses
3. Departmental Financial Position
 - 3.1 Financial Assets
 - 3.2 Non-Financial Assets
 - 3.3 Payables
4. Funding
 - 4.1 Appropriations
5. People and relationships
 - 5.1 Employee Provisions
 - 5.2 Key Management Personnel Remuneration
 - 5.3 Related Party Disclosures
6. Managing uncertainties
 - 6.1 Contingent Assets and Liabilities
 - 6.2 Financial Instruments
 - 6.3 Fair Value Measurement
7. Other information
 - 7.1 Cooperative Research Centres (CRC)
 - 7.2 Aggregate Assets and Liabilities

Statement of Comprehensive Income*for the period ended 30 June 2019*

	Notes	2019 \$'000	2018 \$'000	Original Budget ¹ \$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1.1A	79,499	73,721	77,627
Suppliers	1.1B	124,680	122,294	150,295
Grants	1.1C	690	-	-
Depreciation and amortisation	3.2A	7,477	6,682	8,250
Finance costs - unwinding of discount		51	49	20
Impairment loss on trade and other receivables		6	-	-
Foreign exchange losses		3	-	-
Losses from asset sales and disposals		36	320	-
Total expenses		212,442	203,066	236,192
Own-source income				
Own-source revenue				
Sale of goods and rendering of services	1.2A	28,158	41,148	39,900
Rental income	1.2B	205	205	189
Other revenue	1.2C	1,183	1,130	138
Total own-source revenue		29,546	42,483	40,227
Gains				
Other gains	1.2D	75	-	-
Total gains		75	-	-
Total own-source income		29,621	42,483	40,227
Net cost of services		(182,821)	(160,583)	(195,965)
Revenue from government	1.2E	184,381	151,108	184,381
Surplus (deficit) on continuing operations		1,560	(9,475)	(11,584)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus		237	(1,483)	-
Total other comprehensive income surplus (deficit)		237	(1,483)	-
Total comprehensive surplus (deficit)		1,797	(10,958)	(11,584)

The above statement should be read in conjunction with the accompanying notes.

Variance commentary is consolidated in the departmental budget variance commentary note.

1. Original budget as presented in the 2018-19 Portfolio Budget Statements (PBS).

Statement of Financial Position*as at 30 June 2019*

		2019	2018	Original Budget ¹
	Notes	\$'000	\$'000	\$'000
ASSETS				
Financial assets				
Cash and cash equivalents		2,758	2,406	2,500
Trade and other receivables	3.1A	73,175	58,569	47,088
Accrued revenue		1,610	2,668	1,381
Total financial assets		77,543	63,643	50,969
Non-financial assets				
Land	3.2A	1,255	1,255	1,255
Buildings	3.2A	359	345	325
Leasehold improvements	3.2A	21,896	16,431	22,421
Heritage and cultural	3.2A	2,969	2,254	2,254
Plant and equipment	3.2A	30,685	30,825	38,646
Computer software	3.2A	1,802	255	987
Prepayments		8,406	3,833	5,465
Total non-financial assets		67,372	55,198	71,353
Total assets		144,915	118,841	122,322
LIABILITIES				
Payables				
Suppliers	3.3A	38,010	37,369	37,825
Other payables	3.3B	44,345	38,999	39,085
Total payables		82,355	76,368	76,910
Provisions				
Employee provisions	5.1A	27,669	25,011	24,088
Other provisions		2,667	2,114	1,997
Total provisions		30,336	27,125	26,085
Total liabilities		112,691	103,493	102,995
Net assets		32,224	15,348	19,327
EQUITY				
Contributed equity		65,473	50,393	65,473
Reserves		12,529	12,292	13,775
Accumulated deficit		(45,778)	(47,337)	(59,921)
Total equity		32,224	15,348	19,327

The above statement should be read in conjunction with the accompanying notes.

Variance commentary is consolidated in the departmental budget variance commentary note.

1. Original budget as presented in the 2018-19 Portfolio Budget Statements (PBS).

Statement of Changes in Equity*for the period ended 30 June 2019*

		2019	2018	Original Budget ¹
	Notes	\$'000	\$'000	\$'000
CONTRIBUTED EQUITY				
Opening balance		50,393	45,731	50,393
Transactions with owners				
Contributions by owners				
Equity injection - appropriations	4.1A	10,435	-	10,435
Departmental capital budget	4.1A	4,645	4,662	4,645
Total transactions with owners		15,080	4,662	15,080
Closing balance as at 30 June		65,473	50,393	65,473
RETAINED EARNINGS				
Opening balance		(47,337)	(37,862)	(48,337)
Adjustment for changes in accounting policies	6.2A	(1)	-	-
Adjusted opening balance		(47,338)	(37,862)	(48,337)
Comprehensive income				
Surplus (Deficit) for the period		1,560	(9,475)	(11,584)
Total comprehensive income		1,560	(9,475)	(11,584)
Closing balance as at 30 June		(45,778)	(47,337)	(59,921)
ASSET REVALUATION RESERVE				
Opening balance		12,292	13,775	13,775
Comprehensive income				
Other comprehensive income				
Change in make good provision		(403)	24	-
Revaluation and impairments	3.2A	640	(1,507)	-
Total comprehensive income		237	(1,483)	-
Closing balance as at 30 June		12,529	12,292	13,775
TOTAL EQUITY				
Opening balance		15,348	21,644	15,831
Adjustment for changes in accounting policies		(1)	-	-
Adjusted opening balance		15,347	21,644	15,831
Comprehensive income				
Surplus (Deficit) for the period		1,560	(9,475)	(11,584)
Other comprehensive income				
Change in make good provision		(403)	24	-
Revaluation and impairments	3.2A	640	(1,507)	-
Total comprehensive income		1,797	(10,958)	(11,584)
Transactions with owners				
Contributions by owners				
Equity injection - appropriations	4.1A	10,435	-	10,435
Departmental capital budget	4.1A	4,645	4,662	4,645
Total transactions with owners		15,080	4,662	15,080
Closing balance as at 30 June		32,224	15,348	19,327

The above statement should be read in conjunction with the accompanying notes.

Variance commentary is consolidated in the departmental budget variance commentary note.

1. Original budget as presented in the 2018-19 Portfolio Budget Statements (PBS).

Accounting PolicyEquity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and departmental capital budgets (DCBs) are recognised directly in contributed equity in that year.

Cash Flow Statement*for the period ended 30 June 2019*

	2019	2018	Original Budget ¹
	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	228,540	213,229	233,995
Sale of goods and rendering of services	37,136	32,369	34,752
Net GST received	10,755	10,646	9,828
Other	1,465	1,235	40
Total cash received	277,896	257,479	278,615
Cash used			
Employees	76,493	74,703	77,332
Suppliers	142,008	126,376	157,671
Section 74 receipts transferred to OPA	49,815	46,757	40,112
Grants	690	-	-
Total cash used	269,006	247,836	275,115
Net cash from operating activities	8,890	9,643	3,500
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment	6	2	-
Total cash received	6	2	-
Cash used			
Purchase of property, plant and equipment	12,680	14,933	18,230
Purchase of intangibles	1,923	85	350
Total cash used	14,603	15,018	18,580
Net cash (used by) investing activities	(14,597)	(15,016)	(18,580)
FINANCING ACTIVITIES			
Cash received			
Appropriations - contributed equity	1,414	883	10,435
Appropriations - departmental capital budget	4,645	4,662	4,645
Total cash received	6,059	5,545	15,080
Cash used			
Other	-	19	-
Total cash used	-	19	-
Net cash from financing activities	6,059	5,526	15,080
Net increase in cash held	352	153	-
Cash and cash equivalents at the beginning of the reporting period	2,406	2,253	2,500
Cash and cash equivalents at the end of the reporting period	2,758	2,406	2,500

The above statement should be read in conjunction with the accompanying notes.

Variance commentary is consolidated in the departmental budget variance commentary note.

1. Original budget as presented in the 2018-19 Portfolio Budget Statements (PBS).

Administered Schedule of Comprehensive Income*for the period ended 30 June 2019*

		2019	2018	Original Budget
	Notes	\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Grants	2.1A	19	20	19
Total expenses		19	20	19
Net cost of services		(19)	(20)	(19)
Total comprehensive deficit		(19)	(20)	(19)

The above schedule should be read in conjunction with the accompanying notes.

1. Original budget as presented in the 2018-19 Portfolio Budget Statements (PBS).

Administered Reconciliation Schedule			
	Notes	2019 \$'000	2018 \$'000
Opening assets less liabilities as at 1 July		-	-
Net cost of services			
Expenses			
Payments to entities other than corporate Commonwealth entities		(19)	(20)
Transfers from the Australian Government			
Appropriation transfers from Official Public Account			
Annual appropriations			
Payments to entities other than corporate Commonwealth entities		19	20
Closing assets less liabilities as at 30 June		-	-
The above schedule should be read in conjunction with the accompanying notes.			
Accounting Policy <i>Administered Cash Transfers from the Official Public Account</i> Cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the entity on behalf of the Government and reported as such in the schedule of administered cash flows and in the administered reconciliation schedule.			

Administered Cash Flow Statement*for the period ended 30 June 2019*

		2019	2018	Original Budget ¹
	Notes	\$'000	\$'000	\$'000
OPERATING ACTIVITIES				
Cash used				
Grants		19	20	19
Total cash used		19	20	19
Net cash used by operating activities		(19)	(20)	(19)
Cash from Official Public Account				
Appropriations		19	20	19
Total cash from official public account		19	20	19
Cash and cash equivalents at the end of the reporting period		-	-	-

This schedule should be read in conjunction with the accompanying notes.

1. Original budget as presented in the 2018-19 Portfolio Budget Statements (PBS).

Departmental Budget Variance Commentary

The financial statements provide a comparison of the original budget as presented in the 2018-19 Portfolio Budget Statements (PBS) to the 2018-19 final outcome as presented in accordance with Australian Accounting Standards for Geoscience Australia. The Budget is not audited.

Variances are considered to be 'major' based on the following criteria:

- (a) the variance between budget and actual is greater than +/-10% of the budget for the line item; or
- (b) the variance between budget and actual is greater than +/-2% of the sub-total (i.e. total expenses, total income, total assets or total liabilities); or
- (c) the variance between budget and actual is below this threshold but is considered important for the reader's understanding, or it is sensitive or relates to a large offsetting movement.

In some instances, a budget has not been provided for in the PBS, for example non-cash items such as asset revaluations, foreign exchange and sale of asset adjustments.

Unless the variance is considered 'major' no explanation has been provided.

Statement of Comprehensive Income

Total expenses is lower than the budget by 10% predominantly due to lower supplier expenses (outlined below) offset by marginally higher employee expenses.

Supplier expenses is lower than the budget by 17% mainly due to delays in the Satellite-based Augmentation System program (\$12.2 million), lower than expected expenses associated with external revenue (refer to the sale of goods and rendering of services revenue below), and operating savings.

Grants expenses reflect grants to the World Meteorological Organisation for experience augmentation which were not anticipated in the budget.

Total own-source revenue is lower than budget by 28% reflecting lower sales of good and rendering of services revenue (outlined above) offset by higher other revenue (outlined above).

Sale of goods and rendering of services revenue is lower than budget by 31%. The budget was based on revenue earned by the organisation in prior years. The reduction in revenue relative to the budget and prior years is due to lower activity in relation to Minerals Pre-competitive Program surveys for the States and Territories of \$7.6 million and delays in some Auscope, Disaster Risk Reduction and observatories projects.

Other revenue is significantly higher than budget due to employee salary sacrifice contributions, an insurance claim settlement and other miscellaneous receipts.

The operating surplus is significantly higher largely due to the delays in the Satellite-based Augmentation System program.

Statement of Financial Position

Total Assets are higher than budget by 18% due to higher financial assets and non-financial assets as outlined below.

Financial assets are higher than budget by 52% primarily as a result of higher trade and other receivables mainly due to delays in Satellite-based Augmentation System 2018-19 budget measure payments (\$12.236 million for operating and \$8.106 million capital) and increased unearned revenue (\$4.043 million) from Commonwealth and State Government income streams which were not anticipated in the budget.

Non-financial assets are lower than budget by 6% mainly as a result of decreases in plant and equipment due to delays in capital expenditure for the Satellite-based Augmentation System program (\$8.1 million), offset by higher computer software license purchases and increased prepayments relating to building rent and Amazon Web Services.

Total Liabilities are higher than budget by 9% due to higher payables and provisions as outlined below.

Payables are higher than budget by 14% primarily due to accrued redundancy costs, an increase in unearned revenue from Commonwealth and State Government income streams, and more supplier accrued expenses than anticipated.

Provisions are also higher than budget by 16% largely as a result of higher employee provisions of \$3.6 million reflecting the lower 10 year bond rate impact on the Long Service Leave provision and a provision for restructuring, as well higher other provisions due to changes to the makegood provision not included in the budget.

Statement of Changes in Equity

Equity is higher than budget by 67%, mainly due to: **Reserves** being lower by \$1.2 million as a result of the revaluation of the mineral collection assets not anticipated in the budget and bond rate changes impacting on the makegood provision, and the **Accumulated deficit** lower than budget by \$14.1 million, reflecting the operating surplus of \$1.6 million (as explained in Statement of Comprehensive Income section).

Cash Flow Statement

Total cash used for investing activities is lower than budget by 21% mainly due to delays in capital expenditure on a number of programs and projects total of \$5.6 million, including the Satellite-based Augmentation System program, partially offset by higher cash used for the purchase of intangibles.

Appropriations - Contributed equity is lower than budget reflecting delays in the Satellite-based Augmentation System program of \$9.0 million.

Overview

Objectives of the Entity

Geoscience Australia (GA) is an Australian Government controlled not-for-profit entity. The objective of GA is to assist government and the community to make informed decisions about the use of natural resources, the management of the environment and community safety.

GA is structured to meet a single outcome: to inform government, industry and community decisions on the economic, social and environmental management of the nation's natural resources through enabling access to geoscientific and spatial information.

The continued existence of the entity in its present form and with its present programs is dependent on Government policy and on continued funding by Parliament for the entity's administration and programs.

GA's activities contributing toward its outcome are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the entity in its own right. Administered activities involve the management or oversight by the entity, on behalf of the Government, of items controlled or incurred by the Government.

GA administers a grant to the International Geological Correlation Program on behalf of the Government.

The Basis of Preparation

The financial statements are general purpose financial statements and are required by subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The financial statements have been prepared in accordance with:

- a) *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR); and
- b) Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

GA's financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars and values are rounded to the nearest thousand, unless disclosure of the full amount is specifically required.

New Accounting Standards Requirements

New Australian Accounting Standard Requirements

The following new standards, revised standards, interpretations and amending standards issued by the Australian Accounting Standards Board are applicable and adopted in this reporting period:

- AASB 9 Financial Instruments.

All other standards, revised standards, interpretations and amending standards issued by the Australian Accounting Standards Board prior to the signing of the statements by the CEO and the CFO have no material financial impact on the 2018-19 financial statements and are not expected to have a material future financial impact.

Future Australian Accounting Standard Requirements

The following new standards, revised standards, interpretations and amending standards issued by the Australian Accounting Standards Board are applicable and are expected to have a material impact on the financial statements for future reporting periods.

AASB 15 Revenue from Contracts with Customers (effective date 1 January 2019)

AASB 16 Leases (effective date 1 January 2019)

AASB 1058 Income of Not-for-Profit Entities (effective date 1 January 2019)

Taxation

GA is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST). Revenues, expenses, assets and liabilities are recognised net of GST, except:

- a) where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- b) for receivables and creditors.

Reporting of Administered activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes. GA has no administered assets or liabilities.

Except where otherwise stated, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Events After the Reporting Period

There were no events occurring after 30 June 2019 that would have material impact on both departmental and administered financial statements.

Departmental Financial Performance

This section analyses the financial performance of Geoscience Australia for the year ended 2019.

1.1 Expenses

	2019 \$'000	2018 \$'000
1.1A: Employee benefits		
Wages and salaries	57,614	56,772
Superannuation		
Defined contribution plans	5,608	5,214
Defined benefit plans	4,961	4,669
Leave and other entitlements	8,316	7,066
Separation and redundancies	3,000	-
Total employee benefits	79,499	73,721

Accounting Policy

Accounting policies for employee related expenses are contained in 5.1A Employee Provisions.

1.1B: Suppliers

Goods and services supplied or rendered

Consultants	802	922
Contractors	33,856	43,434
Travel	5,011	4,663
IT services	27,209	24,171
Property operating	6,120	5,969
Office supplies	924	758
Direct operational costs	4,324	4,531
Research	14,182	7,966
Other	5,617	3,195
Total goods and services supplied or rendered	98,045	95,609

Goods supplied	4,239	4,094
Services rendered	93,806	91,515
Total goods and services supplied or rendered	98,045	95,609

Other suppliers

Operating lease rentals	26,300	26,318
Workers compensation expenses	335	367
Total other suppliers	26,635	26,685
Total suppliers	124,680	122,294

Leasing commitments

GA's operating lease commitments are primarily for accommodation which are under operating lease agreements. The major lease is for the Symonston office in Canberra with a lease expiry date of 31 May 2032.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within 1 year	25,329	26,557
Between 1 to 5 years	116,554	113,528
More than 5 years	275,360	305,784
Total operating lease commitments	417,243	445,869

Accounting Policy

All leases in GA are operating leases, as the risks and benefits are substantially retained with the lessor.

Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets. Lease incentives are recognised as other payables and amortised over the life of the lease on a straight line basis.

1.1C: Grants

Grants to overseas	690	-
Total grants	690	-

1.2 Own-Source Revenue and Gains

	2019	2018
	\$'000	\$'000

Own-Source Revenue**1.2A: Sale of goods and rendering of services**

Sale of goods	563	468
Rendering of services	27,595	40,680
Total sale of goods and rendering of services	28,158	41,148

Accounting Policy

Revenue from the sale of goods is recognised when:

- a) the risks and rewards of ownership have been transferred to the buyer;
- b) GA retains no managerial involvement or effective control over the goods;
- c) the revenue and transaction costs incurred can be reliably measured; and
- d) it is probable that the economic benefits associated with the transaction flow to GA.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- a) the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- b) the probable economic benefit associated with the transaction will flow to GA.

The stage of completion of contracts at the reporting date is determined by reference to:

- a) surveys of work performed;
- b) services performed to date as a percentage of total services to be performed; or
- c) the proportion of costs incurred to date to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any allowance for impairment. Collectability of debts is reviewed at end of the reporting period. Loss allowance is an amount equal to lifetime expected credit losses (refer to Note 6.2).

1.2B: Rental income

Operating lease		
Other	205	205
Total rental income	205	205

Subleasing rental income commitments

GA has subleased the childcare centre area at GA's Symonston office in Canberra. The underlease has a 10 year initial term expiring on 30 April 2027, with the option to extend for a further 5 years.

Commitments for sublease rental income receivables are as follows:

Within 1 year	214	237
Between 1 to 5 years	463	707
Total sublease rental income commitments	677	944

1.2C: Other revenue

Audit fees	94	90
Employee contributions (salary sacrifice arrangements)	526	493
Other	563	547
Total other revenue	1,183	1,130

Accounting Policy**Resources Received Free of Charge**

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

	2019 \$'000	2018 \$'000
Gains		
1.2D: Other gains		
Resources received free of charge		
Heritage and cultural	75	-
Total other gains	75	-

Accounting Policy*Resources Received Free of Charge*

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements.

Sale of Assets

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

1.2E: Revenue from government

Appropriations		
Departmental appropriations	184,381	151,108
Total revenue from Government	184,381	151,108

Accounting Policy*Revenue from Government*

Amounts appropriated for departmental expenses for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when GA gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

Income and Expenses Administered on Behalf of Government		This section analyses the activities that Geoscience Australia does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.	
2.1 Administered - Expenses			
	2019 \$'000	2018 \$'000	
2.1A: Grants			
Private sector			
Not-for-profit organisations	19	20	
Total grants	19	20	
Accounting Policy			
GA administers a grant to the International Geological Correlation Program on behalf of the Government.			

Departmental Financial Position

This section analyses Geoscience Australia's assets used to conduct its operations and the operating liabilities incurred as a result.
Employee related information is disclosed in the People and Relationships section.

3.1 Financial Assets

	2019	2018
	\$'000	\$'000
3.1A: Trade and other receivables		
Goods and services receivables		
Goods and services	3,628	5,074
Total goods and services receivables	3,628	5,074
Appropriations receivable		
Appropriation receivable	65,636	50,959
Total appropriations receivable	65,636	50,959
Other receivables		
Statutory receivables	2,111	2,023
Other	1,800	513
Total other receivables	3,911	2,536
Total trade and other receivables (gross)	73,175	58,569
Less impairment allowance	-	-
Total trade and other receivables (net)	73,175	58,569

Credit terms for goods and services were within 30 days (2018: 30 days).

Accounting Policy

Financial assets

Trade receivables, loans and other receivables that are held for the purpose of collecting the contractual cash flows where the cash flows are solely payments of principal and interest, that are not provided at below-market interest rates, are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

3.2 Non-Financial Assets**3.2A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles**

	Land \$'000	Buildings \$'000	Leasehold improvements \$'000	Heritage and cultural ¹ \$'000	Plant and equipment \$'000	Computer Software \$'000	Total \$'000
As at 1 July 2018							
Gross book value	1,255	365	17,228	2,254	36,379	8,760	66,241
Accumulated depreciation and amortisation	-	(20)	(797)	-	(5,554)	(8,505)	(14,876)
Total as at 1 July 2018	1,255	345	16,431	2,254	30,825	255	51,365
Additions - Purchase	-	34	7,053	-	5,394	1,923	14,404
Additions - Donation/Gift	-	-	-	75	-	-	75
Revaluations and impairments recognised	-	-	-	-	-	-	-
in other comprehensive income	-	-	-	640	-	-	640
Depreciation and amortisation	-	(20)	(1,583)	-	(5,498)	(376)	(7,477)
Other movements - reclassification	-	-	(5)	-	5	-	-
Disposals - other	-	-	-	-	(41)	-	(41)
Total as at 30 June 2019	1,255	359	21,896	2,969	30,685	1,802	58,966
Total as at 30 June 2019 represented by							
Gross book value	1,255	399	24,276	2,969	41,717	10,612	81,228
Accumulated depreciation and amortisation	-	(40)	(2,380)	-	(11,032)	(8,810)	(22,262)
Total as at 30 June 2019	1,255	359	21,896	2,969	30,685	1,802	58,966

1. Land, buildings and other property, plant and equipment that met the definition of a heritage and cultural item were disclosed in the heritage and cultural asset class.

Heritage and cultural item were assessed for impairment in accordance with the impairment policy stated below. No indicators of impairment were found in 2019 (2018: nil).

Land, buildings and leasehold improvement assets were assessed for impairment in accordance with the impairment policy stated below. No indicators of impairment were found in 2019 (2018: \$1,441,000 Symonston leasehold fit out).

Plant and equipment assets were assessed for impairment in accordance with the impairment policy stated below. No indicators of impairment were found in 2019 (2018: \$65,000).

Intangibles were assessed for impairment in accordance with the impairment policy stated below. No indicators of impairment for purchased software were found in 2019 (2018: nil).

Property, plant and equipment replaced in the building refurbishment will be disposed of over the next 12 months. No intangibles are expected to be sold or disposed of within the next 12 months.

Revaluations of non-financial assets

All revaluations were conducted in accordance with the revaluation policy stated below. Land, buildings and leasehold improvement assets and Plant and equipment were last revalued in 2017. Heritage and cultural assets were revalued in 2019 with a revaluation increment of \$640,000 credited to the Asset Revaluation Reserve and included in Other Comprehensive Income (2018: nil fair value changes). An independent valuer has conducted a review of the current values of all tangible assets and has determined that they do not differ materially from fair value at 30 June 2019. Refer to Note 6.3 for the full disclosure of fair value measurement.

Contractual commitments for the acquisition of property, plant, equipment and intangible assets

Property, plant, equipment and intangible assets commitments total \$2,288,910.

Accounting Judgements and Estimates

Land and buildings

The fair value of land and buildings has been taken to be the market value of similar properties as determined by an independent valuer (JLL Public Sector Valuations Pty Ltd). It is estimated that the land will continue to be used for research activities and buildings held for specialised purposes.

Property, plant and equipment

The fair value of property, plant and equipment has been assessed by the independent valuer (JLL Public Sector Valuations Pty Ltd). In some cases, there is insufficient observable market evidence and non-market approaches are utilised.

Accounting Policy

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition.

Tangible AssetsAsset Recognition Threshold

Purchases of leasehold improvements and plant and equipment are recognised initially at cost in the Statement of Financial Position, except for assets costing less than the relevant asset recognition threshold. Asset recognition thresholds can be found in the table below.

Revaluations

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets. Revaluation adjustments are made on a class basis.

Any accumulated depreciation and accumulated impairment as at the revaluation date are eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the entity using, in all cases, the straight-line method of depreciation. Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives and methods:

Asset Type	Threshold		Useful lives	
	2019	2018	2019	2018
Building on freehold land	N/A	N/A	40 years	40 years
Leasehold improvements	\$25,000	\$25,000	7 - 15 years	7 - 15 years
Plant and equipment	\$5,000	\$5,000	3 - 25 years	3 - 25 years
Collections	\$5,000	\$5,000	Indefinite	Indefinite

Impairment

All assets were assessed for impairment at 30 June 2019. Where indications of impairment exist, the asset recoverable amount is estimated and an impairment adjustment made if the asset recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the entity were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Intangible Assets

GA's intangible assets comprise of software. Software assets are carried at cost less accumulated amortisation and accumulated impairment losses, except for assets costing less than the relevant asset recognition threshold.

Intangible Asset Type	Threshold		Useful lives	
	2019	2018	2019	2018
Purchased software	\$10,000	\$10,000	3 - 15 years	3 - 15 years
Internally developed software	\$200,000	\$200,000	3 - 15 years	3 - 15 years

All software assets were assessed for indicators of impairment at 30 June 2019.

Heritage and Cultural Assets

The key objective of GA's collection is to maintain geoscience knowledge and capability. GA's heritage and cultural assets comprise:

- a collection of minerals which are primarily held for research, public exhibition and education; and
- the Commonwealth Paleontological Collection (CPC) – which includes internationally recognised reference specimens used to define fossil species under the International Codes of Botanical and Zoological Nomenclature. Such assets are irreplaceable and have indefinite useful lives as a reference, for further research as well as outreach activities.

GA's Collections Management Policy uses accepted best practice standards and guidelines including those of SPECTRUM¹, ICOM² and Museums Australia³ to manage the collection. Supporting procedures for the policy have been developed which detail daily management of the collections.

The Geoscience Australia museum is registered as a Deductible Gift Recipient (DGR) and the Cultural Gifts Program (CGP).

Collections not recognised as assets

Through the process of national geological mapping, both onshore and in Australia's marine jurisdiction, and the national stewardship of cores, cuttings, and other samples and data submitted to that agency under the *Petroleum Search Subsidy Act [PSSA] 1957-1961*, *Petroleum [Submerged Lands] Act 1967 amended*, and the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*, GA has diverse and comprehensive geoscience collections used for scientific research and analysis purposes. The collections have been acquired since the inception of GA's forerunner organisation, the Bureau of Mineral Resources, Geology and Geophysics (BMS), in 1946.

The rock and core collections include:

- geological reference samples of surface rock and cores collected during the mapping of Australia;
- physical cores and cuttings samples from offshore petroleum wells and stratigraphic boreholes; and
- oil, gas and other fluid samples submitted under the various petroleum legislation.

Numerous data collections are maintained including fundamental types such as:

- two and three dimensional seismic and non-seismic geophysical data;
- satellite earth observation data;
- geospatial data particularly geodetic data for positioning purposes; and
- elevation and bathymetry.

The bulk fossil collection:

Palaeontological specimens collected and donated which are unprocessed from both Australia and overseas.

These are national, and in some cases international collections that have enduring scientific value for the nation. These collections are deemed irreplaceable, with an indefinite useful life. They are not recognised as assets of GA as their value is not reliably measureable.

1. <http://obs-traffic.museum/spectrum-uk-museum-documentation-standard-1>

2. http://icom.museum/fileadmin/user_upload/pdf/Codes/code_ethics2013_eng.pdf

3. https://www.museumsaustralia.org.au/sites/default/files/uploaded-content/website-content/SubmissionsPolicies/ma_code_of_ethics_1999.pdf

3.3 Payables

	2019 \$'000	2018 \$'000
3.3A: Suppliers		
Trade creditors	185	380
Accruals	8,323	10,825
Operating lease rentals	29,502	26,164
Total suppliers	38,010	37,369
Supplier payables are settled within 30 days (2018: 30 days).		
3.3B: Other payables		
Salaries and wages	920	816
Superannuation	81	82
Separations and redundancies	1,151	255
Lease incentive	13,717	14,779
Prepayments received/unearned income	28,269	22,748
Other	207	319
Total other payables	44,345	38,999
Total payables	82,355	76,368

Accounting PolicyPrepayments received/unearned income

Unearned income represents receipts for goods or services that are not recognised as revenue at reporting date.

Lease incentive

Operating lease incentives are recognised as an integral part of the net consideration agreed for the use of the leased asset and the rental reduction is recognised over the lease term on a straight-line basis. Lease incentives in other payables represent lease incentives received but not recognised at reporting date.

Funding

This section identifies Geoscience Australia's funding structure.

4.1 Appropriations

4.1A: Annual appropriations ('recoverable GST exclusive')

Annual Appropriations for 2019

	Annual Appropriation \$'000	Adjustments to appropriation ¹ \$'000	Total appropriation \$'000	Appropriation applied in 2019 (current and prior years) \$'000	Variance ² \$'000
Departmental					
Ordinary annual services	184,381	38,244	222,625	216,375	6,250
Capital Budget ³	4,645	-	4,645	4,645	-
Other services					
Equity Injections	10,435	-	10,435	1,414	9,021
Total departmental	199,461	38,244	237,705	222,434	15,271
Administered					
Administered items	19	-	19	19	-
Total administered	19	-	19	19	-

1. PGPA Act Section 74 receipts.

2. The variance is due to accrued expenses and delay in the Satellite-based Augmentation System program (\$12.2 million).

3. Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

Annual Appropriations for 2018

	Annual Appropriation \$'000	Adjustments to appropriation ¹ \$'000	Total appropriation \$'000	Appropriation applied in 2018 (current and prior years) \$'000	Variance ² \$'000
Departmental					
Ordinary annual services	151,108	35,348	186,456	201,971	(15,515)
Capital Budget ³	4,662	-	4,662	4,662	-
Other services					
Equity Injections	-	-	-	884	(884)
Total departmental	155,770	35,348	191,118	207,517	(16,399)
Administered					
Administered items	20	-	20	20	-
Total administered	20	-	20	20	-

1. PGPA Act Section 74 receipts.

2. The variance in 2017-18 was due to accrued expenses from prior year being drawn down in the current year and Section 74 program spending for which receipts were received in previous years.

3. Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

4.1B: Unspent annual appropriations ('recoverable GST exclusive')

	2019 \$'000	2018 \$'000
Departmental		
Appropriation Act (No. 2) 2016-17 ¹	300	300
Appropriation Act (No. 1) 2017-18	-	50,659
Appropriation Act (No. 1) 2017-18 - Cash on hand	-	2,406
Appropriation Act (No. 1) 2018-19	56,315	-
Appropriation Act (No. 1) 2018-19 - Cash on hand	2,758	-
Appropriation Act (No. 2) 2018-19	9,021	-
Total departmental	68,394	53,365

1. Appropriation Act (No.2) 2016-17 will be repealed on 1 July 2019. The balance at 1 July 2019 will be recognised as a departmental equity return.

People and relationships

This section describes a range of employment and post employment benefits provided to our people and our relationships with other key people.

5.1 Employee Provisions

	2019 \$'000	2018 \$'000
5.1A: Employee provisions		
Leave	25,927	23,943
Separations and redundancies	1,742	1,068
Total employee provisions	27,669	25,011

Accounting policy

Liabilities for 'short-term employee benefits' (as defined in AASB 119 Employee Benefits) and termination benefits which are expected to be settled within twelve months of the end of the reporting period are measured at their nominal amounts.

Other long-term employee benefits are measured as a net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by the short-hand method outlined in the Resource Management Guide No. 125 - Commonwealth Entities Financial Statements Guide and the recommended probability factors have been applied, along with a discount factor which is the combination of a salary growth rate and the Government 10 year bond rate. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. GA recognises a provision for redundancy when it has developed a formal plan and has informed employees.

Superannuation

GA employees are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or other superannuation funds held outside the Australian Government.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

GA makes employer contributions to the employees' defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. GA accounts for the contributions as if they were contributions to defined contribution plans.

5.2 Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. GA has determined its key management personnel to be the Chief Executive Officer, Chiefs of Division and Chief Operating Officer. Key management personnel remuneration is reported in the table below:

	2019 \$'000	2018 \$'000
Short-term employee benefits	1,928	1,836
Post-employment benefits	313	331
Other long-term employee benefits	106	262
Total key management personnel remuneration expenses¹	2,347	2,429

Seven senior executive (SES) positions performed by 9 key management personnel (KMP) including acting arrangements, included in the above table (2018: Seven senior executive (SES) positions performed by 21 key management personnel (KMP) including acting arrangements).

1. Key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by GA.

5.3 Related Party Disclosures

Related party relationships:

GA is an Australian Government controlled entity. Related parties to GA include the Portfolio Minister and GA's Executive.

Transactions with related parties:

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes. These transactions have not been separately disclosed in this note.

There are no transactions with Key Management Personnel besides remuneration disclosed in Note 5.2 and travel allowances paid in the ordinary course of business. Related parties of Executive were employed by the entity during the year and were remunerated in a manner consistent with normal employee relationships.

No material transactions with Australian Government entities occurred during the financial year and there are no material outstanding balances forming part of the Statements of Financial Position.

There are no related party transactions by Ministers requiring disclosure by GA in 2019 (2018: nil).

Managing uncertainties

This section analyses how Geoscience Australia manages financial risks within its operating environment.

6.1 Contingent Assets and Liabilities

There are no contingent liabilities in 2019 (2018: nil). A contingent financial asset resulting from a probable insurance settlement of \$209,000 exists at 30 June 2019 (2018: Probable insurance settlement \$322,000).

Accounting Policy

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

6.2 Financial Instruments

	2019	2018
	\$'000	\$'000

6.2A: Categories of financial instruments**Financial Assets under AASB 139****Loans and receivables**

Cash and cash equivalents		2,406
Goods and services receivables (net)		5,074

Total loans and receivables		7,480
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Financial Assets under AASB 9**Financial assets at amortised cost**

Cash at bank	2,758
Trade receivables	3,628

Total financial assets at amortised cost	6,386
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Total financial assets	6,386	7,480
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Financial liabilities**Financial liabilities measured at amortised cost**

Trade creditors and accrual	8,508	11,205
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Total financial liabilities measured at amortised cost	8,508	11,205
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Total financial liabilities	8,508	11,205
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Classification of financial assets on the date of initial application of AASB 9.

Financial assets class	Note	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July 2018 \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Cash and Cash Equivalents		Loans and receivables	Amortised Cost	2,406	2,406
Goods and services receivables (net)	3.1A	Loans and receivables	Amortised Cost	5,074	5,073
Total financial assets				7,480	7,479

Reconciliation of carrying amounts of financial assets on the date of initial application of AASB 9.

	AASB 139 carrying amount at 30 June 2018 \$'000	Reclassification \$'000	Remeasurement \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Financial assets at amortised cost				
Loans and receivables				
Cash at bank	2,406	-	-	2,406
Goods and services receivables (net)				
Trade receivables	5,074	-	(1)	5,073
Total amortised cost	7,480	-	(1)	7,479

Accounting Policy**Financial Assets**

With the implementation of AASB 9 *Financial Instruments* for the first time in 2019, GA classifies its financial assets in the following categories:

- a) financial assets at fair value through profit or loss;
- b) financial assets at fair value through other comprehensive income; and
- c) financial assets measured at amortised cost.

The classification depends on both GA's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when GA becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Comparatives have not been restated on initial application.

Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)

Financial assets measured at fair value through other comprehensive income are held with the objective of both collecting contractual cash flows and selling the financial assets and the cash flows meet the SPPI test.

Any gains or losses as a result of fair value measurement or the recognition of an impairment loss allowance is recognised in other comprehensive income.

Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets either doesn't meet the criteria of financial assets held at amortised cost or at FVOCI (i.e. mandatorily held at FVTPL) or may be designated.

Financial assets at FVTPL are stated at fair value, with any resultant

gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to *lifetime expected credit losses* where risk has significantly increased, or an amount equal to *12-month expected credit losses* if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Financial Liabilities at Amortised Cost

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

	2019	2018
	\$'000	\$'000
<u>6.2B: Net gains or losses on financial assets</u>		
Financial assets at amortised cost		
Exchange gains/(losses)	(3)	-
Impairment	(6)	-
Net gains/(losses) on financial assets at amortised cost	<u>(9)</u>	<u>-</u>
Net gains on financial assets	<u>(9)</u>	<u>-</u>

6.3 Fair Value Measurement**Accounting Policy**

An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value; comprehensive valuations are carried out at least once every three years.

The valuation models developed by the valuer are in compliance with AASB 13. The methods utilised to determine and substantiate the unobservable inputs are derived and evaluated as follows:

Physical Depreciation and Obsolescence - Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the Depreciated Replacement Cost approach. Under this approach the estimated cost to replace the asset is calculated and then adjusted to take into account physical depreciation and obsolescence. Physical depreciation and obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration. For all leasehold improvement assets, the consumed economic benefit / asset obsolescence deduction is determined based on the term of the associated lease.

GA's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

6.3A: Fair value measurement

	Fair value measurements at the end of the reporting period	
	2019 \$'000	2018 \$'000
Non-financial assets¹		
Land ⁴	1,255	1,255
Building ⁵	325	345
Leasehold Improvements ⁵	21,383	15,553
Infrastructure, Plant and Equipment ²	3,677	3,096
Infrastructure, Plant and Equipment ⁵	23,018	24,698
Heritage and Cultural Collection ²	2,769	2,054
Heritage and Cultural Collection (CPC Collection) ²	200	200
Work in Progress - Building ⁵	34	-
Work in Progress - Leasehold Improvements ³	513	878
Work in Progress - Infrastructure, Plant & Equipment ³	3,990	3,031
Total fair value measurements of assets in the Statement of Financial Position	57,164	51,110

1. JLL Public Sector Valuations Pty Ltd undertook a comprehensive revaluation of GA's Heritage and Cultural Collection; other asset classes undertook an annual assessment. It was determined that the carrying amount of all non-financial assets at 30 June 2019 is not materially different from their fair value (2018: non-financial assets undertook an annual assessment). GA has relied upon those outcomes to establish carrying amounts.

2. Valuation technique used: Level 2 - Market Approach

3. Valuation technique used: Level 2 - Replacement Cost

4. Valuation technique used: Level 3 - Market Approach

5. Valuation technique used: Level 3 - Depreciated Replacement Cost

Other information

7.1 Cooperative Research Centres (CRC)

7.1A: Cooperative Research Centres (CRC)

All CRC's have been classified as joint operations as their purpose is for the pursuit of collaborative scientific research where participants share in the scientific outcomes and outputs of the CRC.

GA's total cash and in-kind contribution (e.g. staff and use of assets) to CRC from its own resources was \$7.837 million for the year (2018: \$3.755 million). Contributions made are expensed as incurred and these are included in the Statement of Comprehensive Income.

No contingent liabilities were reported by the CRC's in which GA is a participant.

GA is a participant in the following CRC's as at 30 June 2019:

Name of the CRC	Expected Termination Date ¹
Bushfire and Natural Hazards CRC	30/06/2020
MinEx CRC	30/06/2028

1. Expected termination date for GA participation.

7.2A: Aggregate Assets and Liabilities

	2019 \$'000	2018 \$'000
Assets expected to be recovered in:		
No more than 12 months	85,500	67,177
More than 12 months	59,415	51,664
Total assets	144,915	118,841
Liabilities expected to be settled in:		
No more than 12 months	(45,493)	(43,491)
More than 12 months	(67,198)	(60,002)
Total liabilities	(112,691)	(103,493)



CHAPTER TEN

GEOSCIENCE AUSTRALIA APPENDICES

Appendix B1: Financial summary

Table 51: Entity Resource Statement subset Summary Current Report Period (2018–19)

	Actual Available appropriation - current year (a) \$'000	Payments made (b) \$'000	Balance remaining (a)-(b) \$'000
Departmental			
Annual appropriations - ordinary annual services	280 093	221 020	59 073
Annual appropriations - other services - non-operating	10 735	1414	9321
Total departmental annual appropriations	290 828	222 434	68 394
Departmental special appropriations	290 828	222 434	68 394
Administered	-	-	-
Annual appropriations - ordinary annual services	19	19	-
Total administered annual appropriations	19	19	-
Total administered resourcing (B)	19	19	-
Total resourcing and payments for Geoscience Australia (A + B)	290 847	222 453	68 394

Appendix B2: Workforce statistics

All employees

Table 52: Geoscience Australia—All Ongoing Employees Current Report Period (2018-19)

Location	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW	-	-	-	-	-	-	-	-	-	-
Qld	-	-	-	-	-	-	-	-	-	-
SA	-	-	-	-	-	-	-	-	-	-
Tas	-	-	-	-	-	-	-	-	-	-
Vic	-	-	-	-	-	-	-	-	-	-
WA	6	-	6	-	-	-	-	-	-	6
ACT	333	10	343	186	30	216	-	-	-	559
NT	-	1	1	-	-	-	-	-	-	1
Total	339	11	350	186	30	216	-	-	-	566

Table 53: Geoscience Australia—All Non-Ongoing Employees Current Report Period (2018-19)

Location	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW	-	-	-	-	-	-	-	-	-	-
Qld	-	-	-	-	-	-	-	-	-	-
SA	-	-	-	-	-	-	-	-	-	-
Tas	-	-	-	-	-	-	-	-	-	-
Vic	-	-	-	-	-	-	-	-	-	-
WA	-	-	-	-	-	-	-	-	-	-
ACT	15	8	23	19	3	22	-	-	-	45
NT	-	-	-	-	-	-	-	-	-	-
Total	15	8	23	19	3	22	-	-	-	45

Table 54: Geoscience Australia—All Ongoing Employees Previous Report Period (2017-18)

Location	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW	-	-	-	-	-	-	-	-	-	-
Qld	-	-	-	-	-	-	-	-	-	-
SA	-	-	-	-	-	-	-	-	-	-
Tas	-	-	-	-	-	-	-	-	-	-
Vic	-	-	-	-	-	-	-	-	-	-
WA	6	-	6	-	-	-	-	-	-	6
ACT	329	9	338	177	34	211	-	-	-	549
NT	-	1	1	-	-	-	-	-	-	1
Total	335	10	345	177	34	211	-	-	-	556

Table 55: Geoscience Australia—All Non-Ongoing Employees Previous Report Period (2017-18)

Location	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW	-	-	-	-	-	-	-	-	-	-
Qld	-	-	-	-	-	-	-	-	-	-
SA	-	-	-	-	-	-	-	-	-	-
Tas	-	-	-	-	-	-	-	-	-	-
Vic	-	-	-	-	-	-	-	-	-	-
WA	-	-	-	-	-	-	-	-	-	-
ACT	24	10	34	13	4	17	-	-	-	51
NT	-	-	-	-	-	-	-	-	-	-
Total	24	10	34	13	4	17	-	-	-	51

Australian Public Sector (APS) Classification and Gender

Table 56: Geoscience Australia—Australian Public Service Act Ongoing Employees Current Report Period (2018–19)

Classification	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3	1	-	1	-	-	-	-	-	-	1
SES 2	4	-	4	-	-	-	-	-	-	4
SES 1	1	-	1	1	-	1	-	-	-	2
EL 2	81	2	83	20	3	23	-	-	-	106
EL 1	106	2	108	48	7	55	-	-	-	163
APS 6	85	3	88	64	7	71	-	-	-	159
APS 5	45	3	48	39	9	48	-	-	-	96
APS 4	15	1	16	13	4	17	-	-	-	33
APS 3	1	-	1	1	-	1	-	-	-	2
APS 2	-	-	-	-	-	-	-	-	-	-
APS 1	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
TOTAL	339	11	350	186	30	216	-	-	-	566

Table 57: Geoscience Australia—Australian Public Service Act Non-Ongoing Employees Current Report Period (2018–19)

Classification	Male			Female			Indeterminate			Total
	Full time	Part time	Total male	Full time	Part time	Total female	Full time	Part time	Total	
SES 3	-	-	-	-	-	-	-	-	-	-
SES 2	-	-	-	-	-	-	-	-	-	-
SES 1	-	-	-	-	-	-	-	-	-	-
EL 2	2	-	2	-	-	-	-	-	-	2
EL 1	3	5	8	2	-	2	-	-	-	10
APS 6	5	2	7	8	1	9	-	-	-	16
APS 5	4	-	4	3	2	5	-	-	-	9
APS 4	-	-	-	4	-	4	-	-	-	4
APS 3	-	-	-	1	-	1	-	-	-	1
APS 2	1	1	2	1	-	1	-	-	-	3
APS 1	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
TOTAL	15	8	23	19	3	22	-	-	-	45

Table 58: Geoscience Australia—Australian Public Service Act Ongoing Employees Previous Report Period (2017-18)

Classification	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3	1	-	1	-	-	-	-	-	-	1
SES 2	3	-	3	-	-	-	-	-	-	3
SES 1	1	-	1	-	-	-	-	-	-	1
EL 2	75	3	78	23	2	25	-	-	-	103
EL 1	103	2	105	43	13	56	-	-	-	161
APS 6	86	2	88	56	8	64	-	-	-	152
APS 5	46	3	49	43	7	50	-	-	-	99
APS 4	19	-	19	12	4	16	-	-	-	35
APS 3	1	-	1	-	-	-	-	-	-	1
APS 2	-	-	-	-	-	-	-	-	-	-
APS 1	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
TOTAL	335	10	345	177	34	211	-	-	-	556

Table 59: Geoscience Australia—Australian Public Service Act Non-Ongoing Employees Previous Report Period (2017-18)

Classification	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3	-	-	-	-	-	-	-	-	-	-
SES 2	-	-	-	-	-	-	-	-	-	-
SES 1	-	-	-	-	-	-	-	-	-	-
EL 2	3	2	5	-	-	-	-	-	-	5
EL 1	6	3	9	1	-	1	-	-	-	10
APS 6	7	4	11	4	3	7	-	-	-	18
APS 5	4	-	4	6	-	6	-	-	-	10
APS 4	4	1	5	2	1	3	-	-	-	8
APS 3	-	-	-	-	-	-	-	-	-	-
APS 2	-	-	-	-	-	-	-	-	-	-
APS 1	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
TOTAL	24	10	34	13	4	17	-	-	-	51

Employment type by Full time and Part time Status

Table 60: Geoscience Australia—Australian Public Service Act Employees by full time and part time Status Current Report Period (2018-19)

Classification	Ongoing			Non-Ongoing			Total
	Full time	Part time	Total	Full time	Part time	Total	
SES 3	1	-	1	-	-	-	1
SES 2	4	-	4	-	-	-	4
SES 1	2	-	2	-	-	-	2
EL 2	101	5	106	2	-	2	108
EL 1	154	9	163	5	5	10	173
APS 6	149	10	159	13	3	16	175
APS 5	84	12	96	7	2	9	105
APS 4	28	5	33	4	-	4	37
APS 3	2	-	2	1	-	1	3
APS 2	-	-	-	2	1	3	3
APS 1	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
TOTAL	525	41	566	34	11	45	611

Table 61: Geoscience Australia—Australian Public Service Act Employees by full time and part time Status Previous Report Period (2017-18)

Classification	Ongoing			Non-Ongoing			Total
	Full time	Part time	Total	Full time	Part time	Total	
SES 3	1	-	1	-	-	-	1
SES 2	3	-	3	-	-	-	3
SES 1	1	-	1	-	-	-	1
EL 2	98	5	103	3	2	5	108
EL 1	146	15	161	7	3	10	171
APS 6	142	10	152	11	7	18	170
APS 5	89	10	99	10	-	10	109
APS 4	31	4	35	6	2	8	43
APS 3	1	-	1	-	-	-	1
APS 2	-	-	-	-	-	-	-
APS 1	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
TOTAL	512	44	556	37	14	51	607

Employment type by location

*Table 62: Geoscience Australia—Australian Public Service Act Employment type by location
Current Report Period (2018–19)*

Location	Ongoing	Non-Ongoing	Total
NSW	-	-	-
Qld	-	-	-
SA	-	-	-
Tas	-	-	-
Vic	-	-	-
WA	-	6	6
ACT	45	559	604
NT	-	1	1
Total	45	566	611

*Table 63: Geoscience Australia—Australian Public Service Act Employment type by location
Previous Report Period (2017–18)*

Location	Ongoing	Non-Ongoing	Total
NSW	-	-	-
Qld	-	-	-
SA	-	-	-
Tas	-	-	-
Vic	-	-	-
WA	6	-	6
ACT	549	51	600
NT	1	-	1
Total	556	51	607

*Table 64: Geoscience Australia—Australian Public Service Act Indigenous Employment Current
Report Period (2018–19)*

Employment type	Total
Ongoing	3
Non-Ongoing	0
Total	3

Table 65: Geoscience Australia—Australian Public Service Act Indigenous Employment Previous Report Period (2017-18)

Employment type	Total
Ongoing	2
Non-Ongoing	0
Total	2

Employment arrangements of Senior Executive Service and non-Senior Executive Service employees

Table 66: Geoscience Australia—Australian Public Service Act Employment arrangements Current Report Period (2018-19)

Arrangement	SES	Non-SES	Total
Common Law Contract	7	-	7
Individual Flexibility Arrangement	-	45	45
Enterprise Agreement	-	559	559
Total	7	604	611

Salary ranges by classification level

Table 67: Geoscience Australia—Australian Public Service Act Employment salary ranges¹ by classification level (Minimum/Maximum) Current Report Period (2018-19)

Classification	Minimum Salary	Maximum Salary
SES 3	\$346 631	\$346 631
SES 2	\$255 393	\$284 658
SES 1	\$202 278	\$226 268
EL 2	\$120 879	\$223 686
EL 1	\$101 717	\$165 797
APS 6	\$84 503	\$131 725
APS 5	\$72 860	\$82 150
APS 4	\$65 409	\$116 730
APS 3	\$58 074	\$61 741
APS 2	\$50 978	\$50 978
APS 1	Not applicable	Not applicable
Other	Not applicable	Not applicable

¹ Geoscience Australia provides employees with a number of non-salary benefits that are not included under the enterprise agreement, such as:

- access to a childcare centre
- onsite gym facilities
- onsite free parking
- annual influenza vaccination
- early intervention case management
- support to return to work for non-compensable injuries and illnesses
- mental health and wellbeing support
- in-house capability development programs
- internal and external secondment opportunities.

Performance pay by classification level

Geoscience Australia had no performance pay, also known as performance-linked bonuses, to report during 2018-19.

Appendix B3: Executive remuneration

During the reporting period ended 30 June 2019, Geoscience Australia had nine executives who meet the definition of key management personnel, as shown in Table 68.

Table 68: Geoscience Australia—Key management personnel, 2018–19

Name	Position	Term
James Johnson	Chief Executive Officer	Full Year
Andrew Barnicoat	Chief of Division	Full Year
Steven Hill	Chief Scientist	Part Year – appointed on 22 October 2018
Andrew Heap	Chief of Division	Full year
Stuart Minchin	Chief of Division	Full Year
Trent Rawlings	Chief Operating Officer	Full Year
Adam Lewis	Acting Chief Scientist	Part year - acting ceased on 21 October 2018
Tanya Whiteway	Chief Scientific Information Officer	Part Year – appointed on 27 August 2018
Carina Kemp	Acting Chief Scientific Information Officer	Part Year – resigned on 24 August 2018

Table 69: Geoscience Australia—Information about remuneration for key management personnel, 2018–19

Name	Position title	Short term benefits			Post employment benefits		Other long term benefits			Total remuneration
		Base salary	Bonuses	Other benefits and allowances	Superannuation contributions	Long service leave	Other long term benefits	Termination benefits		
Andrew Barnicoat	Chief of Positioning and Community Safety Division	296 660	-	-	53 500	17 294	-	-	367 454	
Steven Hill	Chief Scientist	184 184	-	1900	27 531	8174	-	-	221 789	
Andrew Heap	Chief of Resources Division	267 600	-	-	46 457	18 296	-	-	332 353	
James Johnson	Chief Executive Officer	346 027	-	-	52 906	16 971	-	-	415 904	
Stuart Minchin	Chief of Environmental Geoscience Division	288 465	-	-	52 878	21 674	-	-	363 017	
Trent Rawlings	Chief Operating Officer	265 736	-	-	45 636	8027	-	-	319 398	
Adam Lewis	Chief Scientist	68 014	-	398	11 157	8315	-	-	87 884	
Tanya Whiteway	Chief Science Information Officer	175 004	-	53	19 291	10 464	-	-	204 812	
Carina Kemp	Chief Information Officer	33 889	-	-	3161	-2830	-	-	34 220	
Total		1 925 580	-	2351	312 517	106 385	-	-	2 346 833	

Table 70: Geoscience Australia—Information about remuneration for other highly paid staff, 2018–19

Remuneration Bands	Number of Other Highly Paid Staff	Short term benefits			Post employment benefits		Other long term benefits		Termination benefits	Total remuneration
		Average Base salary (\$)	Average Bonuses (\$)	Average Other benefits and allowances (\$)	Average Superannuation contributions (\$)	Average Long service leave (\$)	Average other long term benefits (\$)	Average Termination benefits (\$)	Average total remuneration (\$)	
\$220 001- \$245 000	4	192 870	-	311	34 665	5541	-	-	-	233 387
\$245 001- \$270 000	4	209 819	-	1670	39 779	5895	-	-	-	257 162

PART C: IP AUSTRALIA



Australian Government

IP Australia

Senator the Hon Karen Andrews
Minister for Industry, Science and Technology
Parliament House
CANBERRA ACT 2600

Senator the Hon Matthew Canavan
Minister for Resources and
Northern Australia
Parliament House
CANBERRA ACT 2600

Dear Minister

I am pleased to submit IP Australia's Annual Report for the year ending 30 June 2019, for tabling before the parliament, as required by section 46 of the *Public Governance, Performance and Accountability Act 2013*.

I certify that IP Australia has prepared a fraud risk assessment and fraud control plan to minimise the incidence of fraud through appropriate fraud prevention, detection, investigation and reporting mechanisms.

Yours sincerely

A handwritten signature in black ink, reading "Michael Schwager".

Michael Schwager
Director General

17 September 2019



CHAPTER ELEVEN

IP AUSTRALIA OVERVIEW

Director General's review

IP Australia's vision is to create a world-leading intellectual property (IP) system building prosperity for Australia. This vision is supported by our Corporate Plan, which outlines the steps we will take to realise our purpose of ensuring that Australians benefit from great ideas, and to deliver on our commitments to customers and stakeholders.

Our primary objective is to continue to administer the IP rights system efficiently and optimise its operation to serve Australian innovation and business. An effective IP system creates a secure environment for investment in innovation through enabling firms to build brand value and capture market share.

IP Australia is responsible for the regulation and professional registration of the IP attorneys profession. IP Australia also undertakes IP education and awareness-building initiatives, represents Australian interests in international IP activities, and provides policy advice to government on IP issues.

Highlights of our work in 2018-19 are outlined below.

IP rights administration

IP Australia is an important element of Australia's innovation ecosystem and providing robust IP rights is an ongoing focus. Demand for IP rights continues to be strong globally, and 2018 saw a record number of patent, trade mark and design right applications at IP Australia.

Figure 7: The rights administered by IP Australia (2018)

Patents	Trade Marks	Plant Breeder's Rights	Design Rights
29 957 applications, of which 9% Australian	79 490 applications, of which 58% Australian	384 applications, of which 43% Australian	7816 applications, of which 40% Australian
Duration: up to 20 years	Duration: no limit	Duration: up to 25 years	Duration: up to 10 years
Protects novel, useful, non-obvious invention	Protects words, logos, images, sounds etc.	Protects new plant varieties	Protects shape, look and feel of a product

We continue to develop and implement systems and strategies to improve the quality and timeliness of IP rights. IP Australia’s Customer Service Charter will be reviewed in 2019–20 to ensure our targets drive outcomes that meet customer needs.

We delivered our new Rights in One (RIO) administration system for trade marks in late 2018, consolidating and modernising trade mark systems and optimising processes to provide quality outcomes for IP Australia customers. We have now shifted our focus to improving our patents administration system through the Patents Modernisation Initiative.

In 2018–19, IP Australia commenced a broad review of the quality review system across all IP rights to ensure that it continues to support quality examination products and practices while driving optimal behaviours. This includes looking at the definition of ‘quality’, benchmarking with other IP offices, and ensuring that our in-house system supports the delivery of quality products.

In 2019–20, we will finalise the quality review and continue our work on Examination Excellence. This includes a focus on technical learning, consistency exercises and development of automation, machine learning and artificial intelligence-based tools. These tools will augment search and examination tasks to assist examiners with their decision-making and enable them to focus on improving the quality of our work.

IP Australia is also trialing new ways of managing and measuring our examination work and motivating staff in production areas to improve the delivery of IP Rights.

Customer experience and IP building awareness

In 2018–19, we continued to implement customer-focused, digital solutions to assist our customers with IP rights management and enhance their experience of IP Australia.

The Transactional Digital Services (TDS) program will deliver customer-focused solutions that are modern, effective and efficient. In 2018–19 the TDS program began building platforms and services which will modernise our offerings, open our transactional systems to the private sector using application programming interfaces (APIs), and encourage innovation in the IP services market.

Our virtual assistant Alex has supported us to become one of the first fully digital federal government service delivery agencies. Alex has been in place since 2016 and now handles 38 per cent of all enquiries, with a first contact resolution rate of 82 per cent.

IP Australia’s Trade Mark Assist uses advanced machine learning and artificial intelligence to simplify the process of applying for a trade mark by identifying the classes of goods or services that applicants wish to protect, searching existing trade marks and assisting users to prepare and submit an application. Customers who use Trade Mark Assist to submit their application are approximately 18 per cent more likely to be successful in receiving an acceptance report.

The Smart Trade Mark initiative is a digital representation of an owner's registered trade mark that can be used to track products and services through the supply chain. Smart Trade Mark helps trade mark owners enforce their IP rights and gives confidence to customers about the authenticity of products and services. Smart Trade Mark is made up of APIs that are designed to connect to various digital and online services and enable software developers to build features that help provide services to customers, such as IP right holders. IP Australia won three awards for Smart Trade Mark in 2018–19, taking out the premier Digital Canberra iAward, as well as the categories of Public Sector & Government, and Infrastructure and Platforms Innovation of the Year in May 2019. Smart Trade Mark won the Australian Information Industry Association's (AIIA) Public Sector and Government Innovation of the Year award in August 2019.

Policy and international engagement

In 2018–19, IP Australia undertook a number of policy initiatives, including expanding the service offering of the Patent Analytics Hub with a trial of including a patent landscape analysis with Article 15(5) international-type searches (in line with Article 15(5) of the Patent Cooperation Treaty). This trial was successful and the service moves into BAU production in 2019.

The *Intellectual Property Laws Amendment (Productivity Commission Response Part 1 and Other Measures) Act 2018* received Royal Assent on 24 August 2018 and was successfully implemented. The Act makes several improvements to Australia's IP system, including implementing the first phase of recommendations from the Productivity Commission's inquiry into Australia's IP system. The Act also implemented measures to streamline and align the administration of Australia's IP system, technical amendments and other measures mostly related to plant breeder's rights enforcement.

In 2018, IP Australia undertook public consultation on an exposure draft of the *Intellectual Property Laws Amendment (Productivity Commission Response Part 2 and Other Measures) Bill 2019*. The Bill implements aspects of the Australian Government's response to the Productivity Commission's inquiry into Australia's IP arrangements. It also implements recommendations from the Productivity Commission's report into the compulsory licensing of patents, and makes minor amendments to streamline the operation of the IP system. The Bill was introduced into the Senate on 25 July 2019.

Another significant milestone for 2018 was the renewal of IP Australia's status as an International Searching and Preliminary Examining Authority under the Patent Cooperation Treaty for another 10 years.

In 2018–19, building on reviews into the registered designs system by the Productivity Commission and the Advisory Council on Intellectual Property, IP Australia commenced a holistic review into the design economy in Australia. This multi-year project aims to better understand what drives design innovation and identify opportunities to improve the contribution of the designs system to the Australian economy.

Technology and data

Our IP Data Platform was released in April 2019. The platform provides data and infrastructure to support our business planning and decision-making. It also supports collaboration with external users and positions IP Australia as a leader in the provision of IP data and analytics.

In 2018–19, in partnership with Swinburne University of Technology and Melbourne University, IP Australia delivered a new global trade mark dataset, TM Link. TM Link allows for the generation of new and unique insights into branding trends and export behaviours and the ability to identify similar trade marks from different countries.

A flexible workforce for the future

IP Australia has undergone a significant program of cultural change through our Future Way of Working Program. The Program aims to provide an efficient, adaptable and sustainable workplace and a mobile workforce. In 2018–19, significant works were undertaken at our offices to increase collaboration and productivity among our staff in activity-based working environments. We have rolled out new technology to support our staff to work flexibly in our contemporary office space, and we are updating policies and practices to support flexible ways of working in and out of the office.

Overview

Role and functions

IP Australia is the entity responsible for administering Australia’s IP rights system, specifically trade marks, patents, designs and plant breeder’s rights. The legislation that IP Australia administers includes the *Patents Act 1990*, the *Plant Breeder’s Rights Act 1994*, the *Trade Marks Act 1995* and the *Designs Act 2003*. IP Australia operates as a non-corporate Commonwealth entity within the portfolio and recovers almost all of its costs by charging fees for its IP rights services.

To achieve its outcome, IP Australia grants exclusive IP rights for a period of time. This fosters innovation, investment and international competitiveness by:

- providing an effective legal framework for protection of innovative products and brands, which creates a secure environment for investment
- providing incentives for undertaking research and development
- promoting the disclosure of discoveries and follow-on generation of ideas
- enabling firms to build brand value and business reputation which in turn contributes to improved consumer confidence.

IP Australia also promotes awareness of IP, provides advice to government on the development of IP policy, and contributes to bilateral and multilateral negotiations and development cooperation programs to support the global IP system. From time to time, this system will require adjustment to meet new demands or to keep up with economic, legal and business developments. IP Australia’s role is to seek to ensure that any changes are in Australia’s best interests.

Accountable authority

The Director General is the accountable authority of IP Australia. Table 71 provides details of the people who held that position during the reporting period.

Table 71: IP Australia accountable authority, 2018–19

Name	Position title/position held	Period as the accountable authority	
		Commenced	Ceased
Patricia Kelly	Director General	1 July 2018	10 August 2018
Frances Roden	Acting Director General	13 August 2018	19 September 2018 ²
Michael Schwager	Director General	20 September 2018	Present

Organisational structure

Figure 8 shows the organisational structure of IP Australia. The department's organisation chart (Figure 1 in Chapter 1) shows how IP Australia fits into the overall structure of the Department of Industry, Innovation and Science.

The Director General is assisted by two deputy director generals who manage the two divisions within IP Australia:

- The Deputy Director General, IP Rights Division, holds the statutory offices of Commissioner of Patents, Registrar of Trade Marks, Registrar of Designs and Registrar of Plant Breeder's Rights.
- The Deputy Director General, Policy and Corporate Division, is responsible for policy advice, corporate support, international engagement, and education and awareness activities.

Figure 8: IP Australia organisational structure, 30 June 2019



Outcome and program structure

IP Australia has one outcome and three programs that contribute to that outcome, as shown in Figure 9.

Figure 9: IP Australia outcome and program structure, 2018-19





CHAPTER TWELVE

IP AUSTRALIA REPORT ON PERFORMANCE

Annual Performance Statements

Introductory statement

I, Michael Schwager, as the accountable authority of IP Australia, present the Annual Performance Statements of IP Australia for 2018-19, as required under section 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In my opinion, this statement is based on properly maintained records, accurately presents IP Australia's performance in the reporting period and complies with section 39(2) of the PGPA Act.

Michael Schwager
Director General

17 September 2019

Vision and purposes

IP Australia’s vision is creating a world leading IP system building prosperity for Australia. We work towards this vision by achieving our purpose, as outlined in the 2018-19 Corporate Plan and Portfolio Budget Statements, of ensuring Australians benefit from great ideas.

The objectives identified in the 2018-19 Corporate Plan provide a clear connection between IP Australia’s purpose and priorities. They are:

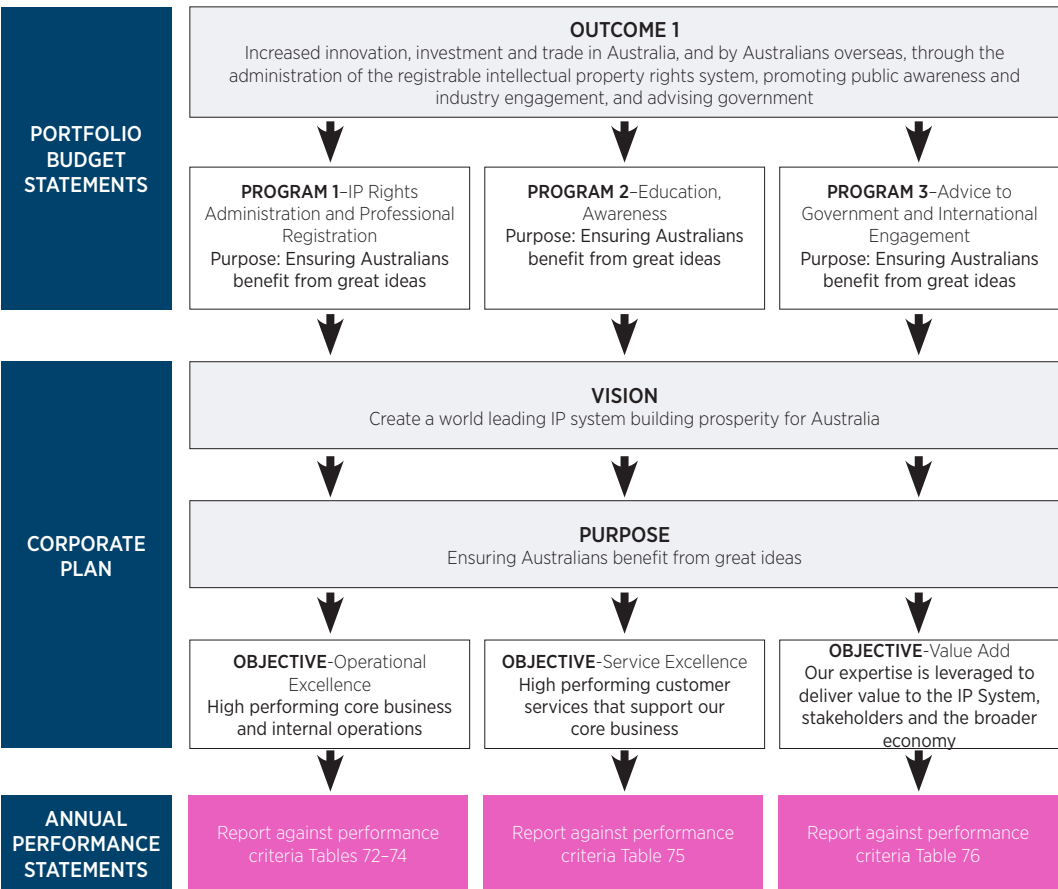
- Operational Excellence-high performing core business and internal operations
- Service Excellence-high performing customer services that support our core business
- Value Add-our expertise is leveraged to deliver value to the Australian IP system, stakeholders and the broader economy.

Performance reporting structure

IP Australia’s Annual Performance Statements assess and report on the agency’s performance in 2018-19 against the performance criteria set out in the 2018-19 Portfolio Budget Statements and 2018-19 Corporate Plan.

Figure 10 provides an outline of the performance reporting structures set out in the 2018-19 Portfolio Budget Statements and 2018-19 Corporate Plan, and shows how their performance criteria are addressed in the Annual Performance Statements.

Figure 10: Relationships between the Portfolio Budget Statements, Corporate Plan and Annual Performance Statements for 2018-19



Program 1: IP rights administration and professional registration

Related purpose	Ensuring Australians benefit from great ideas ^{1,2}
Related objectives	<p>IP Australia will deliver robust intellectual property (IP) rights that satisfy its customers in terms of timeliness and value for money, and by maintaining the professional registration of persons wishing to qualify for registration as patents and/or trade marks attorneys¹</p> <p>IP Australia will be recognised as one of the leading IP offices in the world for the quality (including accuracy and consistency) of the IP rights it grants¹</p> <p>Operational Excellence—high performing core business and internal operations²</p>

¹ Source: 2018–19 Portfolio Budget Statements.

² Source: 2018–19 Corporate Plan.

By operating as a sustainable, cost-effective business and an efficient administrator to issue IP rights and professional registration for customers and stakeholders, IP Australia ensures that Australians benefit from great ideas.

The IP administration and professional registration program encompasses the administration of patents, trade marks, designs and plant breeder's IP rights legislation. Under legislative requirements, customers pay fees to IP Australia to receive rights and to retain rights once granted.

This program also includes the administration of the Trans-Tasman IP Attorneys system and secretariat support for the Trans-Tasman IP Attorneys Board and the Trans-Tasman IP Attorneys Disciplinary Tribunal.

Main achievements

IP Australia's key achievements in 2018–19 included:

- releasing the 'Rights in One' (RIO) administration system for trade marks, IP Australia's largest ever business transformation involving migration of more than 500 million trade marks records
- commencing a holistic review of the quality review system to ensure that it continues to support quality examination products and practices while driving optimal behaviours
- progressing the Examination Excellence work, which includes utilising automation, machine learning and artificial intelligence-based tools to augment search and examination tasks to allow examiners to focus on improving the quality of our work
- renewing IP Australia's status as an International Searching and Preliminary Examining Authority to 2027
- commencing the refurbishment of Discovery House in Canberra to provide a new, contemporary fit-out and create an efficient, adaptable, and sustainable workplace designed to support flexible work practices
- providing new technologies which are flexible, mobile, secure and robust that allow for flexible working practices and a mobile workforce.

Case Study: Rights in One

The Rights in One (RIO) system has delivered advanced digital IP services that are adaptable to meet future opportunities, and efficiently support outcomes for Australian innovators and business in trade marks and designs.

RIO has introduced modern technologies, machine learning and automation capabilities to transform examination, research and administration systems from dated mainframe systems to a responsive, agile and modern platform. The benefits of the project were achieved, decommissioning 35 systems and migrating 500 million records to save over \$1.4 million in annual licensing and maintenance costs.

RIO allows 'straight through' processing and augmented decision-making and has delivered world-leading public search facilities. RIO has established an IT platform that supports fast, low-risk, cost-effective change that can be released with minimal interruption. RIO is ready to respond to new innovative ideas, changes to support future business and technology opportunities, or legislative changes.

Performance criteria and results

Table 72: Program 1—IP rights administration and professional registration

Intended results of Program 1¹		
<ul style="list-style-type: none"> • Continuous improvement in quality across our IP Rights administration and professional registration services and adherence to service commitments • A sustainable and cost-effective business model • Staff satisfaction with supporting and enabling services, and the way we work together across the agency 		
Performance criterion¹	Target¹	Result
Overall customer satisfaction with IP Australia as an agency	90%+ overall customer satisfaction with IP Australia as an agency maintained in the Customer Satisfaction Survey	82% of customers surveyed in the 2019 Customer Satisfaction Survey indicated that they were satisfied with IP Australia as an agency. IP Australia is undertaking further analysis of the Customer Satisfaction Survey results to identify the underlying factors behind the failure to meet the target.
Process applications for attorney registration within acceptable time frame	Process applications within 15 working days from the date that the application complies with all of the registration requirements	100% of applications were registered within 15 working days of the application being in order to proceed to registration.
ISO 9001 quality certification in relevant business areas	Maintain ISO certification in relevant business areas	IP Australia's quality management system has maintained its ISO9001:2015 certification. IP Australia manages the quality management system in compliance with the certification provided through an independent assessment conducted in March 2019.
Compliance with Digital Continuity 2020	IP Australia is compliant with Digital Continuity 2020	IP Australia continued to work towards compliance across all targets in the Digital Continuity 2020 Policy. Key achievements included further educating data stewards on defining key data assets and including data literacy in IP Australia's corporate capability framework. Further work is required to meet the Digital Continuity 2020 agency targets to 'identify all information assets, evaluate risk and management requirements, and identify strategies' and 'establish and implement a program of continuing professional development of information management staff for professional recognition'. Additional resources will be allocated to achieving compliance in 2019–20.
Internal systems availability	Internal systems availability during business hours meets business needs	IP Australia recorded an average of 99.8% internal systems availability during business hours, meeting business need.
Financial and production targets in Portfolio Budget Statements (PBS) are met	PBS estimates met	IP Australia recorded an operating loss of \$18.1m, \$13.1 m higher than budgeted due to the impacts of accrual accounting adjustments and lower than forecast revenue.

Performance criterion ¹	Target ¹	Result
Staff satisfaction with flexible working opportunities available	Maintain and improve on 2017-18 results for flexible working opportunities, towards 85%+	88% of staff surveyed in the 2019 Australian Public Service State of the Service Survey were satisfied with IP Australia's flexible working opportunities.
Accommodation refit improves staff amenity, satisfies government requirements and enhances business outcomes	75%+ of staff are satisfied that the technology provided enables them to work flexibly 60%+ of staff are satisfied that the working environment supports them to be agile and innovative	89% of staff are satisfied that the technology provided enables them to work flexibly, as measured in the 'Our Working Environment' survey. 62% of staff are satisfied that the working environment supports them to be agile and innovative, as measured in the Our Working Environment survey.
IP Australia data literacy results	IP Australia's results for data literacy improve on 2017-18 benchmark	IP Australia staff's positive self-assessment for data literacy is statistically unchanged from the 2017-18 benchmark. There has been a shift from people rating their data literacy as 'excellent' to rating themselves as 'fair' which probably reflects increased data awareness, as a result of the recent addition of data literacy to our capability framework.

¹ Source: 2018-19 Corporate Plan.

The performance criteria and targets that define IP Australia's commitment to delivering high-quality products and services are set out in our Portfolio Budget Statements and Corporate Plan. The metrics that we use to achieve those targets are detailed in our 2017 Customer Service Charter.

Table 73 details IP Australia's performance against the targets and metrics.

Table 73: Quality and timeliness of Program 1

Performance criterion	Target	Metrics to achieve target ³	Result
Identified Acceptable Quality Levels (AQL) for IP rights search and examination ¹ Processing of IP rights applications is conducted in accordance with IP Australia's quality standards ²	Meet or exceed all AQL commitments ¹ All IP rights applications are processed in accordance with the Acceptable Quality Levels and Standards which are reviewed and set in consultation with stakeholders ²	Tier 1—93.5% of cases conforming to the product quality standard	Patents—97% Plant breeder's rights—100% Trade marks—94% Designs—100%
		Tier 2—90% of cases conforming to the product quality standard	Patents—96% Plant breeder's rights—100% Trade marks—96% Designs—88%
		Tier 3—85% of cases conforming to the product quality standard	Patents—89% Plant breeder's rights—100% Trade marks—96% Designs—93%

Performance criterion	Target	Metrics to achieve target ³	Result
Customer Service Charter (CSC) and legislative commitments ¹ Timely processing of IP rights applications ²	Meet or exceed all CSC and legislative commitments ¹ All IP rights applications are processed in line with the undertakings set out in the Customer Service Charter which is reviewed and set in consultation with stakeholders ²	Patents	
		85% of applications for standard patents will be examined and a first report issued within 12 months of receiving the request for examination	89% of applications for standard patents were examined and a first report was issued within 12 months.
		85% of innovation patents will be examined and a first report issued within eight weeks of receiving the request for examination or publication	92% of innovation patents were examined and a first report was issued within eight weeks.
		85% of applications for standard patents will be examined and a first report issued within eight weeks of receiving a request for expedited examination	88% of applications for standard patents were examined and a first report was issued within eight weeks.
		85% of international search reports will be issued within ten weeks of receiving the search copy of the international application unless the application is for more than one invention	83% of international search reports were issued within ten weeks. Further detail is included under Analysis of Performance.
		85% of international-type search reports for patents will be issued within six weeks of receiving the request for the search, unless the search request covers more than one invention, or the applicant is asked to supply a written search statement	80% of international-type search reports for patents were issued within six weeks. Further detail is included under Analysis of Performance.
		85% of standard patents will be granted within four weeks after the opposition period has expired, provided no one has opposed the application and any applicable fees have been paid	100% of standard patents were granted within four weeks.
		85% of innovation patents will be granted, provided the applicant has paid the fee and complied with the formalities, within four weeks of the application being lodged	88% of innovation patents were granted, provided the applicant had paid the fee and complied with the formalities within four weeks.

Performance criterion	Target	Metrics to achieve target ³	Result
		Plant breeder's rights	
		85% of applications for plant breeder's rights will have initial examinations conducted within eight weeks of receiving the application	100% of applications for plant breeder's rights initial examinations were conducted within eight weeks.
		85% of plant breeder's rights will be registered within 10 working days, being satisfied that all criteria for registration have been met	100% of plant breeder's rights were registered within 10 working days.
		Trade marks	
		85% of TM Headstart requests will be responded to within five working days of their submission	72% of TM Headstart requests were responded to within five working days. Further detail is included under Analysis of Performance.
		85% of trade mark applications will be examined and issued with a report within 13 weeks of receiving the application	22% of applications for trade marks were examined and issued a report within 13 weeks. Further detail is included under Analysis of Performance.
		85% of trade marks will be registered within 10 working days after the opposition period has expired if no one has opposed the application and all applicable fees have been paid	100% of trade marks were registered within 10 working days.
		Designs	
		85% of registered designs will be examined and issued with a report within 13 weeks of receiving the request for examination	69% of registered designs were examined and a report was issued within 13 weeks. Further detail is included under Analysis of Performance.
		85% of design applications will undergo formality checks within eight weeks of receiving a request for registration	92% of design applications underwent formality checks within eight weeks of receiving a request for registration.

Performance criterion	Target	Metrics to achieve target ³	Result
		85% of designs will be registered within 20 working days of compliance with the formalities check	100% of designs were registered within 20 working days.
		All IP rights	
		85% of correspondence relating to the examination of an application will be responded to within 20 working days of receipt of correspondence	89% of patents correspondence was responded to within 20 working days of receipt. 100% of plant breeder's rights correspondence was responded to within 20 working days of receipt. 85% of trade marks correspondence was responded to within 20 working days of receipt. 95% of designs correspondence was responded to within 20 working days of receipt.
		85% of decisions will be issued within 13 weeks of being heard, unless we receive further submissions or evidence	78% of patent decisions were issued within 13 weeks of being heard. This measure does not apply to plant breeder's rights. 79% of trade marks hearing decisions were issued within 13 weeks of being heard. 75% of designs hearing decisions were issued within 13 weeks of being heard. Further detail for measures that were non-complaint is included under Analysis of Performance.

1 Source: 2018-19 Corporate Plan.

2 Source: 2018-19 Portfolio Budget Statements.

3 Source: 2018-19 quality and timeliness metrics from IP Australia's Customer Service Charter (www.ipaustralia.gov.au/about-us/doing-business-us/customer-service-charter).

Each year IP Australia forecasts the expected demand for our services based on historical application trends. This information is used to determine the workforce profile and capacity needed to meet our Customer Service Charter requirements in line with our cost-recovery framework. Table 74 reports actual performance against the estimated demand and supply of examination and registration services for the year.

Table 74: Results for deliverables of Program 1

Deliverable¹	Estimated	Actual
Receipt of applications		
Patents	32 760	32 346
Plant breeder's rights	350	326
Patent Cooperation Treaty	3129	2940
Trade marks	81 477	75 900
Designs	7775	7659
Trans-Tasman IP Attorneys Board	129	131
Examination services		
Patents	27 205	23 797
Plant breeder's rights	350	316
Trade marks	78 185	74 010
Designs	1429	1252
Registration service		
Trans-Tasman IP Attorneys Board	1376	1599

¹ Source: 2018–19 Corporate Plan.

Analysis of performance

In 2018–19, the IP Rights Division continued to illustrate IP Australia's strong commitment to exceptional quality, meeting or exceeding 92% of our performance targets. A large majority of our Customer Service Charter Commitments for IP Rights administration and registration were also met, with actual performance exceeding the nominated target in a number of areas.

Non-compliance against Customer Service Charter commitments for trade marks largely reflects workforce capacity limitations. To turn this around, we are investing in recruitment to replenish and increase capacity to address the stockpile of unexamined applications. Mitigation strategies also include increased overtime for examiners and trialing a more contemporary performance model. Communication strategies were adjusted to better inform customers of the delays, with response times for all trade mark products now available on the IP Australia website.

Non-compliance against Customer Service Charter commitments for patents is largely attributed to the impact of higher than expected filings in certain technology areas and lower than planned staffing levels. The situation is being actively managed by improving how work is matched to existing resources, including the use of overtime, and through the recruitment of new patent examiners.

One Customer Service Charter commitment for designs, to issue examination reports within 13 weeks of receiving the examination request, was not met. The examination of designs experienced delays early in 2018–19 as a result of limited staffing availability and an increase in examination requests prior to the start of the financial year. These factors were remediated over the course of 2018–19; however, the impact of the delays reduced the overall result for the financial year.

The target of issuing 85 per cent of decisions within 13 weeks of being heard, unless a further submission or evidence is received, was not met for patents, trade marks or designs. The consistent themes impacting the ability to meet this commitment include reduced staff availability, increased complexity or volume of submitted evidence, and a need to wait for decisions in related cases to be finalised before issuing a decision. Consideration is underway to improve investment in training and the allocation of additional staff to increase hearings capacity in 2019–20.

IP Australia's Customer Service Charter will be reviewed in 2019–20 to ensure the measures and targets we adopt continue to drive outcomes that meet customer needs.

Program 2: Education and awareness

Related purpose	Ensuring Australians benefit from great ideas ^{1,2}
Related objectives	IP Australia will raise awareness and improve understanding of the value of and access to the domestic and international intellectual property system among its stakeholders in line with Australia's interests ¹
	Service Excellence—high performing customer services that support our core business ²

¹ Source: 2018–19 Portfolio Budget Statements.

² Source: 2018–19 Corporate Plan.

Achieving IP Australia's purpose involves engaging effectively with customers and stakeholders. By providing appropriate advice and systems to support effective engagement, IP Australia fulfils the role of raising awareness and educating customers about IP. Success includes the delivery of public education and awareness programs that promote the importance of IP and provide Australians with the tools they require to make informed decisions regarding IP.

Main achievements

IP Australia's key achievements in 2018–19 included:

- commencing the Transactional Digital Services (TDS) program to rebuild our current transactional channels with a focus on optimising the experience for our customers and obtaining more structured and reliable data for IP Australia
- delivering a range of workshops to educate and promote the value of IP protection among the start-up community, with an increased focus on online delivery
- releasing several new content packages to support the education of our customers, including a China IP protection guide for Australian wine companies and other new content for exporters navigating the IP systems of key trading partners
- delivering Upskill, an online, self-directed education program to help customers understand the basics of trade mark protection and IP intersection within their business
- delivering Trade Mark Assist, to help small businesses and self-filers to prepare trade mark applications simply and accurately online.

Case Study: Transactional Digital Services

IP Australia's Transactional Digital Services (TDS) program will deliver customer-focused solutions that are modern, effective and efficient, to ensure that all Australians benefit from great ideas. The program is building platforms and services which will modernise our offerings, open our transactional systems to the private sector using APIs, and encourage innovation in the IP services market. TDS will modernise our digital platforms, enabling customers and the software industry to harness our digital assets and positioning IP Australia for whole-of-government, citizen-centric service delivery.

We are putting our customers at the centre of TDS development and building digital services that align with contemporary customer expectations and improve the customer experience. This includes engaging with customers during the design and development processes and establishing user reference groups.

Solutions will be deployed incrementally and iteratively over the next two years, using modern, agile approaches and embracing cloud computing and development operations methods. So far, the program has a mailing list of 140 customers who are engaged in the build process, and has released several APIs to production.

Our virtual assistant, Alex, has helped IP Australia to become one of the first fully digital federal government service delivery agencies. Alex has been in place since 2016 and now handles 38 per cent of all enquiries made to IP Australia, with a first contact resolution rate of 82 per cent. The projects intended benefits were achieved. Alex enables customers to transact digitally at any time, reducing contact centre traffic by approximately 60 per cent while maintaining exceptional levels of customer satisfaction with the quality of tools to support self-service.

Performance criteria and results

Table 75: Program 2—Education and awareness

Intended results of Program 2 ¹		
<ul style="list-style-type: none"> Improved public education and awareness of the IP rights system and the support our organisation provides Better tools to support user-engagement High customer satisfaction with our externally facing services (e-services, website, payment pathways etc) Adherence to service commitments relating to external support services 		
Performance criterion	Target	Result
Satisfaction with public education, awareness and information products ^{1,2}	<p>90% of people accessing our public education, awareness and information products are satisfied¹</p> <p>90% of customers were satisfied with IP Australia's education and awareness services²</p>	Evaluations of the workshop/webinar series for small and medium enterprises showed that 90% of attendees surveyed were satisfied with the event. Participants noted high levels of engagement and relevant content and said that they would recommend workshops to others.
Customer satisfaction with the quality of tools to support user accessibility ¹	85%+ of customers are satisfied with the quality of tools to support self-service is maintained in the customer satisfaction survey ¹	Overall, 88% of customers surveyed were satisfied with the quality of IP Australia's tools to support self-service.
Customer Service Charter (CSC) commitments for external support services ¹	Meet or exceed all CSC commitments for external support services ¹	<p>All Customer Service Charter commitments for external support services were met during business hours.</p> <p>IP Australia achieved 100% compliance with the commitment to provide four working days notification for planned disruptions to online lodgement services.</p> <p>IP Australia recorded an average of 99.9% during business hours for availability of external business systems.</p> <p>An average of 98.3% was recorded for after-hours availability of external business systems. Australia recorded an average of 99.9% during business hours for availability of external business systems. An average of 98.3% was recorded for after-hours availability of external business systems.</p>
Use of customer intelligence information to improve processes, products and services ¹	Customer intelligence contributes to positive business reform ¹	IP Australia is reviewing its strategic communication function and building its approach to customer intelligence. The new approach will consider the outcomes of a planned review of the Customer Service Charter, which is to be reviewed in consultation with stakeholders to ensure that it meets customer needs. During this transition, IP Australia focused on the delivery of the annual customer satisfaction survey. The results of the survey will provide insights to guide service delivery improvements.

Performance criterion	Target	Result
New external systems comply with Digital Service Standards ¹	IP Australia is compliant with Digital Service Standards ¹	All customer facing systems comply with Digital Service Standards. Australian Designs Search is the most recently created service and has passed initial alpha assessment.
Customer satisfaction with the reliability and effectiveness of externally facing ICT systems ¹	85%+ of customers are satisfied with the reliability and effectiveness of externally facing ICT systems is maintained in the customer satisfaction survey ¹	Overall, 92% of customers surveyed were satisfied with the reliability and effectiveness of IP Australia's systems.
Customer satisfaction with our staff ¹	85%+ of customers are satisfied with our staff is maintained in the customer satisfaction survey ¹	The proportion of customers surveyed who were satisfied with our staff was very high, at 93%.

¹ Source: 2018–19 Corporate Plan.

² Source: 2018–19 Portfolio Budget Statements.

Analysis of performance

IP Australia regularly seeks customer feedback to gauge the effectiveness of public awareness and education activities. Feedback from customers on activities delivered in 2018–19 shows that customers continue to be satisfied with the education and awareness products and online services delivered by IP Australia and derive benefit from them through improved understanding of the IP system and the ability to make more informed decisions.

A key stakeholder engagement and public education and awareness activity for 2018–19 was the second IP Summit. The Summit, held on 4 April 2019 in Sydney, attracted 175 attendees. Of the attendees who responded to satisfaction surveys, 88 per cent were satisfied with the event; 96 per cent found that the day was well structured; 86 per cent rated the speakers as engaging; and 91 per cent rated the speakers as knowledgeable. All of those surveyed said that the event had improved their understanding of IP and/or the steps to export.

Program 3: Advice to Government and international engagement

Related purpose	Ensuring Australians benefit from great ideas ^{1,2}
Related objectives	<p>IP Australia supports policy and legislative change to foster Australian innovation by shaping the development of the IP system both domestically and abroad¹</p> <p>IP Australia engages internationally to influence the development of effective intellectual property systems in line with Australia's interests¹</p> <p>Value Add—our expertise is leveraged to deliver value to the IP system, stakeholders and broader economy²</p>

¹ Source: 2018–19 Portfolio Budget Statements.

² Source: 2018–19 Corporate Plan.

Achieving IP Australia's purpose involves making effective use of skills and knowledge to deliver value to the Australian community, at home and abroad. IP Australia's role is to shape the IP system domestically and internationally to serve Australian innovation and business. Success involves providing advice to government on IP matters and supporting research into the current and future use of IP rights. Under the policy and legislative objectives of this program, IP Australia will provide policy advice across government and internationally.

Main achievements

IP Australia's key achievements in 2018–19 included:

- implementing the Australian Government's response to the Productivity Commission inquiry into Australia's IP arrangements through the *Intellectual Property Laws Amendment (Productivity Commission Response Part 1 and Other Measures) Act 2018* and the Intellectual Property Laws Amendment (Productivity Commission Response Part 2 and Other Measures) Bill 2019
- releasing our IP Data Platform, a cloud-based analytics environment, to the public
- delivering over 300 patent analytics reports together with international-type searches (under Article 15(5) of the Patent Cooperation Treaty), to assist applicants with strategic decisions
- releasing a new global trade mark dataset, TM-Link, in partnership with Swinburne University of Technology and the University of Melbourne
- starting the Designs Review Project and commencing targeted roundtable discussions and user research to meet changing stakeholder and market needs
- implementing the initial phase of the International Engagement Strategy 2030
- concluding stakeholder consultations on initiatives to improve the protection and management of Indigenous Knowledge, and beginning the development of a workplan to progress and commence consultation on priority initiatives.

Case Study: TM-Link

The IP Data Platform (www.ipdatapatform.com), a cloud-based analytics environment, was released to the public in April 2019 by IP Australia. The platform enables researchers and policy makers to analyse and interrogate big data to inform decisions involving IP rights, trade and innovation.

IP Data Platform users have access to IP Australia's full open data collection, including the latest initiative, TM-Link. TM-Link is a single, internationally linked dataset, allowing researchers, businesses and IP offices to track the use of similar trade marks across different countries.

For the first time, TM-Link provides the ability to link data at the individual trade mark application level across jurisdictions, and to compare the data against external datasets. This creates novel opportunities for global research into export behaviours, trend analysis and the relationship between IP rights and trade.

Through the sharing of research and methodologies, the IP Data Platform encourages collaboration, allowing users to build upon the work of others and more easily establish benchmarks and a consistent approach to analytics, achieving the project's intended benefits. The cloud-based architecture, combined with leading data science tools, secure data and data engineering capabilities, ensures that users can access a world-leading resource anywhere, anytime.

TM-Link was produced through collaboration between IP Australia, Swinburne University of Technology and the University of Melbourne.

Performance criteria and results

Table 76: Program 3—Advice to government and international engagement

Intended results of Program 3¹		
<ul style="list-style-type: none"> • Provision of high quality advice to government • Strong domestic and international partnerships • High customer satisfaction with services designed to facilitate the use of IP • Maximising access and use of our data 		
Performance criteria	Target	Result
Utility of value-added services to customers as measured by evaluation of key initiatives related to each strategy ¹	Evaluation of results of key initiatives shows we have maintained or improved on results from the previous year, benchmarked new initiatives and used feedback to improve future service offerings ¹	<p>IP Australia has an established evaluation program to assess the utility of key value-added services, in line with the strategies in our Corporate Plan. In 2018–19, the activities evaluated were:</p> <ul style="list-style-type: none"> • IP Counsellor to China • Patent Analytics Hub Article 15(5) Patent Landscape Report Trial • IP Mediation Referral Service • TM Protect. <p>The evaluation of the IP Counsellor to China found that the position was successfully supporting Australian stakeholders and increasing IP Australia's engagement in China. IP Australia has approved funding for a successor to serve a further three year posting.</p> <p>The Patent Analytics Hub delivered a trial of over 300 patent analytics reports provided with international-type searches (under Article 15(5) of the Patent Cooperation Treaty). Ongoing evaluation of the feedback on this trial has found that the analytics reports are considered valuable by attorneys and applicants, but there is room for improvement. The trial is ongoing until October 2019.</p> <p>The IP Mediation Referral Service hosts more than 28 providers through the IP Australia website. The service's role in increasing awareness of the availability of alternative dispute resolution services for trade mark owners has been very positive (attracting more than 3500 unique page views).</p> <p>TM Protect, the trade mark insurance trial, is being led by the private sector (through BMS Australia) and will conclude in November 2019. At this stage the provider would like to continue to provide the offering on an ongoing basis after the trial is complete.</p>
Effective stakeholder consultation and development of legislative amendments ¹	Progress legislative amendments ¹	IP Australia's legislative program was successfully implemented.

Performance criteria	Target	Result
Advice is sound, timely and evidence based ¹ Advice to the Australian Government on policy, legislation, ministerial correspondence, briefs and speeches ²	Advice provided is in line with the government requirements ¹ Provision of high-quality, timely and strategic policy advice to the Minister ²	Timely advice was provided to government regarding the implementation of Bill 1 responding to the Productivity Commission inquiry, and the consultation on, and introduction to parliament of the Intellectual Property Laws Amendment (Productivity Commission Response Part 2 and Other Measures) Bill 2019. IP Australia consistently delivered advice, including ministerial briefings on policy and legislation issues, on time.
Constructive engagement regionally, bilaterally and with the World Intellectual Property Organization (WIPO) ¹	IP Australia's International Engagement Strategy is progressed in line with agreed schedule	Implementation of International Engagement Strategy 2030 commenced in line with the agreed schedule. IP Australia supported multilateral outcomes through effective participation in WIPO fora to progress and negotiate Australian stakeholder interests in the areas of patents, trade marks, designs, geographical indication, traditional knowledge, genetic resources and folklore, as planned.
Contribution to development of trade agreements ¹		Through the Australia – WIPO Funds in Trust Program, Madrid Online Training modules developed by IP Australia are now being piloted by WIPO internally and with IP offices in other countries, according to schedule. IP Australia contributed to negotiation of IP issues in free trade agreements, finalising and progressing memoranda of understanding with the European Union Intellectual Property Office European Patent Office and Chinese National Intellectual Property Administration.
Compliance with PM&C Open Data Policy ¹	IP Australia is compliant with PM&C Open Data Policy ¹	IP Australia maintained compliance with the PM&C Open Data Policy. IP Government Open Data 2019 has been released and is compliant, as is the TM-Link dataset, which was published on data.gov.au and integrated into the IP Data Platform. The platform has over 160 registered users worldwide, and IP Australia is working with the Vancouver Group and Swinburne University to conduct research using the TM-Link dataset via the platform.
IP Australia innovation results from the State of the Service ¹	IP Australia's results for innovation are in line with comparable Australian Public Service (APS) agencies ¹	IP Australia's result for innovation in the 2018–19 Australian Public Service State of the Service Survey (innovation index score) was 68%. This is higher than the overall APS results (2%), larger operational agencies (3%) and large sized agencies (1%).

Performance criteria	Target	Result
Work with regional IP partners to strengthen patent examination competence of participating IP Offices ²	90% of participating patent examiners achieve within the program timeline a standard of competence necessary to produce a quality search and examination using Patent Cooperation Treaty (PCT) examination guidelines ²	All participants achieved certification to PCT level within the program time frames. This program successfully concluded in mid-2018. Based on its success, the Regional Patent Examination Training mentoring program was created and now aims to improve the patent examination training program for new patent examiners of the five participating Association of Southeast Asian Nations (ASEAN) IP offices.

1 Source: 2018–19 Corporate Plan.

2 Source: 2018–19 Portfolio Budget Statements.

Analysis of performance

Implementing the Government response to the PC Review was a key focus for legislative and policy activities over 2018–19.

Strategic international engagement is vital to support IP Australia's vision of creating a world-leading IP system building prosperity for Australia. In 2018–19, IP Australia developed the International Engagement Strategy 2030, outlining IP Australia's long-range multilateral and regional IP goals, supported by shorter term strategic horizons. Progress in implementing the strategy included:

- commissioning research into Australian businesses' experience of enforcing IP in the Association of Southeast Asian Nations (ASEAN) region
- conducting a regional project on trade mark quality management, which was welcomed by IP counterparts, building IP Australia's profile in the region
- releasing data products (TM-Link and the IP Data Platform) that were positively received internationally, and establishing a joint research initiative with Canada and the United Kingdom.

Financial performance

Report on Financial Performance Summary

IP Australia has reported an \$18 million operating loss for the 2018–19 financial year. Despite careful management of costs during the year the impacts of accrual adjustments (reflecting bond rate movements on the discounting of leave liabilities and the straight-lining of the new Discovery House lease) and a drop in revenues has increased our operating loss by \$13 million from the \$5 million approved in the PBS.

In context the operating loss is the first for IP Australia since 2010, with \$29 million equity added to the balance sheet since the GFC.

Cash reserves have dropped by \$39 million (reflecting the purchase of assets associated with new accommodation and strategic ICT projects) with a remaining balance of \$45 million representing over 22% of annual revenue. This leaves us, following the once-in-a-decade investments in modernising our trade marks administration system and fitout refresh, with a healthy balance sheet as we return to trend lower capital investments in the second half of 2019–20.

IP Australia has budgeted for a \$5 million operating loss in 2019–20 and will continue to monitor costs carefully against the potential for further volatility in fee revenues from IP Rights. Our current review of fees will be completed during the financial year and this will provide another opportunity to address any emerging financial risks as we return to budgeted surpluses from 2020–21.



CHAPTER THIRTEEN

IP AUSTRALIA MANAGEMENT AND ACCOUNTABILITY

Corporate governance

IP Australia's key governing body is the Executive Board. A subordinate committee reports to the Executive Board in relation to business operations.

The Executive Board supports the Director General to deliver the strategic and operational outcomes of IP Australia. It considers all issues that affect the strategic direction, corporate governance or performance and reputation of IP Australia.

The Executive Board meets regularly as the Business Investment Committee, which develops and oversees the Investment Strategy, which aligns directly with IP Australia's Corporate Plan and Strategic Roadmap. The Business Investment Committee includes two independent members.

In addition, as required under the *Public Governance, Performance and Accountability Act 2013*, IP Australia's Director General has established an Audit Committee to provide independent advice, support and assistance to the Director General in meeting their duties and obligations as accountable authority.

IP Australia's governance practices comply with all statutory requirements and are regularly reviewed to ensure that they remain relevant and effective.

IP Australia has a comprehensive risk management framework, which enables the entity to effectively manage risks in accordance with its risk appetite. IP Australia monitors and reports on risks via a series of risk registers across the entity. The Executive Board and Audit Committee regularly review the risk management framework, including the risk registers.

Fraud control

IP Australia's fraud control framework is made up of the Accountable Authority Instruction, Fraud Control Plan and Fraud Risk Register and Treatment Plan. IP Australia continues to maintain appropriate fraud prevention, detection, investigation, reporting and data collection procedures.

The current Fraud Risk Register and Treatment Plan is linked to IP Australia's Risk Management Framework and consolidates all fraud prevention and detection activities in one document. Having particular regard to the impact on IP Australia's reputation and quality should fraudulent activity occur, the Fraud Control Plan and framework are reviewed periodically to take into account changes in the operating environment. The risk register and progress of treatments are reviewed quarterly by the Audit Committee.

Compliance with finance law

There were no significant instances of non-compliance with finance law reported to the responsible minister as part of IP Australia's internal compliance reporting process for 2018-19.

External scrutiny

IP Australia is subject to external scrutiny in the form of appeals or applications for judicial review of decisions made by the Commissioner of Patents and the Registrar of Trade Marks, Registrar of Designs and Registrar of Plant Breeder's Rights and their delegates. The Federal Court of Australia generally has jurisdiction over appeals; however, in some cases, an application for review to the Administrative Appeals Tribunal is available. Decisions of the Registrar of Trade Marks and the Registrar of Designs are also appealable in the Federal Circuit Court.

A list of appeals and applications for judicial review received in 2018-19 is in Appendix C1. While always available, IP Australia was not called to appear before the Senate Economics Legislation Committee for a Budget estimates hearing in 2018-19.

On 13 September 2018, IP Australia appeared before the House of Representatives Standing Committee on Indigenous Affairs inquiry into 'the growing presence of inauthentic Aboriginal and Torres Strait Islander style art and craft products and merchandise for sale across Australia'.

IP Australia was not subject to a decision by the Australian Information Commissioner or a report by the Auditor-General or the Commonwealth Ombudsman.

Information Publication Scheme

Under Part II of the *Freedom of Information Act 1982*, IP Australia is required to publish information to the public as part of the Information Publication Scheme. A plan showing the information IP Australia publishes in accordance with the scheme is available on IP Australia's website (www.ipaustralia.gov.au/search/content/information-publication-scheme).

IP Australia's Office of Legal Counsel completed the Information Publication Scheme Agency Survey (2019), administered by the Office of the Australian Information Commissioner. The survey allowed the Office of Legal Counsel to conduct a review of the operation of the Information Publication Scheme within IP Australia. The results will be used by the Office of the Australian Information Commissioner to develop a national report on the operation of the Information Publication Scheme across government.

Management of human resources

IP Australia continues to build on the key areas of our People Plan, namely:

- strategic leadership
- employee engagement
- organisational capability
- collaboration, innovation and inclusivity,
- workforce intelligence.

Supporting and retaining our existing workforce, with an eye on the future requirements of the organisation, remain key drivers for the management and motivation of our people. In 2018–19, IP Australia focused on:

- enhancing organisational capability for people management during the transition to an agile workplace
- developing and embedding IP Australia's employee value proposition
- attracting, sourcing and retaining qualified candidates—including science, technology, engineering, mathematics and IT specialists and economists
- developing and implementing a structured approach to succession planning to identify, understand and feed our pipeline of talent.

IP Australia's efforts to continue to support and educate managers in early intervention practices over the past 12 months have resulted in a significant reduction in IP Australia's Comcare premium. This is a very positive outcome for IP Australia staff.

IP Australia's workforce information is in Appendix C3.

Executive remuneration

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. IP Australia has determined the key management personnel to be the Director General (SES Band 3) and the Deputy Director Generals (SES Band 2). For 2018–19, remuneration for KMP in IP Australia was determined by the Secretary of the Department of Industry, Innovation and Science in accordance with the conditions set out in their common law contract.

During the reporting period ended 30 June 2019, IP Australia had five executives who met the definition of key management personnel, as shown in Table 77.

Table 77: IP Australia—Key management personnel, 2018–19

Name	Position	Term
Patricia Kelly	Director General	1 July 2018–10 August 2018
Michael Schwager	Director General	20 September 2018–present
Frances Roden	Deputy Director General	Full year
Joanna Moore	Acting Deputy Director General	30 July 2018–30 June 2019
Deborah Anton	Deputy Director General	on temporary transfer to another agency since 30 July 2018

Table 78 details the total remuneration paid to key management personnel, as shown in the notes to the financial statements for 2018–19. Further detail on executive remuneration and other highly paid staff is in Appendix C4.

Table 78: IP Australia—Total remuneration of key management personnel, 2018–19

Note 4.1 Key Management Personnel Remuneration	2019
Short-term benefits:	
Base Salary	\$780 538.98
Bonus	\$0.00
Other benefits and allowances	\$8497.33
Total short-term benefits	\$789 036.31
Superannuation	\$138 969.07
Total post-employment benefits	\$138 969.07
Other long-term benefits	
Long service leave	\$69 278.87
Total other long-term benefits	\$69 278.87
Termination benefits	\$0.00
Total key management personnel remuneration	\$997 284.25

Work health and safety

In 2018–19, IP Australia continued to prioritise matters related to work health and safety and remained committed to providing a healthy and safe working environment for all workers (employees, contractors and others) and visitors. IP Australia has a strong commitment to meeting its obligations under the *Work Health and Safety Act 2011* and the *Safety, Rehabilitation and Compensation Act 1988*.

The Work Health and Safety Management System and the Rehabilitation Management System were audited. As a result, both strengths and opportunities for improvement were identified, and action was taken to facilitate continuous improvement.

Since IP Australia commenced the major refit of its Canberra office and planning for the relocation of its Melbourne office workers, there has been a focus on enhancing the entity's capability to manage work health and safety risk for employees and contractors. This will continue into 2019–20, to enable workers to transition to flexible working arrangements and activity-based working environments, consistent with IP Australia's Future Way of Working Program.

To foster workers' health and wellbeing, IP Australia:

- delivered initiatives such as annual flu vaccinations, skin checks and health assessments, in addition to work health and safety awareness campaigns that aligned with broader awareness initiatives
- offered free counselling services to all employees and their immediate families, through the Employee Assistance Program. This service was also available to managers to assist them in supporting their employees.

Seven incidents during the year were deemed notifiable under section 38 of the *Work Health and Safety Act 2011* and reported to Comcare. Two of those incidents occurred within the construction site, which is solely occupied by construction workers. Two inspections were conducted by Comcare and no notices were issued under Part 10 of the *Work Health and Safety Act 2011*.

Disability reporting mechanisms

Disability reporting is included in the Australian Public Service Commission's annual *State of the Service Report* and the *APS Statistical Bulletin*. These reports are available on the Australian Public Service Commission's website (www.apsc.gov.au).

IP Australia continued to implement the actions detailed in the AccessAbility Action Plan 2016–2019, and to identify and implement other opportunities and initiatives that support the entity's vision of being a disability-confident employer.

In line with *As One: Making it Happen*, the Australian Public Service Disability Employment Strategy 2016–19, IP Australia commenced developing a diversity and inclusion strategy and associated action plan during 2018–19. Affirmative measures for recruiting people with a disability were undertaken, with four positions advertised and filled successfully.

IP Australia continued its silver membership of the Australian Network on Disability and participated in the Positive Action towards Career Engagement program. IP Australia also implemented the Changing Mindsets 3+3 program, which is an abridged version of the Australian Public Service 'ten plus ten' model.

Purchasing

During 2018–19, IP Australia's procurement and contracts team continued to ensure that all commitments entered into were consistent with the Commonwealth Procurement Rules and that authorised delegates have recorded the achievement of value for money outcomes for the Australian Government.

IP Australia's Accountable Authority Instructions require the use of purchase orders for all purchases of more than \$10 000. This assists in tracking commitments and meeting accountability requirements.

IP Australia's annual procurement plan is published on AusTender to provide prospective suppliers with advance knowledge of anticipated procurement opportunities for the next 12 months.

IP Australia supports small business participation in the Commonwealth Government procurement market. Small and medium enterprise and small enterprise participation statistics are available on the Department of Finance's website (www.finance.gov.au).

Consultants

During 2018–19, IP Australia entered into 34 new consultancy contracts with a total expenditure of \$2.1 million (GST inclusive), and 18 ongoing consultancy contracts were active during the period with a total expenditure of \$1.4 million (GST inclusive).

IP Australia's policy on selecting and engaging consultants and approving expenditure takes into account all relevant legislation, the Commonwealth Procurement Rules and IP Australia's Accountable Authority Instructions. The procurement method is determined having regard to the cost, value for money and nature of the work involved.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website (www.tenders.gov.au).

The Director General did not exempt any contract let during 2018–19 from publication on AusTender on the basis that it would disclose exempt matters under the *Freedom of Information Act 1982*.

All contracts valued at \$100 000 or more (GST inclusive) let during 2018-19 allowed for the Auditor-General to have access to the contractor's premises.

Grant programs

IP Australia did not administer any grants during 2018-19.

Advertising and market research

During 2018-19, IP Australia did not conduct any advertising campaigns.

Table 79 sets out GST-inclusive payments that IP Australia made to external organisations for advertising and market research services in 2018-19. This relates to non-campaign advertising and market research services, as well as preparations for future advertising campaigns. Payments of \$13 800 or less (GST inclusive) are not reported.

Table 79: Payments for advertising and market research, 2018-19

Name of recipient	Services	Total (\$)
Advertising agencies		
Nil		0
Nil		0
Direct mail		
Nil		0
Market research		
Bastion Latitude	Customer Research	\$54,670
Threefold	Customer Research	\$22,440
Media advertising		
Nil		0
Polling organisations		
Nil		0

Ecologically sustainable development and environmental performance

In 2018-19, IP Australia continued to demonstrate its commitment to minimising the impact of its operations on the environment. Through processes identified in the IP Australia environmental management system, the entity continued to:

- reduce paper consumption
- decrease gas consumption
- improve waste diversion by increasing recycling
- promote the use of sustainable resources through a sustainable procurement strategy
- maintain staff awareness of their environmental responsibilities
- maintain an environmental management system certified under ISO14001:2015.



CHAPTER FOURTEEN:

IP AUSTRALIA FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

To the Minister for Industry, Science and Technology

Opinion

In my opinion, the financial statements of the IP Australia ('the Entity') for the year ended 30 June 2019:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2019 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following statements as at 30 June 2019 and for the year then ended:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to the financial statements, comprising a Summary of Significant Accounting Policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Director General, is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Director General is also responsible for such internal control as the Director General determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director General is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Director General is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Ron Wah
Audit Principal

Delegate of the Auditor-General

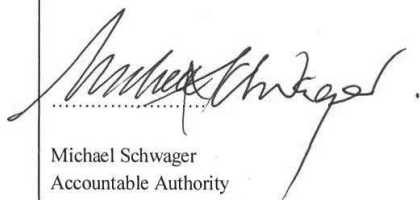
Canberra
18 September 2019

IP Australia

STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2019 comply with subsection 42(2) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that IP Australia will be able to pay its debts as and when they fall due.



Michael Schwager
Accountable Authority

17 September 2019



Doug Pereira
Chief Financial Officer

17 September 2019

IP AUSTRALIA**Table of Contents- Notes**

Table of contents**Primary Financial Statements**

Statement of Comprehensive Income

Statement of Financial Position

Statement of Change in Equity

Cash Flow Statement

Overview**Notes to the financial statements**

1. Departmental Financial Performance
 - 1.1 Expenses
 - 1.2 Own-Source Revenue and Gains
2. Departmental Financial Position
 - 2.1 Financial Assets
 - 2.2 Non-Financial Assets
 - 2.3 Payables
 - 2.4 Provisions
 - 2.5 Financial Instruments
3. Funding
 - 3.1 Appropriations
 - 3.2 Special Account
 - 3.3 Regulatory Charging Summary
4. Other Items
 - 4.1 Key Management Personnel Remuneration
 - 4.2 Related Party Disclosures
 - 4.3 Aggregate Assets and Liabilities

IP AUSTRALIA
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2019

		2019	2018	Original Budget ¹
		\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1 1A	133,958	126,025	132,830
Suppliers	1 1B	67,344	68,126	61,146
Depreciation and amortisation	2 2A	17,206	17,103	17,370
Finance costs - Unwinding of discount	2 4B	-	4	-
Impairment loss allowance on trade and other receivables		1	-	-
Write-down and impairment of assets	2 2A	314	110	-
Losses from asset sales		-	3	-
Total expenses		218,823	211,371	211,346
Own-Source Income				
Own-source revenue				
Sale of goods and rendering of services	1 2A	200,188	202,772	205,823
Resources received free of charge	1 2B	155	155	155
Total own-source revenue		200,343	202,927	205,978
Gains				
Gains from sale of assets - Plant and equipment		13	-	-
Other gains		-	10,010	-
Total gains		13	10,010	-
Total own-source income		200,356	212,937	205,978
Net contribution by services		(18,467)	1,566	(5,368)
Revenue from Government		368	375	368
Surplus attributable to the Australian Government		(18,099)	1,941	(5,000)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserve		-	(6,810)	-
Total other comprehensive (loss)		-	(6,810)	-
Total comprehensive (loss) attributable to the Australian Government		(18,099)	(4,869)	(5,000)

The above statement should be read in conjunction with the accompanying notes.

1. Budget reported in the 2018-19 Portfolio Budget Statements published in May 2018.
 Explanations of major variances are provided in Note 1.

IP AUSTRALIA
STATEMENT OF FINANCIAL POSITION
as at 30 June 2019

		2019	2018	Original Budget ¹
		\$'000	\$'000	\$'000
ASSETS				
Financial assets				
Cash and cash equivalents	2.1A	45,209	84,568	70,128
Trade and Other Receivables	2.1B	2,972	3,170	2,243
Other Financial Assets		-	9,537	-
Total financial assets		48,181	97,275	72,371
Non-financial assets				
Prepayments		6,274	7,509	4,983
Leasehold improvements	2.2A	35,433	3,825	32,489
Plant and equipment	2.2A	8,444	8,322	10,111
Intangibles	2.2A	98,985	90,417	81,444
Total non-financial assets		149,136	110,073	129,027
Total assets		197,317	207,348	201,398
LIABILITIES				
Payables				
Suppliers	2.3A	15,680	20,247	18,967
Other payables	2.3B	37,688	29,156	32,581
Total payables		53,368	49,403	51,548
Provisions				
Employee Provisions	2.4A	46,062	41,655	38,895
Provision for restoration obligation	2.4B	-	304	-
Total provisions		46,062	41,959	38,895
Total liabilities		99,430	91,362	90,443
Net assets		97,887	115,986	110,955
EQUITY				
Contributed equity		5,908	5,908	5,908
Reserves		1,947	1,947	8,757
Retained surplus		90,032	108,131	96,290
Total equity		97,887	115,986	110,955

The above statement should be read in conjunction with the accompanying notes.

1. Budget reported in the 2018-19 Portfolio Budget Statements published in May 2018.
 Explanations of major variances are provided in Note 1.

IP AUSTRALIA
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2019

	Retained earnings			Asset revaluation reserve			Contributed equity			Total equity		
	2019	2018	Original Budget ¹	2019	2018	Original Budget ¹	2019	2018	Original Budget ¹	2019	2018	Original Budget ¹
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	108,131	106,190	101,290	1,947	8,757	8,757	5,908	5,908	5,908	115,986	120,855	115,955
Comprehensive income												
Surplus for the period	(18,099)	1,941	(5,000)	-	-	-	-	-	-	(18,099)	1,941	(5,000)
Other comprehensive income - changes in asset revaluation surplus	-	-	-	-	(6,810)	-	-	-	-	-	(6,810)	-
Total comprehensive income	(18,099)	1,941	(5,000)	-	(6,810)	-	-	-	-	(18,099)	(4,869)	(5,000)
Contributions by Owners												
Equity injection - Appropriation	-	-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance as at 30 June	90,032	108,131	96,290	1,947	1,947	8,757	5,908	5,908	5,908	97,887	115,986	110,955

The above statement should be read in conjunction with the accompanying notes.

1. Budget reported in the 2018-19 Portfolio Budget Statements published in May 2018.
 Explanations of major variances are provided in Note 1.

IP AUSTRALIA
CASH FLOW STATEMENT
for the period ended 30 June 2019

	2019	2018	Original Budget ¹
	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	368	375	368
Sale of goods and rendering of services	209,902	203,658	204,859
GST received	10,269	7,755	99
Total cash received	220,539	211,788	205,326
Cash used			
Employees	(129,397)	(124,349)	(130,474)
Suppliers	(72,975)	(65,472)	(60,098)
GST Paid	(9,366)	(8,304)	
Total cash used	(211,738)	(198,125)	(190,572)
Net cash from operating activities	8,801	13,663	14,754
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment	34	11	42
Total cash received	34	11	42
Cash used			
Purchase of leasehold improvements	2.2B (23,539)	-	(20,300)
Purchase of property, plant and equipment	2.2B (4,184)	(5,288)	(4,712)
Purchase of intangibles	2.2B (20,471)	(25,902)	(11,988)
Total cash used	(48,194)	(31,190)	(37,000)
Net cash used by investing activities	(48,160)	(31,179)	(36,958)
FINANCING ACTIVITIES			
Cash received			
Contributed equity	-	300	-
Total cash received	-	300	-
Net cash from financing activities	-	300	-
Net (decrease)/increase in cash held	(39,359)	(17,216)	(22,204)
Cash and cash equivalents at the beginning of the reporting period	84,568	101,784	92,332
Cash and cash equivalents at the end of the reporting period	45,209	84,568	70,128

The above statement should be read in conjunction with the accompanying notes.

1. Budget reported in the 2018-19 Portfolio Budget Statements published in May 2018.
 Explanations of major variances are provided in Note 1.

IP AUSTRALIA

Overview

Objectives of IP Australia

IP Australia is an Australian Government controlled entity. It is a not-for-profit entity. The objective of IP Australia is to contribute to the improvement of Australian and international IP systems and thereby support Australia's economic development through the provision and administration of intellectual property rights.

IP Australia is structured to meet one outcome: increased innovation, investment and trade in Australia, and by Australians overseas, through the administration of the registrable intellectual property rights system, promoting public awareness and industry engagement, and advising government.

IP Australia's activities contributing toward the outcome are classified as departmental. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by IP Australia in its own right.

Departmental activities are identified under three programs:

- Program 1.1 - IP Rights Administration and Professional Registration;
- Program 1.2 - Education and Awareness; and
- Program 1.3 - Advice to Government and International Engagement.

IP Australia operates on a cost recovery basis, funding its operations almost entirely through revenues raised from charges for intellectual property services. Appropriation is received for advice to Government and international engagement. The use of a Special Account, established under the *Public Governance, Performance and Accountability Act 2013*, enables IP Australia to fund its operations from the revenue received from charges for intellectual property services.

The Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- a) *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR); and
- b) Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements issued by Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Resources Received Free of Charge

Resources received free of charge are recognised when, and only when, a fair value can be reliably determined, and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition.

Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when IP Australia gains control of the appropriation. Appropriations receivable are recognised at their nominal amounts.

IP AUSTRALIA

Overview

Significant Accounting Judgements and Estimates

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Contingent Liabilities and Contingent Assets

IP Australia had no quantifiable or unquantifiable contingent liabilities or assets at 30 June 2019 (2017-18: nil).

Taxation

IP Australia is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST). Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

Events After the Reporting Period

There are no events occurring after statement of financial position date that materially affect the financial statements.

IP AUSTRALIA**Note 1: Budget Variance Commentary***for the period ended 30 June 2019*

IP Australia considers that major variances are those:

- Variance between budget and actuals is greater than 10% of the original estimate or
- An item below this threshold but is considered important for the reader's understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of IP Australia.

Where a budget has not been provided for in the Portfolio Budget Statement (PBS), for example non-cash items such as sale of asset adjustments and finance cost, for these items no explanation has been provided unless the variance is considered to be 'major'.

The Budget is not audited.

STATEMENT OF COMPREHENSIVE INCOME**Suppliers**

Suppliers expense was higher than estimated due to additional non-recurrent resource requirements associated with the new accommodation project works and associated IT project work and higher accrual expenses relating to the straight-lining of the new Discovery House lease.

Sale of goods and rendering of services

IP Australia revenue is below budget mainly due to less than planned application, examination and renewal revenues in Patents and Trade Marks.

STATEMENT OF FINANCIAL POSITION**Cash and cash equivalents**

Cash-flow estimates in the budget had lower cash used in operating activities. Actual results reflect the higher suppliers expense and gross GST payments for suppliers.

Prepayments

Increase in prepayments are mainly associated with maintenance contracts and subscriptions related to IT projects.

Property, plant and equipment and Intangibles

The overall asset values are higher than forecast due to the compacting of works to reflect later than estimated start to the new accommodation project and the reflection of base build works in the lease incentive assets associated with the project.

Suppliers

The liability is difficult to estimate a year-out from report date and actual results reflect activity levels with vendors leading up to 30 June.

Other payables

Increase in other payables are mainly due to recognition of lease incentive as a result of entering into a new lease contract for Canberra Office space and increase in unearned revenue due to the increase in the stockpile of unexamined Trade Mark applications.

Employee provisions

Employee provisions variance is mainly due to Long Service Leave discounting factor was higher than anticipated due to movement in the Government bond rate.

CASHFLOW STATEMENT

The variance reflects movement of cash from Official Public Account. This was a result of increase in operational and capital expenditures.

IP AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Financial Performance

Note 1.1: Expenses

	2019	2018
	\$'000	\$'000
Note 1.1A: Employee Benefits		
Wages and salaries	99,226	95,620
Superannuation:		
Defined contribution plans	10,706	9,914
Defined benefit plans	7,210	7,479
Leave and other entitlements	15,113	11,373
Separation and redundancies	1,703	1,639
Total employee benefits	133,958	126,025

Accounting Policy

Accounting policies for employee related expenses is contained in note 2.4A.

Note 1.1B: Suppliers

Goods and services supplied or rendered

Contractors & Consultants	20,448	20,517
Travel	2,277	2,106
Communication & IT Services	20,598	18,032
Administrative Services	9,322	12,231
Subscription to World Intellectual Property Organisation	1,054	1,004
Total goods and services supplied or rendered	53,699	53,890

Goods supplied	648	302
Services rendered	53,051	53,588
Total goods and services supplied or rendered	53,699	53,890

Other suppliers

Operating lease rentals	12,857	12,996
Workers compensation expenses	788	1,240
Total other suppliers	13,645	14,236
Total suppliers	67,344	68,126

Leasing commitments

IP Australia's lease payment commitments are primarily for accommodation of office space in Canberra and Melbourne.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within 1 year	12,720	11,303
Between 1 to 5 years	52,666	47,976
More than 5 years	127,768	150,564
Total operating lease commitments	193,154	209,843

Accounting Policy

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased asset. Lease incentives are recognised as other payables and amortised over the period of the lease on a straight line basis.

Amounts reported for commitments are GST inclusive.

IP AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 1.2: Own-Source Revenue and gains

	2019	2018
	\$'000	\$'000

Own-Source Revenue**Note 1.2A: Sale of Goods and Rendering of Services**

Patent fees	122,708	120,841
Trade Mark fees	70,467	75,694
Design fees	3,685	3,778
Plant Breeders Rights fees	1,486	1,343
Other goods and services	1,842	1,115
Total sale of goods and rendering of services	200,188	202,771

Sale of goods and rendering of services are made up of

Provision of goods	769	390
Rendering of services	199,419	202,381
Total sale of goods and rendering services	200,188	202,771

Accounting Policy

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- IP Australia retains no managerial involvement nor effective control over the goods;
- the revenue and transaction costs incurred for the transaction can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to IP Australia.

Revenue from rendering of services is recognised by reference to the stage of completion of services at the reporting date.

Revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- the probable economic benefits associated with the transaction will flow to the entity.

The stage of completion of services at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction. (Refer Note 2.3B)

1.2B: Resources Received Free of Charge

Remuneration of auditors	155	150
Plant & equipment	-	5
	155	155

IP AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Financial Position

Note 2.1: Financial Assets

	2019	2018
	\$'000	\$'000
Note 2.1A: Cash and Cash Equivalents		
Cash in special accounts (held as cash in OPA)	43,625	83,425
Cash on hand or on deposit	1,584	1,143
Total cash and cash equivalents	45,209	84,568

The closing balance of Cash in special accounts does not include amounts held in trust: [\$352,000 in 2019 and \$339,000 in 2018]. See note 3.2 Special Accounts for more information.

Note 2.1B: Trade and Other Receivables

Trade receivable	1,624	736
GST receivable from the Australian Taxation Office	1,329	2,232
Other Receivables	19	202
Total trade and other receivables	2,972	3,170

Accounting Policy

Trade receivables and other receivables are held for the purpose of collecting the contractual cash flows of principal and interest at market interest rates. They are subsequently measured at amortised cost using the effective interest method, adjusted for any loss allowance.

Credit terms for goods and services were within 30 days (2017-18: 30 days).

IP AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 2.2: Non-Financial Assets

Note 2.2A: Reconciliation of the opening and closing balances of Property, Plant and Equipment and Intangibles 2019

	Leasehold Improvements	Plant & equipment	Computer software internally developed	Computer software purchased	Total Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2018						
Gross book value	6,092	12,511	160,544	15,511	176,055	194,658
Accumulated depreciation and impairment	(2,267)	(4,189)	(74,150)	(11,488)	(85,638)	(92,094)
Net book value 1 July 2018	3,825	8,322	86,394	4,023	90,417	102,564
Additions - by purchase or Internally developed	33,183	4,184	20,300	171	20,471	57,838
Revaluations and impairments recognised in other comprehensive income	-	-	-	-	-	-
Revaluations recognised in net cost of services	-	-	-	-	-	-
Depreciation/Amortisation expense	(1,575)	(4,039)	(10,314)	(1,278)	(11,592)	(17,206)
Other movements						
Transfers to between asset classes	-	-	-	-	-	-
Disposals and write down of assets	-	(23)	(311)	-	(311)	(334)
Other	-	-	-	-	-	-
Total as at 30 June 2019	35,433	8,444	96,069	2,916	98,985	142,862
Total as at 30 June 2019 represented by:						
Gross book value	38,254	16,448	178,739	15,674	194,413	249,115
Accumulated depreciation and impairment	(2,821)	(8,004)	(82,670)	(12,758)	(95,428)	(106,253)
Total as at 30 June 2019 represented by:	35,433	8,444	96,069	2,916	98,985	142,862

No indicators of impairment were identified for leasehold improvements, plant and equipment and intangibles

No property, plant and equipment and intangibles are expected to be sold or disposed of within the next 12 months

All revaluations were conducted in accordance with the revaluation policy IP Australia performs formal revaluation every four years The last formal revaluation was June 2017

The fair value of IP Australia's leasehold improvements and plant and equipment has been taken to be the market value of similar items or depreciated replacement cost as determined by an independent valuer In some instances, IPA's leasehold improvements that were purposed-built and some specialised plant and equipment may in fact realise more or less in the market

Capital commitments

As at the 30 June 2019 IP Australia had capital commitments with respect to leasehold improvements for Canberra office accommodation

Commitments payable on non-financial assets purchases:	2019
	\$'000
Within 1 year	17,672
Between 1 to 5 years	-
Total capital commitments¹	17,672
Commitments receivable on non-financial assets purchases:	2019
	\$'000
Within 1 year	1,080
Between 1 to 5 years	-
Total capital commitments¹	1,080
Net commitments by maturity	2019
	\$'000
Within 1 year	16,592
Between 1 to 5 years	-
Total capital commitments¹	16,592

¹ Total capital commitment excludes GST

IP AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 2.2: Non- Financial Assets**Accounting Policy**

The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value.

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases of leasehold improvements costing less than \$20,000 (2017-18: \$20,000) and computer equipment costing less than \$1,000 (2017-18: \$1,000). Purchases of other plant and equipment are also recognised initially at cost in the statement of financial position, except for purchases costing less than \$5,000 (2017-18: \$5,000).

Revaluations

Following initial recognition at cost, property, plant and equipment were carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations were conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment was credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets were recognised directly through the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class.

Depreciation

Depreciable plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to IP Australia using, in all cases, the straight-line method of depreciation. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2019	2018
Leasehold improvements	Lease term	Lease term
Plant and Equipment	3 to 25 years	3 to 25 years

Impairment

All assets were assessed for impairment at 30 June 2019. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Sale of Asset

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

Intangibles

IP Australia's intangibles comprise internally developed and purchased software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of IP Australia's software are 3 to 10 years (2017-18: 3 to 10 years).

Purchases of software are recognised initially at cost in the statement of financial position, except for purchases costing less than \$5,000 (2017-18: \$5,000). Dependent on the stage of development, internally developed software is recognised at cost in the statement of financial position, except for purchases costing less than \$200,000 (2017-18: \$200,000).

IP AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 2.3: Payables

	2019	2018
	\$'000	\$'000
Note 2.3A: Suppliers		
Trade creditors and accruals	10,618	17,556
Operating lease rentals	5,062	2,691
Total suppliers	15,680	20,247

Settlement is usually made within 30 days.

Note 2.3B: Other Payables

Unearned revenues		
Patents fees	7,430	7,611
Trade Marks fees	10,621	9,098
Designs fees	204	194
Plant Breeders Rights fees	1,390	1,466
Total unearned revenues	19,645	18,369
Other unearned income	158	330
Lease incentives	16,638	9,287
Salary and wages	1,109	1,035
Superannuation	138	135
Other	-	-
Total other payables	37,688	29,156

Accounting Policy

Supplier and other payables are classified as 'financial liabilities measured at amortised cost'. Liabilities are recognised to the extent that the goods or services have been received/ rendered (and irrespective of having been invoiced). Supplier and other payables are derecognised on payment.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased asset. Lease incentives are recognised as other payables and amortised over the period of the lease on a straight line basis.

For unearned revenue policy refer Note 1.2A.

IP AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 2.4: Provisions

	2019	2018
	\$'000	\$'000
Note 2.4A: Employee Provisions		
Leave	41,572	36,927
Superannuation on-cost	4,077	3,682
Separations and redundancies	413	1,046
Total employee provisions	46,062	41,655

Accounting Policy

Liabilities for 'short-term employee benefits' (as defined in AASB 119 Employee Benefits) and termination benefits due within twelve months of the end of the reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time leave is taken, including IP Australia's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary as at 31 January 2019. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

IP Australia recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

IP Australia staff are predominantly members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap). The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance within its administered schedules and notes.

IP Australia makes employer contributions to the employee's superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. IP Australia accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June 2019 represents outstanding contributions.

IP AUSTRALIA**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Note 2.4B: Provision for Restoration Obligation

	Provision for restoration obligations \$'000
As at 1 July 2018	304
Amount used	(304)
Unwinding of discount	-
Additional provision	-
Total as at 30 June 2019	-

In 2018 IP Australia had one agreement for the leasing of premises which they were required to restore the premises to their original condition at the conclusion of the lease. The lease ceased in February 2019 and IP Australia complied with their restoration obligations. IP Australia no longer has any leasing arrangements with restoration provision requirements.

IP AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 2.5: Financial Instruments

	Notes	2019 \$'000	2018 \$'000
Note 2.5A: Categories of Financial Instruments			
Financial Assets under AASB 139			
Loans and receivables			
Cash and cash equivalents	2.1A		84,568
Trade and other receivables	2.1B		937
Total financial assets			85,505
Financial Assets under AASB 9			
Financial assets at amortised cost			
Cash and cash equivalents	2.1A	45,209	
Trade and other receivables	2.1B	1,643	
Total financial assets		46,852	
Financial Liabilities			
Financial liabilities measured at amortised cost			
Trade creditors	2.3A	10,618	17,556
Total financial liabilities		10,618	17,556

Classification of financial assets on the date of initial application of AASB 9.

Financial assets class	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July 2018 \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Cash and cash equivalents	Loans and receivables	Amortised cost	84,568	84,568
Trade receivables	Loans and receivables	Amortised cost	937	937
Total financial assets			85,505	85,505

Reconciliation of carrying amounts of financial assets on the date of initial application of AASB 9.

	AASB 139 carrying amount at 30 June 2018 \$'000	Reclassification \$'000	Remeasurement \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Financial assets at amortised cost				
Loans and receivables				
Cash and cash equivalents	84,568	-	-	84,568
Trade receivables	937	-	-	937
Total amortised cost	85,505	-	-	85,505

IP AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 2.5: Financial Instruments

Accounting Policy

Financial assets

With the implementation of AASB 9 *Financial Instruments* for the first time in 2019, the IP Australia classifies its financial assets at amortised cost.

This classification is based on IP Australia's business model for managing the financial assets and contractual cash flow characteristics at the time of recognition.

Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Comparatives have not been restated on initial application.

Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to *lifetime expected credit losses* where risk has significantly increased, or an amount equal to *12-month expected credit losses* if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

Financial liabilities

Financial liabilities are classified as financial liabilities 'at amortised cost'. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial Liabilities at Amortised Cost

Supplier and other payables are recognised at amortised cost.

Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced). -

IP AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Funding

Note 3.1: Appropriations

Table 3.1A: Annual Appropriations (Recoverable GST exclusive)

Annual Appropriations for 2019

	<u>Appropriation Act</u>		Appropriation applied in 2019 (current and prior years)	Variance
	Annual Appropriation \$'000	Total appropriation \$'000	\$'000	\$'000
DEPARTMENTAL				
Ordinary annual services	368	368	368	-
Total departmental	368	368	368	-

Annual Appropriations for 2018

	<u>Appropriation Act</u>		Appropriation applied in 2018 (current and prior years)	Variance
	Annual Appropriation \$'000	Total appropriation \$'000	\$'000	\$'000
DEPARTMENTAL				
Ordinary annual services	375	375	375	-
Total departmental	375	375	375	-

Appropriations received under ordinary annual services are sourced from Appropriation Acts (Nos. 1 & 3)

There are no unspent annual appropriations from current or prior years.

IP AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 3.2: Special Accounts

	Intellectual Property Special Account ¹		Services for Other Entities and Trust Moneys World Intellectual Property Organisation ²		Services for Other Entities and Trust Moneys - Security of Costs ²		Service for Other Entities and Trust Moneys - Comcare ²	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance brought forward from previous period	84,568	101,784	315	334	24	19	-	-
Increases:								
Appropriation credited to special account	368	675	-	-	-	-	-	-
Costs recovered	220,171	203,579	-	-	-	-	-	-
Receipts on behalf of WIPO	-	-	3,951	4,472	-	-	-	-
Other receipts	34	11	-	-	9	21	79	249
Total increases	220,573	204,265	3,951	4,472	9	21	79	249
Available for payments	305,141	306,049	4,266	4,806	33	40	79	249
Decreases:								
Departmental								
Payments made to suppliers	(130,535)	(97,132)	-	-	-	-	-	-
Payments made to employees	(129,397)	(124,349)	-	-	-	-	-	-
Money held for non-Commonwealth Party	-	-	(3,934)	(4,491)	(13)	(16)	(79)	(249)
Total departmental decreases	(259,932)	(221,481)	(3,934)	(4,491)	(13)	(16)	(79)	(249)
Total balance carried to the next period	45,209	84,568	332	315	20	24	-	-
Balance represented by:								
Cash held in entity bank accounts	1,584	1,143	332	315	20	24	-	-
Cash held in the Official Public Account	43,625	83,425	-	-	-	-	-	-
	45,209	84,568	332	315	20	24	-	-

1. Appropriation: *Public Governance and Performance, Accountability Act 2013: s78*

Establishing Instrument: PGPA Act Determination - Establishment of Intellectual Property Special Account 2017 [29 March 2017]

Purpose: For developing and administering intellectual and industrial property systems, including the provision of property rights in inventions, trademarks, designs and plant breeders rights.

2. Appropriation: *Public Governance and Performance, Accountability Act 2013: s78*

Establishing Instrument: Financial Management and Accountability Determination 2011/11

Purpose: For the services for Other Entities and Trust Moneys - IP Australia (Special Public Money) - For expenditure of money temporary held on trust or otherwise for the benefit of a person other than the Commonwealth and expenditure in connection with services performed on behalf of other Government and bodies that are not FMA Act agencies.

Note 3.3: Regulatory Charging Summary

	2019	2018
	\$'000	\$'000
Amounts applied		
Departmental		
Annual appropriations	368	675
Own source revenue	220,171	203,579
Total amounts applied	220,539	204,254
Expenses		
Departmental	218,823	211,371
Total Expenses	218,823	211,371
External Revenue		
Departmental	200,188	202,771
Total External Revenues	200,188	202,771

Regulatory charging activities:

IP Australia operates on a cost recovery basis, predominately funding all operations from cost recovered activities.

These activities include:

- Patents
- Trade Marks
- Designs
- Plant Breeder's Rights
- Trans-Tasman IP Attorneys Board

Documentation (Cost Recovery Implementation Statement/s) for the above activities is available at

<https://www.ipaustralia.gov.au/tools-resources/publications-reports/cost-recovery-implementation-statement>

IP AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Other Items

Note 4.1: Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. IP Australia has determined the key management personnel to be the Director General and the Deputy Director Generals. Key management personnel remuneration is reported in the table below:

	2019	2018
	\$	\$
Short-term employee benefits	789,036	852,782
Post-employment benefits	138,969	151,440
Other long-term employee benefits	69,279	47,753
Termination benefits	-	241,387
Total key management personnel remuneration expenses	997,284	1,293,360

Notes:

The total number of key management personnel that are included: 5 individuals. (2018: There were 4 key management personnel).

The remuneration totals for key management personnel include those staff who ceased in those roles as well as their replacements.

1. The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by IP Australia.

IP AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Other Items

Note 4.2: Related Party Disclosures

Related party relationships:

IP Australia is an Australian Government controlled entity. Related parties to IP Australia are Key Management Personnel including the Portfolio Minister and Executive, and other Australian Government entities.

Transactions with related parties:

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of IP rights services fees.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by IP Australia, it has been determined that there are no related party transactions to be separately disclosed (2017-18: nil).

IP AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Other Items

Note 4.3: Aggregate Assets and Liabilities

	2019	2018
	\$'000	\$'000
Assets expected to be recovered in:		
No more than 12 months	53,887	95,218
More than 12 months	143,430	112,130
Total Assets	197,317	207,348
Liabilities expected to be settled in:		
No more than 12 months	44,324	49,398
More than 12 months	55,106	41,964
Total Liabilities	99,430	91,362



CHAPTER FIFTEEN

IP AUSTRALIA APPENDICES

Appendix C1: Appeals of decisions

Commissioner of Patents

In 2018–19, there were 14 appeals to the Federal Court and the Administrative Appeals Tribunal from decisions of the Commissioner of Patents. Of those matters, four have been finalised and 10 remain open. The Commissioner is the respondent in four of those open matters. The Commissioner intervened in two matters in the Federal Court (*Encompass Corporation Pty Ltd v InfoTrack Pty Ltd* NSD 1689/2015 and *Meat and Livestock Australia Limited v Cargill, Inc* VID 542/2016). The Commissioner has appealed a decision of the Federal Court handed in *Rokt Pte Ltd v Commissioner of Patents* [2018] FCA 1988.

Registrar of Trade Marks

In 2018–19, there were 18 new appeals from decisions of the Registrar of Trade Marks, involving 19 trade marks. Of those, 14 appeals were to the Federal Court, of which one was reviewed under the *Administrative Decisions (Judicial Review) Act 1977*. There were also four matters filed with the Federal Circuit Court. Thirty appeals were finalised during the year. Of the appeals finalised in 2018–19, 12 were initiated before July 2018.

Appendix C2: Financial summary

Entity Resource Statement subset Summary Current Report Period (2018–19)

Table 80: Entity resource statement 2018–19

		Actual available appropriation for 2018–19 \$'000 (a)	Payments made 2018–19 \$'000 (b)	Balance remaining 2018–19 \$'000 (a) – (b)
Ordinary annual services ¹				
Departmental appropriation		368	368	-
Total		368	368	-
Total ordinary annual services	A	368	368	
Total available annual appropriations and payments				
		368	368	
Special accounts ²				
Opening balance		84 568		
Appropriation receipts ³		368		
Non-appropriation receipts to special accounts		219 805		
Payments made			259 532	
Total special accounts	B	304 741	259 532	45 209
Total resourcing and payments				
A+B		305 109	259 900	
Less appropriations drawn from annual or special appropriations above and credited to special accounts ⁴		368	368	
Total net resourcing and payments for IP Australia		304 741	259 532	

¹ Appropriation Act (No. 1) 2018–19.

² Does not include 'special public money' held in accounts like 'services for other entities and trust moneys' special accounts.

³ Appropriation receipts from IP Australia annual appropriations for 2018–19 included above.

Expenses and resources for Outcome 1

Table 81: Expenses and resources for 2018-19

Expenses for outcome 1

Outcome 1: Increased innovation, investment and trade in Australia, and by Australians overseas, through the administration of the registrable intellectual property rights system, promoting public awareness and industry engagement, and advising government.	Budget* 2018-19 \$'000 (a)	Actual expenses 2018-19 \$'000 (b)	Variation 2018-19 \$'000 (a) - (b)
Program 1: IP Rights Administration and Professional Registration			
Departmental expenses			
Special accounts	196 038	200 687	4650
Expenses not requiring appropriation in the budget year	155	155	-
Total for Program 1	196 193	200 842	4650
Program 2: Education and Awareness			
Departmental expenses			
Special accounts	2271	2997	0.726
Total for Program 2	2271	2997	0.726
Program 3: Advice to Government and International Engagement			
Departmental expenses			
Departmental appropriation ¹	368	368	-
Special accounts	12 514	14 616	2102
Total for Program 3	12 882	14 984	2 102
Outcome 1 totals by appropriation type			
Departmental expenses			
Departmental appropriation ¹	368	368	-
Special accounts	210 823	218 300	7477
Expenses not requiring appropriation in the budget year	155	155	-
Total expenses for Outcome 1	211 346	218 823	7477
Average staffing level (number)	1054	1047	-7

* Full-year budget, including any subsequent adjustment made to the 2018-19 budget at Additional Estimates.

¹ Departmental appropriation combines ordinary annual services (Appropriation Act Nos. 1, 3 and 5) and retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013*.

Appendix C3: Workforce statistics

All employees

Table 82: IP Australia—All ongoing employees, 2018–19, at 30 June 2019¹

Location	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
Vic.	49	1	50	17	8	25	0	0	0	75
ACT	535	28	563	380	94	474	0	0	0	1037
Total	584	29	613	397	102	499	0	0	0	1112

Table 83: IP Australia—All non-ongoing employees, 2018–19, at 30 June 2019¹

Location	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
Vic.	0	0	0	0	0	0	0	0	0	0
ACT	14	2	16	20	3	23	0	0	0	39
Total	14	2	16	20	3	23	0	0	0	39

Table 84: IP Australia—All ongoing employees, 2017–18, at 30 June 2018¹

Location	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
Vic.	35	3	38	18	8	26	0	0	0	64
ACT	547	30	577	349	101	450	0	0	0	1027
Total	582	33	615	367	109	476	0	0	0	1091

Table 85: IP Australia—All non-ongoing employees, 2017–18, at 30 June 2018¹

Location	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
Vic.	0	0	0	1	0	1	0	0	0	1
ACT	10	3	13	18	3	21	0	0	0	34
Total	10	3	13	19	3	22	0	0	0	35

¹ Note: The figures in the above tables have been summarised in line with Australian Public Service Employment Database guidelines and consequently are presented differently to the tables provided in the 2017–18 Annual Report.

Australian Public Service employees

Table 86: IP Australia—Australian Public Service ongoing employees, 2018–19, at 30 June 2019

Classification	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3	1	0	1	0	0	0	0	0	0	1
SES 2	1	0	1	3	0	3	0	0	0	4
SES 1	6	0	6	2	0	2	0	0	0	8
EL 2	58	3	61	35	3	38	0	0	0	99
EL 1	154	5	159	91	23	114	0	0	0	273
APS 6	304	17	321	179	52	231	0	0	0	552
APS 5	32	1	33	45	10	55	0	0	0	88
APS 4	26	3	29	42	14	56	0	0	0	85
APS 3	2	0	2	0	0	0	0	0	0	2
APS 2	0	0	0	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Total	584	29	613	397	102	499	0	0	0	1112

Table 87: IP Australia—Australian Public Service non-ongoing employees, 2018–19, at 30 June 2019

Classification	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3	0	0	0	0	0	0	0	0	0	0
SES 2	0	0	0	0	0	0	0	0	0	0
SES 1	0	0	0	0	0	0	0	0	0	0
EL 2	1	1	2	1	0	1	0	0	0	3
EL 1	4	1	5	1	0	1	0	0	0	6
APS 6	0	0	0	6	2	8	0	0	0	8
APS 5	3	0	3	2	0	2	0	0	0	5
APS 4	6	0	6	10	0	10	0	0	0	16
APS 3	0	0	0	0	1	1	0	0	0	1
APS 2	0	0	0	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Total	14	2	16	20	3	23	0	0	0	39

Table 88: IP Australia—Australian Public Service ongoing employees, 2017–18, at 30 June 2018

Classification	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3	0	0	0	1	0	1	0	0	0	1
SES 2	1	0	1	2	0	2	0	0	0	3
SES 1	5	0	5	2	0	2	0	0	0	7
EL 2	63	3	66	28	2	30	0	0	0	96
EL 1	152	5	157	81	30	111	0	0	0	268
APS 6	290	23	313	162	54	216	0	0	0	529
APS 5	48	0	48	50	13	63	0	0	0	111
APS 4	21	2	23	40	10	50	0	0	0	73
APS 3	2	0	2	0	0	0	0	0	0	2
APS 2	0	0	0	1	0	1	0	0	0	1
APS 1	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Total	582	33	615	367	109	476	0	0	0	1091

Table 89: IP Australia—Australian Public Service non-ongoing employees, 2017–18, at 30 June 2018

Classification	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3	0	0	0	0	0	0	0	0	0	0
SES 2	0	0	0	0	0	0	0	0	0	0
SES 1	0	0	0	0	0	0	0	0	0	0
EL 2	1	1	2	1	0	1	0	0	0	3
EL 1	2	1	3	3	1	4	0	0	0	7
APS 6	2	0	2	3	1	4	0	0	0	6
APS 5	0	0	0	2	0	2	0	0	0	2
APS 4	5	1	6	10	1	11	0	0	0	17
APS 3	0	0	0	0	0	0	0	0	0	0
APS 2	0	0	0	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Total	10	3	13	19	3	22	0	0	0	35

Table 90: IP Australia—Australian Public Service employees by full-time and part-time status, 2018–19, at 30 June 2019

Classification	Ongoing			Non-ongoing			Total
	Full time	Part time	Total	Full time	Part time	Total	
SES 3	1	0	1	0	0	0	1
SES 2	4	0	4	0	0	0	4
SES 1	8	0	8	0	0	0	8
EL 2	93	6	99	2	1	3	102
EL 1	245	28	273	5	1	6	279
APS 6	483	69	552	6	2	8	560
APS 5	77	11	88	5	0	5	93
APS 4	68	17	85	16	0	16	101
APS 3	2	0	2	0	1	1	3
APS 2	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Total	981	131	1112	34	5	39	1151

Table 91: IP Australia—Australian Public Service employees by full-time and part-time status, 2017–18, at 30 June 2018

Classification	Ongoing			Non-ongoing			Total
	Full time	Part time	Total	Full time	Part time	Total	
SES 3	1	0	1	0	0	0	1
SES 2	3	0	3	0	0	0	3
SES 1	7	0	7	0	0	0	7
EL 2	91	5	96	2	1	3	99
EL 1	233	35	268	5	2	7	275
APS 6	452	77	529	5	1	6	535
APS 5	98	13	111	2	0	2	113
APS 4	61	12	73	15	2	17	90
APS 3	2	0	2	0	0	0	2
APS 2	1	0	1	0	0	0	1
APS 1	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Total	949	142	1091	29	6	35	1126

Table 92: IP Australia—Australian Public Service employment type by location, 2018–19, at 30 June 2019

Location	Ongoing	Non-ongoing	Total
Vic.	75	0	75
ACT	1037	39	1076
Total	1112	39	1151

Table 93: IP Australia—Australian Public Service employment type by location, 2017–18, at 30 June 2018

Location	Ongoing	Non-ongoing	Total
Vic.	64	1	65
ACT	1027	34	1061
Total	1091	35	1126

Note: 2017-18 figures have been summarised in line with Australian Public Service Employment Database guidelines and consequently are presented differently to the figures provided in the 2017-18 Annual Report.

Table 94: IP Australia—Australian Public Service Indigenous employment, 2018–19, at 30 June 2019

Employment type	Number
Ongoing	5
Non-ongoing	0
Total	5

Table 95: IP Australia—Australian Public Service Indigenous employment, 2017–18, at 30 June 2018

Employment type	Number
Ongoing	7
Non-ongoing	0
Total	7

Employment Arrangements of Senior Executive Service and non-Senior Executive Service employees

Table 96: IP Australia—Australian Public Service employment arrangements, 2018–19, at 30 June 2019

Arrangement	SES	Non-SES	Total
Enterprise Agreement	0	1115	1115
Individual Flexibility Arrangement	0	382	382
Common Law Agreement	11	0	11
Total	11	1497	1508

Salary ranges by classification level

Table 97: IP Australia—Australian Public Service employment salary ranges¹ by classification level, 2018–19, at 30 June 2019

Classification	Minimum salary (\$)	Maximum salary (\$)
SES 3	350 000	350 000
SES 2	255 393	273 109
SES 1	202 278	248 895
EL 2	124 308	144 912
EL 1	101 475	114 210
APS 6	80 846	91 838
APS 5	74 028	79 331
APS 4	66 483	72 060
APS 3	59 749	64 840
APS 2	53 149	58 194
APS 1	46 212	51 266
Other	0	0

¹ IP Australia provided staff with a number of non-salary benefits (which are not included under the provisions of the enterprise agreement), such as:

- annual influenza immunisation and annual health and skin checks
- early intervention for case management
- a return-to-work program for non-compensable injuries and illnesses
- mentoring programs
- access to capability development programs
- contributions to relevant professional memberships
- mental health and wellbeing support, including wellbeing seminars
- internal and external mobility/secondment opportunities

Performance pay by classification level

Table 98: IP Australia—Australian Public Service employment performance pay by classification level, 2018–19, at 30 June 2019

Classification	Number of employees receiving performance pay	Aggregated (sum total) of all payments made (\$)	Average of all payments made (\$)	Minimum payment made (\$)	Maximum payment made (\$)
SES 1-3	2	14 000	7000	7000	7000
EL 1-2	10	36 058	10 785	7851	15 003
APS 1- 6	75	225 937	3013	105	12 738
Other	0	0	0	0	0
Total	87	275 995	20 798	14 956	34 741

Appendix C4: Executive remuneration detail

Table 99: IP Australia—Information about remuneration for key management personnel, 2018–19

Name	Position title	Short term benefits (\$)			Post employment benefits (\$)			Other long term benefits (\$)			Total remuneration (\$)
		Base salary	Bonuses	Other benefits and allowances	Superannuation contributions	Long service leave	Other long term benefits	Termination benefits (\$)			
Patricia Kelly	Director General	48 155	0	331	7497	5054	0	0	0	61 037	
Michael Schwager	Director General	266 194	0	2282	43 948	12 446	0	0	0	324 870	
Frances Roden	Deputy Director General	228 381	0	2943	47 586	15 281	0	0	0	294 191	
Joanna Moore	Acting Deputy Director General	212 789	0	2709	36 066	27 648	0	0	0	279 212	
Deborah Anton	Deputy Director General	25 020	0	234	3872	8850	0	0	0	37 976	

Table 100: IP Australia—Information about remuneration for senior executives, 2018–19

Total remuneration bands (\$)	Number of senior executives	Short term benefits (\$)			Post employment benefits (\$)		Other long term benefits (\$)		Termination benefits (\$)	Total remuneration (\$)
		Average base salary	Average bonuses	Average other benefits and allowances	Average superannuation contributions	Average long service leave	Average other long term benefits			
0-220 000	3	44 663	0	139	5871	1913	0	45 066	97 652	
245 001-270 000	2	223 700	0	2943	31 092	1096	0	0	258 831	
270 001-295 000	2	226 909	7000	2973	41 031	9289	0	0	287 202	
295 001-320 000	1	253 863	0	2943	43 857	8218	0	0	308 881	
395 001-420 000	1	161 946	0	16 686	29 818	18 783	0	171 599	398 832	

Table 101: IP Australia—Information about remuneration for other highly paid staff, 2018–19

Total remuneration bands (\$)	Number of other highly paid staff	Short term benefits (\$)			Post employment benefits (\$)		Other long term benefits (\$)		Termination benefits (\$)	Total remuneration (\$)
		Average base salary	Average bonuses	Average other benefits and allowances	Average superannuation contributions	Average long service leave	Average other long term benefits			
220 001–245 000	4	109 360	0	18 685	20 624	2646	0	0	73 659	224 974
245 001–270 000	1	210 940	10 000	25 356	17 390	3689	0	0	0	267 375
295 001–320 000	1	129 016	0	0	23 977	3755	0	0	158 338	315 086

PART D: REFERENCES

Abbreviations and acronyms

AIP	Australian Industry Participation
ANAO	Australian National Audit Office
APIs	application programming interfaces
APS	Australian Public Service
ASEAN	Association of Southeast Asian Nations
ATS	Automotive Transformation Scheme
CDIC	Centre for Defence Industry Capability
COAG	Council of Australian Governments
CRC	Cooperative Research Centre
CRC Projects	Cooperative Research Centres Projects
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DEA	Digital Earth Australia
ELVIS	Enhanced Location Value Information System
GDP	gross domestic product
GST	goods and services tax
ICN	Industry Capability Network
ICT	information and communications technology
IP	intellectual property
IT	information technology
Jobs Act	<i>Australian Jobs Act 2013</i>
LNG	liquified natural gas
NMI	National Measurement Institute
NOPIMS	National Offshore Petroleum Information Management System
NOPSEMA	National Offshore Petroleum Safety and Environmental Management Authority
NOPTA	National Offshore Petroleum Titles Administrator
NYSF	National Youth Science Forum
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
R&D	research and development
RIO	Rights in One

RPET	Regional Patent Examination Training
SBAS	Satellite Based Augmentation System
SKA	Square Kilometre Array
SMEs	small and medium enterprises
SQC	Silicon Quantum Computing Pty Ltd
STEM	science, technology, engineering and mathematics
TDS	Transactional Digital Services

List of requirements

PGPA Rule Reference	Page			Description	Requirement
	Department of Industry, Innovation and Science	Geoscience Australia	IP Australia		
17AD(g)	Letter of transmittal				
17AI	2	150	240	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory
17AD(h)	Aids to access				
17AJ(a)		v–vii		Table of contents.	Mandatory
17AJ(b)		323–331		Alphabetical index.	Mandatory
17AJ(c)		312–313		Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)		314–322		List of requirements.	Mandatory
17AJ(e)		iii		Details of contact officer.	Mandatory
17AJ(f)		iii		Entity’s website address.	Mandatory
17AJ(g)		iii		Electronic address of report.	Mandatory
17AD(a)	Review by accountable authority				
17AD(a)	3–8	151–153	241–244	A review by the accountable authority of the entity.	Mandatory
17AD(b)	Overview of the entity				
17AE(1)(a)(i)	9	154	244	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	10	154	245	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	11	155	245	A description of the outcomes and programmes administered by the entity.	Mandatory

PGPA Rule Reference	Page			Description	Requirement
	Department of Industry, Innovation and Science	Geoscience Australia	IP Australia		
17AE(1)(a)(iv)	10	158	248	A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(1)(aa)(i)	10	154	244	Name of the accountable authority or each member of the accountable authority	Mandatory
17AE(1)(aa)(ii)	10	154	244	Position title of the accountable authority or each member of the accountable authority	Mandatory
17AE(1)(aa)(iii)	10	154	244	Period as the accountable authority or member of the accountable authority within the reporting period	Mandatory
17AE(1)(b)		8		An outline of the structure of the portfolio of the entity.	Portfolio departments mandatory
17AE(2)		Not applicable		Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, Mandatory
17AD(c)	Report on the Performance of the entity				
	<i>Annual Performance Statements</i>				
17AD(c)(i); 16F	13–54	157–183	247–264	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory
17AD(c)(ii)	<i>Report on Financial Performance</i>				
17AF(1)(a)	53–54	184	264	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	73–76	229	300–301	A table summarising the total resources and total payments of the entity.	Mandatory

PGPA Rule Reference	Page			Description	Requirement
	Department of Industry, Innovation and Science	Geoscience Australia	IP Australia		
17AF(2)		Not applicable		If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, Mandatory.
17AD(d)	Management and Accountability				
	Corporate Governance				
17AG(2)(a)	2	150	240	Information on compliance with section 10 (fraud systems)	Mandatory
17AG(2)(b)(i)	2	150	240	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)	2	150	240	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory
17AG(2)(b)(iii)	2	150	240	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory
17AG(2)(c)	55–56	185	265	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d)–(e)	56	186	266	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to noncompliance with Finance law and action taken to remedy noncompliance.	If applicable, Mandatory

PGPA Rule Reference	Page			Description	Requirement
	Department of Industry, Innovation and Science	Geoscience Australia	IP Australia		
External Scrutiny					
17AG(3)	56	186	266	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	56	186	266, 299	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, Mandatory
17AG(3)(b)	56	186	266	Information on any reports on operations of the entity by the AuditorGeneral (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory
17AG(3)(c)	56	Not applicable	Not applicable	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory
Management of Human Resources					
17AG(4)(a)	57–59	186–188	267–268	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(aa)	60–61	230–231	302	Statistics on the entity's employees on an ongoing and nonongoing basis, including the following: (a) statistics on fulltime employees; (b) statistics on parttime employees; (c) statistics on gender; (d) statistics on staff location.	Mandatory

PGPA Rule Reference	Page			Description	Requirement
	Department of Industry, Innovation and Science	Geoscience Australia	IP Australia		
17AG(4)(b)	62–66	232–236	303–306	Statistics on the entity's APS employees on an ongoing and nonongoing basis; including the following: <ul style="list-style-type: none"> • Statistics on staffing classification level; • Statistics on fulltime employees; • Statistics on parttime employees; • Statistics on gender; • Statistics on staff location; • Statistics on employees who identify as Indigenous. 	Mandatory
17AG(4)(c)	67	236	307	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory
17AG(4)(c)(i)	67	236	307	Information on the number of SES and nonSES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory
17AG(4)(c)(ii)	67	236	307	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	67	236	307	A description of nonsalary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	68	236	308	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory
17AG(4)(d)(ii)	68	Not applicable	308	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory
17AG(4)(d)(iii)	68	Not applicable	308	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory
17AG(4)(d)(iv)	68	Not applicable	308	Information on aggregate amount of performance payments.	If applicable, Mandatory

PGPA Rule Reference	Page			Description	Requirement
	Department of Industry, Innovation and Science	Geoscience Australia	IP Australia		
Assets Management					
17AG(5)		Not applicable		An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities	If applicable, mandatory
Purchasing					
17AG(6)	76	188	269	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory
Consultants					
17AG(7)(a)	77	188	269	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory
17AG(7)(b)	77	188	269	A statement that “ <i>During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]</i> ”.	Mandatory
17AG(7)(c)	77	188	269	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory

PGPA Rule Reference	Page			Description	Requirement
	Department of Industry, Innovation and Science	Geoscience Australia	IP Australia		
17AG(7)(d)	77	188	270	A statement that “ <i>Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.</i> ”	Mandatory
Australian National Audit Office Access Clauses					
17AG(8)	77	188	270	If an entity entered into a contract with a value of more than \$100 000 (inclusive of GST) and the contract did not provide the AuditorGeneral with access to the contractor’s premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, Mandatory
Exempt contracts					
17AG(9)	77	188	269	If an entity entered into a contract or there is a standing offer with a value greater than \$10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, Mandatory
Small business					
17AG(10)(a)	76	188	269	A statement that “[<i>Name of entity</i>] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance’s website.”	Mandatory

PGPA Rule Reference	Page			Description	Requirement
	Department of Industry, Innovation and Science	Geoscience Australia	IP Australia		
17AG(10)(b)	76	188	269	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)	76	188	Not applicable	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that “[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.”	If applicable, Mandatory
Financial Statements					
17AD(e)	80–138	192–227	272–297	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
Executive Remuneration					
17AD(da)	68–72	187, 237–238	267–268, 309–310	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 23 of the Rule.	Mandatory
17AD(f)	Other Mandatory Information				
17AH(1)(a)(i)		Not applicable		If the entity conducted advertising campaigns, a statement that “During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.”	If applicable, Mandatory
17AH(1)(a)(ii)	77	189	270	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory

PGPA Rule Reference	Page			Description	Requirement
	Department of Industry, Innovation and Science	Geoscience Australia	IP Australia		
17AH(1)(b)	77	189	Not applicable	A statement that “ <i>Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity’s website].</i> ”	If applicable, Mandatory
17AH(1)(c)	59	188	269	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	57	186	266	Website reference to where the entity’s Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory
17AH(1)(e)	147	Not applicable	Not applicable	Correction of material errors in previous annual report	If applicable, mandatory
17AH(2)	139–145	Not applicable	Not applicable	Information required by other legislation	Mandatory

Index

- Aboriginal and Torres Strait Islander people
acknowledgement of cultural perspective, 7, 58
employees, 7, 58, 66, 236
Absence toolkit (DIIS), 59
Accelerating Commercialisation (Entrepreneurs' Programme), 20, 45
Acceptable Quality Levels, IP rights administration, 252
Access and Inclusion Index, DIIS participation in, 58
access clause, contracts, 77, 188, 270
Access to World-leading Astronomy Infrastructure, 23
AccessAbility Action Plan 2016–2019 (IP Australia), 269
accommodation refresh project (IP Australia), 244, 249, 252, 268
accountable authority
Department of Industry, Innovation and Science, 10
Geoscience Australia, 154
IP Australia, 244
Accountable Authority Instructions, 76, 77, 185, 188, 269
administered revenue (DIIS), 54; *see also* financial statements
Administration of the Data Retention Industry Grants Program (ANAO report), 56
Administrative Appeals Tribunal, 266, 299
Administrative Decisions (Judicial Review) Act 1977, 299
Advanced Manufacturing Growth Centre, 31
Advanced Manufacturing Growth Fund, 31, 38, 39
advanced manufacturing projects, investment, 4, 18, 31, 38, 39
Advancing Space: Australian Civil Space Strategy 2019–2028, 4, 31, 40
Advancing Women in STEM strategy, 6, 18, 22, 24
advertising and market research
Department of Industry, Innovation and Science, 77–78
Geoscience Australia, 189
IP Australia, 270
Advisory Board (Geoscience Australia), 185
Advisory Council on Intellectual Property, 243
Africa, digital data development, 152, 175, 178
Agency for Science, Technology and Research (Singapore), 7
AIP National Framework, 141
AIP Plans, requirements for, 139, 140, 141, 142
aircraft refuelling flow meters, calibration service, 29
Airservices Australia vertical obstructions data, 167, 168
Alex, IP virtual assistant, 242, 258
Alice Springs satellite ground station operations, 180, 181, 183
aluminium extrusions, transhipment of, 30
An India Economic Strategy to 2035, 162
Anglo American, global mining business, 164
Anglo-Australian Telescope, 8
Annual Performance Statements
Department of Industry, Innovation and Science, 13–54
Geoscience Australia, 157–184
IP Australia, 247–264
Annual Procurement Plan (DIIS), 76
Antarctic Science Collaborative Initiative, 22, 24
Antarctic shallow-water mapping project, 173
Antarctic Treaty (Environment Protection) Act 1980, 172
anti-circumvention inquiry, 30
Anti-Dumping Commission, 30, 35, 48
ANZLIC, 176
APPEA conference, 160, 163
appeals of decisions (IP Australia), 266, 299
application processing interfaces, introduction of, 242, 243, 258
APS Disability Employment Strategy 2016–19, 269
APS Reform Committee, 7
APS Statistical Bulletin, 59, 188, 269
artificial intelligence, development of tools, 4, 6, 242, 249
As One: Making it Happen (APS Disability Employment Strategy), 269
Asia capability development courses, 36
patent examination training, 264
Asia-Pacific Economic Cooperation meetings, 35
Asia Pacific Laboratory Accreditation Cooperation, membership of, 34
Asia-Pacific region, disaster management capabilities, 169
Asialink Business, 36
Assistant Minister for Science, Jobs and Innovation, 140
Association of Southeast Asian Nations, IP assistance to, 264
Astronomer-at-large, appointment of, 6
astronomy infrastructure, access to, 23
Athena SWAN accreditation process, 187
Atomic Energy Act 1953, 170, 171
Attorney-General's Department, 176
attorney registration applications processing standards, 251; *see also* patent attorneys, regulatory regime
Audit and Risk Committee (Geoscience Australia), 185
Audit Committee (IP Australia), 265, 266
Auditor-General, access clause, 77, 188, 270; *see also* Australian National Audit Office (ANAO)
AusAEM program, 162; *see also* electromagnetic survey datasets
AusIndustry, 8, 26, 42
AusLAMP program, 162
AusSeabed, bathymetry data coordination program, 152, 172, 173, 174
AusTender, 76, 77, 188, 269
Austrade, 32, 163
Australia – New Zealand Science, Research and Innovation Cooperation Agreement, 166
Australia – WIPO Funds in Trust Program, 263
Australia-China Science and Research Fund, 18, 22
Australia-Hong Kong Free Trade Agreement, 35
Australia-India Strategic Research Fund, 22
Australian Antarctic Division, 172, 173
Australian Antarctic Science, 22, 172
Australian Astronomical Observatory, 18
Australian Astronomical Observatory (Transition) Act 2018, 18
Australian Astronomical Optics, 18
Australian Beef Sustainability Framework, 174
Australian Building Codes Board, 30
Australian Citizen Science Association, ACT chapter, 182
Australian Comprehensive Nuclear-Test-Ban Treaty International Monitoring System, 179, 180; *see also* nuclear detonations monitoring system
Australian Critical Minerals Prospectus, 163
Australian Disaster Preparedness Framework, 165
Australian Domestic Gas Security Mechanism, 32; *see also* gas supply, security mechanisms
Australian Exposure Information Platform, 168, 169
Australian Federal Police, 19
Australian Flood Risk Information Portal, 165
Australian Forensic Drug Laboratory, 19
Australian Government Investigations Standards 2011, 56
Australian Government Procurement Statement, 141; *see also* Commonwealth Procurement Rules
Australian Hydrographic Office, 152, 172, 173
Australian Illicit Drug Intelligence Program, 19
Australian Industry Participation Authority, 48
performance report, 139–142
Australian Information Commissioner, 56, 186, 266
Australian Institute of Marine Science, 8, 54
Australian Jobs Act 2013, 139–142
statutory review of, 140–141
Australian Jobs (Australian Industry Participation) Rule 2014, 140
Australian Journal of Earth Sciences, 163
Australian Lithospheric Architecture Magnetotelluric Project, 162
Australian Marine Parks Science Atlas, 172
Australian Marine Spatial Information System, 175, 176
Australian Museum, collaboration on vertebrate collections, 182
Australian National Audit Office (ANAO), 41
audit reports, 56
independent audit reports
Department of Industry, Innovation and Science I, 80–83
Geoscience Australia, 192–193
IP Australia, 272–273
Australian National Commission for the United Nations Educational, Scientific and Cultural Organization for the International Geological Correlation Program, 184
Australian National Seismograph Network, 179, 180, 183
Australian Network on Disability, 58, 269
Australian Nuclear Science and Technology Organisation, 8, 54

- Australian Petroleum Production and Exploration Association conference, 160, 163
- Australian Public Service, review of, 7
- Australian Rainfall and Runoff*, 169
- Australian Reinsurance Pool Corporation, 165
- Australian Renewable Energy Mapping Infrastructure, 177
- Australian Research Council Industrial Transformation Research Program, 31, 37, 38
- Australian Science Teachers Association, 183
- Australian Securities Exchange notices, 140
- Australian Space Agency Charter, 31, 40
- Australian Space Agency, establishment, 4, 31–32, 40
- Australian Tsunami Advisory Group, 165
- Australian Tsunami Hazard Assessment, 164, 169
- Australian Tsunami Warning System, 167
- Australian Vulnerability Profile Project, 165
- Australia's Critical Minerals Strategy 2019*, 6, 32, 43, 163
- Australia's Tech Future: Delivering a strong, safe and inclusive digital economy*, 6, 20, 35
- Automotive Transformation Scheme, 39, 143–144
- Automotive Transformation Scheme Act 2009*, 143
- awards
- employees, 58
 - Smart Trade Mark initiative, 243
- bathymetry data acquisition and management, 172–174
- Beetaloo Sub-basin Geological and Bioregional Assessment, 151
- Bioregional Assessment Program, 152, 161, 170
- BizLab Academy, 51, 52
- BluePrism Excellence in Enterprise RPA Awards, 53
- Boards and Committees Toolkit (DIIS), 51
- Budget estimates hearings, 56, 266
- Building a high performance organisation (Sub-program 3.2 (DIIS) Activity), 11, 15
- main achievements, 50–51
 - performance criteria and results, 52
- Building Australia's resource wealth (Geoscience Australia strategic priority), 158
- analysis of performance, 164
 - key performance indicator, 163
 - objective and role, 160
 - performance criteria and results, 160–163
 - program deliverables, 160–163
- Business Grants Hub, 46, 49
- Business Grants Management System, 46, 51
- business innovation activity, growth in, 21
- Business Investment Committee (IP Australia), 265
- business plans (DIIS), 56
- Business Registration Service, 46, 49
- Business Research and Innovation Initiative, 25
- evaluation, 27
- business services, streamlining service delivery, 46, 49
- business systems, availability (IP Australia), 251, 259
- business.gov.au, 46
- website traffic, 50
- Capability Improvement Grants, 46
- Carbon Capture and Storage Flagships, 41
- carbon dioxide storage potential, advice on, 163
- career planning, Geoscience Australia, 186
- Carmichael mine
- approval for, 6
 - impact on groundwater resources, assessment, 170
 - central business district models, 165
- Centre for Defence Industry Capability, 4, 45, 46
- Certain Inputs to Manufacture, 34
- Challenge-based Innovation Forum, 24
- Changing Mindsets 3+3 program, 269
- Charters Towers seismograph station, 179, 180
- Chief Executive Officer's review (Geoscience Australia), 151–154
- China
- international agreement with, 263
 - IP Counsellor to, 262
 - research alliances, funding, 18, 22
- China IP protection guide, 257
- China Mining Congress and Expo, 163
- Chinese National Intellectual Property Administration, MoU with, 263
- Cibo Labs, start-up company, 174
- citizen science project, 182
- classification, staff, 62–66, 232–234, 236, 303–305, 307
- Clean Energy Finance Corporation investment, 141, 142
- CO2CRC, collaboration with, 163
- Coal Mining Abatement Technology Support Package, 41
- coal mining and coal seam gas, assessment of impacts on water resources, 170
- Comcare, 59, 188, 267, 268
- commercialisation, support for; see Purpose 1 (DIIS): Supporting science and commercialisation
- Commissioner of Patents, 266
- appeals against decisions, 299
- Commonwealth Contracting Suite, 76
- Commonwealth Electoral Act 1918*, 189
- Commonwealth Fraud Control Framework 2017*, 56, 186
- Commonwealth Ombudsman, 56, 186, 266
- Commonwealth Procurement Rules, 76, 77, 188, 269; see also Australian Government Procurement Statement
- Commonwealth Scientific and Industrial Research Organisation, 6, 7, 8, 54, 163, 171
- Community Development Package, 32, 42
- compliance with finance law, 56, 186, 266
- Comprehensive and Progressive Agreement for Trans-Pacific Partnership, 35
- Comprehensive Nuclear-Test-Ban Treaty network, 179, 180; see also nuclear detonations monitoring system
- consultancy contracts, 77, 188, 269
- Convention Establishing the Square Kilometre Array Observatory, 18; see also Square Kilometre Array Observatory Convention
- Cooper Basin Geological and Bioregional Assessment, 152, 161
- Cooperative Research Centres Program, 4, 19, 25, 29, 31, 37, 38
- contributions to sustainable development, 146
- Copernicus Emergency Management System, 168
- corporate governance
- Department of Industry, Innovation and Science I, 55–56
 - Geoscience Australia, 185–186
 - IP Australia, 265
- corrections to 2017–18 annual report (DIIS), 147
- cost recovery measures
- IP Australia, 249, 255
 - National Offshore Petroleum Titles Administrator, 41, 145
- Council of Australian Governments Energy Council, 6, 9, 162
- Council of Australian Governments Resources Roundtable, 5, 32
- Council of Ethical Security Testers, 39
- CRC Projects, support for, 4, 19, 25, 28, 31; see also Cooperative Research Centres Program
- Crisis Coordination Centre, advice and support to, 166, 167, 168
- Critical Metals in Australia: A Review of Opportunities and Research Needs*, 162
- Critical Minerals in Australia*, 163
- critical minerals industry, 6, 32, 43, 162, 163, 164
- CSIRO; see Commonwealth Scientific and Industrial Research Organisation
- Cultural Reference Group (Geoscience Australia), 187
- Culturally and Linguistically Diverse Network (DIIS), 58
- Customer Satisfaction Survey (IP Australia), 251, 259, 260
- Customer Service Charter (IP Australia), 242, 252, 253–255, 256, 259
- future review of, 257, 259
- cyber resilience, parliamentary hearings on, 186
- Cyber Security Growth Centre, 31
- Cyber Security Small Business Program, 39
- Data Integration Partnership for Australia, 53, 175, 176
- data literacy, IP Australia staff, 252
- Data Retention Industry Grants Program, audit of, 56
- Data Strategy 2018–20 (DIIS), 7, 50, 52
- data visualisation tools, use of, 52
- Data61 (CSIRO), 6
- data.gov.au, 34, 263
- DataHub (DIIS online portal), 52
- Davis Multibeam Survey 2016–17, Antarctica–High Resolution Bathymetry Grid, 173
- DEA Labs, small-scale industry incubator, 174, 177, 178
- deep seismic surveys
- Kidson Sub-basin WA, 151, 160
 - Lachlan Orogen, Vic/NSW, 162
 - see also seismic surveys
- Defence Global Competitiveness Grants, 46
- defence industry, development, 4, 45, 46
- Defence Innovation Hub, 45
- Defence Map Digitisation project, completion of, 182
- deliverables; see program deliverables
- Department of Agriculture and Water Resources, 172
- Department of Defence, 4, 45, 46, 163, 176
- Department of Employment, Skills, Small and Family Business, 48

- Department of the Environment and Energy, scientific and technical advice to, 146, 152, 161, 170, 171, 172
- Department of Finance, 8, 76, 188, 269
- Department of Foreign Affairs and Trade, 169, 177
- Department of Industry, Innovation and Science
- annual performance statements, 13–54
 - financial statements, 80–138
 - management and accountability, 55–78
 - outcome and program structure, 11, 15
 - portfolio and departmental overview, 3–11
 - purposes, 10
 - role and functions, 9
- Deregulation Agenda, 48; *see also* regulatory reform; Regulatory Reform Agenda
- design economy, holistic review of, 243, 261
- Designs Act 2003*, 244
- designs, processing standards, 252, 254–255, 256, 257
- Designs Review Project, 261
- Digital Canberra iAward, 243
- digital capability development (DIIS), 51
- Digital Careers program, 26
- Digital Continuity 2020 Policy, compliance, 251
- Digital Earth Africa, 152, 178; *see also* Africa, digital data development
- Digital Earth Australia, 152, 174
- digital economy, measures to enhance, 6, 20, 35
- Digital Productivity, 26
- Digital Service Standards, compliance with (IP Australia), 260
- Director General's review (IP Australia), 241–245
- Disability and Wellness Network (DIIS), 58
- Disability Champions Network (APS), 57
- Disability Confident Recruiter accreditation (DIIS), 58
- disability reporting mechanisms, 59, 188, 269
- disaster management and emergency services sector, advice to, 167–168, 169
- discoverability and accessibility of information, resources and collections (Geoscience Australia), 178–183
- Discovery House, refurbishment of, 249; *see also* office refurbishment, IP Australia
- dispute resolution services, access to, 262
- diversity and inclusion
- Department of Industry, Innovation and Science, 57–58
 - Geoscience Australia, 187
 - IP Australia, 269
- Diversity, Culture and Inclusion Champions Group (Geoscience Australia), 187
- domestic gas market; *see* gas supply, security mechanisms
- Draft Comprehensive Environmental Evaluation for Continuation and Modernization of McMurdo Station Area Activities in Antarctica, 172
- Early Stage Venture Capital Limited Partnership program, investment in, 19
- earth science olympiads, 182
- Earth Science Week, 182
- earthquake and tsunami alert systems, 166, 167
- earthquake cataloguing, 165, 166
- earthquake monitoring capability, 153, 179, 183; *see also* seismic networks
- ecologically sustainable development and environmental performance report
- Department of Industry, Innovation and Science I, 146
 - Geoscience Australia, 189
 - IP Australia, 270
- Economic Data and Analysis Network, 53
- economic growth, vision for, 3, 9, 14, 17
- economic transformation, facilitating, 4, 9
- education and awareness (IP Australia), 244, 257–260
- Education Centre (Geoscience Australia), 153; *see also* outreach and education activities (Geoscience Australia)
- Education Services Australia, 22
- 80 days of Earth Discovery, 182
- electromagnetic survey datasets, 151, 160, 162
- EM-LINK, emergency management web services catalogue, 167, 168, 169
- Emergency Management Spatial Resources Directory, upgrade, 167
- employee assistance programs, 59, 187, 268
- employment arrangements/workplace agreements, 67, 187, 236, 307
- employment growth, 17
- Encompass Corporation Pty Ltd v InfoTrack Pty Ltd* NSD 1689/2015, 299
- energy resources assessment, 160–161, 163, 164
- Energy Resources of Australia, 32
- Enhanced Location Value Information System, 172, 175, 176, 178
- Ensuring Australia's community safety (Geoscience Australia strategic priority), 158
- analysis of performance, 169
 - key performance indicators, 168
 - objective and role, 164
 - performance criteria and results, 164–168
 - program deliverables, 164–168
- Enterprising Australians program, 19
- entity-level performance (Geoscience Australia), 159
- entity resource statement
- Department of Industry, Innovation and Science I, 73–74
 - Geoscience Australia, 229
 - IP Australia, 300
 - see also* financial statements
- Entrepreneurs' Programme, 4, 20, 30, 36, 45
- Environment Protection and Biodiversity Conservation Act 1999*, 146, 163, 170, 171, 172
- environmental management system
- Geoscience Australia, 189
 - IP Australia, 270
- Estimates of Geological and Geophysical Surfaces, 162
- European Patent Office, MoU with, 263
- European Southern Observatory
- allocated observing time, 23
 - Industrial Liaison Officer appointment, 30
- European Space Agency, 32
- European Union Intellectual Property Office, MoU with, 263
- evaluation program (IP Australia), 262
- Examination Excellence, IP rights administration, 242, 249
- Executive Board
- Department of Industry, Innovation and Science, 55, 58
 - IP Australia, 265
- Executive remuneration
- Department of Industry, Innovation and Science, 68–70
 - Geoscience Australia, 187, 237–238
 - IP Australia, 267–268, 309
- exempt contracts, 77, 188, 269
- expenses and resources statements
- Department of Industry, Innovation and Science I, 73–76
 - Geoscience Australia, 229
 - IP Australia, 300–301
 - see also* financial statements
- exploration permits, offshore; *see* Offshore Petroleum Exploration Acreage Release
- Exploring for the Future program, 151, 160, 172
- export hubs; *see* SME Export Hubs Initiative
- export markets, development of, 5, 53; *see also* SME Export Hubs Initiative
- exposure information system, natural hazards, 168
- external scrutiny
- Department of Industry, Innovation and Science, 56
 - Geoscience Australia, 186
 - IP Australia, 266, 299
- feasibility study grants, 25
- Federal Court, 266, 299
- Festival of Questacon, 19
- financial performance summary
- Department of Industry, Innovation and Science, 53–54
 - Geoscience Australia, 184, 229
 - IP Australia, 251, 264, 300–301
 - see also* financial statements
- financial statements
- Department of Industry, Innovation and Science, 80–138
 - independent audit report, 80–83
 - Geoscience Australia, 192–227
 - independent audit report, 192–193
 - IP Australia, 272–297
 - independent audit report, 272–273
- flexible working arrangements, IP Australia, 244, 249, 252, 268
- Flexible Workplaces Network (DIIS), 58
- flood risk studies, accessibility, 165
- Food and Agribusiness Growth Centre, 31
- Food for Precision Health Initiative, 7
- foreign investment growth, 33, 45
- Foreign Investment Review Board consultations, 163
- Foundation Spatial Data Framework, 175, 176
- Fraud and Corruption Control Plan 2018–20* (DIIS), 56
- Fraud Awareness Week 2018, 56

- fraud control
 Department of Industry, Innovation and Science, 56
 Geoscience Australia, 186
 IP Australia, 266
- Fraud Risk Register and Treatment Plan (IP Australia), 266
- free trade agreements, 35
- IP issues in, 263
- Freedom of Information Act 1982*, 57, 186, 266
- FrontierSI, 152, 172
- full time staff, 60–65, 230–234, 302–305
- Future Battery Industries Cooperative Research Centre, 31
- Future Food Systems Cooperative Research Centre, 31
- Future Oysters Cooperative Research Centre Project, 28
- Future Way of Working Program (IP Australia), 244, 268
- G-NAF, updated versions, 34
- Gas Acceleration Program, 32, 42
- gas supply, security mechanisms, 32, 42, 43
- gender, staff, 60–66, 230–233, 302–304
- geochemical surveys, 160, 161
- geochronology data compilation, 160, 162
- Geocoded National Address File, 34
- geographic information services, 174–178; *see also* Providing fundamental geographic information (Geoscience Australia strategic priority)
- Geological and Bioregional Assessment Program, 152, 161, 170
- geological storage of carbon dioxide, 163
- Geological Survey of India, MoU with, 162
- Geological Survey of Queensland, 164
- geological survey organisations, information service provision, 182
- Geological Time Walk, 182
- geomagnetic data collection and management, 153, 179, 180
- geophysical surveys, 151, 160, 161, 162
- GeoRef international bibliographic database, contribution to, 182
- Geoscience Australia, 8
 annual performance statements, 157–184
 financial statements, 192–227
 management and accountability, 185–189
 outcome and program structure, 155
 overview, 151–155
 purpose, 158
 role and functions, 154
- Geoscience Australia Enterprise Agreement 2019–22, 187
- Geoscience Australia Strategy 2028*, 153
- Geoscience Australia's Citizen Science Community of Practice, 182
- geoscience data acquisition and delivery systems, 160–183
- geospatial data systems, 168, 176, 178
- geothermal air-conditioning system (Geoscience Australia), 189
- Girls in Earth and Marine Science, 182
- Girls in STEM Toolkit, 22
- Global Connections Fund, 26
- Global Entrepreneurship Monitor, 33
- Global Innovation Index, 33
- Global Innovation Linkages program, 18
- Global Innovation Strategy, 18, 22
- evaluation, 26–27
- Global Navigation Satellite System network, 176
- Global Positioning Systems (GPS) improvements, funding for, 152;
see also Satellite Based Augmentation System technology
- Global Supply Chain Program, 45
- Good Oil Conference, 163
- GovCMS platform, 51
- Governance and Integrity of the Northern Australia Infrastructure Facility (ANAO report), 56
- governance committees
 Department of Industry, Innovation and Science, 55
 Geoscience Australia, 185
 IP Australia, 265, 266
- graduate program (Geoscience Australia), 186
- grant programs, agency, 77, 189, 270
- GrantConnect, 77, 189
- grants management system, 46; *see also* Business Grants Hub;
 Business Grants Management System
- gross domestic product, 17
- gross value added, by industry, 17, 21
- ground gravity surveys, 162
- groundwater resource assessment, 152, 164, 170–171
- groundwater surveys, 160
- Group of 20 meeting, 35
- Growth Centres, 4, 31, 37, 38; *see also* Industry Growth Centres Initiative
- Growth Centres Advisory Committee, 41
- Handback Deed (Maralinga), 41
- handdii, start-up company, 45
- Harmony Week events, 58
- hazard assessments, 164, 165, 169
- Horticulture 90-Day Regulatory Mapping and Reform Project (Western Australia), 49
- House of Representatives Standing Committee on Indigenous Affairs inquiry into inauthentic art and craft products, 266
- human resources management
 Department of Industry, Innovation and Science, 57–58
 Geoscience Australia, 186–187
 IP Australia, 267
- hydrogen strategy, COAG working group, 6
- hydrogeochemistry surveys, 160
- hydrogeological data compilation, 160, 171
- Ichthys gas field, exports from, 5
- ICT Strategy Committee (Geoscience Australia), 185
- incubator projects, small and medium-sized enterprises, 30, 174, 177, 178
- Incubator Support (Entrepreneurs' Programme), 30
- Incubator Support Expert-in-Residence stream, 30
- India Economic Strategy to 2035*, An, 162
- Indian Ocean Tsunami Warning and Mitigation System, 167
- Indigenous artwork, Alice Springs satellite station, 180
- Indigenous employees, 7, 58, 66, 236
- Indigenous Employees Network (DIIS), 58
- Indigenous engagement on development of northern Australia, 5, 32
- Indigenous knowledge, IP protection issues, 261
- Indigenous Procurement Policy, 76
- Indigenous Reference Group, 5, 32
- Indonesia-Australia Comprehensive Economic Partnership Agreement, 35
- Industrial Transformation Research Program, 31, 37, 38
- Industry 4.0 Testlabs, establishment, 30
- Industry Capability Network Limited, 141
- Industry Growth Centres Initiative, 4, 37; *see also* Growth Centres Industry Growth Policy, 38
- industry service organisations, support for, 34
- Information Publication Scheme, 57, 186, 266
- Infrastructure and Platforms Innovation of the Year award, 243
- Innovate Reconciliation Action Plan 2019–2021* (DIIS), 7, 58
- Innovation Games, funding for, 5
- innovation results, IP Australia, 263
- Inspiring all Australians in STEM, 22; *see also* science, technology, engineering and mathematics (STEM) capabilities
- Inspiring Australia program, 19, 22
- intangible assets, business investment in, 21
- Intellectual Property Laws Amendment (Productivity Commission Response Part 1 and Other Measures) Act 2018*, 243, 261
- Intellectual Property Laws Amendment (Productivity Commission Response Part 2 and Other Measures) Bill 2019, 243, 261, 263
- Intergovernmental Committee on Surveying and Mapping, 152, 176
- International Charter for Space and Major Disasters, activation, 168
- International Electrotechnical Commission, membership of, 34
- international engagement, 18, 19, 22, 35, 162, 166
 on intellectual property matters, 243, 260–264
see also free trade agreements; Global Innovation Strategy
- International Engagement Strategy 2030 (IP Australia), 261, 263, 264
- International Geological Correlation Program, 184
- International Laboratory Accreditation Cooperation, membership of, 34
- International Monitoring System of the Comprehensive Nuclear-Test-Ban Treaty Organization, Australia's contribution to, 179
- International Organization for Standardization, membership of, 34
- International Seabed Authority, 176
- International Searching and Preliminary Examining Authority, IP Australia's status as, 243, 249
- International Space Investment, 39
- Investment Monitor (Deloitte Economics), 140

- IP Australia, 8
 annual performance statements, 247–264
 financial statements, 272–297
 management and accountability, 265–270
 objectives, 248
 outcome and program structure, 248
 overview, 241–245
 purpose, 248
 role and functions, 244
- IP Counsellor to China, 262
- IP Data Platform, 243, 261, 263, 264
- IP Mediation Referral Service, 262
- IP rights administration, 241–242, 244
- processing standards, 252–257
- IP Summit, 260
- Isa Superbasin Geological and Bioregional Assessment, 152, 161
- ISO 9001, 251
- Japan, 5, 19, 161
- Japan Agency for Marine Earth Science and Technology, 161
- job creation, vision for, 14, 17
- Job Family Model (APS), 57
- Joint Australian Tsunami Warning Centre, 166, 167
- Joint Committee of Public Accounts and Audit, 186
- Joint Petroleum Development Area, 41
- Joint Standing Committee on Trade and Investment Growth, 186
- judicial review of decisions, 266, 299
- Karratha Gas Plant, 33
- Kerguelen Plateau Bathymetry Grid-Revision, 173
- key performance indicators
 Geoscience Australia, 163, 168, 170, 173, 175, 176, 180, 181
 National Offshore Petroleum Titles Administrator, 41
- Kidson Sub-basin, WA, seismic survey, 151, 160
- knowledge-intensive industries, growth in, 21, 29
- L3 Micreo, 45
- La Silla-Paranal Observatory, Chile, 23
- labour productivity, 17
- Lachlan Orogen, Vic/NSW, seismic survey, 162
- Lake Muir earthquake 2018, 153, 165, 166, 179
- Landsat, 175, 180, 183
- Landsat Ground Network, 180, 183
- leadership training (Geoscience Australia), 186
- Leona M. and Harry B. Helmsley Charitable Trust, funding for Digital Earth Africa, 152, 178
- letter of transmittal
 Department of Industry, Innovation and Science, 2
 Geoscience Australia, 150
 IP Australia, 240
- library services (Geoscience Australia), 182, 183
- liquefied natural gas market, 5, 32
- Location Index, development of, 175, 177
- location, staff, 60–61, 66, 230–231, 235, 302, 306
- Lord Howe Rise initiative, 151, 161
- lunar touchstone, display of, 153, 182
- machine learning capabilities, IP rights administration, 242, 249, 250
- Madrid Online Training modules, 263
- Maintaining geoscience knowledge and capability (Geoscience Australia strategic priority), 158
 analysis of performance, 183
 key performance indicators, 180, 181
 objective and role, 178
 performance criteria and results, 179–182
 program deliverables, 179–182
- management and accountability
 Department of Industry, Innovation and Science, 55–78
 Geoscience Australia, 185–189
 IP Australia, 265–270
- Manager Capability and Confidence strategy (DIIS), 59
- Managing Australia's marine jurisdiction (Geoscience Australia strategic priority), 158
 analysis of performance, 173–174
 key performance indicators, 173
 objective and role, 171
 performance criteria and results, 172–174
 program deliverables, 172–173
- Maralinga Maintenance, 41
- Marine Biodiversity Hub (National Environmental Science Program), 172, 173
- marine jurisdiction, management of, 152, 171–174; *see also* Managing Australia's marine jurisdiction (Geoscience Australia strategic priority)
- marine mapping surveys, 172–174
- marine parks, protection of conservation values, 172, 173
- marine seismic surveys, environmental impact of noise, 172
- maritime boundaries, determination of, 176
- market research and advertising; *see* advertising and market research
- market regulation index, OECD, 47
- measurement standards, reform activities, 19
- Meat and Livestock Australia Limited v Cargill, Inc* VID 542/2016, 299
- mediation referral service, 262
- Medical Technologies and Pharmaceuticals Growth Centre, 31, 37
- memoranda of understanding, 162
 intellectual property agreements, 263
 international space agencies, 32, 40
- mental health awareness training (DIIS), 59
- Mental Health Capability Review, 7
- Mental Health First Aid Skilled Workplace, 7, 58
- Metre Convention, international, 24
- mine site, rehabilitation plans, 32, 42
- minerals and energy exploration, 151, 160–164, 172; *see also* Exploring for the Future program
- MinEx Cooperative Research Centre, 162
- Mining Equipment, Technology and Services Growth Centre, 31, 37
- mining sector, contribution to GDP, 5
- Minister for Industry, Science and Technology, 8
- Minister for Resources and Northern Australia, 8, 32
- Ministerial Forum on Northern Development, 5, 32
- Mount Isa region, Qld, exploration potential, 151, 160
- multifactor productivity, 17
- Murray-Darling Basin Authority, water resources monitoring, 152, 174, 177
- National Aeronautics and Space Administration (US), 153
- National Association of Testing Authorities, 34
- National Australian Built Environment Rating System, 189
- National Business Simplification Initiative, 49
- National Climate Science Advisory Committee, 146
- National Computational Infrastructure, workflows for, 172
- National Disability Strategy 2010–2020, 59, 188
- National Disaster Risk Reduction Framework*, 165
- National Drilling Initiative, 162
- National Earthquake Alerts Centre, 166, 167
- National Geohazards Monitoring Centre (New Zealand), 166
- National Innovation and Science Agenda, 26, 27, 28
- National Marine Science Committee, 175
- National Measurement Institute, 19, 24, 29, 48
- National Mineral and Fossil Collection, accessibility, 182, 183
- National Mineral Exploration Strategy, 162
- National Offshore Petroleum Information Management System, 145, 161, 181
- National Offshore Petroleum Safety and Environmental Management Authority, 8, 54, 145, 172, 182
- National Offshore Petroleum Titles Administrator, 32, 41, 48, 54, 145, 181
- National Partnership Agreement on the Management of the Former Rum Jungle Mine Site, 42
- National Positioning Infrastructure project, 177, 178
- National Radioactive Waste Management Facility Community Benefit Programme, 42
- National Resources Statement*, 5, 32, 43
- National Science and Technology Council, 24
- National Science Teachers Summer School, 28, 153, 183
- National Science Week, 19, 182
- National Seismic Hazard Assessment, 164, 169
- National Steering Committee for Disaster Risk Reduction, 165
- National Survey of Research Commercialisation, 21
- National Volunteer Week activities, 182
- National Youth Science Forum, 28, 182
- NationalMap portal, 175, 176, 177, 178
- natural disaster preparedness, 152, 164–169
- natural hazards exposure information system, 168
- New and Existing Incubators stream, 30
- New Zealand
 collaboration on SBAS, 152, 178
 geohazards monitoring, 165, 166
 international agreement with, 166
 patent attorney regulatory regime, 249
- Next Generation Manufacturing Investment Programme, 39
- non-compliance reporting, 56, 186, 266

non-ongoing staff, 60–66, 230–235, 302–306
 North American Prospect Expo, 163
 North Queensland floods, response to, 168
 North Queensland Livestock Industry Recovery Agency, 177
 North West Shelf Commerciality Review, 32, 43
 North West Shelf Project, royalty payments, 41, 42
 North West Shelf prospectivity assessment, 151
 Northern Australia Geochemical Survey, 160
 Northern Australia Indigenous Reference Group, 5, 32
 Northern Australia Infrastructure Facility, 5, 8, 32, 44, 54, 141–142
 Australian National Audit Office audit, 56
 northern Australia, investment and support agenda, 5, 9, 32; see
 also Northern Australia Infrastructure Facility
 Northern Australia Strategic Partnership, 5
Northern Australia Water Resource Assessment, 5
 Northern Territory, National Partnership Agreement on the
 Management of the Former Rum Jungle Mine Site, 42
 notifiable incidents, 59, 188, 268
 NT Uranium Royalty (Ranger Project Area) Administration, 41
 nuclear detonations monitoring system, 166, 167, 179, 180

observatory networks, operation and maintenance, 179–181, 183
 Office of Northern Australia, 5, 44
 Office of the Chief Economist, 140
 office refurbishment, IP Australia, 244, 249, 252, 268
 offshore food and energy production, creation of CRC for, 4
Offshore Minerals Act 1994, 41
Offshore Petroleum and Greenhouse Gas Storage Act 2006, 42, 145
 Offshore Petroleum and Greenhouse Gas Storage
 (Environmental) Regulations 2009, 172
 Offshore Petroleum Exploration Acreage Release, 161, 163, 172
Offshore Petroleum Exploration Guideline (Work-bid), 145
 oil and gas investment opportunities, promotion of, 151, 160–161, 163
 Oil, Gas and Energy Resources Growth Centre, 31
 One Government, One Approach, Zero Tolerance, commitment
 to, 7
 ongoing staff, 60–66, 230–235, 302–306
 onshore coastal waters royalty, 41
 onshore gas exploration, 42, 161; see also Gas Acceleration
 Program
 Open Data Policy, 176, 177, 263
 operating result
 Department of Industry, Innovation and Science, 53
 Geoscience Australia, 184
 IP Australia, 264
 optical astronomy functions, transition to private sector, 24
 Organisation for Economic Co-operation and Development
 product market regulation index, 47
 organisational structure
 Department of Industry, Innovation and Science, 10
 Geoscience Australia, 154
 IP Australia, 245
*Our North, Our Future: White Paper on Developing Northern
 Australia*, 32
 Our Working Environment survey (IP Australia), 252
 outcome and program structure
 Department of Industry, Innovation and Science, 11, 15
 Geoscience Australia, 155
 IP Australia, 245
 outreach and education activities (Geoscience Australia), 153, 182, 183
 oysters, disease resistance, 28

Pacific Islands, resilience against natural hazards, 169
 Pacific Oyster Mortality Syndrome, 28
 Panel Pledge, 7
 Papua New Guinea, technical disaster risk management, 169
 Parks Australia, 152, 172, 173
 parliamentary committee hearings, 56, 186, 266
 part time staff, 60–65, 230–234, 302–305
 Patent Analytics Hub, 243, 262
 patent attorneys, regulatory regime, 241, 249, 251
 Patent Cooperation Treaty, 243, 261, 262, 264
 patent examiners, training; see Regional Patent Examination
 Training Program
Patents Act 1990, 244
 patents administration system, modernisation, 242
 Patents Modernisation Initiative, 242
 patents, processing standards, 252, 253, 256, 257
 People and Culture Committee (Geoscience Australia), 185, 187
 people management; see human resources management
 People Plan (IP Australia), 267

People Strategy 2017–2022 (Geoscience Australia), 186
 people with disability, 58, 59, 188, 269
 performance criteria
 Department of Industry, Innovation and Science, 17, 21–26, 33–44, 47–50, 52
 Geoscience Australia, 159, 160–163, 164–168, 170–171, 172–173, 174–177, 179–182
 IP Australia, 251–254, 259–260, 262–264
 performance management, employees, 67, 186
 performance measurement framework (DIIS), 16
 performance pay, employee, 68, 236, 308
 performance reporting structure
 Department of Industry, Innovation and Science, 14–15
 Geoscience Australia, 158
 IP Australia, 248
 petroleum exploration, offshore, 161, 163
 online data discovery systems, 145 (see also National
 Offshore Petroleum Information Management System)
 Petroleum Royalties Administration, 41
Plant Breeder's Rights Act 1994, 244
 plant breeder's rights, processing standards, 252, 254
 Policy Hub, launch of, 7
 portfolio agencies, 8
 Portfolio Board (Geoscience Australia), 185
 positioning technology, 152, 177, 178
 Positive Action towards Career Engagement program, 269
 pre-competitive geoscientific data collection and delivery, 151, 160–164
 Preliminary Affirmative Determination reports, 35
 Prelude, LNG platform, 5
 Pride Network (DIIS), 58
 private sector business investment, 33
 procurement; see purchasing
 product market regulation index (OECD), 47
 Productivity and Automation Capability Excellence team, 8
 Productivity Commission inquiry into intellectual property
 arrangements, 243
 coordination of response to, 263, 264
 productivity, vision for growth in, 17
 Program 1 (DIIS): Supporting Science and Commercialisation,
 11, 15; see also Purpose 1 (DIIS): Supporting science and
 commercialisation
 Program 1 (IP Australia): Rights Administration and Professional
 Registration, 248
 analysis of performance, 256–257
 deliverables, results, 256
 main achievements, 249
 performance criteria and results, 251–254
 related purpose and objectives, 248, 249
 Program 2 (DIIS): Growing Business Investment and Improving
 Business Capability, 11, 15; see also Purpose 2 (DIIS): Growing
 business investment and improving business capability
 Program 2 (IP Australia): Education, Awareness, 248
 analysis of performance, 260
 main achievements, 257–258
 performance criteria and results, 259–260
 related purpose and objectives, 257
 Program 3 (DIIS): Program Support, 11, 15; see also Building
 a high performance organisation (Sub-program 3.2 (DIIS)
 Activity); Purpose 3 (DIIS): Simplifying doing business
 Program 3 (IP Australia): Advice to Government and
 International Engagement, 248
 analysis of performance, 264
 main achievements, 261
 performance criteria and results, 262–264
 related purpose and objectives, 260
 program deliverables
 Geoscience Australia, 160–163, 164–168, 170–171, 172–173, 174–177, 179–182
 IP Australia, 256
 proof-of-concept projects, 25
 Prospectors and Developers Association of Canada Convention,
 163
 Providing fundamental geographic information (Geoscience
 Australia strategic priority), 158
 analysis of performance, 177–178
 key performance indicators, 175, 176
 objective and role, 174
 performance criteria and results, 174–177
 program deliverables, 174–177
Public Governance, Performance and Accountability Act 2013,
 77, 265
 requirement to prepare annual performance statements, 13, 157, 185, 247

- Public Sector and Government Innovation of the Year award, 243
- purchasing
- Department of Industry, Innovation and Science, 76
 - Geoscience Australia, 188
 - IP Australia, 269
- Purpose 1 (DIIS): Supporting science and commercialisation, 10, 14, 15
- Activity 1.1: Science awareness, infrastructure and international engagement, 22–24
 - Activity 1.2: Business research, development and commercialisation, 18, 25–26
 - case studies, 28–29
 - evaluations, 26–28
 - main achievements, 18–20
 - performance criteria and results, 21–26
 - summary of performance, 18–29
 - trends and analysis, 21
- Purpose 2 (DIIS): Growing business investment and improving business capability, 10, 14, 15
- Activity 2.1: Competitive marketplace, 29, 34–35
 - Activity 2.2: Business and market development, 29, 36–38
 - Activity 2.3: Economic transition, 29, 39–40
 - Activity 2.4: Resources, 30, 41–43
 - Activity 2.5: Northern Australia development, 30, 44
 - case studies, 45
 - evaluations, 44
 - main achievements, 30–32
 - performance criteria and results, 33–44
 - summary of performance, 29–45
 - trends and analysis, 33
- Purpose 3 (DIIS): Simplifying doing business, 10, 14, 15
- Activity 3.1: Regulatory reform and functions, 46, 48
 - Activity 3.2: Better services and information for business, 46, 49–50
 - case study, 53
 - main achievements, 46
 - performance criteria and results, 47–50
 - summary of performance, 46–51
 - trends and analysis, 47
- quality review system, IP rights, review of, 242, 249
- quantum computing, 20, 25, 35; *see also* Silicon Quantum Computing Pty Ltd
- Quantum Consulting Australia, 140
- Questacon, 6
- evaluation, 27–28
 - role in STEM education, 6, 19, 27
 - visitor statistics, 19, 23
- Questacon Invention Convention, 27–28
- Questacon Smart Skills Initiative, 19, 27
- radioactive waste management, 32, 42
- Ranger mine closure, 170
- approval of rehabilitation plans, 32
- Ranger uranium mine royalties, 42
- R&D Tax Incentive program; *see* Research and Development Tax Incentive program
- reconciliation action plan (DIIS), 7, 58
- recruitment
- Geoscience Australia, 186
 - IP Australia, 256, 267, 269
- Regional Patent Examination Training program, 264
- Registrar of Designs, 245, 266
- Registrar of Plant Breeder's Rights, 245, 266
- Registrar of Trade Marks, 245, 266
- appeals against decisions, 299
- Regulator Performance Framework, 48
- self-assessment reports under, 41, 48, 140
- regulatory reform, 8, 9, 47–50
- Regulatory Reform Agenda, 47, 48, 50; *see also* Deregulation Agenda; regulatory reform
- Rehabilitation Management System (IP Australia), 268
- remuneration
- executive, 68–70, 187, 237–238, 267–268, 309
 - senior managers, 71–72, 236, 307–309
- renewable energy resources sector, 177
- reports addressing special legislative requirements, 139–145
- Research and Development Tax Incentive program, 4, 19, 26, 35, 44
- resources data acquisition and delivery, 151, 160–164
- resource rent royalty, 41
- resource sector, sustainable development, 5–6, 30, 41–43, 164
- water resources, 169–171
- Resources 2030 Taskforce Report, 5, 32
- Resources and Energy Quarterly*, 51
- Resources and Major Projects listings (Office of the Chief Economist), 140
- responsible ministers, 8
- retention leases, offshore, 32, 43, 145; *see also* Offshore Petroleum Exploration Acreage Release
- Ribit Platform, 26
- Rights in One trade marks administration system, 242, 249
- case study, 250
- risk management
- Department of Industry, Innovation and Science, 56
 - Geoscience Australia, 185
 - IP Australia, 265
- robotic process automation, 8, 52
- Roebuck Basin, prospectivity potential, 151, 161
- Rokt Pte Ltd v Commissioner of Patents* [2018] FCA 1988, 299
- role and functions
- Department of Industry, Innovation and Science, 9
 - Geoscience Australia, 154
 - IP Australia, 244
- Royal Australian Navy, 173
- royalty payments, 41, 42, 54
- Royalty Payments WA—*Offshore Petroleum and Greenhouse Gas Storage Act 2006*, 42
- Rum Jungle Mine Site Environmental Rehabilitation Project, 42
- Safety, Rehabilitation and Compensation Act 1988*, 268
- salary ranges
- Department of Industry, Innovation and Science, 67
 - Geoscience Australia, 236
 - IP Australia, 307
- Satellite Based Augmentation System technology, 152, 177, 178
- satellite ground networks, 180
- satisfaction surveys; *see* surveys
- Science Commercialisation Policy, 24
- Science Educators' Association of the ACT, 183
- Science in Australia Gender Equity program, 22, 187
- funding, 6
- science program, review of (Geoscience Australia), 159
- science, technology, engineering and mathematics (STEM)
- capabilities, 6–7, 19, 22, 27, 28, 182, 183
 - measures to increase female participation in, 6, 18, 22, 182
- see also* Questacon
- scientific citations, Australian, 21
- seabed mapping, 172
- Secretaries Equality and Diversity Council, 57
- Secretary's review (DIIS), 3–8
- Sector Competitiveness Plans, Industry Growth Centres, 37
- Securing Australia's water resources (Geoscience Australia strategic priority), 158
- analysis of performance, 171
 - key performance indicator, 170
 - objective and role, 169
 - performance criteria and results, 170–171
 - program deliverables, 170–171
- Security Committee (Geoscience Australia), 185
- seismic hazards assessment, 166–167
- seismic networks, 179, 180, 183
- seismic surveys, 151, 160, 161, 162
- marine, environmental impact of, 172
- seismograph networks, 179, 180, 183
- self-assessment reports, Regulator Performance Framework, 41, 48, 140
- Senate Economics Legislation Committee, 266
- Sendai Framework for Disaster Risk Reduction, support for, 169
- senior managers, remuneration, 71–72, 236, 307–309
- Sentinel Hotspots (bushfire monitoring system), 168
- service delivery framework (DIIS), 52
- Shared Services Hub, 7–8, 52
- Silicon Quantum Computing Pty Ltd, 20, 25, 35
- Sioux Native American artwork, Alice Springs satellite station, 180
- small and medium-sized enterprises
- cyber security measures, 39
 - Defence Industry Capability grants for, 45, 46
 - engagement in innovative activity, 21, 27
 - IP workshops/webinars for, 259
 - procurement practices relating to, 76, 269
 - support for, 5, 21, 27, 30, 31, 53
 - see also* incubator projects, small and medium-sized enterprises; SME Export Hubs Initiative
- Smart Trade Mark initiative, 243
- SmartSat Cooperative Research Centre, 4
- SME Export Hubs Initiative, 5, 31, 37, 38

- source rocks, geochemistry, 160, 161
- South East Asia Petroleum Exploration Society conference, 163
- Sovereign Industrial Capability Priority Grants, 46
- Space Activities Amendment (Launches and Returns) Act 2018*, 40
- space agency; see Australian Space Agency, establishment
- Space Discovery Centre, 4
- space industry, development of, 4, 31, 39
- investment in, 32, 39
- see also Australian Space Agency, establishment
- Space Infrastructure Fund, 40
- Spatial Data Infrastructure, 176
- spatial datasets, 34, 175, 176, 177; see also Foundation Spatial Data Framework
- Square Kilometre Array Observatory Convention, 7, 18, 24
- Square Kilometre Array Pre-Construction Work Program, 23
- Square Kilometre Array Radio Telescope Project, 23, 52
- stakeholder survey, biennial (Geoscience Australia), 159
- Standards Australia, 34
- start-up companies, 30, 36, 45, 174
- awareness of IP protection, 257
- state and territory governments, working with, 9, 31, 49, 162, 165
- State of the Service Report* (APSC), 59, 188, 269
- State of the Service Survey (APS), 252, 263; see also *State of the Service Report* (APSC)
- Statement of Principles for Australian Innovation Precincts*, 31
- strategic plans, businesses, 33
- Strategic Policy Division, 35
- strategic priorities (Geoscience Australia), 158
- stratigraphic drilling program, 162
- studies assistance program, 57, 186
- Support for Industry Service Organisations, 34
- 'Supporting Australian Innovation in Asia' Budget measure, 7, 24
- Survey of Australian Government Payments to Small Businesses, 76, 188
- surveys
- Australian Industry Participation Authority stakeholders, 140
 - Geoscience stakeholder satisfaction survey, 159
 - government payments to small businesses, 76, 188
 - Information Publication Scheme Agency, 266
 - IP Australia Customer Satisfaction Survey, 251, 259, 260
 - IP Australia staff, 252
 - Questacon program participants, 27–28
 - State of the Service Survey (APS), 252
- Swinburne University of Technology, 243, 261, 263
- tax incentive scheme, research and development, 4, 19, 26, 35
- Tennant Creek region, NT, exploration potential, 151, 160
- territory and state governments, working with, 9, 31, 49, 162, 165
- Textile Clothing and Footwear—Register of Approved Occupational Clothing, 34
- Thailand, drug profiling capability, 19
- 360-degree feedback, senior executives (Geoscience Australia), 186
- TM Headstart requests, 254
- TM-Link, global trade mark dataset, 243, 261, 263, 264
- case study, 261
- TM Protect, 262
- Today Strategic Design, 189
- total early-stage entrepreneurship activity, 33, 45
- total hours worked, growth in, 17
- Trade Mark Assist, 242, 257
- trade mark dataset, global, 243, 261, 263, 264
- trade mark insurance, trial, 262
- Trade Marks Act 1995*, 244
- trade marks, new administration platform, 4, 242
- trade marks, processing standards, 252, 254, 256, 257
- trade measurement compliance audits, 19
- Trade Remedy Index, 30
- Tradex, 34, 44
- training and development, staff
- Department of Industry, Innovation and Science, 57
 - Geoscience Australia, 186
 - IP Australia, 267
- Trans-Pacific Partnership, 35
- Trans-Tasman IP Attorneys Board, 249, 256
- Trans-Tasman IP Attorneys Board Disciplinary Tribunal, 249
- Transactional Digital Services program, 242, 257
- case study, 258
- transshipment inquiry, 30
- transmittal letter
- Department of Industry, Innovation and Science, 2
 - Geoscience Australia, 150
 - IP Australia, 240
- travelling exhibitions, Questacon, 19, 23
- Tropical Cyclone Hazard Assessment, 164, 169
- tropical cyclones, 165, 168
- tsunami hazard modelling guidelines, 152, 169
- tsunamigenic earthquakes, alerts for potential, 166, 167
- 2017–18 annual report, corrections to, 147
- 2017–2022 National Mineral Exploration Strategy*, 162
- 2018–19 Budget
- GPS improvements, 152
 - SME Export Hubs, 38
 - tax incentive reforms, 19, 35
- 2018–19 Corporate Plan (DIIS), 14, 16
- 2018–19 Corporate Plan (Geoscience Australia), 158
- 2018–19 Corporate Plan (IP Australia), 248
- 2018–19 Portfolio Additional Estimates Statements, 52
- 2018–19 Portfolio Budget Statements, 11, 14, 158, 248
- 2018–22 Australia Pacific Climate Partnership, 169
- 2019–20 Budget
- Innovation Games, 5
 - Questacon, 6
 - Science In Australia Gender Equity funding, 6
 - space industry funding, 4
 - STEM capabilities, 6
- 2019–20 Portfolio Budget Statements, 52
- National Construction Code, 30
- unconventional gas play prospectivity assessments, 161; see also Geological and Bioregional Assessment Program
- United Nations Committee of Experts on Global Information Management, 152, 176
- United Nations International Day for the Elimination of Racial Discrimination, 58
- United Nations Office for Disaster Risk Reduction, 169
- United States Geological Survey, 180
- United States National Oceanic and Atmospheric satellite, 180
- University of Melbourne, 243, 261
- Upskill, online IP education system, 257
- uranium royalties administration, 41
- Vancouver Group, 263
- vertical obstructions data, 167, 168
- Very Large Telescope allocations, 23
- ViaSat antenna, commissioning of artwork, 180
- virtual assistant, IP Australia, 242, 258
- vision
- Department of Industry, Innovation and Science, 14, 15, 16–17
 - IP Australia, 241, 248
- water bodies, mapping, 152, 174
- water resources, security of, 152, 169–171; see also groundwater resource assessment
- waterSHED Initiative, 171
- website consolidation, corporate (DIIS), 51
- Western Australia
- royalty and compensation payments to, 42
 - white paper on developing northern Australia, 32
- whole-of-government initiatives, 176
- data management, 50, 51
 - economic growth, 4, 6, 38
 - shared services, 7, 189
- women in science, technology, engineering and mathematics, measures to increase, 6, 18, 22, 187; see also science, technology, engineering and mathematics (STEM) capabilities; Women in STEM Ambassador, appointment of; *Women in STEM Decadal Plan*
- Women in STEM Ambassador, appointment of, 6, 18, 22
- Women in STEM Decadal Plan*, 6, 18, 22, 24
- Women's Network (DIIS), 58
- Woomera Prohibited Area Coexistence Framework, 163
- Woomera Prohibited Area, resource potential, 163
- work health and safety
- Department of Industry, Innovation and Science, 59
 - Geoscience Australia, 187–188
 - IP Australia, 268
- Work Health and Safety Act 2011*, 59, 268
- Work Health and Safety Committee (Geoscience Australia), 185
- Work Well program (DIIS), 59

- workforce planning
 - Department of Industry, Innovation and Science, 56, 57
 - Geoscience Australia, 186
 - IP Australia, 244, 267
- workforce statistics
 - Department of Industry, Innovation and Science, 60–66
 - Geoscience Australia, 230–236
 - IP Australia, 302–308
- Workplace Relations Committee (Geoscience Australia), 185
- workshops, IP protection, 259
- World Bank Ease of Doing Business Index, 33, 47
- World Intellectual Property Organization (WIPO), 263
- Youth Science Forum, 28, 182

